Genesis Fluid Solutions Holdings, Inc.
Form S-1
April 15, 2010

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As filed with the Securities and Exchange Commission on April 15, 2010
Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
GENESIS FLUID SOLUTIONS HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**3531**	**98-0531496**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

830 Tender Foot Hill Road #301
Colorado Springs, CO 80906
(719) 332-7447
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Michael Hodges
Interim Chief Executive Officer
830 Tender Foot Hill Road #301
Colorado Springs, CO 80906
(719) 332-7447
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.
If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. þ
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act of 1933 registration statement number of the earlier effective registration statement for the same offering. o
If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o
If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o
Indicate by a 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. (Check One):

Large Accelerated Filer o Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company þ
(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common stock, par value $0.001 per share	7,027,500	$ 3.40(2)	$ 23,893,500	$ 1,703.61
Common stock, par value $0.001 per share, upon exercise of warrants issued to investors	3,412,500	$ 3.40(3)	$ 11,602,500	$ 827.26
Common stock, par value $0.001 per share, currently being held in escrow	1,300,000	$ 3.40(2)	$ 4,420,000	$ 315.15
Common stock, par value $0.001 per share, upon exercise of warrants issued to the placement agents	107,500	$ 3.40(3)	$ 365,500	$ 26.06
Total	11,847,500	$ 3.40	$ 40,281,500	$ 2,872.07

(1) Pursuant to Rule 416 under the Securities Act, the shares of common stock offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of anti-dilution provisions, stock splits, stock dividends, recapitalizations or other similar transactions.

(2) With respect to the shares of common stock offered by the selling stockholders named herein, estimated at $3.40 per share, the average of the high and low prices of the common stock as reported on the OTC Bulletin Board on April 12, 2010, for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act.

(3) Estimated at $3.40 per share, the average of the high and low prices of the common stock as reported on the OTC Bulletin Board on April 12, 2010, for the purpose of calculating the registration fee in accordance with Rule 457(g)(3) under the Securities Act.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 15, 2010

PRELIMINARY PROSPECTUS

11,847,500 Shares

Genesis Fluid Solutions Holdings, Inc.

Common Stock

This prospectus relates to the sale by the selling stockholders identified in this prospectus of up to 11,847,500 shares of our common stock, which includes (i) 7,027,500 shares issued to investors in a private placement; (ii) 3,412,500 shares issuable upon the exercise of warrants with an exercise price of $2.00 per share; (iii) 1,300,000 shares issued in connection with the Merger, which are being held in escrow for three years in order to cover certain potential claims, indebtedness and liabilities, including potential tax liabilities, of Genesis Fluid Solutions; and (iv) 107,500 shares issuable upon the exercise of warrants with an exercise price of $1.25 per share. All of these shares of our common stock are being offered for resale by the selling stockholders.

The prices at which the selling stockholders may sell shares will be determined by the prevailing market price for the shares or in negotiated transactions. We will not receive any proceeds from the sale of these shares by the selling stockholders. However, we will receive proceeds from the exercise of the warrants if they are exercised for cash by the selling stockholders.

We will bear all costs relating to the registration of these shares of our common stock, other than any selling stockholders legal or accounting costs or commissions.

Our common stock is quoted on the regulated quotation service of the OTC Bulletin Board under the symbol GSFL.OB . The last reported sale price of our common stock as reported by the OTC Bulletin Board on April 12, 2010, was $3.40 per share.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties described under the heading Risk Factors beginning on page 8 of this prospectus before making a decision to purchase our common stock.

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

The date of this prospectus is , 2010

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled Risk Factors and Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical financial statements and related notes included elsewhere in this prospectus. In this prospectus, unless otherwise noted, the terms the Company, we, us, and our refer to Genesis Fluid Solutions Holdi Inc., and its subsidiary, Genesis Fluid Solutions, Ltd.

Overview

We are engaged in the design and development of waterway restoration and water remediation technologies for the environmental, mining and paper industries. Our patented Rapid Dewatering System (RDS) removes different types of debris, sediments, and contaminates from waterways and industrial sites, which assists in the recovery of lakes, canals, reservoirs and harbors. The RDS system separates water from the solid materials that are dredged, a process that is known as dewatering. Because of the scalability of the equipment, the small footprint required, and our own real time rapid dewatering capabilities, our RDS can remove thousands of cubic yards of sediment per day, and return clear water to waterways at rates of two thousand or more gallons per minute. We believe we accomplish this at significantly lower costs than our competitors.

