WASTECH, INC.
Form 10QSB
November 30, 2006

U. S. SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-QSB

(Mark One)

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2004

[ ] 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 0-18824

WASTECH, INC.

(Exact name of small business issuer as specified in its charter)

Oklahoma	56-2451079
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

3 Broad Street, Suite 3A

Charleston, South Carolina 29401

(Address of Principal Executive Offices)

(843) 805-6620

(Issuer's telephone number)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __; No X

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 117,217,407 shares of its Common Stock, $0.01 par value, as of November 27, 2006.

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WASTECH, INC.

FORM 10-QSB REPORT INDEX

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WASTECH, INC.

CONSOLIDATED BALANCE SHEETS

June 30, 2004 and December 31, 2003

ASSETS	**June 30, 2004**	**December 31, 2003**
	(Unaudited)	**(Audited)**
CURRENT ASSETS:		
Cash	$ 12	$ 7,383
Accounts Receivable	-	43,893
Prepaid Expenses	-	1,729
Notes Receivable Related Party	-	43,000
Total Current Assets	12	96,005
PROPERTY AND EQUIPMENT:		
Heavy Equipment, containers	-	403,200
Office Equipment	1,350	32,025
Furniture and fixtures	-	21,416
Total Property and Equipment	1,350	456,641
Less accumulated depreciation	(64)	(122,402)
Net Property and Equipment	1,286	334,239
OTHER ASSETS:		
Royalty agreement	43,500	43,500
Investment in private companies, at cost	130,000	-
Investment in limited liability company, at cost	71,172	
Total Other Assets	244,672	43,500
Total Assets	$ 245,970	$ 473,744

Accompanying notes are an integral part of the consolidated financial statements.

3

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WASTECH, INC.

CONSOLIDATED BALANCE SHEETS

June 30, 2004 and December 31, 2003

(continued)

LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 337,082	$ 595,798
Note payable	50,000	-
Note payable-related party	50,000	149,000
Total Current Liabilities	437,082	744,798
Long-term debt	-	-
Total Liabilities	437,082	744,798
STOCKHOLDERS EQUITY		
Common stock, $0.01 par value, 200,000,000 shares authorized; 78,106,787 and 76,773,453 shares issued and outstanding at June 30, 2004 and December 31, 2003, respectively	781,068	767,734
Additional paid-in capital	15,828,096	15,721,429
Retained earnings (deficit)	(16,800,276)	(16,760,217)
Total Stockholders Equity	(191,112)	(271,054)
Total Liabilities and Stockholders Equity	$ 245,970	$ 473,744

Accompanying notes are an integral part of the consolidated financial statements.

WASTECH, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended June 30, 2004 and 2003

(Unaudited)

	2004	2003
Revenues	$ -	$ 5,895,412
Operating Expenses	146,475	6,263,157
Net Operating Income (Loss)	(146,475)	(367,745)
Other Income (Expense)		
Interest Expense	(5,000)	(29,549)
Loss on impairment of asset	-	(1,250,000)
Total Other Income (Expense)	(5,000)	(1,279,549)
Income (Loss) before income taxes	(151,475)	(1,647,294)
Provision for income taxes	-	-
Net Income (Loss)	$ (151,475)	$ (1,647,294)
Basic and Diluted Earnings (Loss) Per Share of Common Stock	($0.002)	$0.018
Weighted Average Common Shares Outstanding	76,773,453	89,110,286

The accompanying notes are an integral part of these financial statements.

WASTECH, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Six Months Ended June 30, 2004 and 2003

(Unaudited)

	2004	2003
Revenues	$ -	$ 13,236,079
Operating Expenses	280,059	14,064,794
Net Operating Income (Loss)	(280,059)	(828,715)
Other Income (Expense)		
Interest Expense	(10,000)	(122,561)
Gain on sale of patent rights	250,000	-
Loss on Impairment		(1,250,000)
Gain in settlement of debt	-	1,849,741
Total Other Income (Expense)	240,000	477,180
Income (Loss) before income taxes	$ (40,059)	(351,535)
Provision for income taxes	-	-
Net Income (Loss)	$ (40,059)	$ (351,535)
Basic and Diluted Earnings (Loss) Per Share of Common Stock	($0.001)	($0.004)
Weighted Average Common Shares Outstanding	77,329,009	84,030,581

The accompanying notes are an integral part of these financial statements.

