

Turnaround Partners, Inc.  
Form 10KSB  
May 14, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED  
FOR THE YEAR ENDED DECEMBER 31, 2007

COMMISSION FILE NUMBER 0-28606

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TURNAROUND PARTNERS, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA

22-3387630

(STATE OR OTHER JURISDICTION  
OF INCORPORATION OR ORGANIZATION)

(IRS EMPLOYER IDENTIFICATION NO.)

109 NORTH POST OAK LANE, SUITE 422  
HOUSTON, TEXAS

77024

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(713) 621-2737

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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

NONE

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

COMMON STOCK PAR VALUE \$0.001 PER SHARE  
(TITLE OF CLASS)

Indicate by check mark whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes  No

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (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 ninety (90) days.

Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-B 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-KSB or any amendment to this Form 10-KSB. (X)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.

Yes  No

The Company's revenues for its most recent fiscal year were \$1,127,219.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of April 10, 2008 was \$197,694 based on a value of \$0.0004 per share.

The number of shares of common stock, par value \$0.001 per share, outstanding as of April 10, 2008 were 494,236,058.

Transitional Small Business Disclosure Format (check one) Yes  No

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**TURNAROUND PARTNERS, INC.**

**FORM 10-KSB**

**FOR THE YEAR ENDED DECEMBER 31, 2007**

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

Overview

In this Annual Report the words "Turnaround Partners" "Turnaround Partners, Inc.", "Turnaround", the "Company", "we", "our" and "us" refer to Turnaround Partners, Inc., (formerly Emerge Capital Corp, formerly NuWave Technologies, Inc. ("NuWave")) collectively with our consolidated subsidiaries, unless the context indicates otherwise. Our fiscal year ends on December 31st.

On August 31, 2005, NuWave entered into a merger agreement (the "Agreement") with Corporate Strategies, Inc. ("Corporate Strategies") and the shareholders of Corporate Strategies ("Shareholders"). The Company was subsequently renamed Turnaround Partners, Inc. The transaction was accounted for as a reverse acquisition since control of the merged group passed to the shareholders of the acquired company (Corporate Strategies).

Pursuant to the terms of the Agreement, the Company issued one (1) share of its common stock ("Common Stock"), par value \$0.001 per share, to each holder of Corporate Strategies Class A common stock in exchange for two (2) shares of Corporate Strategies Class A common stock, par value \$0.001 per share. Second, the Company issued one (1) share of the Company's Series C preferred stock ("Series C Preferred"), par value \$0.01 per share, to each holder of Corporate Strategies Series A preferred stock for one (1) share of Corporate Strategies Series A preferred stock, par value \$0.001 per share.

The Company issued and delivered shares of its Series B convertible Preferred stock ("Series B Preferred") to each holder of Corporate Strategies Class B common stock so that effectively upon conversion of the Series B Preferred into common shares, the common shares issued upon conversion shall be equal to ninety-five percent (95%) of the issued and outstanding stock of the Company (calculated on a fully diluted basis as of the date of the Merger, following the issuance of all the Merger Consideration (as such term is defined in the Agreement) and after giving effect to such conversion, but not including any shares of Common Stock issuable upon conversion of any then outstanding Company convertible debentures. Therefore, the Merger Consideration for the Common Stock, Series C Preferred and Series B Preferred was the Corporate Strategies Class A common, Series A preferred and Class B common, respectively. The number of shares issued to the Shareholders in connection with the Merger was based upon a determination by the Company's Board of Directors (the "Board").

