

Blackhawk Fund  
Form 10-K/A  
May 20, 2009

U. S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2008

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 000-49672

THE BLACKHAWK FUND  
(Name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

88-0408213  
(I.R.S. Employer  
Identification No.)

1802 N. Carson Street, Suite 212-3018  
Carson City, NV 89701  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (775) 887-0670

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.001 par value

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 15(d) of the Act:  Yes

No

Indicate by check mark whether the registrant(1) has filed all reports required 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 day.  Yes  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

As of March 31, 2009, 563,293,791 shares of our common stock were issued and outstanding.

Documents Incorporated by Reference: None.

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## EXPLANATORY NOTE

This Amendment No. 1 to annual report on Form 10-K is being filed to provide the financial statements required by Article 8 of Regulation S-X; management's discussion and analysis required by Item 303 of Regulation S-K; disclosure controls and procedures required by Item 307 of Regulation S-K; internal control over financial reporting required by Item 308 of Regulation S-K, principal accounting fees and services required by Item 9(e) of Schedule 14A and certifications required under Rule 13a-14 of the Securities Exchange Act of 1934, as amended, and Section 1350 of the Sarbanes-Oxley Act of 2002. These items were not available for filing with the annual report on Form 10-K filed by us on April 15, 2009.

## PART I

The Blackhawk Fund, including all its subsidiaries, are collectively referred to herein as "The Blackhawk Fund," "Blackhawk," "the Company," "us," or "we".

### Item 1. DESCRIPTION OF BUSINESS

#### General

We were incorporated in November 1998 in the state of Nevada as USA Telcom and subsequently changed our name in 2000 to USA Telcom Internationale. In 2004, we changed our name to ZannWell, Inc. and, in 2005, we changed our name to Blackhawk Fund.

Our executive offices are located at 1802 N. Carson Street, Suite 212-3018. Our telephone number is (775) 887-0670.

#### Changes in Control

##### 2004

On November 29, 2004, a change in control occurred as the result of the acquisition of our series A, series B and series C preferred stock by Palomar Enterprises, Inc., a Nevada corporation ("Palomar").

Pursuant to that certain capital Stock Purchase Agreement dated November 9, 2004, between Robert C. Simpson, our then-sole director and officer and Palomar, on November 29, 2004, Palomar acquired from Dr. Simpson 19,000,000 shares of our series A preferred stock, 10,000,000 shares of our series B preferred stock and 10,000,000 shares of our Series C preferred stock. Each share of the series A preferred stock is convertible into ten shares of our common stock. The shares of the series A preferred stock do not have voting rights. Each share of the series B preferred stock is convertible into two hundred shares of our common stock. On all matters submitted to a vote of the holders of the Common Stock, a holder of the Series B Preferred Stock is entitled to one vote per share of the Series B Preferred Stock held by such holder. The series C preferred stock is not convertible into our common shares. Each share of the series C preferred stock entitles the holder to 100 votes of our common stock on all matters brought before our stockholders.

All of the preferred shares acquired by Palomar carried a legend restricting the transfer thereof under the Securities Act of 1933, as amended. Palomar used \$380,000 of its working capital as consideration for the preferred shares purchased by it pursuant to the Capital Stock Purchase Agreement.

Concurrently with the stock purchase transaction, Robert C. Simpson, our then-sole director and officer, nominated Steve Bonenberger and Brent Fouch as directors. Steve Bonenberger was also elected president and chief executive

officer and Brent Fouch was elected Secretary and chief financial officer. Following the election of Messrs. Bonenberger and Fouch as our officers and directors, Robert C. Simpson resigned his positions as our director and officer.

2008

On April 24, 2008, in connection with the consummation of the purchase and sale of our Series C Preferred Stock, we entered into a stock purchase agreement with Terminus, Inc. and Palomar Enterprises, Inc. whereby Terminus purchased 10,000,000 shares of our Series C Preferred Stock from Palomar Enterprises, Inc. Each share of Series C Preferred Stock was entitled to 100 votes per share. As of the date thereof, we had approximately 562,293,791 million shares of our common stock outstanding. As a result, the sale of the Series C Preferred Stock by Palomar to Terminus effectively transferred Palomar's control of the company to Terminus, giving Terminus approximately 62% of all votes entitled to be cast in any matter requiring or permitting a vote of stockholders. The funds for the acquisition were obtained pursuant to the issuance of the \$550,000 promissory note. The sale of the shares of Series C Preferred Stock was exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 4(1) of the Securities Act (under the so-called "4(1 ½) exemption" of the Securities Act).

On April 24, 2008, in connection with the stock purchase agreement described above, Steve Bonenberger resigned as our President and Chief Executive Officer, and Brent Fouch resigned as our Secretary and Chief Financial Officer. In connection therewith, the board of directors increased the number of authorized directors from two to three and appointed Frank Marshik to fill the newly created vacancy on the board. The board of directors then appointed Mr. Marshik as our President, Chief Financial Officer, and Secretary. Thereafter, Mr. Bonenberger and Mr. Fouch resigned as directors. Their resignations as directors were not based on any disagreement with us on any matter relating to our operations, policies or practices. Mr. Marshik, as the sole remaining director, appointed Terry Ross to fill one of the two vacancies resulting from these resignations.

#### Current Business Plan

The Blackhawk Fund acquires and redevelops residential and commercial real estate for investment. Once we acquire a property, we redevelop and refurbish the properties, seeking to enhance the value of the properties. Once a property is refurbished, we seek to generate revenue by rental of the property, and we also seek to resell the properties if market conditions permit. We currently hold three properties in our real estate portfolio, although 2 of these properties are in the process of being distributed from our portfolio as discussed below under "Fiscal 2008 and First Quarter 2009 Developments."

Historically, we have also operated a media and television production division. In this division, we have sought to manage and implement proprietary media properties, including cable television shows, infomercials, online video magazines, and DVDs. However, as discussed below, management has determined that the ongoing media and television production operations are not viable, and accordingly has determined to discontinue the media and television production operations.

