

Edgar Filing: United EcoEnergy Corp. - Form 10-K

United EcoEnergy Corp.  
Form 10-K  
April 14, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

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

For the fiscal year ended December 31, 2007

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 814-00717

UNITED ECOENERGY CORP.  
(Exact Name of Registrant as Specified in Its Charter)

NEVADA  
(State or Other Jurisdiction of  
Incorporation or Organization)

84-1517723  
(I.R.S. Employer  
Identification No.)

409 Brevard Avenue, Cocoa, FL  
(Address of Principal Executive Offices)

32922  
(Zip Code)

(321)-433-1136  
(Registrants Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Class | Name of each exchange on which registered |
|----------------|---|
| None           | None                                      |

Securities registered pursuant to Section 12(g) of the Act:

Common stock, \$.001 par value  
(Title of class)

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

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

Note: Checking the box above will not relieve any registrant required to  
file reports pursuant to Section 13 or 15(d) of the Exchange Act from their  
obligation under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days. Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Rule 405 of Regulation S-K (229.405 of this chapter) is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or other information incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

\$ 553,599

The number of shares of the Registrant's Common Stock, \$0.001 par value, outstanding as of March 21, 2008, was 32,781,639 shares.

### DOCUMENTS INCORPORATED BY REFERENCE

List hereunder the following documents if incorporated by reference and the part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to Rule 424(b) or (c) under the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980).

None.

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### FORWARD LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of revenue, expenses, earnings or losses from operations or investments, or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include risks that are described from time to time in our Securities and Exchange Commission, or the SEC, reports filed before this report.

The forward-looking statements included in this annual report represent our estimates as of the date of this annual report. We specifically disclaim any obligation to update these forward-looking statements in the future. Some of the statements in this annual report constitute forward-looking statements, which relate to future events or our future performance or financial condition. Such forward-looking statements contained in this annual report involve risks and uncertainties.

We use words such as anticipates, believes, expects, future, intends and

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similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason. We caution you that forward-looking statements of this type are subject to uncertainties and risks, many of which cannot be predicted or quantified.

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto contained elsewhere in this Form 10-K, as well as the risk factors included in this Form 10-K under Item 1A.

### PART I

#### Item 1. Business.

##### General development of business

The Company was incorporated under the Nevada General Corporation Law in February 1997 as MNS Eagle Equity Group III, Inc., and was a development stage company through the end of 2005, and until the Company changed its business model with the election to be treated as a business development company on February 28, 2006. On February 21, 2006, the Company changed its corporate name to United EcoEnergy Corp., to reflect its new business model and plan.

On February 21, 2006, our then sole shareholder sold 284,689 pre-split common shares (28,468,900 post-split) representing 100 percent of the pre-split outstanding stock of the Company at the time, resulting in a change of control of the Company. Of these shares, 26,968,900 post-split common shares, representing 94.7 percent of the outstanding shares, were purchased by Enterprise Partners, LLC, 1,100,000 shares were purchased by Peachtree Consultants, LLC, and 4,000,000 shares were purchased by Fairmont East Finance, Ltd. These entities are not related, affiliates or controlled entities.

As a result of this change of control, our then sole director and president, Stephen Siedow, resigned effective February 22, 2006 after appointing William K. Mackey, William L. Sklar, Adam Mayblum, Alec Hoke and John Paul DeVito as the directors of the Company, to serve until the next annual meeting of shareholders of the Company. The name of the Company was changed from MNS Eagle Equity Group III, Inc. to United EcoEnergy Corp. by the filing of an amendment to the Articles of Incorporation with the State of Nevada on February 21, 2006. Effective February 27, 2006, the Company implemented a 100 for 1 forward split of our outstanding common shares. As a result of the forward split, there were 28,468,900 common shares then outstanding. This forward split has been reflected retroactively on our financial statements.

On February 27, 2006, the Company filed a Certificate of Designations for Series A Convertible Preferred Stock with the Nevada Secretary of State and the Board of Directors authorized the issuance of 1 million shares of Series A Convertible Preferred Stock to Enterprise Partners, LLC, our then majority shareholder, in exchange for the cancellation of \$60,000 in loans for funds advanced to the Company by Enterprise Partners LLC to pay off debts of the Company and for initial working capital.

The Series A Convertible Preferred Stock was \$0.001 par value stock, and may be converted into common stock based on a formula under which conversion is equal to 1 divided by the 30 day trailing average stock price of the common shares at the time of the conversion election, but not more than 15 common shares for each preferred share converted, or a maximum of 15 million common shares. No conversion may occur until after one year from the date of issue. The Company may redeem the Series A Convertible Preferred Stock in whole or in part beginning 181 days after issue at \$0.75 per share and after 365 days from issue at \$0.95 per share. The Series A Convertible Preferred Stock automatically converts into common stock following the second anniversary of issue, at the

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formula price if not redeemed prior to that date. The conversion of the Series A Convertible Preferred into Common stock of the Company was completed effective March 21, 2008, with the issuance of 4,000,000 shares of common stock of the Company for the Series A Convertible Preferred Stock, and there were no Series A Convertible Preferred Stock shares remaining issued and outstanding after that date.

Effective February 27, 2006, the Company implemented a 100 for 1 forward split of our outstanding common shares. As a result of the forward split, there were 28,468,900 common shares then outstanding. This forward split has been reflected retroactively on our financial statements

In August, 2006, Enterprise Partners, LLC, our then majority common shareholder and the sole holder of our Series A Convertible Preferred Stock, transferred 25,370,600 of the common shares held by it, and also conveyed 731,519 of the Series A Convertible Preferred shares held by it to its debenture holders (23 Persons). As part of the termination of our Consulting Agreement with William Mackey, our former CEO and President, he agreed to return to Enterprise Partners a total of 8,440,200 shares of common stock which he had agreed to purchase from Enterprise, but for which he had not yet made payment. In December, 2007, Enterprise Partners, LLC transferred the remaining 268,481 Series A Convertible Preferred shares held by it to its debenture holders (23 persons). As a result of these transactions, Enterprise partners, LLC holds a total of 9,997,900 shares of our common stock, representing a total of 34.7 percent of our shares outstanding.

During 2007, the Company did not complete any portfolio investments, or the acquisition or disposition of any material asset. The business of the Company was limited to engaging in the due diligence necessary to locate suitable portfolio investments for the Company, as a Business Development Company.

Financial information about market segments.

The Company does not currently have any portfolio investments and therefore has no market segment information. All material information regarding the activities of the Company is reflected in the financial statements included in this report.

Narrative description of business.

As a Business Development Company, or BDC, under the 1940 Act, the business model of the Company is to locate, invest in and provide management assistance to small public and private companies to enable those companies to undertake their own business plans and models.