WASTECH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2004 and 2003

(Unaudited)

	2004	2003
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (40,059)	$ (351,535)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	64	117,584
Non-cash gain from settlement of debt	-	(1,849,741)
Net loss on impairment of for sale securities	-	1,250,000
Common stock issued for interest	-	34,500
Common stock issued for services	-	3,369
Gain on sale of patent rights	(250,000)	-
Increase (decrease) in cash due to changes in:		
Accounts receivable	43,893	593,052
Notes receivable-related parties	-	(804,809)
Other current assets	1,729	-
Prepaid expenses	-	(221,022)
Related party receivable	43,000	(21,250)
Accounts payable and accrued expenses	(258,715)	(19,667)
Notes payable-current portion-related party	-	476,125
Current maturities of debt	-	(1,055,464)
Total Adjustments	(420,029)	(1,497,323)
NET CASH USED BY OPERATING ACTIVITIES	(460,088)	(1,848,858)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of fixed assets	332,891	8,554
Proceeds from patent rights	250,000	-
Investment in private companies	(130,000)	-
Investment in limited liability company	(71,172)	-

Purchase of property, plant and equipment	-	(555)
Disposition of other assets	-	93,094
NET CASH PROVIDED BY INVESTING ACTIVITIES	381,717	101,093

Accompanying notes are an integral part of the consolidated financial statements.

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WASTECH, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended June 30, 2004 and 2003

(Unaudited)

(continued)

CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issuance of common stock for cash		120,000		1,687,948
Proceeds from short-term debt-related party		-		199,000
Payments for Treasury Stock		-		(117,500)
Repayments for short-term related party debt		-		(50,000)
Proceeds (payments) of short-term and long-term debt		(49,000)		-
NET CASH PROVIDED BY FINANCING ACTIVITIES		71,000		1,719,448
Net increase (decrease) in cash	$	(7,371)	$	(28,317)
Cash at beginning of period	$	7,383	$	156,893
Cash at end of period	$	12	$	128,576

SUPPLEMENTAL DISCLOSURES:		2004		2003
Cash paid for interest	$	-	$	105,076
Non-cash investing and financing activities:				
Common stock issued as payment of interest expense	$	-	$	34,500

The accompanying notes are an integral part of these financial statements.

WASTECH, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2004 (Unaudited)

NOTE 1 - COMPANY BACKGROUND

Wastech, Inc. (the Wastech) was incorporated under the laws of the State of Oklahoma in March 2004 as a holding company formed from Corporate Vision, Inc., an Oklahoma corporation (CVI). Effective March 18, 2004, Wastech and CVI completed a holding company reorganization under which CVI merged with and into CV Merger, Inc. (CVM). Prior to the merger, Wastech was a wholly-owned subsidiary of CVI, and CVM was a wholly owned subsidiary of Wastech. Pursuant to the holding company reorganization, each share of capital stock of CVI was automatically converted into one share of capital stock of Wastech with same rights and preferences. Prior to the holding company reorganization, CVI s common stock was registered under Section 12(g) of the Securities Exchange Act of 1934, and as such it was subject to the report requirements of Sections 13 and 15 of the Securities Exchange Act of 1934. Wastech is a successor to CVI for purposes of reporting under pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934. When used herein, the Company shall refer to either CVI or Wastech, as appropriate.

CVI was incorporated under the laws of the State of Oklahoma in November 1990. The Company went through a variety of business ventures, mostly associated with the technology industry, from the date of inception through 1996. In 1997, the Company discontinued its primary operations and liquidated the majority of its assets.

In 1998, the Company reentered the development stage after the remaining board members reactivated the Company and changed its primary business focus to providing investment and merchant banking services to privately held companies interested in making an initial public offering.

In 2001, a new board of directors and new officers were appointed. Under the direction of the new management team, the Company acquired Southeastern Research & Recovery, Inc. (SRR), a waste disposal company in the business of solidifying non-hazardous liquid waste, operating in the Southeastern United States.

In March 2002, the Company acquired Stony's Trucking Company and Subsidiaries (Stony's). Stony's was a non-asset based common and contract carrier with operations spanning throughout the continental United States. Additionally, the Company commenced operations at a new subsidiary, CV Transportation, Inc. (CVT), which is set up to employ new technologies designed to provide efficiencies in backhauling freight.

In December 2002, the Company sold SRR to Gulftex Energy Corporation. In August 2003, the Company sold substantially all of the assets of Stony s to a third party. In February 2004, the Company conveyed its interest in CVT to CV Logistics, LLC, a company in which it owns a non-controlling 50% ownership interest.

In April 2006, the Company purchased the rights to approximately 44,000 acres of subsurface coal, coal bed methane and all other mineral rights in various counties in West Virginia, as well as 5,898.49 acres of oil and gas reserves in Fayette County, West Virginia.