Upon completion of the change of control in April 2008 discussed above, our new management determined that our company has incurred operating and net losses in each of the last two fiscal years, had a working capital deficit as of the end of the latest fiscal year and as of the latest fiscal quarter, and has a large accumulated deficit. Accordingly, new management has commenced an analysis of each of our two business lines to determine the viability of each line during the second and third quarters of 2008. Within each line of business, management has evaluated and is evaluating historical and projected costs in running the line, existing and potential revenue streams, and the availability of additional capital for expansion of the business line. In particular, with respect to the real estate business, management is evaluating our current real estate portfolio in light of current market conditions, both in the real estate markets and the credit markets. Upon completion of the analysis, management will determine whether to seek to expand the business line or to discontinue or divest of the division.

As of the date of this report, management has determined that, based on its analysis of the foregoing factors, the media and television production operations are not viable. Accordingly, management has determined to discontinue the media and television production operations. Management is continuing the evaluation of our real estate business, the existing real estate portfolio valuations, the existing and potential rental possibilities, the current market values, and the existing financing arrangements. In addition, in light of the distress in the real estate markets, management is looking at potential real estate acquisition opportunities that, if consummated, would increase and diversify our real estate portfolio. Management is also considering diversifying into additional lines of business. In all cases, management may seek to form one or more partnerships, enter into one or more joint ventures, or conduct one or more strategic acquisitions.

## Fiscal 2008 and First Quarter 2009 Developments

**Distribution of Certain Real Property Held for Sale.** In February 2009, we entered into settlement agreements with certain prior affiliated parties pursuant to which we transferred our condominium located in Carlsbad, CA and our residential property located in Oceanside, California. We entered into a settlement agreement with Angel Acquisition Corp. under which Angel agreed to cancel and forgive a promissory note made by us in the aggregate principal amount of \$841,828 in exchange for the Carlsbad condominium property. This property also is subject to a \$496,00 mortgage which is now the responsibility of Angel. We also entered into a settlement agreement with Debbie Avey with whom we had previously entered into a joint venture in relation to the residential property in Oceanside, CA. Pursuant to the agreement, Ms. Avey released us from any and all liability pursuant to the joint venture as well as any liability associated with the 2 mortgage notes on this property (\$1,120,000 and \$320,000) in exchange for the property.

**Purchase of Land in Riverside County, City of Desert Hot Spring.** In December 2008, we purchased two parcels of undeveloped land in Riverside County, City of Desert Hot Springs for a purchase price of \$1,000 promissory note. The land approximates 3.5 acres. This property is zoned for residential dwellings. Management is determining whether to build finished lots or in the alternative to sell the land to a developer. The property has not yet been entitled.

**Change in Control and Management.** In April 2008, there was a change in control and in management of our company. See “Changes in Control—2008” above

**April 2008 Financing.** In April 2008, we, along with Terminus, Inc. as co-issuers, issued and sold to a single accredited investor: (i) a \$550,000 12% secured promissory note and (ii) 500,000 shares of our series A preferred stock. To secure payment of the note, Terminus pledged the 10,000,000 shares of its series C preferred stock.

## Employees

We currently employ one person. None of our employees are represented by a labor union, and we have not entered into a collective bargaining agreement with any union. We have not experienced any work stoppages and consider the relations with our employees to be good.

## Item 1A. RISK FACTORS AND CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

## Item 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

## Item 2. PROPERTIES

We lease office space at 1802 N. Carson Street, Suite 212, Carson City, Nevada, 89701. Our Carson Street lease costs \$100 per month and expired on December 31, 2008. However, we currently occupy the office space on a month-to-month lease

The existing facilities are adequate for our current operations. We anticipate that additional facilities may be leased or purchased as needed and that facilities that are adequate for our needs are readily available.

Item 3. LEGAL PROCEEDINGS

We are not a party to material legal proceedings as of the date of this report.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

## PART II

## Item 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Until January 3, 2005, our common stock was quoted on the OTC Bulletin Board under the symbol ZWLL.OB. On January 3, 2005, in connection with our name change and 1-800 reverse stock split, our symbol changed to BHWF.OB.

These quotations reflect inter-dealer prices, without mark-up, mark-down or commission, and may not represent actual transactions. The following table shows the high and low bid prices for our common stock for each quarter since January 1, 2007 as reported by the OTC Bulletin Board.

We consider our stock to be “thinly traded” and any reported sale prices may not be a true market-based valuation of our stock. Some of the bid quotations from the OTC Bulletin Board set forth below may reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions.

2008 (OTC Bulletin Board)	High Bid	Low Bid
First quarter	\$ 0.002	\$ 0.001
Second quarter	0.001	0.001
Third quarter	0.00	0.10
Fourth quarter	0.00	0.00
2007 (OTC Bulletin Board)	High Bid	Low Bid
First quarter	\$ 0.048	\$ 0.015
Second quarter	0.019	0.009
Third quarter	0.015	0.008
Fourth quarter	0.015	0.0005

As of March 31, 2009 there were approximately 35 record holders of our common stock. This does not include an indeterminate number of shareholders whose shares are held by brokers in street name.

We have not paid cash dividends since our inception and we do not contemplate paying dividends in the foreseeable future.

Shares eligible for future sale could depress the price of our common stock and lower the value of your investment. Sales of substantial amounts of our common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for shares of our common stock.

## SECTION 15(G) OF THE EXCHANGE ACT

The shares of our common stock are covered by Section 15(g) of the Exchange Act, and Rules 15g-1 through 15g-6 promulgated thereunder, which impose additional sales practice requirements on broker-dealers who sell our securities to persons other than established customers and accredited investors.

Rule 15g-2 declares unlawful any broker-dealer transactions in “penny stocks” unless the broker-dealer has first provided to the customer a standardized disclosure document.

Rule 15g-3 provides that it is unlawful for a broker-dealer to engage in a “penny stock” transaction unless the broker-dealer first discloses and subsequently confirms to the customer the current quotation prices or similar market information concerning the penny stock in question.