We are not limited, as a BDC, to seeking portfolio investments in a particular market segment, and intend to seek investment in companies operating in a wide category of markets and business segments, including the alternative energy markets as well as media-cal devices and related markets.

In connection with our BDC election, the Company has adopted Corporate Governance resolutions and intends to operate as a closed-end management investment company as a business development company (a BDC).

### INVESTMENT STRATEGY

We have conducted limited operations to date. Under the BDC election, we have been organized to provide investors with the opportunity to participate, with a modest amount in venture capital, in investments that are generally not available to the public and that typically require substantially larger financial commitments. In addition, we will provide

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professional management and administration that might otherwise be unavailable to investors if they were to engage directly in venture capital investing. We have decided to be regulated as a business development company under the 1940 Act, and will operate as a non-diversified company as that term is defined in Section 5(b)(2) of the 1940 Act. We will, at all times, conduct our business so as to retain our status as a BDC. We may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC without the approval of the holders of a majority of our outstanding voting stock as defined under the 1940 Act.

As a business development company, we are required to invest at least 70% of our total assets in qualifying assets, which, generally, are securities of private companies or securities of public companies whose securities are not eligible for purchase on margin (which includes many companies with thinly traded securities that are quoted in the pink sheets or the NASD Electronic Quotation Service.) We must also offer to provide significant managerial assistance to these portfolio companies. Qualifying assets may also include:

- \* cash,
- \* cash equivalents,
- \* U.S. Government securities, or
- \* high-quality debt investments maturing in one year or less from the date of investment.

We may invest a portion of the remaining 30% of our total assets in debt and/or equity securities of companies that may be larger or more stabilized than target portfolio companies.

### Nature of a BDC

The 1940 Act defines a BDC as a closed-end management investment company that provides small businesses that qualify as an eligible portfolio company with investment capital and also significant managerial assistance.

A BDC is required under the 1940 Act to invest at least 70% of its total assets in qualifying assets consisting of eligible portfolio companies as defined in the 1940 Act and certain other assets including cash and cash equivalents.

An eligible portfolio company generally is a United States company that is not an investment company and that:

- \* does not have a class of securities registered on an exchange or included in the Federal Reserve Board's over-the-counter margin list;
- \* is actively controlled by a BDC and has an affiliate of a BDC on its board of directors; or
- \* meets such other criteria as may be established by the SEC.

Control under the 1940 Act is presumed to exist where a BDC owns more than 25% of the outstanding voting securities of the eligible portfolio company. We may or may not control our portfolio companies. An example of an eligible portfolio company is a new start up company or a privately owned company that has not yet gone public by selling its shares in the open market and has not applied to have its shares listed on a nationally recognized exchange such as the NYSE the American Stock Exchange, National Association of Securities Dealers' Automated Quotation System, or the National Market System. An eligible portfolio company can also be one which is subject to filing, has filed, or has recently emerged from reorganization protection under Chapter 11 of the Bankruptcy Act.

A BDC may invest the remaining 30% of its total assets in non-qualifying

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assets, including companies that are not eligible portfolio companies. The foregoing percentages will be determined, in the case of financings in which a BDC commits to provide financing prior to funding the commitment, by the Amount of the BDC's total assets represented by the value of the maximum amount of securities to be issued by the borrower or lessee to the BDC pursuant to such commitment. As a BDC, we must invest at least 70% of our total assets in qualifying assets but may invest more in such qualifying assets.

### Primary Strategy

We have significant relative flexibility in selecting and structuring our investments. We are not subject to many of the regulatory limitations that govern traditional lending institutions such as banks. We will seek to structure our investments so as to take into account the uncertain and potentially variable financial performance of our portfolio companies. This should enable our portfolio companies to retain access to committed capital at different stages in their development and eliminate some of the uncertainty surrounding their capital allocation decisions. We will calculate rates of return on invested capital based on a combination of up-front commitment fees, current and deferred interest rates and residual values, which may take the form of common stock, warrants, equity appreciation rights or future contract payments. We believe that this flexible approach to structuring investments will facilitate positive, long-term relationships with our portfolio companies and enable us to become a preferred source of capital to them. We also believe our approach should enable debt financing to develop into a viable alternative capital source for funding the growth of target companies that wish to avoid the dilutive effects of equity financings for existing equity holders.

### Longer Investment Horizon

We are not subject to periodic capital return requirements. These requirements, which are standard for most private equity and venture capital funds, typically require that these funds return to investors the initial capital investment after a pre-agreed time, together with any capital gains on such capital investment. These provisions often force such funds to seek the return of their investments in portfolio companies through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, which can result in a lower overall return to investors and adversely affect the ultimate viability of the affected portfolio companies. Because we may invest in the same portfolio companies as these funds, we are subject to these risks if these funds demand a return on their investments in the portfolio companies. We believe that our flexibility to take a longer-term view should help us to maximize returns on our invested capital while still meeting the needs of our portfolio companies.

### Established Deal Sourcing Network

We believe that, through our management and directors, we have solid contacts and sources from which to generate investment opportunities. These contacts and sources include:

- \* public and private companies,
- \* investment bankers,
- \* attorneys,
- \* accountants,
- \* consultants, and
- \* commercial bankers.

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However, we cannot assure you that such relationships will lead to the origination of equity, debt or other investments.

### Investment Criteria

As a matter of policy, we will not purchase or sell real estate or interests in real estate or real estate investment trusts except that we may:

- \* purchase and sell real estate or interests in real estate in connection with the orderly liquidation of investments, or in connection with foreclosure on collateral;
- \* own the securities of companies that are in the business of buying, selling or developing real estate; or
- \* finance the purchase of real estate by our portfolio companies.

We will limit our investments in more traditional securities (stock and debt instruments) and will not, as a matter of policy:

- \* sell securities short except with regard to managing the risks associated with publicly-traded securities issued by our portfolio companies; or
- \* purchase securities on margin (except to the extent that we may purchase securities with borrowed money); or
- \* engage in the purchase or sale of commodities or commodity contracts, including futures contracts except where necessary in working out distressed loans or similar investment situations or in hedging the risks associated with interest rate fluctuations, and, in such cases, only after all necessary registrations or exemptions from registration with the Commodity Futures Trading Commission have been obtained.

**Prospective Portfolio Company Characteristics.** We have identified several criteria that we believe will prove important in seeking our investment objective with respect to target companies. These criteria will provide general guidelines for our investment decisions; however, we caution readers that not all of these criteria will be met by each prospective portfolio company in which we choose to invest.

**Experienced Management.** We will generally require that our portfolio companies have an experienced president or management team. We will also require the portfolio companies to have in place proper incentives to induce management to succeed and to act in concert with our interests as investors, including having significant equity interests. We intend to provide assistance in this area either supervising management or providing management for our portfolio companies.