After demonstrating proof of concept on a port restoration project in California, we were acknowledged by the Water Board for the State of California, the United States Environmental Protection Agency and the United States Army Corps of Engineers as having an innovative technology acceptable for the restoration of both contaminated and non-contaminated waterways. We believe our technologies have a variety of benefits for both industry and the environment.

Our History

Our wholly-owned subsidiary, Genesis Fluid Solutions, Ltd., began operations in 1994 as a sole proprietorship owned by our founder, Michael Hodges, and was incorporated in Colorado in 2005. Genesis Fluid Solutions is engaged in the design and development of waterway restoration and water remediation technology and equipment for the environmental, mining and paper industries. Genesis Fluid Solutions holds various United States and international patents and patent applications on water restoration and remediation technology, seeks to license the technology and equipment to others, and seeks to enter into contracts for the performance of water restoration and remediation. To date, Genesis Fluid Solutions has not generated material revenues or earnings as a result of its activities. As a result of the Merger, Genesis Fluid Solutions became a wholly-owned subsidiary of the Company and the Company succeeded to the business of Genesis Fluid Solutions as its sole line of business.

On October 30, 2009, we filed an Amended and Restated Certificate of Incorporation in order to, among other things, change our name from Cherry Tankers Inc. to Genesis Fluid Solutions Holdings, Inc. and authorize a class of blank check preferred stock.

On October 30, 2009, we entered into an Agreement of Merger and Plan of Reorganization with Genesis Fluid Solutions, Ltd., a privately held Colorado corporation (Genesis Fluid Solutions), and Genesis Fluid Solutions Acquisition Corp., our newly formed, wholly-owned Delaware subsidiary (Acquisition Sub). Upon closing of the transaction contemplated under the Agreement of Merger and Plan of Reorganization (the Merger), Acquisition Sub merged with and into Genesis Fluid Solutions. Genesis Fluid Solutions, as the surviving corporation, became a

wholly-owned subsidiary of the Company, and the Company succeeded to the business of Genesis Fluid Solutions as its sole line of business.

At the closing of the Merger, each share of Genesis Fluid Solutions common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 10 shares of our common stock. To the extent that there were fractional shares, the fractional shares were rounded to the nearest whole share. Accordingly, an aggregate of 9,481,000 shares of our common stock were issued to the holders of Genesis Fluid Solutions common stock. Of the 9,481,000 shares issued in the Merger, 1,300,000 shares issuable to Michael Hodges, the founder and former chief executive officer of Genesis Fluid Solutions, were agreed to be set aside in

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escrow and held for three years in order to provide for certain liabilities, including potential tax liabilities, of Genesis Fluid Solutions (the Escrow Agreement, as more fully described below).

Following the closing of the Merger, the Company issued 273 units in a private placement (the Private Placement), consisting of an aggregate of 7,027,500 shares of the Company s common stock and three-year callable warrants to purchase an aggregate of 3,412,500 shares of common stock exercisable at $2.00 per share, for $25,000 per unit. Colorado Financial Service Corporation, WFG Investments, Inc., Legend Merchant Group, and Jesup & Lamont Securities Corp. (the Placement Agents) served as the Company s placement agents for certain of the investors in the Private Placement, and received two-year warrants, exercisable at $1.25 per share, to purchase 33,000, 14,000, 8,000 and 2,500 shares of common stock, respectively, equal to 2% of the number of shares investors purchased through the respective Placement Agents. GarWood Securities LLC received two-year warrants, exercisable at $1.25 per share to purchase 50,000 shares of common stock. All of the shares issued in the Private Placement, as well as the shares of common stock underlying the warrants issued to investors and the Placement Agents, are subject to a registration rights agreement under which we are obligated to seek registration of the shares within 180 days of the final closing date of the Private Placement. Holders of our shares issued in the Private Placement also have the right to seek piggyback registration of their shares in certain circumstances, other than with respect to registration of shares held under the Escrow Agreement.

Upon the closing of the Merger, Reuven Gepstein and Yael Alush resigned as our officers and directors and, simultaneously with the Merger, a new board of directors and new officers were appointed. The new board of directors consists of Michael Hodges, Mary Losty, John Freshman, and Robert Stempel.