The terms of the Series B Preferred were subsequently modified. In connection with the Kipling purchase, 93,334 shares of Series B Preferred were exchanged for a like number of Series D Preferred, which were subsequently reduced to 700 shares of Series D Preferred. The remaining 6,666 shares of Series B Preferred are convertible into 4,195,445 shares of common stock. Each share of the Series D may be convertible, at the option of the holder, at any time and from time to time after December 31, 2006 through June 30, 2009, into that number of shares of Common Stock equal to the greater of (a) one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding as of the last day of the fiscal quarter immediately preceding such date of conversion, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D and (b) One Hundred Thousand (100,000) shares of Common Stock. Each share of Series D Preferred Stock held by the Holders which has not been converted on or before June 30, 2009 into shares of Common Stock shall be convertible, at the option of the Holder of such share, at any time and from time to time after June 30, 2009 into one tenth of one percent (0.1%) of the total number of shares of Common Stock issued and outstanding on June 30, 2009, calculated on a fully diluted basis after giving effect to the conversion of such share(s) of Series D Preferred Stock. The shares of Common Stock received upon conversion shall be fully paid and non-assessable shares of Common Stock. Due to the change in control of the Company, Mr. Connolly and his spouse may not convert debentures that would result in ownership of more than 4.99% of the Company at the time of conversion.

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The Series B and D Convertible Preferred Stockholders and the holders of the common stock vote together and the Preferred Stock shall be counted on an "as converted" basis, thereby giving the Preferred Shareholders control of the Company.

In November 2006, we migrated from a Delaware corporation to a Nevada corporation and changed the name of the Company to Turnaround Partners, Inc.

On May 31, 2006, we filed an S-8 with the Securities and Exchange Commission for the Emerge Capital Corp. 2005 Stock Incentive Plan (the "Plan"). The document was submitted to register 10,000,000 shares of common stock. The purpose of the Plan is to promote the long-term growth and profitability of the Company by (a) providing key people with incentives to improve shareholder value and to contribute to the growth and financial success of the Company, and (b) enabling the Company to attract, retain and reward the best-available persons. This document is herein incorporated by reference. As of December 31, 2007 there were 7,250,000 shares available under the Plan.

On September 30, 2006, we completed a stock purchase agreement (the “Agreement”) with Kipling Holdings, Inc. (“Kipling”) and Timothy J. Connolly, to acquire 100% of the total issued and outstanding capital stock of Kipling, a Delaware corporation. Kipling holds a limited partnership interest in a hotel in West Palm Beach, Florida.

On December 5, 2007 (the “Closing Date”), the Company filed on Form 8-K Current Report, as amended on December 14, 2007 and February 20, 2008, disclosing that the Company entered into a Stock Purchase Agreement (the “Purchase Agreement”) with Mr. Timothy J. Connolly, an individual, and Viewpoint Capital, LLC, a Nevada limited liability company (the “Investor”) pursuant to which the Company issued to the Investor one (1) share of the Company’s Series E convertible preferred stock, par value \$0.01 per share (“Series E Preferred”), which such Series E Preferred is convertible into Three Hundred Million Shares (300,000,000) of common stock of the Company, par value \$0.001 per share (“Common Stock”) in exchange for the transfer by the Investor to the Company of Four Million (4,000,000) unrestricted, free-trading shares of common stock of Asset Capital Group, Inc., a Nevada corporation (“ACGU Common Stock”) having a value of Three Million Four Hundred Thousand Dollars (\$3,400,000) based on the closing price of ACGU Common Stock as of the Closing Date as reported on the Pink Sheets, LLC. ACGU Common Stock trades under the symbol “ACGU.PK”. As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Company’s Common Stock by virtue of the Investor’s ownership of the Series E Preferred.

On February 13, 2008, the Investor delivered to the Company a notice to convert the one (1) shares of Series E Preferred to Three Hundred Million (300,000,000) shares of Common Stock. On February 14, 2008, the Company issued to the Investor Three Hundred Million (300,000,000) shares of Common Stock, all of which are restricted, and canceled the One (1) share of Series E Preferred. As a result of this transaction, the Investor acquired a 63.66% controlling interest in the Common Stock of the Company.

During the month of March 2008, we sold our investment in stock of ACGU for approximately \$7,700. Consequently, our investment in marketable securities as of December 2007 includes the net realizable value of these securities sold in March 2008.