**Products or Services.** We will seek companies that are involved in products or services that do not require significant additional capital or research expenditures. In general, we will seek target companies that make innovative use of proven technologies or methods.

**Proprietary Advantage.** We expect to favor companies that can demonstrate some kind of proprietary sustainable advantage with respect to their competition. Proprietary advantages include, but are not limited to:

- \* patents or trade secrets with respect to owning or manufacturing its products, and
- \* a demonstrable and sustainable marketing advantage over its competition.

Marketing strategies impose unusual burdens on management to be



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continuously ahead of its competition, either through some kind of technological advantage or by being continuously more creative than its competition.

Profitable or Nearly Profitable Operations Based on Cash Flow from Operations.

We will focus on target companies that are profitable or nearly profitable on an operating cash flow basis. Typically, we would not expect to invest in start-up companies unless there is a clear exit strategy in place.

Potential for Future Growth

We will generally require that a prospective target company, in addition to generating sufficient cash flow to cover its operating costs and service its debt, demonstrate an ability to increase its revenues and operating cash flow over time. The anticipated growth rate of a prospective target company will be a key factor in determining the value that we ascribe to any warrants or other equity securities that we may acquire in connection with an investment in debt securities.

Exit Strategy

Prior to making an investment in a portfolio company, we will analyze the potential for that company to increase the liquidity of its common equity through a future event that would enable us to realize appreciation, if any, in the value of our equity interest. Liquidity events may include:

- \* an initial public offering,
- \* a private sale of our equity interest to a third party,
- \* a merger or an acquisition of the portfolio company, or
- \* a purchase of our equity position by the portfolio company or one of its stockholders.

We may acquire warrants to purchase equity securities and/or convertible preferred stock of the eligible portfolio companies in connection with providing financing. The terms of the warrants, including the expiration date, exercise price and terms of the equity security for which the warrant may be exercised, will be negotiated individually with each eligible portfolio company, and will likely be affected by the price and terms of securities issued by the eligible portfolio company to other venture capitalists and other holders. We anticipate that most warrants will be for a term of five to ten years, and will have an exercise price based upon the price at which the eligible portfolio company most recently issued equity securities or, if a new equity offering is imminent, the proposed offering price of the equity securities. The equity securities for which the warrant will be exercised generally will be common stock, of which there may be one or more classes, or convertible preferred stock.

Substantially all the warrants and underlying equity securities will be restricted securities under the 1933 Act at the time of the issuance. We will generally negotiate for registration rights with the issuer that may provide:

- \* piggyback registration rights, which will permit us under certain circumstances, to include some or all of the securities owned by us in a registration statement filed by the eligible portfolio company, or
- \* in some circumstances, "demand" registration rights permitting us, under certain circumstances, to require the eligible portfolio company to register securities under the 1933 Act, in some cases at our expense.

We will generally negotiate net issuance provisions in the warrants, which

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will allow us to receive upon exercise of the warrant without payment of any cash a net amount of shares determined by the increase in the value of the issuer's stock above the exercise price stated in the warrant.

### Liquidation Value of Assets

Although we do not intend to operate as an asset based lender, the prospective liquidation value of the assets, if any, collateralizing any debt securities that we hold will be an important factor in our credit analysis. We will emphasize both tangible assets, such as:

- \* accounts receivable,
- \* inventory, and
- \* equipment,

and intangible assets, such as:

- \* intellectual property,
- \* customer lists,
- \* networks, and
- \* databases.

### Investment Process

Due Diligence. If a target company generally meets the characteristics described above, we will perform initial due diligence, including:

- \* company and technology assessments,
- \* existing management team,
- \* market analysis,
- \* competitive analysis,
- \* evaluation of management, risk analysis and transaction size,
- \* pricing, and
- \* structure analysis.

Much of this work will be done by management and by our investment adviser, American Development & Investment Advisors, LLC. The criteria delineated above provide general parameters for our investment decisions. We intend to pursue an investment strategy by further imposing such criteria and reviews that best insures the value of our investments. As unique circumstances may arise or be uncovered, not all of such criteria will be followed in each instance but the process provides a guideline by which investments can be prudently made and managed. Upon successful completion of the preliminary evaluation, we will decide whether to deliver a non-binding letter of intent and move forward towards the completion of a transaction.

In our review of the management team, we look at the following:

- \* Interviews with management and significant shareholders, including any financial or strategic sponsor;
- \* Review of financing history;
- \* Review of management's track record with respect to:
  - o product development and marketing,
  - o mergers and acquisitions,
  - o alliances,
  - o collaborations,
  - o research and development outsourcing and other strategic activities;
- \* Assessment of competition; and
- \* Review of exit strategies.

In our review of the financial conditions, we look at the following:

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- \* Evaluation of future financing needs and plans;
- \* Detailed analysis of financial performance;
- \* Development of pro forma financial projections; and
- \* Review of assets and liabilities, including contingent liabilities, if any, and legal and regulatory risks.

In our review of the products and services of the portfolio company, we look at the following:

- \* Evaluation of intellectual property position;
- \* Review of existing customer or similar agreements and arrangements;
- \* Analysis of core technology;
- \* Assessment of collaborations;
- \* Review of sales and marketing procedures; and
- \* Assessment of market and growth potential.

Upon completion of these analyses, we will conduct on-site visits with the target company's management team. Also, in cases in which a target company is at a mature stage of development and if other matters exist that warrant such an evaluation, we will obtain an independent appraisal of the target company.

### Ongoing Relationships with Portfolio Companies

#### Monitoring.

We will continuously monitor our portfolio companies in order to determine whether they are meeting our financing criteria and their respective business plans. We may decline to make additional investments in portfolio companies that do not continue to meet our financing criteria. However, we may choose to make additional investments in portfolio companies that do not do so, but we believe that we will nevertheless perform well in the future.

We will monitor the financial trends of each portfolio company to assess the appropriate course of action for each company and to evaluate overall portfolio quality. Our management team and consulting professionals, who are well known by our management team, will closely monitor the status and performance of each individual company on at least a quarterly and, in some cases, a monthly basis.

We will use several methods of evaluating and monitoring the performance and fair value of our debt and equity positions, including but not limited to the following:

- \* Assessment of business development success, including product development, financings, profitability and the portfolio company's overall adherence to its business plan;
- \* Periodic and regular contact with portfolio company management to discuss financial position, requirements and accomplishments;
- \* Periodic and regular formal update interviews with portfolio company management and, if appropriate, the financial or strategic sponsor;
- \* Attendance at and participation in board meetings;
- \* Review of monthly and quarterly financial statements and financial projections for portfolio companies.