In August and September 2006, the Company entered into a series of agreements to finance and acquire 695.18 acres of land in Christian County, Illinois, and related personal property, for the purpose of entering the business of developing a project to gasify tires into energy.

NOTE 2 - BASIS OF PRESENTATION

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The condensed consolidated financial statements include the actions and results of operations of the Company for the three and six month period ended June 30, 2004, and for its wholly-owned subsidiary, CV Transportation, Inc., for the period from January 1, 2004 to February 17, 2004, the date of its disposition. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. All material intercompany transactions and balances have been eliminated in consolidation. Operating results for the three-month period ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ended December 31, 2004.

The balance sheet at December 31, 2003 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s annual report on Form 10-KSB for the year ended December 31, 2003.

The financial statements of the Company have been prepared on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. However, because of the Company's discontinuance of certain historical operations and new strategic direction, such realization of assets and liquidation of liabilities is subject to uncertainty. Further, the Company's ability to continue as going concern is highly dependent on the success of its ability to continue to raise sufficient operating capital and/or debt financing and its ability to achieve profitable operations.

Policies and Procedures

Revenue and Expense Recognition

Waste revenue is recognized when waste is removed from the customer s premises. The Company recognizes transportation revenue as earned on the date of freight delivery to consignee. Related expenses are recognized as incurred. Other revenues are recognized when earned.

Consolidated Statements

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as well as affiliated companies in which the Company has a controlling financial interest and exercises control over their operations (majority controlled affiliates). All material inter-company

10

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transactions and balances have been eliminated in consolidation. Investments in affiliated companies that are 50% or less owned and where the Company exercises significant influence over operations are accounted for using the equity method.

Cash and Cash Equivalents

Cash and cash equivalents include only highly liquid, short-term investments with a maturity of 3 months or less, when acquired by the Company.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

In July 2001, the FASB issued Statements of Financial Accounting Standards ("Statement") No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"). These standards change the accounting for business combinations by, among other things, prohibiting the prospective use of pooling-of-interests accounting and requiring companies to stop amortizing goodwill and certain intangible assets with an indefinite useful life. Instead, goodwill and intangible assets deemed to have an indefinite useful life will be subject to an annual review for impairment. Under FAS 142, goodwill impairment is deemed to exist if the net book value of a reporting unit exceeds its estimated fair value. Such charge is non-operational in nature and is reflected as a cumulative effect of an accounting change in the accompanying condensed consolidated statement of operations.

Derivatives and Hedging Activities

The Financial Accounting Standards Board issued Statement No. 133, Accounting for Derivative Instruments and Hedging Activities. The Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings.

The Company holds derivative financial instruments for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the type of risk hedged is related to the variability of future earnings caused by changes in interest rates. The Company hedges its exposure to interest rate fluctuations through the use of interest rate swaps.

Derivatives are held only for the purpose of hedging such risks, not for speculation. Generally, the Company enters into hedging relationships such that changes in the fair values or cash flows of items and transactions being hedged are expected to be offset by corresponding changes in the values of the derivatives. The Company has not held derivatives or conducted hedging activities following the sale of Stony s on August 11, 2003.

NOTE 3 - SHORT TERM DEBT

The Company had the following short-term loans outstanding as of June 30, 2004:

	June 30, 2004	December 31, 2003
Short-Term Debt Non-Related Party		
Patricia Potts	$ 50,000	$ 0
Short-Term Debt Related Party		
Bruce Blaser	$ 50,000	$ 50,000
Patricia Potts	0	50,000
William L. Tuorto	0	49,000
Total	$ 50,000	$ 149,000

During the quarter ended June 30, 2004, a note payable to Patricia Potts in the principal amount of $50,000 was reclassified as Short-term Debt Non-Related Party from Short-term Debt Related Party, upon the resignation of her son, Gregory J. Gibson, as a director and officer on March 18, 2004. As of December 31, 2003 and June 30, 2004, the Company did not have any long-term debt.

NOTE 4 - EARNINGS PER SHARE

	Three Months Ended June 30,	
	2004	2003
Net income (loss) attributable to common shares	($ 151,475)	($ 1,647,294)
Weighted average common shares outstanding	76,773,453	89,110,286
Basic and dilutive income (loss) per common share	($ 0.002)	$ 0.018

NOTE 5 DISPOSITION OF ASSETS

Transactions with McRal Co.