Rule 15g-4 prohibits broker-dealers from completing “penny stock” transactions for a customer unless the broker-dealer first discloses to the customer the amount of compensation or other remuneration received as a result of the penny stock transaction.

Rule 15g-5 requires that a broker-dealer executing a “penny stock” transaction, other than one exempt under Rule 15g-1, disclose to its customer, at the time of or prior to the transaction, information about the sales person’s compensation.

Our common stock may be subject to the foregoing rules. The application of the “penny stock” rules may affect our stockholders’ ability to sell their shares because some broker-dealers may not be willing to make a market in our common stock because of the burdens imposed upon them by the “penny stock” rules.

Securities Authorized for Issuance Under Equity Compensation Plans. The following provides information concerning compensation plans under which our equity securities are authorized for issuance as of December 31, 2008:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders (1)(2)	—	—	612,611,979
Equity compensation plans not approved by security holders (3)	—	—	50,000,000
<b>Total</b>	<b>-</b>	<b>—</b>	<b>652,611,979</b>

(1) Amended and Restated 2004 Stock Plan. On June 15, 2004, our board of directors adopted (and further amended and restated on July 22, 2004 and December 6, 2004) our Amended and Restated 2004 Stock Plan. The purpose of the 2004 Stock Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of The Blackhawk Fund and our subsidiaries, by offering them an opportunity to participate in our future performance through awards of options, restricted stock and stock bonuses. The maximum aggregate number of shares of common stock that may be issued and sold under all awards granted under the plan is 207,500,000 shares, and as of December 31, 2008, we have issued 207,500,000 shares under the plan, and there are no options outstanding under this plan.

(2) 2005 Stock Plans. On February 25, 2005, our board of directors adopted our 2005 Stock Plans (consisting of the Employee Stock Incentive Plan and the Non-Employee Directors and Consultants Retainer Stock Plan). The purpose of the 2005 Stock Plans is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of The Blackhawk Fund and our subsidiaries, by offering them an opportunity to participate in our future performance through awards of options, restricted stock and stock bonuses. The maximum aggregate number of shares of common stock that may be issued and sold under all awards granted under the 2005 Stock Plans is 975,000,000 shares, and as of December 31, 2008, we have issued 362,388,021 shares under the plan, and there are no options outstanding under these plans.

(3) 2007 Stock Incentive Plan. On June 7, 2007, our board of directors adopted our 2007 Stock Incentive Plan. The purpose of the plan is intended to secure for the Company and its Affiliates the benefits arising from ownership of the Company’s Common Stock by the Employees, Officers, Directors and Consultants of the Company and its Affiliates, all of whom are and will be responsible for the Company’s future growth. The Plan is designed to help attract and retain for the Company and its Affiliates personnel of superior ability for positions of exceptional responsibility, to reward Employees, Officers, Directors and Consultants for their services and to motivate such individuals through added incentives to further contribute to the success of the Company and its Affiliates. The maximum aggregate number of shares of common stock that may be issued and sold under all awards granted under the plan is

250,000,000 shares, and as of December 31, 2008, we have issued 200,000,000 shares under the plan, and there are no options outstanding under this plan.

Recent Sales of Unregistered Securities

None.

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## Item 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

The following discussion and analysis should be read in conjunction with our financial statements and related notes included in this report. This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The statements contained in this report that are not historic in nature, particularly those that utilize terminology such as "may," "will," "should," "expects," "anticipates," "estimates," "believes," or "plans" or comparable terminology are forward-looking statements based on current expectations and assumptions. Various risks and uncertainties could cause actual results to differ materially from those expressed in forward-looking statements.

All forward-looking statements in this document are based on information currently available to us as of the date of this report, and we assume no obligation to update any forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements.

### General

The Blackhawk Fund acquires and redevelops residential and commercial real estate for investment. Once we acquire a property, we redevelop and refurbish the properties, seeking to enhance the value of the properties. Once a property is refurbished, we seek to generate revenue by rental of the property, and we also seek to resell the properties if market conditions permit. We currently hold two properties in our real estate portfolio.

Historically, we have also operated a media and television production division. In this division, we have sought to manage and implement proprietary media properties, including cable television shows, infomercials, online video magazines, and DVDs. However, as discussed below, management has determined that the ongoing media and television production operations are not viable, and accordingly has determined to discontinue the media and television production operations.

### Change of Control and Change in Management

On April 24, 2008, we entered into a stock purchase agreement with Terminus, Inc. and Palomar Enterprises, Inc. pursuant to which Terminus purchased 10,000,000 shares of our Series C Preferred Stock from Palomar for \$363,000. As a result, the sale of the Series C Preferred Stock by Palomar to Terminus effectively transferred Palomar's control of our company to Terminus.

Concurrently, Steve Bonenberger resigned as our President and Chief Executive Officer, and Brent Fouch resigned as our Secretary and Chief Financial Officer. In connection therewith, the board of directors increased the number of authorized directors from two to three and appointed Frank Marshik to fill the newly created vacancy on the board. The board of directors then appointed Mr. Marshik as our President, Chief Financial Officer, and Secretary. Thereafter, Mr. Bonenberger and Mr. Fouch resigned as directors. Mr. Marshik, as the sole remaining director, appointed Terry Ross to fill one of the two vacancies resulting from these resignations.

On August 19, 2008, the board of directors reduced the number of authorized directors from three (3) to one (1). Concurrently therewith, Terry Ross resigned as a director. Mr. Ross' resignation was not due to any

disagreements with The Blackhawk Fund on matters relating to its operations, policies, and practices.