#### Managerial Assistance.

As a business development company, we will offer, and in many cases may provide, significant managerial assistance to our portfolio companies. This assistance will typically involve:

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- \* monitoring the operations of our portfolio companies,
- \* participating in their board and management meetings,
- \* consulting with and advising their officers,
- \* providing other organizational and financial guidance, and
- \* placing a representative on the Board of Directors or other governing body of each portfolio company.

### Diversification

As a BDC, we must invest at least 70% of our total assets in qualifying assets consisting of investments in eligible portfolio companies and certain other assets including cash and cash equivalents. In order to receive favorable pass-through tax treatment on any distributions to our shareholders, we intend to diversify our pool of investments in such a manner so as to qualify as a diversified closed end management investment company. However, because of the limited size of the funding which is likely to be available to us, we will likely be classified as a non-diversified closed end investment company under the 1940 Act. Until we qualify as a registered investment company, we will not be subject to the diversification requirements applicable to RICs under the Internal Revenue Code. Therefore, we will not receive favorable pass through tax treatment on distributions to our shareholders. In the future, we will seek to increase the diversification of our portfolio so as to make it possible to meet the RIC diversification requirements, as described below. We cannot assure you, however, that we will ever be able to meet those requirements.

To qualify as a RIC, we must meet the issuer diversification standards under the Internal Revenue Code that require that, at the close of each quarter of our taxable year,

- \* not more than 25% of the market value of our total assets is invested in the securities of a single issuer, and
- \* at least 50% of the market value of our total assets is represented by cash, cash items, government securities, securities of other RICs, and other securities.

Each investment in these other securities is limited so that not more than 5% of the market value of our total assets is invested in the securities of a single issuer and we do not own more than 10% of the outstanding voting securities of a single issuer. For purposes of the diversification requirements under the Internal Revenue Code, the percentage of our total assets invested in securities of a portfolio company will be deemed to refer, in the case of financings in which we commit to provide financing prior to funding the commitment, to the amount of our total assets represented by the value of the securities issued by the eligible portfolio company to us at the time each portion of the commitment is funded.

### Investment Amounts

The amount of funds committed to a portfolio company and the ownership percentage received will vary depending on the maturity of the portfolio company, the quality and completeness of the portfolio company's management team, the perceived business opportunity, the capital required compared to existing capital, and the potential return. Although investment amounts will vary considerably, we expect that the average investment, including follow-on investments, will be between \$250,000 and \$5,000,000.

### Competition

Our primary competitors which are able to provide financing to target

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companies, will include private equity and venture capital funds, other equity and non-equity based investment funds and investment banks and other sources of financing, including additional financial services companies such as commercial banks and specialty finance companies. Many of these entities have substantially greater financial and managerial resources than we will have. We believe that our competitive advantage with regard to quality target companies relates to our ability to negotiate flexible terms and to complete our review process on a timely basis. We cannot assure you that we will be successful in implementing our strategies.

Financial information about geographic areas.

The Company has not engaged in any activities, and has no customers or portfolio investments, outside of the United States. As a BDC, our investment portfolio is limited to U.S. companies, although a portfolio company in which we invest may have operations in both the U.S. and outside the U.S.

Item 1A. Risk Factors.

THE COMPANY HAS LIMITED RESOURCES AND NO PRESENT SOURCE OF REVENUES

The Company has limited resources and has had no revenues to date. In addition, the Company will not achieve any revenues until, at the earliest, the consummation of a Portfolio Investment. Moreover, there can be no assurance that any Portfolio Investment, at the time of the Company's consummation of an investment, or at any time thereafter, will provide any material revenues from its operations or operate on a profitable basis.

THE COMPANY MAY NEED ADDITIONAL FINANCING IN ORDER TO EXECUTE ITS BUSINESS PLAN

The Company has had no revenues to date and will be entirely dependent upon its limited available financial resources. The Company cannot ascertain with any degree of certainty the capital requirements for the execution of its business plan. In the event that the Company's limited financial resources prove to be insufficient to implement the Company's business plan, the Company may be required to seek additional financing.

ADDITIONAL FINANCING MAY NOT BE AVAILABLE TO THE COMPANY IF NEEDED

There can be no assurance that additional financing, if needed, will be available on acceptable terms, or at all. To the extent that additional financing proves to be unavailable when needed, the Company would, in all likelihood, be compelled to abandon plans for a Portfolio Investment, and would have minimal capital remaining to pursue other Portfolio Companies. The failure by the Company to secure additional financing, if needed, could also have a material adverse effect on the continued development or growth of the Portfolio Company. The Company has no arrangements with any bank or financial institution to secure additional financing and there can be no assurance that any such arrangement, if required or otherwise sought, would be available on terms deemed to be commercially acceptable and in the best interests of the Company.

THE COMPANY MAY NOT BE ABLE TO BORROW FUNDS IF NEEDED

There currently are no limitations on the Company's ability to borrow funds to increase the amount of capital available to the Company to effect a Portfolio Investment, other than the general limitation of the ratio between debt and equity imposed on all BDCs by the 1940 Act. Moreover, the limited resources of the Company and lack of operating history will make it difficult to borrow funds. The amount and nature of any borrowings by the

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Company will depend on numerous considerations, including the Company's capital requirements, the Company's perceived ability to meet debt service on any such borrowings and the then prevailing conditions in the financial markets, as well as general economic conditions. There can be no assurance that debt financing, if required or sought, would be available on terms deemed to be commercially acceptable by and in the best interests of the Company. The inability of the Company to borrow funds required to effect or facilitate an investment, or to provide funds for an additional infusion of capital into a Portfolio Company, may have a material adverse effect on the Company's financial condition and future prospects. Additionally, to the extent that debt financing ultimately proves to be available, any borrowings may subject the Company to various risks traditionally associated with indebtedness, including the risks of interest rate fluctuations and insufficiency of cash flow to pay principal and interest. Furthermore, a Portfolio Company may have already incurred borrowings and, therefore, all the risks inherent thereto.

### THE COMPANY IS UNABLE TO ASCERTAIN RISKS RELATING TO THE INDUSTRY AND NATURE OF UNIDENTIFIED PORTFOLIO INVESTMENT TARGETS

The Company has not yet selected any particular Portfolio Company in which to concentrate its investment efforts. The directors and executive officers of the Company have had contact or discussions with several entities or agents of entities regarding consummation of a Portfolio Investment, but have not yet successfully completed an investment. Accordingly there is no basis to evaluate the possible merits or risks of a Portfolio Investment and therefore risks of a currently unascertainable nature may arise when a specific Portfolio Company is chosen. For example, to the extent that the Company effects an investment in a financially unstable company or an entity in its early stage of development or growth (including entities without established records of revenues or income), the Company will become subject to numerous risks inherent in the business and operations of financially unstable and early stage or potential emerging growth companies. In addition, to the extent that the Company effects an investment in an entity in an industry characterized by a high level of risk, the Company will become subject to the currently unascertainable risks of that industry. Although management will endeavor to evaluate the risks inherent in a particular Portfolio Company, there can be no assurance that the Company will properly ascertain or assess all such risks.