On October 30, 2009, immediately following the closing of the Merger and the initial closing of Private Placement, under an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (the Conveyance Agreement), we also transferred all of our pre-Merger assets and liabilities to our wholly-owned subsidiary, Cherry Tankers Holdings, Inc. (SplitCo). Thereafter, pursuant to a stock purchase agreement (the Stock Purchase Agreement), we transferred all of the outstanding capital stock of SplitCo to certain of our stockholders in exchange for the cancellation of 12,545,000 shares of our common stock (the Split-Off), with 1,160,000 shares of common stock held by persons who were stockholders of ours prior to the Merger remaining outstanding. These 1,160,000 shares constitute our public float, are our only shares of registered common stock and, accordingly, are our only shares available for resale without further registration.

The foregoing description of certain changes to our Certificate of Incorporation, the Merger and the Split-Off does not purport to be complete and is qualified in its entirety by reference to the complete text of (i) the Amended and Restated Certificate of Incorporation, which is filed as Exhibit 3.1 hereto, (ii) the Agreement of Merger and Plan of Reorganization, which is filed as Exhibit 2.1 hereto, (iii) the Escrow Agreement, which is filed as Exhibit 10.19 hereto, (iv) the Conveyance Agreement, which is filed as Exhibit 10.12 hereto, and (v) the Stock Purchase Agreement, which is filed as Exhibit 10.13 hereto, each of which is incorporated herein by reference.

The foregoing description of the Private Placement does not purport to be complete and is qualified in its entirety by reference to the complete text of the (i) Form of Subscription Agreement, which is filed as Exhibit 10.1 hereto, (ii) Form of Warrant, which is filed as Exhibit 10.2 hereto, (iii) Form of Placement Agent Warrant, which is filed as Exhibit 10.7 hereto, and (iv) Form of Registration Rights Agreement, which is filed as Exhibit 10.3 hereto, each of which is incorporated herein by reference.

Following (i) the closing of the Merger, (ii) the final closing of the Private Placement for an aggregate of $6,825,000 (which includes the conversion of $675,000 of bridge notes), and (iii) the cancellation of 12,545,000 shares in the Split-Off, there were 17,668,500 shares of common stock issued and outstanding. Approximately 53.9% of the issued and outstanding shares were held by the former stockholders of Genesis Fluid Solutions, approximately 39.6% were

held by the investors in the Private Placement, and approximately 6.5% were held by investors in shares of our registered common stock. The foregoing percentages exclude warrants to purchase 3,520,000 shares of common stock issued to investors and the Placement Agents in connection with the Private Placement, and 4,542,000 shares of common stock reserved for issuance under our 2009 Equity Incentive Plan.

Neither we nor Genesis Fluid Solutions had any outstanding options or warrants to purchase shares of capital stock immediately prior to the closing of the Merger. However, prior to the Merger, we adopted the 2009 Equity

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Incentive Plan and reserved 4,542,000 shares of common stock for issuance as awards to officers, directors, employees, consultants and others. Upon the closing of the Merger, the Company issued options under the 2009 Equity Incentive Plan to purchase an aggregate of 3,222,000 shares of our common stock to a total of ten individuals. Each of the options expires 10 years from the award date and has an exercise price of either $0.90, $0.99 or $1.00 per share. The recipients of the options received awards in recognition of services and/or cancellation of shares of stock of Genesis Fluid Solutions they owned, and included: (i) Michael Hodges, who received options to purchase 600,000 shares, (ii) Larry Campbell, who received options to purchase 600,000 shares, and (iii) Carol Shobrook, who received options to purchase 400,000 shares, each of whom was an executive officer of Genesis Fluid Solutions prior to the Merger and of the Company following the Merger.

The shares of our common stock issued to former holders of Genesis Fluid Solutions stock in connection with the Merger, and the shares of our common stock and warrants issued in the Private Placement, were not registered under the Securities Act of 1933, as amended (the Securities Act), in reliance upon an exemption from registration provided by Section 4(2) under the Securities Act and Regulation D thereof. These securities may not be transferred or sold without registration under or an applicable exemption from the Securities Act.