Effective as of the Closing Date, Mr. Connolly resigned as Vice Chairman of the Board and as President and Chief Executive Officer of the Company, however Mr. Connolly shall continue to serve as President and Chief Executive Officer of Corporate Strategies, Inc., a Texas corporation and wholly-owned subsidiary of the Company (“CSI”) with the understanding that the business of CSI will be discontinued or spun off to its stockholders. In addition, Mr. Connolly shall continue to receive the same compensation as he has received through the Closing Date for his aforementioned continued services to CSI through December 31, 2008, which such date may be extended by mutual agreement by and among the parties to the Purchase Agreement.

Furthermore, Mr. Connolly (and his spouse) agreed on the Closing Date to relinquish certain non-dilutive rights in favor of Mr. Connolly (and his spouse) contained in Seven Hundred (700) shares of Series D convertible preferred stock held by Mr. Connolly (and his spouse) effective June 30, 2009 (instead of the previous date of December 31, 2010) in exchange for the Company conveying all rights to the names “Turnaround Partners, Inc.,” “Corporate Strategies, Inc.” and “Kipling Holdings, Inc.,” as well as all title to all furniture and equipment in the Houston office of the Company. The parties to the Purchase Agreement also agreed that the names of these companies shall be changed within sixty (60) days following the Closing Date.

In connection with the Purchase Agreement, Mr. Russell Kidder was appointed to serve as President, Chief Executive Officer and as a Director of the Company effective as of the Closing Date.

As disclosed in the Form 8-K Current Report referred to above, the Company disclosed that effective as of December 27, 2007, the Board of Directors of the Registrant (the “Board”) accepted the resignation of (a) Wm. Chris Mathers from his position as Chief Financial Officer of the Registrant and (b) Fred Zeidman from his position as a member of the Board. Mr. Russell Kidder, the Registrant’s current President, Chief Executive Officer and member of the Board, shall

serve as interim Chief Financial Officer, effective as of December 27, 2007.

As filed on Form 8-K Current Report on January 3, 2008, the Company disclosed that effective as of December 31, 2007, Corporate Strategies, Inc. ("CSI"), a Texas corporation and wholly-owned subsidiary of Turnaround Partners, Inc., a Nevada corporation (the "Registrant") entered into a Purchase Agreement (the "Agreement") with Natural Nutrition, Inc., a Nevada corporation ("NN") and CSI Business Finance, Inc., a Texas corporation and wholly-owned subsidiary of NN (together with NN, the "Buyer") pursuant to which CSI conveyed, transferred and assigned to the Buyer all of its title to and rights in CSI's ten percent (10%) interest in the total issued and outstanding capital stock of Interactive Nutrition International, Inc., a company organized under the laws of Canada ("INII") in exchange for the conveyance, transfer and assignment to CSI by the Buyer of certain Notes held by the Buyer (as such term is defined in the Agreement) plus a cash payment equal to One Hundred Ninety-Eight Thousand Eight Hundred Ninety-Nine Dollars and Ten Cents (\$198,899.10). In addition, NN assumed payment for all of CSI's office lease, equipment payments and any other payments related to the office space at 109 N. Post Oak Lane, Suite 422, Houston, Texas 77024 for the remainder of the lease term and any renewals.

## Operations

### Principal services and our market

The discussion below regarding our principal services and market assumes the Company will continue with its current business plan, however, in light of the Company's change in control of ownership, the Company is contemplating a new business model. Currently, the Company believes the new business plan going forward will be to focus on alternative and clean technologies.

The Company is an established provider of restructuring strategies, turnaround execution and business development services for emerging and re-emerging public companies. The Company markets its services to public companies, hedge funds, institutional investors and banks that have significant exposure in troubled micro-cap public companies. These companies are typically either in operational or financial difficulty and may be in default of lending or equity agreements, and as a result, they may be facing bankruptcy or liquidation if their operations are not turned around. Under our consulting agreements, we do not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%.

The Company is generally compensated with a combination of cash payments on a monthly or quarterly basis, and outright grants of equity in the form of common stock and/or warrants for purchasing common stock. We believe this compensation plan aligns our interests with the client company's shareholders because our ultimate compensation is maximized by successfully increasing shareholder value. This performance based compensation arrangement clearly demonstrates that our interests are consistent with both our clients and their shareholders.