### SUCCESS OF THE COMPANY'S BUSINESS PLAN DEPENDS IN LARGE PART UPON THE CONSUMMATION OF A PORTFOLIO INVESTMENT

The success of the Company's proposed plan of operation will depend to a great extent on locating and consummating an investment in a Portfolio Company. Subsequent to any investment, the Company's success will depend greatly on the operations, financial condition, and management of the identified Portfolio Company. While management intends to seek an investment in a company that has an established operating history, it cannot assure that the Company will successfully locate candidates meeting such criteria. In the event the Company completes an investment, the success of the Company's operations may be dependent upon management of the Portfolio Company and numerous other factors beyond the Company's control.

### THE COMPANY DEPENDS UPON ITS EXECUTIVE OFFICERS AND DIRECTORS

The ability of the Company to successfully effect a Portfolio Investment will be dependent upon the efforts of its executive officers and directors, as well as its ability to attract additional directors and executive officers. The Company has not entered into employment agreements or other understandings with any officer or director concerning compensation or obtained any "key man" life insurance on his or her life.

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### THERE EXIST RISKS TO STOCKHOLDERS RELATING TO DILUTION: AUTHORIZATION OF ADDITIONAL SECURITIES AND REDUCTION OF PERCENTAGE SHARE OWNERSHIP FOLLOWING A PORTFOLIO INVESTMENT

To the extent that additional shares of Common Stock are issued, the Company's stockholders would experience dilution of their respective ownership interests in the Company. Additionally, if the Company issues a substantial number of shares of Common Stock in connection with or following a Portfolio Investment, a change in control of the Company may occur which may affect, among other things, the Company's ability to utilize net operating loss carry forwards, if any. Furthermore, the issuance of a substantial number of shares of Common Stock may adversely affect prevailing market prices, if any, for the Common Stock and could impair the Company's ability to raise additional capital through the sale of its equity securities. The Company may use consultants and other third parties providing goods and services, including assistance in the identification and evaluation of potential Portfolio Companies. These consultants or third parties may be paid in cash, stock, options or other securities of the Company, and the consultants or third parties may be Placement Agents or their affiliates.

### THE COMPANY EXPECTS TO PAY NO CASH DIVIDENDS

The Company does not expect to pay dividends prior to the consummation of a Portfolio Investment. The payment of dividends after consummating any such investment will be contingent upon the Company's revenues and earnings, if any, capital requirements, and general financial condition subsequent to consummation of an investment. The payment of any dividends subsequent to an investment will be within the discretion of the Company's then Board of Directors. The Company presently intends to retain all earnings, if any, for use in the Company's business operations and accordingly, the Board does not anticipate declaring any dividends in the foreseeable future.

### THE COMPANY IS AUTHORIZED TO ISSUE PREFERRED STOCK

The Company's Certificate of Incorporation authorizes the issuance of 5,000,000 shares of preferred stock (the "Preferred Stock"), with such designations, powers, preferences, rights, qualifications, limitations and restrictions of such series as the Board of Directors, subject to the laws of the State of Nevada, may determine from time to time. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue Preferred Stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of Common Stock. In addition, the Preferred Stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of the Company. As of the date of this report, the Company has one million outstanding shares of Preferred Stock.

On March 20, 2006, the Board of Directors authorized the establishment of a Class A Convertible Preferred Stock, with one million shares authorized to be issued. A Designation of Preferences for the Class A Convertible Preferred Stock was filed with the Secretary of State of Nevada on March 26, 2006. The Board of Directors authorized the issuance of the 1 million shares to Enterprise Partners, LLC, our majority stockholder, in return for conversion of an outstanding liability in the amount of \$60,000 owed to Enterprise Partners, LLC for initial seed capital for operations. On June 30, 2006, an Amended Certificate of Designations for the Class A Convertible Preferred Stock was approved by our public shareholders and the issue of those shares To Enterprise Partners, LLC also was approved.

In August, 2006, Enterprise Partners, LLC, our majority common shareholder and

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the sole holder of our Series A Convertible Preferred Stock, transferred 18,061,133 of the common shares held by it in private sale transactions, and also transferred 731,519 of the Series A Convertible Preferred shares held by it to its debenture holders (23 persons). In August 2006, Enterprise Partners, LLC, our then majority common shareholder and the sole holder of our Series A Convertible Preferred Stock, transferred 25,370,600 of the common shares held by it, and also conveyed 731,519 of the Series A Convertible Preferred shares held by it to its debenture holders (23 Persons). As part of the termination of our Consulting Agreement with William Mackey, our former CEO and President, he agreed to return to Enterprise Partners a total of 8,440,200 shares of common stock which he had agreed to purchase from Enterprise, but for which he had not yet made payment. In December, 2007, Enterprise Partners, LLC transferred the remaining 268,481 Series A Convertible Preferred shares held by it to its debenture holders (23 persons). As a result of these transactions, Enterprise partners, LLC holds a total of 9,997,900 shares of our common stock, representing a total of 34.7 percent of our shares outstanding.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

The Company neither owns nor leases any significant real estate or other properties at the present time. The Company requires minimal office space and the Company has subleased space for corporate and administrative purposes in Cocoa, Florida from CF Consulting, LLC., an independent consultant to the Company by which our interim CEO and CFO, Robert Hipple, is employed, for \$450 per month commencing in March, 2006 for a two year term. This arrangement was renewed in March, 2008 for a rate of \$550 per month, on the same terms, and will continue until the Company raises funding and determines that more extensive office space is necessary for its operations.

Item 3. Legal Proceedings

There are no legal proceedings pending, or to the best knowledge of management, threatened against the Company. There were no legal proceedings previously pending which were resolved during the fourth quarter of the fiscal year ended December 31, 2007.

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

No matters were submitted to a vote of security holders of the Company during the fourth quarter of the fiscal year, ended December 31, 2007.

### PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

(a) Market information. On January 19, 2007, the Company was notified that its common shares had been admitted for trading on the NASD OTC Bulletin Board under the symbol UEEC. There has been only limited, sporadic trading activity to date. As a result, no information regarding high and low sales prices or high and low bid information for the common shares is available or provided in this report.

(b) Holders. As of March 15, 2008, there were approximately 62 holders of record of our common stock.