#### Plan of Operation

Our new management determined that our company has incurred operating and net losses in each of the last two fiscal years, had a working capital deficit as of the end of the latest fiscal year and as of the latest fiscal quarter, and has a large accumulated deficit. Accordingly, new management commenced an analysis of each of our two business lines to determine the viability of each line during the second and third quarters of 2008. Within each line of business, management has evaluated and is evaluating historical and projected costs in running the line, existing and potential revenue streams, and the availability of additional capital for expansion of the business line. In particular, with respect to the real estate business, management is evaluating our current real estate portfolio in light of current market conditions, both in the real estate markets and the credit markets. Upon completion of the analysis, management will determine whether to seek to expand the business line or to discontinue or divest of the division.

In 2008, management determined that, based on its analysis of the foregoing factors, the media and television production operations are not viable. Accordingly, management has determined to discontinue the media and television production operations. Management is continuing the evaluation of our real estate business, the existing real estate portfolio valuations, the existing and potential rental possibilities, the current market values, and the existing financing arrangements. In addition, in light of the distress in the real estate markets, management is looking at potential real estate acquisition opportunities that, if consummated, would increase and diversify our real estate portfolio. Management is also considering diversifying into additional lines of business. In all cases, management may seek to form one or more partnerships, enter into one or more joint ventures, or conduct one or more strategic acquisitions.

#### Critical Accounting Policies

The discussion and analysis of our financial conditions and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of financial statements requires managers to make estimates and disclosures on the date of the financial statements. On an on-going basis, we evaluate our estimates, including, but not limited to, those related to revenue recognition. We use authoritative pronouncements, historical experience, and other assumptions as the basis for making judgments. Actual results could differ from those estimates. We believe the following critical accounting policies affect our more significant judgments and estimates in the preparation of our consolidated financial statements. A summary of our critical accounting policies can be found in the notes to our annual financial statements included this report.

#### Results of Operations

##### Basis of Presentation

The following table sets forth, for the periods indicated, certain unaudited selected financial data:

	Year Ended December 31,	
	2008	2007
Revenues	\$ 31,765	\$ 305,908
Costs of Sales	—	234,231
General and administrative	344,462	2,208,360
Interest Expense	632,483	181,968
Operating income (loss)	\$ (945,180)	\$ (2,318,651)

#### Comparison of the year ended December 31, 2008 and 2007

**Net sales.** Our revenues were \$31,765 for the year ended December 31, 2008, as compared to \$305,908 for the year ended December 31, 2007. This decrease resulted from lower demand for our media products and services which resulted in our decision to cease our media operations. The decrease also resulted from a lack of sales of any real estate properties held for development. Our revenues were generated from rental income from our real estate properties and revenues from our former media operations.

**Cost of Sales.** Costs of sales were \$0 for the year ended December 31, 2008, as compared to \$234,231 for the year ended December 31, 2007, all of which resulted from our media operations.



General and administrative. General and administrative expenses decreased to \$344,462 for the year ended December 31, 2008 from \$2,208,360 for the year ended December 31, 2007. This decrease resulted from a significant reduction in shares and options issued for services in 2008 as compared to 2007.

Interest. Interest expense increased to \$632,483 for the year ended December 31, 2008 from \$181,968 for the year ended December 31, 2007. This increase resulted primarily from the issuance of 500,000 shares of Series A Preferred Stock, valued at \$500,000, in connection with our change of control financing.

Net loss. We incurred an operating loss of \$945,180 for the year ended December 31, 2008, compared to a net loss of \$2,318,651 for the year ended December 31, 2007. The reduction in net loss resulted primarily from a significant reduction in shares and options issued for services in 2008 as compared to 2007. The reduction was offset by the issuance of 500,000 shares of Series A Preferred Stock, valued at \$500,000, in connection with our change of control financing.

#### Liquidity and Capital Resources

We have financed our operations, debt service, and capital requirements through cash flows generated from operations and through issuance of debt and equity securities. Our working capital deficit at December 31, 2008 was \$1,012,594, and we had cash of \$11,161 as of December 31, 2008.

We used \$247,796 of net cash in operating activities for the year ended December 31, 2008, compared to using \$969,640 in the year ended December 31, 2007. The net loss of \$945,180 was offset by non-cash expenses of \$505 in depreciation and amortization, \$92,300 of stock and options issued for services, \$500,000 of stock issued for interest in connection with the change in control financing, an increase of \$103,750 in accounts payable, and an increase of \$829 in prepaid financing costs.

We generated \$3,550 net cash flows from investing activities for the year ended December 31, 2008, whereas we used \$88,365 in net cash flows from investing activities for the year ended December 31, 2007. The cash flow generated from investing activities related to the disposition of certain equipment.

Net cash flows provided by financing activities were \$253,026 for the year ended December 31, 2008, compared to net cash flows provided by financing activities of \$1,048,638 for the year ended December 31, 2007. This increase in net cash provided by financing activities is due to proceeds from the exercise of stock options and receipt of stock subscriptions of \$186,260, proceeds from a note payable of \$26,251, and proceeds from related party notes payable of \$40,151.

#### Capital Requirements

Our financial statements for the fiscal year ended December 31, 2008 state that we have incurred significant losses, have a negative capital, and a negative current ratio. These factors, among others indicate that we may not be able to continue as a going concern. We believe that, as of the date of this report, in order to fund our plan of operations over the next 12 months, we will need to fund operations out of cash flows generated from operations, from the borrowing of money, and from the sale of additional securities. It is possible that we will be unable to obtain sufficient additional capital through the borrowing of money or the sale of our securities as needed.

Part of our growth strategy may include diversifying into additional lines of business, forming one or more partnerships, entering into one or more joint ventures, or conducting one or more strategic acquisitions, which may require us to raise additional capital. We do not currently have binding agreements or understandings to acquire any other companies.

We intend to retain any future earnings to pay our debts, finance the operation and expansion of our business and any necessary capital expenditures, and for general corporate purposes.