The Company minimizes risk from our restructuring/turnaround clients by implementing the following policies:

- The Company will not assume the financial obligations of the client company in any circumstance. In most cases, the financial institution with the greatest risk has referred the Company to the transaction.
- The Company requires the client or their investor to provide the client company with working capital necessary to execute the turnaround plan.
- The Company requires the client to fully indemnify the Company against any actions, with the exception of gross negligence or malfeasance.
- If the client has officer and director insurance, we require the client to add the Company or any of the Company's contractors as insured parties under the policy.
  - Should the Company consider altering any of the policies above, it will require a vote of our Board of Directors to waive them and agree to the maximum amount of risk that the Company will assume.

The Company also actively trades securities and options with available cash. Many of these transactions contain a considerable amount of risk.

Lehigh Acquisition Corp. ("Lehigh") was a subsidiary of NuWave and was acquired August 31, 2005, the date of the merger. Lehigh was sold on February 3, 2006. These financial statements include the operations of Lehigh through February 3, 2006 as discontinued operations.

### Competition for our services



Competition for the services we provide comes mainly from turnaround management and restructuring firms, financial advisory firms, business consulting firms and crisis management groups, many of which have substantially more capital resources than the Company.

To date, a significant portion of our business and financing has come from an institutional fund (YA Global Investments, LP (“YA Global”), (formerly Cornell Capital Partners, LP) that invests primarily in micro-cap companies.

#### Employees

As of April 10, 2008, the Company has 1 part time employee and employs the services of 2 others on a contract basis. The controller and data entry clerk are considered contract employees whom also work as contract employees for a company sharing an office suite with Turnaround Partners, Inc.

ITEM 2. DESCRIPTION OF PROPERTY

We maintain our headquarters in Houston, Texas in a 2,644 square foot office space shared with our then affiliated company, Natural Nutrition, Inc. We believe that the property is adequate and suitable for our current needs.

At the time of the August 2005 merger, the Company, through its wholly owned subsidiary WH Acquisition Corp (“WH”), acquired a residential property consisting of land and a residential building in Jersey City, New Jersey for a total purchase price of \$122,000. The purchase price was paid with \$113,000 in cash and \$9,000 in the form of a deposit. The property was sold in December, 2005 for \$165,000 and the Company took a mortgage note in the amount of \$148,500 due December 1, 2006, which was extended to May 1, 2007, secured by a mortgage on the property. The debtor has subsequently filed for bankruptcy protection. The property is in danger of condemnation and we may abandon our claim with the bankruptcy court as we have reserved our entire investment in this property. This note receivable has been fully reserved.

ITEM 3. LEGAL PROCEEDINGS

None.

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

None.

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## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

## Market Information

Turnaround Partners, Inc.'s, common stock, par value \$0.001 per share, is traded on the Over-the-Counter Bulletin Board (OTCBB) Market under the symbol TRNP.OB. The OTCBB is a regulated quotation service that displays real-time quotes, last-sale prices and volume information in over-the-counter equity securities. The following table sets forth the range of high and low closing bid prices for our common stock as reported on the OTCBB during each of the quarters presented. The quotations set forth below are inter-dealer quotations, without retail mark-ups, mark-downs or commissions and do not necessarily represent actual transactions.

## Bid Price Per Share

	High	Low
Three months ended March 31, 2006	\$ 0.170	\$ 0.060
Three months ended June 30, 2006	0.100	0.072
Three months ended September 30, 2006	0.080	0.051
Three months ended December 31, 2006	0.060	0.010
Three months ended March 31, 2007	\$ 0.070	\$ 0.009
Three months ended June 30, 2007	0.020	0.003
Three months ended September 30, 2007	0.008	0.001
Three months ended December 31, 2007	0.006	0.001

As of December 31, 2007, there were approximately 220 holders of record of the Company's common stock. This number does not include beneficial owners of the common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries.

The Company has never declared or paid any cash dividends on its common shares.

The Company currently intends to retain any future earnings to finance the growth and development of its business and future operations, and therefore does not anticipate paying any cash dividends in the foreseeable future.