(c) Dividends. The Company has not paid any dividends to date, has not yet generated earnings sufficient to pay dividends, and currently does not intend



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to pay dividends in the foreseeable future.

(d) Securities authorized for issuance under equity compensation plans. Although the Company has two authorized equity compensation plans approved by its shareholders in 1997, before it elected to be treated as a business development company, no stock options, grants, warrants or other awards have ever been made under the plans. The By-laws of the Company prohibit the grant or award of any such options, grants, warrants or other awards so long as the Company maintains its election to be treated as a business development company. Under the rules regulating a business development company under the Investment Company Act of 1940, the Company may not issue or award any such options, grants, warrants or other incentive compensation awards because it also has a capital gains based incentive in effect with its investment adviser, United EcoEnergy Advisers, LLC.

The following table sets forth, as of the year ended December 31, 2007, certain information with respect to the compensation plans and individual compensation arrangements to which the Company is a party, if any, under which any equity securities of the Company are authorized for issuance.

| Plan category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities remaining available for future issuance under equity compensation plans<br>(c) |
|--|--|--|---|
| -----  |  |  |   |
| Equity compensation plans approved by security holders     |  |  |   |
| 1997 EMPLOYEE STOCK COMPENSATION PLAN                      | -0-  | N/A  | 1,000,000   |
|  |  |  | -16-  |
| 1997 COMPENSATORY STOCK OPTION PLAN                        | -0-  | N/A  | 1,500,000   |
| Equity compensation plans not approved by security holders |  |  |   |
| NONE   | N/A  | N/A  | N/A   |
| -----  |  |  |   |
| Total  | -0-  |  |   |

Item 6. Selected Financial Data.

The Company was in a development stage through the end of 2005 and had no income or assets during the period from its incorporation in 1997 through the end of 2005. Therefore, the information required by Item 301 of Regulation S-K is omitted for that period as not material.

During 2006 and 2007, after the election to be treated as a BDC, the Company has had no revenues, income from continuing operations, and similar items, and has not had any accounting changes, or business combinations or dispositions. The net loss, net loss per common share, net asset values, net asset value per

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common share, and related financial data as a BDC are provided in the financial statements included in this report

### Item 7. Management Discussion and Analysis of Financial Condition and Results of Operations.

We have elected to be treated as a business development company under the 1940 Act. Accordingly, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We will typically invest under normal circumstances, at least 80 percent of net assets in qualifying portfolio companies.

We expect to invest in growing companies, many of which have relatively short or no operating histories. These companies are and will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risk that these companies may not reach their investment objective and the value of our investment in them may decline substantially or fall to zero. As of December 31, 2007, we had not yet made any portfolio or other investments.

#### Results of Operations

During the year ended December 31, 2007, the Company made considerable efforts to carry out its business plan as a Business Development Company. These efforts included both business development and financing activities. Through the end of the fiscal year, the Company incurred over \$445,500 in expenses in connection with its Business Development Company operations.

#### Critical Accounting Policies

In determining the fair value of our investments, the Audit Committee will consider valuations from an independent valuation firm, as needed, from our Investment Committee, our investment adviser and from management

#### Results of Operations

Financial Highlights

Financial highlights of the Company for the fiscal year ending December 31, 2007 are included in Footnote 6 to our Financial Statements.

#### Investment Activity

We engaged in no actual investments during the year ended December 31, 2007.

#### Long-Term Portfolio Investments

There were no portfolio investments made during the twelve months ended December 31, 2007.

#### Investment Income

We expect to generate revenue in the form of interest income on the debt securities that we own, dividend income on any common or preferred stock that we own, and capital gains or losses on any debt or equity securities that we acquire in portfolio companies and subsequently sell. Our investments, if in the form of debt securities, will typically have a term of one to ten years and bear interest at a fixed or floating rate. To the extent achievable, we will seek to collateralize our investments by obtaining security interests in our portfolio companies' assets. We also may acquire minority or majority

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equity interests in our portfolio companies, which may pay cash or in-kind dividends on a recurring or other negotiated basis. In addition, we may earn revenue in other forms including commitment, origination, structuring or due diligence fees, management fees and consultation fees, which will be recognized as earned. We earned no investment income during the year ended December 31, 2007.

### Operating Expenses

Operating expenses for the years ended December 230, 2007 and 2006 are broken down as follows:

|                         | 2007       | 2006       |
|-------------------------|------------|------------|
| Consulting expenses     | \$ 202,500 | \$ 173,120 |
| Rent                    | 5,400      | 4,950      |
| Audit fees              | 11,082     | 6,168      |
| Other expenses:         |            |            |
| Bank fees               | 197        | 155        |
| Filing fees             | 325        | 834        |
| Interest                | 5,467      | -          |
| Office supplies         | 52         | 575        |
| Miscellaneous           | 67         | 340        |
| Postage and delivery    | 264        | 237        |
| Registered agent        | 135        | 295        |
| Printing                | 37         | -          |
| Travel                  | 1,095      | -          |
| Transfer agent          | 1,644      | 4,566      |
| Total operating expense | 228,265    | 191,160    |

The consulting expenses were paid or due to CF Consulting, LLC, pursuant to a consulting agreement with CF Consulting, LLC, under which Robert Hipple served as our CFO and Chief Compliance Officer, for a monthly fee of \$7,500, for services of our former CEO and President, William Mackey, at the rate of \$7,500 per month, and for other, independent consulting. The rent expense represents rent paid or due to CF Consulting, LLC for sub-leasing office space, telephone, office equipment and related office services at the rate of \$450 per month under the same Consulting Agreement. The remaining expenses were paid or due to non-affiliated parties, including \$11,082 and \$6,168 in professional fees of our independent audit firm for audit services in the periods ended December 31, 2007 and 2006, respectively.

### Net Investment Income, Net Unrealized Appreciation and Net Increase in Stockholders Equity Resulting from Operations

Our net investment income totaled \$0 for the year ended December 31, 2007 compared to \$0 for the year ended December 31, 2006. Net unrealized appreciation totaled \$0 for the year ended December 31, 2007 compared to \$0 or the year ended December 31, 2006.

### Financial Condition, Liquidity and Capital Resources

Our liquidity and capital resources were generated initially from an advance of \$60,000 by our then majority shareholder, Enterprise Partners, LLC, which was later paid by the issuance of 1 million shares of Series A Convertible Preferred Stock. We also undertook an exempt offering of our common shares pursuant to a Form 1-E Application and Notice filed with the SEC on June 19, 2006, and accepted subscriptions for a total of 312,739 common shares, representing \$92,366 in additional working capital during 2006. We sold no additional shares during the year ended December 31, 2007. We generated no cash flows from operations during 2006 or 2007. In the future, we may fund a portion of our investments through borrowings from banks, issuances of senior

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securities or secondary offerings of equity including further exempt offerings. We may also securitize a portion of our investments in mezzanine or senior secured loans or other assets. Our primary use of funds will be investments in portfolio companies.