At the closing of the Merger, an aggregate of 9,481,000 shares of our common stock were issued to the holders of Genesis Fluid Solutions common stock. Of the 9,481,000 shares issued in the Merger, 1,300,000 shares issuable to Michael Hodges have been agreed to be registered in the name of the escrow agent, set aside in escrow and held for three years in order to provide for certain claims, indebtedness and liabilities, including potential tax liabilities, of Genesis Fluid Solutions. Upon receipt of written instructions from the chief financial officer of the Company, the escrow agent is permitted to sell shares to cover any of these liabilities. The escrow agent has complete and absolute discretion as to the method and timing of any related sale of shares of common stock.

Pursuant to the terms of the Escrow Agreement, (i) Michael Hodges may at any time exchange cash for escrowed shares at a rate of $1.00 per share, (ii) the Escrow Agent will provide a voting proxy to Michael Hodges to vote the escrowed shares, and (iii) the Company has agreed to file a registration statement covering the escrowed shares as soon as practicable following the closing of the Merger.

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THE OFFERING

Common stock offered by selling stockholders	This prospectus relates to the sale by certain selling stockholders of 11,847,500 shares of our common stock consisting of: (i) 7,027,500 shares of our common stock issued to investors in the Private Placement; (ii) 3,412,500 shares of our common stock issuable upon the exercise of warrants issued to investors in the Private Placement; (iii) 1,300,000 shares of our common stock issued in connection with the Merger that are currently being held in escrow for three years in order to cover certain claims, indebtedness and liabilities, including potential tax liabilities of Genesis Fluid Solutions; and (iv) 107,500 shares of our common stock issuable upon the exercise of warrants issued to the Placement Agents in the Private Placement.
Offering price	Market price or privately negotiated prices.
Common stock outstanding before the offering	17,751,500 shares(1)
Common stock to be outstanding after the offering	21,271,500 shares(2)
Use of proceeds	We will not receive any proceeds from the sale of the common stock by the selling stockholders. However, we will receive the exercise price, if the cashless exercise feature is not used, upon exercise of the warrants by the selling stockholders. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes.
OTB Bulletin Board Symbol	GSFL.OB
Risk Factors	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the Risk Factors section beginning on page 9 of this prospectus before deciding whether or not to invest in our common stock.

(1) Represents the number of shares of our common stock outstanding as of April 15, 2010. Excludes (i) 4,542,000 shares of our common stock issuable upon exercise of options granted or reserved under the 2009 Equity Incentive Plan; and (ii) 3,520,000 shares of our common stock issuable upon exercise of outstanding warrants.

(2) Includes 3,520,000 shares of our common stock issuable upon exercise of outstanding warrants, which shares are offered for sale in this prospectus. Excludes 4,542,000 shares of our common stock issuable upon exercise of options granted or reserved under the 2009 Equity Incentive Plan.

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SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Such statements include statements regarding our expectations, hopes, beliefs or intentions regarding the future, including but not limited to statements regarding our market, strategy, competition, development plans (including acquisitions and expansion), financing, revenues, operations, and compliance with applicable laws. Forward-looking statements involve certain risks and uncertainties, and actual results may differ materially from those discussed in any such statement. Factors that could cause actual results to differ materially from such forward-looking statements include the risks described in greater detail in the following paragraphs. All forward-looking statements in this document are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement. Market data used throughout this prospectus is based on published third party reports or the good faith estimates of management, which estimates are based upon their review of internal surveys, independent industry publications and other publicly available information. Although we believe that such sources are reliable, we do not guarantee the accuracy or completeness of this information, and we have not independently verified such information.

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RISK FACTORS

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the risks described below, together with all of the other information included or referred to in this prospectus, before purchasing shares of our common stock. There are numerous and varied risks that may prevent us from achieving our goals. If any of these risks actually occurs, our business, financial condition or results of operations may be materially adversely affected. In such case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Relating to Our Business

We may not be able to adequately protect our proprietary rights, which would have an adverse effect on our ability to competitively conduct our business.

We rely on our patented technology, both domestically and internationally, to deliver our equipment and services. To protect our proprietary rights, we rely on a combination of patent and trade secret laws, confidentiality agreements, and protective contractual provisions. Despite these efforts, our patents and intellectual property relating to our business may not provide us with any competitive advantages. Additionally, another party may obtain a blocking patent and we would need to either obtain a license or design around the patent in order to continue to offer the contested item in our products and services. Further, effective protection of intellectual property rights may be unavailable or limited in some foreign countries. Our inability to adequately protect our proprietary rights would have an adverse impact on our ability to competitively manufacture, distribute and use our products on a worldwide basis.