#### Off-Balance Sheet Arrangements

On April 24, 2008, the Company and Terminus, Inc., as co-issuers, issued and sold to a single accredited investor: (i) a \$550,000 12% secured promissory note and (ii) 500,000 shares of the Company's Series A Preferred Stock. To secure payment of the note, Terminus pledged the 10,000,000 shares of the Company's Series C Preferred Stock. The Company is considered a guarantor of the note, and accordingly, has treated the note as a contingent liability. In the event that Terminus defaults on the note, the Company will become unconditionally liable for repayment of all principal and interest then due under the note and will incur an expense for the full amount of all such principal and interest. The purpose of the Company's guarantee of the note was to facilitate the change in control transaction.

Item 8. FINANCIAL STATEMENTS

GRUBER & COMPANY, LLC  
400 Lake Saint Louis Blvd.  
Lake Saint Louis, MO, United States  
Phone: (636) 561-5639

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
The Blackhawk Fund  
Carson City, Nevada

We have audited the accompanying balance sheet of The Blackhawk Fund (“Blackhawk” or the “Company”) as of December 31, 2008 and 2007 and the related statements of operations, stockholders’ deficit, and cash flows for the years then ended. These financial statements are the responsibility of Blackhawk’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blackhawk as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the period described in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Blackhawk will continue as a going concern. As discussed in Note 9 to the financial statements, Blackhawk has suffered recurring losses from operations and a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Gruber & Company, LLC  
Lake St. Louis, MO.  
May 12, 2009

THE BLACKHAWK FUND  
BALANCE SHEET  
DECEMBER 31

	2008	2007
<b>ASSETS</b>		
Cash	\$ 11,161	2,381
Prepaid Financing Costs	829	829
Total Current Assets	11,990	3,210
Fixed Assets-Net	—	5,055
Property – Held For Sale	1,775,900	1,774,900
Prepaid Financing Costs	22,875	23,704
<b>TOTAL ASSETS</b>	<b>\$ 1,810,765</b>	<b>\$ 1,806,869</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 107,990	\$ 4,240
Note Payable	854,079	827,828
Notes Payable-Related Party	62,515	22,000
Total current liabilities	1,024,584	854,068
<b>Long term liability</b>		
Note payable	1,936,000	1,936,000
Total Liabilities	2,960,584	2,790,068
Commitments and contingencies	-	-
<b>STOCKHOLDERS' DEFICIT</b>		
<b>Preferred stock, \$0.001 par value:</b>		
Series A, authorized 500,000, 500,000 issued and outstanding	500	-
Series B, authorized 10,000,000, 10,000,000 issued and outstanding	10,000	10,000
Series C, authorized 20,000,000, 10,000,000 issued and outstanding	10,000	10,000
<b>Common Stock, \$0.001 par value, 4,000,000,000 shares authorized, 562,293,791 and 341,193,791 shares issued and outstanding, respectively</b>		
Common Stock B, \$0.001 par value 150,000,000 authorized, 30,000,000 issued and outstanding	562,294	341,194
Additional Paid in Capital	36,585,416	36,252,318
Common Stock Subscribed	—	(223,862)
Retained Deficit	(38,348,029)	(37,402,849)
Total Stockholders' Deficit	(1,149,819)	(983,199)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$ 1,810,765</b>	<b>\$ 1,806,869</b>

See accompanying summary of significant accounting policies and notes to financial statements.

THE BLACKHAWK FUND  
 STATEMENTS OF OPERATIONS  
 Years Ended December 31, 2008 and 2007

	December 31,	
	2008	2007
Revenues	\$ 31,765	305,908
Cost of Sales	—	234,231
Gross Profit	31,765	71,667
<b>OPERATING EXPENSES</b>		
General & Administrative	344,462	2,208,360
Interest Expense	632,483	181,968
NET LOSS	\$ (945,180)	(2,318,651)
Basic and Diluted Net Income (Loss) Per Common Share	\$ (0.00)	(0.01)
Weighted Average Number of Shares Outstanding	507,018,791	246,948,708

See accompanying summary of significant accounting policies and notes to financial statements.

THE BLACKHAWK FUND  
Statement of Stockholders' Equity

Preferred Stock Series A		Preferred Stock Series B&C		Common Stock Series B		Common Stock		Additional Paid-In Capital	Stock Subscriptions Receivable	Retained Earnings (Deficit)
Shares	Amount \$	Shares	Amount \$	Shares	Amount \$	Shares	Amount \$	\$	\$	\$
9,000,000	9,000	20,000,000	20,000			24,664,792	24,665	34,646,962		(35,084,198)
						9,915,333	9,915	67,085		
						67,300,000	67,300	1,046,300		
(9,000,000)	(9,000)					90,000,000	90,000	(81,000)		
						24,767,000	24,767	155,569		
						213,333	213	2,787		
						14,000,000	14,000	(4,000)		
						7,000,000	7,000	21,900		
				10,000,000	10,000			240,000		
				20,000,000	20,000			180,000	(143,862)	
						40,000,000	40,000	(40,000)		
						97,107	97	(49)		
						63,236,226	63,237	16,764	(80,000)	(2,318,651)
-	-	20,000,000	20,000	30,000,000	30,000	341,193,791	341,194	36,252,318	(223,862)	(37,402,849)
500,000	500							499,500		
						221,100,000	221,100	(102,763)		
								(179,124)	223,862	
								115,485		(945,180)

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500,000      500      20,000,000      20,000      30,000,000      30,000      562,293,791      562,294      36,585,416      -      (38,348,029)

See accompanying summary of significant accounting policies and notes to financial statements.