### Going Concern

The Company's ability to continue as a going concern remains dependent upon successful operation under our business plan, obtaining additional capital and financing, and acquiring suitable portfolio investment companies. The Company currently has no revenue and minimal cash reserves. These factors, among others, raise substantial doubt about its ability to continue as a going concern.

### Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

We are subject to financial market risks, including changes in interest rates, equity price risk and some of the loans in our portfolio may have floating rates in the future. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of higher interest rates with respect to our portfolio of investments. During the twelve months ended December 31, 2007 we did not engage in any hedging activities.

Since the Company to date has had no significant operations, the information and disclosures required by Item 305 of Regulation S-K are omitted as not material.

### Item 8. Financial Statements and Supplementary Data.

See the index to the financial statements of the Company on page 30.

### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None

### Item 9A(T). Controls and Procedures.

Within 90 days prior to the filing of this Form 10-K, an evaluation was carried out by our interim CEO, CFO and President Robert Hipple as of the end of the reporting period covered by this report, of the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, such as this Form 10-K, is recorded, processed, summarized and reported within the time period specified in the Securities and Exchange Commission's rules and forms. Based on that evaluation, Mr. Hipple concluded that, as of December 31, 2007, and as of the date that the evaluation of the effectiveness of our disclosure controls and procedures was completed, our disclosure controls and procedures were effective to satisfy the objectives for which they are intended.

There were no changes in our internal control over financial reporting identified in connection with the evaluation performed that occurred during the fiscal year covered by this report that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

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Management's Annual Report on Internal Control over Financial Reporting. We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with United States generally accepted accounting principles.

We assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 based on the framework in "Internal Control Over Financial Reporting: Guidance for Smaller Public Companies" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, we determined that, as of December 31, 2007, the Company's internal control over financial reporting is effective, based on those criteria.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

Item 9B. Other Information.

None

### PART III

Item 10. Directors, Executive Officers and Corporate Governance.

#### IDENTIFICATION OF DIRECTORS and EXECUTIVE OFFICERS

The persons who served as directors and executive officers of the Company through the period ending December 31, 2007 covered by this report, their ages and positions held in the Company, are listed below.

| Name                 | Age | Position                       |
|----------------------|-----|--------------------------------|
| William Mackey [1]   | 56  | Former Chairman, CEO, Director |
| Adam Mayblum         | 42  | Director                       |
| William L. Sklar [2] | 60  | Former Director                |
| Alec Hoke            | 41  | Director                       |
| John Paul DeVito     | 51  | Director                       |
| Robert Hipple        | 63  | Interim Contract CEO/CFO       |

1. Mr. Mackey resigned as an officer and director of the Company in October, 2007.
2. Mr. Sklar resigned as a director in October, 2007.

#### BIOGRAPHICAL INFORMATION

William Mackey ? Former Chief Executive Officer, Chairman and Director. Mr. Mackey, age 56, joined United EcoEnergy after thirty years of C level experience in both public and private companies. He began his career in the chemical process industry where he spent 21 years in various roles from sales & marketing, the laboratory from technician to Technical Director, as Plant Manager and various executive positions including President and Chairman of the Board. Mr. Mackey also has 10 years of public company experience acting as a Director, Chairman and CFO, President and CEO. He has managed multiple

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locations and hundreds of employees at a time during his tenure. His experience has allowed him to access the capital markets for both debt & equity, communicate his company's message to the investing public and close 22 M & A transactions. Mr. Mackey was also a managing director and one-third owner of United EcoEnergy Advisers, LLC, the Company investment adviser. Mr. Mackey resigned as an officer and director of the Company, and as a managing director and member of the investment adviser, in October, 2007 as reported on Form 8-K filed with the SEC on October 16, 2007.

Adam Mayblum, age 42, co-founded United EcoEnergy Advisers, LLC and is a principal and founder of Enterprise Partners, LLC, the former majority shareholder of the Company. Prior to founding Enterprise Partners, LLC, he had 17 years of experience in the financial markets as a top retail producer specializing in Public Venture Capital. In 1998 Mr. Mayblum left his position as Branch Manager of HJ Meyers in NY to become a Managing Director of The May Davis Group, specializing in PIPES (Private Investments in Public Equity). In 2002, Mr. Mayblum took a position as the Managing Director of the Private Equities Group of Joseph Stevens & Company where he successfully completed numerous financings and advised many companies on changes in the regulatory environment and the impact those changes have on their ability to raise capital in the public and private markets. He graduated from Emory University in 1987 with a BBA in Management. Mr. Mayblum is also a managing director and one-third owner of United EcoEnergy Advisers, LLC, the Company investment adviser, and also serves as a director of American Development & Investment Fund, Inc., a BDC focused on markets other than alternative energy.

Alec Hoke is a senior vice president of Summit Brokerage Services in Boca Raton, Florida. Prior to that he was a senior vice president at First Union Securities until it merged with Wachovia Securities. He has extensive experience in venture capital as well as specialized industry analysis. Alec expanded his knowledge into stock market related work with several venture capital and investment banking firms, specializing in start-up financing. Mr. Hoke started his investment career with Massachusetts Mutual Life Insurance Company where he developed skills in estate planning and needs analysis to manage risk. He is a native of Princeton, New Jersey. He attended Rutgers University on a football scholarship, where he was an All-American linebacker and earned his degree in Management.

William L. Sklar has served as a consultant with Willmar Management Corp. since 1988. Since September 2004 Mr. Sklar has been the Chairman and a Director of PaperFree Medical Solutions, Inc., a company trading on the OTC BB. Since October 26, 2005 Mr. Sklar has been a director of Radiate Research a public company. From July 1983 to October 1988 Mr. Sklar was the owner of Western Bag & Burlap a textile manufacturer. Mr. Sklar, aged 59, holds a Bachelor of Commerce from the University of Toronto. Mr. Sklar resigned as a director of the Company in October, 2007, as reported on the Form 8-K filed with the SEC on October 16, 2007.

John DeVito is currently Director of Business Development for Bon-Trade Solutions, Inc., and has worked in the securities and investment banking industry for thirty years. He has served as COO of May Davis Group, Inc.; CEO of EastBrokers International, Inc., a broker Dealer specializing in emerging markets in Central and Eastern Europe; and Vice President of JB Oxford & Company, Inc. He has also worked with PaineWebber Incorporated and Smith Barney Harris Upham & Co. He holds a BA in Psychology from New York University and a Diploma in Financial Planning, also from New York University. He currently holds Series 4, 7, 24, 27, 54, 55, 63 and 65 licenses from the NASD, Inc.