We could become involved in intellectual property disputes that create a drain on our resources and could ultimately impair our assets.

We do not knowingly infringe on patents, copyrights or other intellectual property rights owned by other parties; however, in the event of an infringement claim, we may be required to spend a significant amount of money to defend a claim, develop a non-infringing alternative or to obtain licenses. We may not be successful in developing an alternative or obtaining licenses on reasonable terms, if at all. Any litigation, even if without merit, could result in substantial costs and diversion of our resources and could materially and adversely affect our business, financial condition and results of operations.

Since we have a somewhat limited operating history, it is difficult for potential investors to evaluate our business.

We began research and development operations in the mid-1990s and have completed 12 projects to date. Our somewhat limited operating history makes it difficult for potential investors to evaluate our business or prospective operations. Since our formation, we have generated only limited and sporadic revenues. As an early stage company, we are subject to all the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Accordingly, our business and success faces risks from uncertainties faced by developing companies in a competitive environment. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

We are dependent upon key personnel whose loss may adversely impact our business.

We rely heavily on the expertise, experience and continued services of Michael Hodges, our Chairman and Interim Chief Executive Officer. The loss of Mr. Hodges and the inability to attract or retain other key individuals, could

materially adversely affect us. We seek to compensate and motivate our executives, as well as other personnel, through competitive salaries and bonus and equity incentive plans, but there can be no assurance that these programs will allow us to attract or retain personnel. If Mr. Hodges were to leave, we could face substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any successor obtains the necessary training and experience. We have not entered into an employment agreement with Mr. Hodges.

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We face risks associated with our anticipated international business.

We expect to establish, and to expand over time, international commercial or licensing operations and activities in various countries. These international business operations will be subject to a variety of risks associated with conducting business internationally. We do not know the impact that these regulatory, geopolitical and other factors may have on our international business in the future, including the following:

changes in or interpretations of foreign regulations that may adversely affect our ability to perform services or repatriate profits to the United States;

the imposition of tariffs;

economic or political instability in foreign countries;

imposition of limitations on or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries or joint ventures or customers;

conducting business in places where business practices and customs are unfamiliar and unknown;

the imposition of restrictive trade policies;

the existence of inconsistent laws or regulations;

the imposition or increase of investment requirements and other restrictions or requirements by foreign governments;

uncertainties relating to foreign laws and legal proceedings;

fluctuations in foreign currency and exchange rates; and

compliance with a variety of U.S. laws, including the Foreign Corrupt Practices Act.

We may need additional financing to execute our business plan and fund operations, which additional financing may not be available on reasonable terms or at all.

We have limited funds. Even with the aggregate proceeds of $6,150,000 from the recent private placement (the Private Placement), we may not be able to execute our current business plan and fund business operations long enough to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us. We may be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financing. Future financing through equity investments is likely to be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable to new investors than our current investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other derivative securities, and the issuance of incentive awards under employee equity incentive plans, which may have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition and results of operations. Our ability to obtain needed financing may be impaired by factors, including the

condition of the economy and capital markets, both generally and specifically in our industry, and the fact that we are not profitable, which could impact the availability or cost of future financing. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

We may be subject to fines for the non-payment of payroll taxes in prior quarters and, if we are unable to repay the amounts owed, some of our assets could be taken away.

We may be subject to both federal and state fines for the non-payment of payroll taxes, penalties and interest for certain quarters in 2007 through 2009. We have agreed with Michael Hodges to set aside in escrow

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1,300,000 shares of our common stock, that were to be delivered to him as consideration in the Merger, to cover these and other potential liabilities, but this may not be sufficient to cover, and we may not otherwise have sufficient funds or be able to obtain sufficient funds to repay, these liabilities. If we are unable to repay the amounts owed, the Internal Revenue Service and various state taxing agencies may levy liens against our assets and acquire ownership of our assets. The enforcement of a lien could have a material adverse affect on our business. In addition, the Internal Revenue Service can seek reimbursement from our officers and directors that have or have had a direct relationship over our cash resources and/or signature authority on checks.