THE BLACKHAWK FUND  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2008 and 2007

	2008	2007
<b>Cash Flows From Operating Activities</b>		
Net Loss	\$ (945,180)	\$ (2,318,651)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	505	1,010
Stock Issued for Services and Financing	592,300	1,322,885
Changes in Operating Assets and Liabilities:		
(Increase) in Prepaid Financing Costs	829	(24,533)
Increase (Decrease) in Accounts Payable	103,750	3,021
<b>Net cash used in operating activities</b>	<b>(247,796)</b>	<b>(969,640)</b>
<b>Cash Flows From Investing Activities:</b>		
Sale (Purchase) of Assets	3,550	(88,365)
<b>Net cash provided by (used in) investing activities</b>	<b>3,550</b>	<b>(88,365)</b>
<b>Cash Flows From Financing Activities:</b>		
Increase in Notes Payable	26,251	462,000
Proceeds from stock issuances, subscriptions and option exercises	186,260	396,138
Proceeds from notes payable - related party	40,515	190,500
<b>Net cash provided by financing activities</b>	<b>253,026</b>	<b>1,048,638</b>
<b>Net Change in Cash</b>	<b>8,780</b>	<b>(9,367)</b>
<b>Cash Beginning of Period</b>	<b>2,381</b>	<b>11,748</b>
<b>Cash End of Period</b>	<b>11,161</b>	<b>2,381</b>
<b>Supplemental disclosures:</b>		
Cash paid for:		
Interest	\$ 95,549	\$ 135,340
Income Taxes	\$ -	\$ -

See accompanying summary of significant accounting policies and notes to financial statements.

THE BLACKHAWK FUND  
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The Blackhawk Fund (“Blackhawk” or the “Company”) was organized on November 5, 1998 in Nevada as USA Telecom. In 1998, the entity amended its articles of incorporation to change its name to USA Telcom, in 2000 it amended its articles of incorporation to change its name to USA Telcom Internationale, in 2004 it amended its articles of incorporation to change its name to ZannWell Inc., and in January 2005, it amended its articles of incorporation to change its name to Blackhawk Fund. For the year ended December 31, 2008 the Company was in the business of residential and commercial real estate acquisition and development.

Cash and cash equivalents

The Company considers all cash on hand and in banks, including accounts in book overdraft positions, certificates of deposit and other highly- liquid investments with maturities of three months or less, when purchased, to be cash and cash equivalents.

Research and development expenses

Research and development expenses are charged to operations as incurred. There were no research and development costs incurred in the periods.

Advertising expenses

Advertising and marketing expenses are charged to operations as incurred there were no expenses in 2008 or 2007.

Revenue recognition

The Company generates revenue from the sale of real estate, brokerage commissions, and rental income from rental properties. Revenues from real estate sales and commissions are recognized on execution of the sales contract. The Company records gross commissions on the sales of properties closed. The Company pays the broker of record five percent of all transactions and 100 percent of personal sales. This is in accordance with standard procedures. The Company compensates its independent agents on a sliding scale between 70 and 80 percent based on productivity. The Company also recognizes sales when it sells properties that have been held for sale when their renovation is complete. Revenue is recognized at “closing”.

The Company has not recognized any revenue from its new business plan other than rental income.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Temporary differences represent differences in the recognition of assets and liabilities for tax and financial reporting purposes, primarily accumulated depreciation and amortization.

As of December 31, 2008, the deferred tax asset is related solely to the Company’s net operating loss carry forward and is fully reserved.

Earnings (loss) per share

Basic earnings (loss) per share are computed by dividing the net income (loss) by the weighted-average number of shares of common stock and common stock equivalents (primarily outstanding options and warrants). Common stock equivalents represent the dilutive effect of the assumed exercise of the outstanding stock options and warrants, using the treasury stock method. The calculation of fully diluted earnings (loss) per share assumes the dilutive effect of the exercise of outstanding options and warrants at either the beginning of the respective period presented or the date of issuance, whichever is later. As of December 31, 2008, the Company's outstanding warrants are considered anti-dilutive.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

#### NOTE 2 - STOCK BASED COMPENSATION

Prior to January 1, 2006, we accounted for stock based compensation under Statement of Financial Accounting Standards No. 123 Accounting for Stock-Based Compensation (FAS 123). As permitted under this standard, compensation cost was recognized using the intrinsic value method described in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). Effective January 1, 2006, the Company has adopted Statement of Financial Accounting Standards No. 123 (Revised 2004), Share-Based Payment (FAS 123R) and applied the provisions of the Securities and Exchange Commission Staff Accounting Bulletin No. 107 using the modified-prospective transition method. Prior periods were not restated to reflect the impact of adopting the new standard. As a result of the adoption of FAS 123R, stock-based compensation expense recognized during the year ended December 31, 2008 includes compensation expense for all share-based payments granted on or prior to, but not yet vested as of December 31, 2006, based on the grant date fair value estimated in accordance with the original provisions of FAS 123, and compensation cost for all share-based payments granted on or subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of FAS 123R.

Beginning on January 1, 2006, any future excess tax benefits derived from the exercise of stock options will be recorded prospectively and reported as cash flows from financing activities in accordance with FAS 123R.

During the year ended December 31, 2008, the Company recorded stock based consulting expense of \$92,300, as determined under FASB 123R.

#### NOTE 3 - PROPERTY - HELD FOR SALE/FIXED ASSETS

In late March 2006, the Company purchased a condominium located in Carlsbad, California for \$625,083. The Company intends to renovate and sell the condo. Since the Company intends to sell the condominium upon completion of the planned renovations, it has been designated as "held-for-sale." Therefore, it will be carried at the lower cost or fair value (net of expected sales costs) during the renovation period and will not be depreciated. Major improvements and renovations are capitalized.

In June of 2006, the Company entered into a joint venture agreement to renovate and then sell a residential home located in Oceanside, California. The Company is a 50% joint venture partner, but has the right to exercise control. The Company is 100% responsible for improvement costs, with these costs to be reimbursed upon sale and any remaining profits split 50/50. The Company has valued the house at the original value of the liability assumed of \$1,000,000. As the intention on this property is identical described above the description related to "held for sale" no depreciation applies. The Company has capitalized improvements on this property of \$149,817.

In 2008 the Company paid \$1,000 for a property in foreclosure.

#### NOTE 4 - COMMON STOCK

During the year ended December 31, 2008, the company issued 221,100,000 shares of common stock under its stock option plan resulting in an expense of \$92,300 and cash received \$186,260.