## Securities Authorized for Issuance under Equity Compensation Plans:

On December 13, 2005, we established the Turnaround Partners, Inc. 2005 Stock Incentive Plan (the "Plan"). The Plan was adopted and approved by our shareholders. On a calendar year basis, an amount of shares of Common Stock equivalent to fifteen percent (15%) of the fully diluted shares outstanding on January 2 of any such calendar year (without taking into account outstanding Awards as defined in the Plan at the end of the prior calendar year) may be allocated, at the discretion of the Administrator, to be granted as Awards under the Plan, less Awards outstanding at the end of the prior calendar year. In no event shall the number of shares which may be allocated as Awards under the Plan be more than Ten Million (10,000,000) shares of Common Stock for a given calendar year. At present, there are no outstanding options. The following table below sets forth the securities available for issuance under the Plan:

## Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number or securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)

Equity compensation plans approved by security holders	-	-	1,583,333
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Equity compensation plans not approved by security holders	-	-	-
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There were no sales of unregistered securities or purchases of equity securities by the small business issuer and affiliated purchasers.

#### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A") OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report on Form 10-KSB, and the accompanying MD&A contains forward-looking statements. Statements contained in this report about Turnaround Partners, Inc.'s future outlook, prospects, strategies and plans, and about industry conditions and demand for our financial services are forward-looking. All statements that express belief, expectation, estimates or intentions, as well as those that are not statements of historical fact, are forward looking. The words "proposed," "anticipates," "anticipated," "will," "would," "should," "estimates" and similar expressions are intended to identify forward-looking statements. Forward-looking statements represent our reasonable belief and are based on our current expectations and assumptions with respect to future events. While we believe our expectations and assumptions are reasonable, they involve risks and uncertainties beyond our control that could cause the actual results or outcome to differ materially from the expected results or outcome reflected in our forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this annual report may not occur. Such risks and uncertainties include, without limitation, our continuing success in securing consulting agreements, conditions in the capital and equity markets that provide opportunities for our restructuring and turnaround services, our success in trading marketable securities, our ability to maintain contracts that are critical to our operations, actual customer demand for our financing and related services, collection of accounts and notes receivable and our ability to obtain and maintain normal terms with our vendors and service providers during the periods covered by the forward-looking statements.

The forward-looking statements contained in this report speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or any other reason. All forward-looking statements attributable to Turnaround Partners, Inc. or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Annual Report filed on Form 10-KSB and in our future periodic reports filed with the SEC. The following MD&A should be read in conjunction with these audited Consolidated Financial Statements of the Company, and the related notes thereto included elsewhere herein.

Overview

The discussion below regarding our results of operations, liquidity and capital resources are for the business of providing restructuring and turnaround services. In light of the Company's change in control of ownership, the Company is contemplating a new business model. Currently, the Company believes that the new business plan going forward will be to focus on alternative and clean technologies.

Through December 31, 2007, we had primarily provided business restructuring, turnaround execution and business development advisory services for emerging and re-emerging public and private companies. The Company also actively trades securities and options with available cash. Many of these transactions contain a considerable amount of risk. Under our consulting agreements, we did not take positions in securities of our clients that at any one time would cause us to have an ownership interest in them of over 4.99%.

In August of 2005, Corporate Strategies, Inc. entered into a share exchange agreement whereby it exchanged all of the common stock of its subsidiary, CSI Business Finance, for 100,000 restricted shares of Series A Convertible Preferred stock of Health Express USA Inc. (HEXS.OB) - subsequently named Natural Nutrition, Inc. (NNTN.OB). The preferred stock shares acquired in this transaction were distributed to the shareholders of Corporate Strategies in the form of a dividend.

On August 31, 2005, NuWave Technologies, Inc. ("NuWave" or "the Company") entered into a merger agreement (the "Agreement") with Corporate Strategies, Inc. ("Corporate Strategies") and the shareholders of Corporate Strategies ("Shareholders"). The Company was subsequently renamed Turnaround Partners, Inc. The transaction was accounted for as a reverse acquisition since control of the merged group passed to the shareholders of the acquired company (Corporate Strategies).