Our independent auditors have expressed doubt about our ability to continue as a going concern.

In their report dated April 14, 2010, our current independent registered public accounting firm stated that our consolidated financial statements for the year ended December 31, 2009 were prepared assuming that we would continue as a going concern, and that they have doubt about our ability to continue as a going concern. In their report dated November 11, 2009, our former independent registered public accounting firm stated that our consolidated financial statements for the year ended December 31, 2008 were prepared assuming that we would continue as a going concern, and that they have doubt about our ability to continue as a going concern. Our auditors doubts are based on our recurring losses, accumulated deficits and negative cash flows from operations. We continue to experience net operating losses and negative cash flows from operating activities. Our ability to continue as a going concern is subject to our ability to generate profits and/or obtain necessary funding from outside sources, including by the sale of our securities, or obtaining loans from lenders, where possible. Our continued net operating losses and our auditors doubts increase the difficulty of our meeting these goals, and our efforts to continue as a going concern may not prove successful.

We depend on our ability to continue to obtain government dredging contracts, and are therefore greatly impacted by the amount of government funding for dredging projects. A reduction in this funding could materially limit future revenues and profits.

We expect that a material portion of our revenues will be derived from government dredging contracts. Therefore, if there is a reduction in government funding for dredging contracts, it could limit future revenues and profits.

Our business is subject to significant operating risks and hazards that could result in damage or destruction to persons or property, which could result in losses or liabilities to us.

The dredging business is generally subject to a number of risks and hazards, including environmental hazards, industrial accidents, encountering unusual or unexpected geological formations, cave-ins below water levels, collisions, disruption of transportation services and flooding. These risks could result in damage to, or destruction of, dredges, transportation vessels and other maritime structures and buildings, and could also result in personal injury, environmental damage, performance delays, monetary losses or legal liability to third parties. Although we have general liability and equipment insurance, if our insurance policies do not cover all of the potential different risks and/or liability amounts, the resulting liabilities could be costly to us.

Adverse weather may cause us to incur additional costs and decreased profit margins.

Our ability to perform a contract may depend on weather conditions. Inclement weather can delay the completion of a project, thereby causing us to incur additional costs. As part of bidding on fixed-price contracts, we make allowances, consistent with historic weather data, for project downtime due to adverse weather conditions. In the event that we experience adverse weather beyond these allowances, we may incur additional costs and decreased profit margins on these projects.

Seasonality makes it harder for us to manage our business and for investors to evaluate our performance.

Our operations may be affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers spending for remediation activities. Typically, during the first quarter of each calendar year there is less demand for our services due to weather related reasons, particularly in the northern and mid-western

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United States and Canada, and an increased possibility of unplanned weather related stoppages. This seasonality in our business makes it harder for us to manage our business and for investors to evaluate our performance.

Environmental regulations could force us to incur significant capital and operational costs.

Our operations are subject to various environmental laws and regulations relating to, among other things, dredging operations; the disposal of dredged material; protection of wetlands; storm water and waste water discharges; and, transportation and disposal of hazardous substances and materials. We are also subject to laws designed to protect certain marine species and habitats. Compliance with these statutes and regulations can delay performance of particular projects and increase related project costs. These delays and increased costs could have a material adverse effect on our results of operations and cash flows.

Our projects may involve transportation and disposal of hazardous substances and materials. Various laws strictly regulate the removal and transportation of hazardous substances and materials, and impose liability for human health effects and environmental contamination caused by these materials. Services rendered in connection with hazardous substance and material removal may involve professional judgments by licensed experts about the nature of soil conditions and other physical conditions, including the extent to which hazardous substances and materials are present, and about the probable effect of procedures to mitigate or otherwise affect those conditions. If these judgments and the recommendations based upon these judgments are incorrect, we may be liable for resulting damages that we or our customers incur, which may be material. The failure of certain contractual protections, including any indemnification from our customers or subcontractors, to protect us from incurring this liability could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Difficult conditions in the global capital markets and the economy generally may materially adversely affect our business and results of operations, and we do not expect these conditions to improve in the near future.

Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U.S. and elsewhere around the world. The stress experienced by global capital markets that began in the second half of 2007 continued and substantially increased during the third and fourth quarter of 2008 and is continuing. Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market, and a declining real estate market in the U.S. have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a global recession. Domestic and international equity markets have been experiencing heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on our business. In the event of extreme prolonged market events, such as the global credit crisis, we could incur significant losses.

Risks Relating to Our Organization and Our Common Stock

We may be unable to register for resale all of the shares of common stock and shares of common stock underlying the warrants included within the units sold in the Private Placement, in which case purchasers in the Private Placement will need to rely on an exemption from registration requirements in order to sell their shares.

In connection with the Private Placement, we entered into a registration rights agreement, pursuant to which we are obligated to file a resale registration statement with the Securities and Exchange Commission (the SEC) that covers all of the common stock and shares of common stock underlying the warrants included within the units sold in the Private Placement (the Warrant Shares) and to have the resale registration statement declared effective by the SEC no later than 180 days after the final closing of the Private Placement. Nevertheless, it is possible that the SEC may not permit us to register all of the shares of common stock for resale. In certain circumstances, the SEC may take the view that

the Private Placement requires us to register the resale of the securities as a primary offering. It is possible that, if registration is barred by current or future rules and regulations, rescission of the Private Placement could be sought by investors or an offer of rescission may be mandated by the

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SEC, which would result in a material adverse effect on us. In addition, our shares of public float are limited and are held by persons who acquired those shares under an effective registration filed prior to the Merger. Investors should be aware of the existence of risks that interpretive positions taken with respect to Rule 415, or similar rules or regulations including those that may be adopted subsequent to the date of this prospectus, could impede the manner in which the common stock and Warrant Shares may be registered or our ability to register the common stock or Warrant Shares for resale at all, or the trading in our securities. If we are unable to register some or all of the common stock or Warrant Shares, or if shares previously registered are not deemed to be freely tradeable, these shares would only be able to be sold pursuant to an exemption from registration under the Securities Act, such as Rule 144, that currently permits the resale of securities by holders who are not affiliated with the issuer following twelve months from November 16, 2009.

As a result of the Merger, Genesis Fluid Solutions became a subsidiary of ours and, we are subject to the reporting requirements of federal securities laws. Such reporting requirements can be expensive and may divert resources from other projects, thus impairing our ability to grow.

As a result of the Merger, Genesis Fluid Solutions became a subsidiary of ours and, accordingly, is subject to the information and reporting requirements of the Exchange Act, and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC (including reporting of the Merger) and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if Genesis Fluid Solutions had remained privately held and did not consummate the Merger. In addition, we will incur substantial expenses in connection with the preparation of the registration statement and related documents required under the terms of the Private Placement that require us to register the shares of common stock included in the units and the Warrant Shares. It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act of 2002. We will need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. If we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act of 2002, then we may not be able to obtain the independent accountant certifications required by that act, which may preclude us from keeping our filings with the SEC current, and interfere with the ability of investors to trade our securities and our shares to continue to be quoted on the OTC Bulletin Board or our ability to list our shares on any national securities exchange.

If we fail to establish and maintain an effective system of internal controls, we may not be able to report our financial results accurately or prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. As a result, our small size and any current internal control deficiencies may adversely affect our financial condition, results of operations and access to capital. We have not performed an in-depth analysis to determine if historical undiscovered failures of internal controls exist, and may in the future discover areas of our internal controls that need improvement.

Public company compliance may make it more difficult to attract and retain officers and directors.

The Sarbanes-Oxley Act of 2002 and rules implemented by the SEC have required changes in corporate governance practices of public companies. As a public company, we expect these rules and regulations to increase our compliance costs in 2010 and beyond and to make certain activities more time consuming and costly. As a public company, we also expect that these rules and regulations may make it more difficult and expensive for us to obtain director and

officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us

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to attract and retain qualified persons to serve on our board of directors or as executive officers, and to maintain insurance at reasonable rates, or at all.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a reverse merger. Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any offerings on behalf of our post-Merger company.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

changes in our industry;

competitive pricing pressures;

our ability to obtain working capital financing;

additions or departures of key personnel;

limited public float following the Merger, in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;

sales of our common stock (particularly following effectiveness of the resale registration statement required to be filed in connection with the Private Placement);

our ability to execute our business plan;

operating results that fall below expectations;

loss of any strategic relationship;

regulatory developments;

economic and other e