Robert Hipple serves as Interim Chief Executive Officer and Chief Financial Officer of the Company on a consulting basis through CF Consulting, LLC. Mr. Hipple is an attorney, former law professor and senior executive with 35 years

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experience as president and chief executive officer, chief financial officer and general counsel, as well as a director, for several public (NYSE, AMEX and NASDAQ) companies. He also has extensive experience with public mergers, acquisitions and capital raising, along with personal relations with investment banks, broker/dealers, and market makers, and has taught both taxation and federal securities law at Georgetown University Law School, Emory University Law School, the University of San Diego School of Law and Florida A&M University College of Law. Mr. Hipple also serves as Chief Financial Officer for Neptune Industries, Inc., an OTC BB traded (NPDI) company in the aquaculture business based in Boca Raton, Florida, again on a contract consulting basis, and as Interim CEO and CFO of American Development & Investment Fund, Inc., a public reporting, but non-trading business development company in which Enterprise Partners, LLC, former majority shareholder of the Company, is also the majority shareholder.

### POTENTIAL CONFLICTS OF INTEREST

For all periods subsequent to the Company election to operate as a BDC on February 26, 2006, the Company is required to and will maintain a Board of Directors made up of a majority of independent directors, and will operate within the rules and requirements of a BDC under the 1940 Act. The Company has adopted a Conflicts of Interest Policy which is designed to prevent any real or potential conflicts of interest for its directors and officers. The Company is not aware of any conflicts of interest, actual or potential, between its intended plan of operations and any director or officer of the Company, or any company in which that officer or director is an officer or director. There are no known interlocking directorships among the officers or directors of the Company which could create potential conflicts of interest. As required by the applicable BDC rules, the Company will hold an Annual Meeting of Shareholders as soon as possible after the filing of this report in order to elect its Board of Directors and to conduct such other business as might be required. No date has been set yet for the Annual Meeting, but it is expected that the Annual Meeting will be held in June, 2008.

### SIGNIFICANT EMPLOYEES

None, other than the sole officer of the Company listed above, who acts as an officer pursuant to a consulting agreement.

### COMMITTEES AND BOARD MEETINGS

The Company has adopted charters for its Audit Committee, Investment Committee, Compensation Committee and Governance and Nominating Committee, which it submitted for approval by its shareholders at the Annual Meeting of Shareholders, held on July 31, 2006. Following approval of the charters, members of the Board of Directors elected at the Annual Meeting were appointed to each of the Committees, as follows:

#### AUDIT COMMITTEE

The Audit Committee is made up entirely of independent, non-affiliated Directors.

#### COMPENSATION COMMITTEE

The Compensation Committee is made up entirely of independent, non-interested Directors.

#### GOVERNANCE AND NOMINATING COMMITTEE

The Governance and Nominating Committee is made up of entirely of independent, non-interested Directors.

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### INVESTMENT COMMITTEE

The Investment Committee is made up of both independent, non-interested Directors and interested directors.

### CODE OF ETHICS

The Company has adopted a Code of Ethics that applies to all of its directors, officers and employees performing financial functions for the Company, including its chief executive officer, chief financial officer, controller and any person performing similar functions.

### EXCLUSION of DIRECTOR LIABILITY

Pursuant to the General Corporation Law of Nevada, the Company Certificate of Incorporation excludes personal liability on the part of its directors to the Company for monetary damages based upon any violation of their fiduciary duties as directors, except as to liability for any acts or omissions which involve intentional misconduct, fraud or a knowing violation of law or for improper payment of dividends. This exclusion of liability does not limit any right which a director may have to be indemnified and does not affect any director's liability under federal or applicable state securities laws.

### Item 11. Executive Compensation.

#### CASH and OTHER COMPENSATION

For the years ended December 31, 2007 and 2006 and through the date of this report, the Company has not paid any executive officers or directors any cash and cash equivalent compensation directly. Mr. Mackey, as President and CEO, and Mr. Hipple, as CFO, served in those capacities on a contract basis, through consulting agreements, Mr. Mackey through a direct agreement and Mr. Hipple through a consulting agreement with CF Consulting, LLC. The Company has incurred a liability to Mr. Mackey in the total amount of \$57,500 in 2007 through this consulting arrangement, of which \$22,500 is still owed, as a part of the settlement with Mr. Mackey on his resignation in October, 2007. This amount is payable by agreement when the Company has secure an additional \$500,000 in capital funding. The Company also has incurred a liability to CF Consulting, LLC in a total amount of \$140,000 in consulting fees under its agreement in 2007. Enterprise Partners, LLC has paid a total of \$ 97,500 in consulting fees owed to Mr. Mackey and CF Consulting LLC during 2007, and this liability is now included in the \$ 187,500 due to affiliate on the Company's balance sheet as of December 31, 2007

The Company has no other agreement or understanding, express or implied, with any director or executive officer concerning employment or cash or other compensation for services. Any new compensation arrangements with any officer or director of the Company will be adopted and approved by the independent Compensation Committee.

#### COMPENSATION PURSUANT to PLANS

For the years ended December 31, 2007 and 2006 and through the date of this report, no director or executive officer has received compensation from the Company pursuant to any compensatory or benefit plan. There is no plan or understanding, express or implied, to pay any compensation to any director or executive officer pursuant to any compensatory or benefit plan of the Company.

The Company currently has in place an employee stock compensation plan and compensatory stock option plan. There are no other compensatory or benefit



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plans, such as retirement or pension plans, in effect or anticipated to be adopted.

COMPENSATION of DIRECTORS and EXECUTIVE OFFICERS

The following table sets forth information concerning the compensation of the Company Chairman of the Board, Chief Executive Officer and its other most highly compensated executive officers for the fiscal years ended December 31, 2007, 2006 and 2005.

| NAME AND PRINCIPAL POSITION | ANNUAL COMPENSATION |        |       |                           | LONG TERM COMPENSATION |                         |              |                       | ALL OTHER COMPENSATION |
|-----------------------------|---------------------|--------|-------|---------------------------|------------------------|-------------------------|--------------|-----------------------|------------------------|
|                             | FISCAL YEAR         | SALARY | BONUS | OTHER ANNUAL COMPENSATION | AWARDS                 |                         | PAYOUTS      |                       |                        |
|                             |                     |        |       |                           | STOCK AWARD(S)         | UNDERLYING OPTIONS/SARS | LTIP PAYOUTS | RESTRICTED SECURITIES |                        |
|                             |                     |        |       |                           |                        |                         |              |                       |                        |
|                             |                     |        |       |                           |                        |                         |              |                       |                        |