## NOTE 5-PREFERRED STOCK

### Series A Preferred Stock

On April 24, 2008, the Company withdrew its certificate of designation establishing the Company's Series A Preferred Stock and filed a new certificate of designation for 500,000 shares of Series A Preferred Stock, par value \$0.001 per share. Anytime after October 24, 2008, the Series A Preferred Stock is convertible based upon the average of the per shares market value of the Company's common stock during the 20 trading days immediately preceding a conversion date. In addition, upon the consummation of a bona fide sale third party sale by the Company of its securities resulting in gross proceeds of at least \$1,000,000, the Series A Preferred Stock will automatically convert into the securities being sold in such offering. The Series A Preferred Stock has no voting rights, dividend rights, liquidation preference, redemption rights, or preemptive rights.

On April 24, 2008, the Company issued 500,000 shares of the newly designated Series A Preferred Stock as part of a financing transaction. See Note 6. The Company has valued the convertible shares using the Black-Scholes model and has recognized a financing expense equivalent to the stated value of the Series A Preferred Stock of \$500,000.

### Series B Preferred Stock

On April 24, 2008, the Company amended the certificate of designation establishing the Company's Series B Preferred Stock. Pursuant to this amendment, the Company's Series B Preferred Stock now contains on limitation on conversions such that no holder of Series B Preferred Stock can convert such shares into the Company's common stock if such conversion would result in the holder owning in excess of 4.99% of the Company's issued and outstanding common stock.

### Series C Preferred Stock

On April 24, 2008, the Company amended the certificate of designation for its Series C Preferred Stock. Pursuant to the Amendment, on all matters submitted to a vote of the holders of the common stock, including, without limitation, the election of directors, a holder of shares of the Series C Preferred Stock shall be entitled to the number of votes on such matters equal to the product of (a) the number of shares of the Series C Preferred Stock held by such holder, (b) the number of issued and outstanding shares of the Company's common stock, on a fully-diluted basis, as of the record date for the vote, or, if no such record date is established, as of the date such vote is taken or any written consent of stockholders is solicited, and (c) 0.0000002.

## NOTE 6 – NOTES PAYABLE/MORTGAGES PAYABLE

In conjunction with the purchase of the condominium described in Note 3 above, the Company executed a 30-year adjustable rate promissory note for \$496,000. The initial interest rate on the note is 7.875%. Pursuant to the terms of the note, the Company is required to make interest-only payments for the first 10 years (first 120 payments). The initial monthly payments were \$3,225 and have since been reduced to \$2,273. The note payable is personally guaranteed by the Company's former president. This note is in arrears at December 31, 2008.

In conjunction with the joint venture property described in Note 3 above, the Company refinanced this note in July 2007 and assumed a 50% interest and corresponding promissory note debt of \$1,440,000. Terms indicate that the first note is for \$1,120,000 over 30 years, with interest only payments required for the first 10 years. The second note is carried for \$320,000 with interest at 9.875% over 30 years, with interest only payments required for the first 10 years. Monthly amounts are presently \$9,983. Both of the above notes are classified as long term notes payable. This amount is in arrears at December 31, 2008.

On April 24, 2008, the Company issued, and the formerly related party accepted, a subordinated secured non-recourse note in the principal amount of \$841,828, due December 31, 2008. The balance on this note as of December 31, 2008 is \$854,079. See Note 8.

On April 24, 2008, the Company and Terminus, Inc., as co-issuers, issued and sold to a single accredited investor: (i) a \$550,000 12% secured promissory note and (ii) 500,000 shares of the Company's Series A Preferred Stock. To secure payment of the note, Terminus pledged the 10,000,000 shares of the Company's Series C Preferred Stock. The Company is considered a guarantor of the note, and accordingly, has treated the note as a contingent liability.

#### NOTE 7- CONTINGENT LIABILITY

On April 24, 2008, the Company and Terminus, Inc. as co-issuers, issued and sold to a single accredited investor (1) a \$550,000 12% secured promissory note and (2) 500,000 shares of the Company's Series A Preferred Stock. To secure payment of the note Terminus pledged the 10,000,000 shares of the company's Series C Preferred Stock. The Company is considered a guarantor of the note, and accordingly, has treated the note as a contingent liability.

#### NOTE 8-RELATED PARTY TRANSACTIONS

At March 31, 2008, the Company was indebted to a formerly related party for \$801,616. Interest had been imputed at 6% per year. On April 24, 2008, the Company issued, and the formerly related party accepted, a subordinated secured non-recourse note in the principal amount of \$841,828, due October 24, 2008. The note is secured by the real estate described in Note 3 above, but is subordinated to the notes described above. The lender's recovery for default on payment of this note is limited to limited solely to the real estate described above. The balance on this note as of December 31, 2008 is \$854,079.

At December 31, 2008, Terminus, Inc. the holder of the Company's Series C Preferred Stock, has loaned the company approximately \$58,627. The loan is payable upon demand with interest at 12%. Interest added to this loan is \$3,888 at December 31, 2008.

During the year ended December 31, 2008, the Company made payments totaling \$65,000 to entities controlled by the former CEO and CFO for consulting services.

#### NOTE 9-GOING CONCERN

The Company has incurred significant losses, has a negative capital, and negative current ratio. These factors, among others indicate that the Company may not be able to continue as a going concern. No adjustments have been made to the carrying value of assets and liabilities should the company not continue as a going concern.

#### NOTE 10-SUBSEQUENT EVENT

On February 25, 2009, the Company entered into a settlement agreement with Angel Acquisition Corporation relating to the condominium located in Carlsbad California owned by the Company. Pursuant to the settlement agreement the Company transferred the property to Angel Acquisition in full satisfaction of the note payable due to Angel for \$854,079 including interest. Angel Acquisition acquired the property subject to the note of \$496,000.

Also on February 25, 2009, the Company entered into a settlement agreement relating to the residential property located in Oceanside California. The Company has transferred the property to a third party who has assumed the note amount of \$1,440,000.

As a result of the two transactions above the Company will realize a gain on the disposition of assets equal to \$1,014,179.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

Item 9A. CONTROLS AND PROCEDURES.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports that we file under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

At the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation, under the supervision and with the participation of our former management, including our former Chief Executive Officer and former Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our former Chief Executive Officer and our former Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that all material information required to be disclosed in this Annual Report on Form 10-K has been made known to them in a timely fashion.

Our Chief Executive Officer and Chief Financial Officer have also evaluated whether any change in our internal controls occurred during the last fiscal quarter and have concluded that there were no material changes in our internal controls or in other factors that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, these controls.

Item 9B. OTHER INFORMATION.

None.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Set forth below is certain information concerning our directors and executive officers:

Name	Age	Position
Francis X. Marshik	82	President, Chief Executive Officer, Treasurer and director

Francis X. Marshik has served as President, Chief Executive Officer, Treasurer and director since April 24, 2008. Mr. Marshik retired in 1986 from M.W. Kellogg, an engineering, construction and fabrication company, where he served as its Senior Vice President of Global Business Development since 1980. From 1974 to 1980, Mr. Marshik was Commercial Vice President of M.W. Kellogg in London, and from 1968 to 1972, he was the head of the Far East as General Manager of Japan. From 1950 to 1966, Mr. Marshik held various positions at C.F. Braun, an engineering company. He received a Bachelor of Science from Oregon State University. Mr. Marshik has served as a director of Hemiwedge Industries, Inc., a publicly traded company on the OTC Bulletin Board since 2002.

Director Independence

Our board of directors has determined that currently none of its members qualify as “independent” as the term is used in Item 407 of Regulation S-B as promulgated by the SEC and in the listing standards of The Nasdaq Stock Market, Inc. - Marketplace Rule 4200.

Involvement in Certain Legal Proceedings

None of our directors or executive officers has, during the past five years:

- been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);
- had any bankruptcy petition filed by or against any business of which he was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time;
- been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, futures, commodities or banking activities; or
- been found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated.

CODE OF ETHICS

We have adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The code of ethics is designed to deter wrongdoing and to promote:

§

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Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

§ Full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submits to, the SEC and in other public communications made by us;

§ Compliance with applicable governmental laws, rules and regulations;

§ The prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and

§ Accountability for adherence to the code.

A copy of our code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions is filed as an exhibit to our Form 10-KSB for the fiscal year end December 31, 2006.

We will provide to any person without charge, upon request, a copy of our code of ethics. Any such request should be directed to our corporate secretary at 1802 N. Carson Street, Suite 212, Carson City, Nevada, 89701.

#### AUDIT COMMITTEE

The entire board of directors acts as our audit committee. We do not have an audit committee financial expert serving on our audit committee at this time. We propose to expand our board of directors in the near future to include a financial expert.

#### Communications with the Board of Directors

Stockholders can send communications to the Board of Directors by sending a certified or registered letter to the Chairman of the Board, care of the Secretary, at our main business address set forth above. Communications that are threatening, illegal, or similarly inappropriate, and advertisements, solicitations for periodical or other subscriptions, and other similar communications will generally not be forwarded to the Chairman.

#### Item 11. EXECUTIVE COMPENSATION

The following table sets forth the compensation paid to the Chief Executive Officer and our other executive officers for services rendered during the fiscal years ended December 31, 2008, 2007 and 2006.

Summary Compensation Table

Name and Position	Year	Salary	Bonus	Stock Awards (\$)	Option Awards (\$)	All Other Compensation	Total (\$)
Francis X. Marshiik	2008	\$ 0	—	—	—	—	\$ 0
President	2007	N/A	N/A	N/A	N/A	N/A	N/A
Chief Executive Officer, Treasurer and Director (since April 24, 2008)	2006	N/A	N/A	N/A	N/A	N/A	N/A
Stevie Bonenberger	2008	\$ 37,500	—	—	—	—	\$ 37,500
President, Chief Executive Officer	2007	\$ 165,000	—	—	—	—	\$ 165,000

and Director (until April 24, 2008)	2006	\$ 90,000	—	—	—	—	\$ 90,000
Brent Fouch	2008	\$ 37,500	—	—	—	—	\$ 37,500
Executive Vice President	2007	\$ 150,000	—	—	—	—	\$ 150,000
Treasurer and Director (until April 24, 2008)	2006	\$ 90,000	—	—	—	—	\$ 90,000

#### Outstanding Equity Awards

There were no outstanding equity awards, unexercised options, unvested stock, or equity incentive plan awards as of December 31, 2008 for any of the executive officers named in the Summary Compensation Table above.

#### Potential Payments upon Termination

None

#### Compensation of Directors

None.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our directors, executive officers, and stockholders holding more than 10% of our outstanding common stock, to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in beneficial ownership of our common stock. Executive officers, directors and greater-than-10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file. To our knowledge, based solely on review of the copies of such reports furnished to us for the period ended December 31, 2008, all of the Section 16(a) reports required to be filed by our executive officers, directors, and greater-than-10% stockholders were filed on a timely basis, except that our controlling stockholder failed to file a Form 3 in connection with its purchase of the series C preferred stock.

#### Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of our common stock as of March 31, 2009 by the following persons:

- each person who is known to be the beneficial owner of more than five percent (5%) of our issued and outstanding shares of common stock;
- each of our directors and executive officers; and
- all of our directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. The number of shares and the percentage beneficially owned by each individual listed above include shares that are subject to options held by that individual that are immediately exercisable or exercisable within 60 days from March 31, 2009, and the number of shares and the percentage beneficially owned by all officers and directors as a group includes shares subject to options held by all officers and directors as a group that are immediately exercisable or exercisable within 60 days from March 31, 2009.

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Amount and Nature of Beneficial Ownership

Name And Address (1)	Number Of Common Shares Beneficially Owned	Percentage Owned (2)	Number Of Series B Preferred Shares Beneficially Owned	Percentage Owned (2)	Number Of Series C Preferred Shares Beneficially Owned	Percentage Owned (2)	Percentage of Total Voting Power (3)
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