In November 2002, the Company licensed the rights to a series of patents to an alternative system for transporting waste by means of specialized containers (hereinafter, the "Jezco Patents"). The Jezco Patents concern an innovative means of containerizing waste materials for transportation via traditional flatbed and box-van trailers commonly used in the transportation of goods and commodities. The system allows otherwise undesirable materials to be transported through means previously unavailable. By providing additional transportation options, the Jezco Patents facilitate the disposal of waste generated in areas with high disposal costs, such as the Northeast, to areas with low disposal costs, such as the Mid-Atlantic States. Since licensing the Jezco Patents, the Company, through its subsidiary CV Transportation, Inc. ("CVT"), has been testing the concept at various disposal sites in the Northeast. The Jezco Patents are identified by the United States Patent and Trademark Office (USPTO) as numbers 5,281,073, "apparatus for the transport and management of liquid bearing waste;" 5,873,593, "piggyback

12

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truck transport system;" 6,019,565, "container lifting and transport apparatus;" and 6,149,373, "rim engaging container manipulation apparatus."

In February 2004, the Company entered into an agreement with McRal Co. ("McRal") to provide managerial expertise and financial support for its alternative waste transportation and disposal operations. Under the Agreement with McRal:

Formation of CV Logistics, LLC: The Company contributed its interest in CVT to CV Logistics, LLC (CVL), a newly-formed, Ohio limited liability company, for a 50% interest therein. Simultaneously, CVL issued a 50% equity interest to NewWaste, Inc., a Delaware corporation that was a wholly-owned subsidiary of McRal. Subsequent to closing, CVL acquired approximately $400,000 in transportation assets from Stony s and Mr. Gibson. The board of managers of CVL is composed to two designees of McRal and one designee of the Company.

Conveyance of Jezco Patents to NewWaste: NewWaste issued 24 shares of common stock to McRal in consideration of a capital contribution of $500,000. NewWaste also issued 24 shares of common stock to the Company and paid the Company $250,000 cash in consideration for an assignment of the license to use the Jezco Patents. The board of directors of NewWaste is composed of two designees of McRal and one designee of the Company.

Additional Agreements: The agreement further provided that certain additional transactions would take place within forty-five days after the date of the agreement:

- McRal agreed to (a) invest an additional $750,000 into NewWaste, and (b) cause an individual experienced in the waste management industry to sign an exclusive services contract with NewWaste. In the event McRal invested an additional $750,000 in capital in NewWaste, McRal would be entitled to receive an additional 36 shares of NewWaste common stock. In the event McRal completed both items, McRal would further be entitled to receive shares of common stock of the Company representing 9% of its common stock on a fully-diluted basis. Neither of the conditions were satisfied, and therefore McRal is not entitled to an additional 36 shares of common stock in NewWaste and the Company is not obligated to issue McRal any shares of the Company s common stock.

- NewWaste and Richard D. Tuorto, Sr., the Company's chairman, entered into a nonexclusive, one year services agreement under which Mr. Tuorto provided managerial services to NewWaste.

- The Company and Mr. Tuorto agreed to negotiate an agreement under which NewWaste would acquire the Jezco Patents from the owner and inventor. In connection with the undertaking, the Company agreed to issue 2,000,000 shares of its common stock to acquire the Jezco Patents. In the event the shares of common stock are not utilized to acquire the Jezco Patents, the shares of common stock are to be issued to NewWaste. The Company and Mr. Tuorto were not able to procure an agreement for NewWaste to acquire the Jezco Patents, and therefore the Company issued 2,000,000 shares of its common stock to NewWaste.

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The Company agreed to use its best efforts to acquire at least 60% of the issued and outstanding common stock (the "ABS Stock") of Absolute Waste Services, Inc. ("ABS"), which is a waste transportation and disposal firm based in Texas. If the Company was unable to acquire the ABS Stock, the Company was entitled to propose to McRal that a controlling interest be obtained in a similar waste operation, with appropriate adjustments to the rights and liabilities of the parties.

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In the event the Company acquired the ABS Stock, the Company was obligated to convey to NewWaste shares of ABS Stock representing ownership of 9% of the common stock of ABS on a fully-diluted basis. In addition, the Company would have been obligated to convey to NewWaste additional shares of ABS Stock to the extent necessary to maintain NewWaste's ownership of ABS at 9% of the outstanding shares on a fully-diluted basis. NewWaste would have the option to acquire the ABS Stock owned by the Company for a price per share equal to the greater of a) two (2) times earnings before interest, taxes, depreciation and amortization, divided by the total number of shares of ABS Stock outstanding on a fully-diluted basis, and b) $0.50 per share. The option could only be exercised between the first (1st) and fifth (5th) anniversary of the acquisition of the ABS Stock. The Company was not able to complete the acquisition of ABS or any alternative entity.

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In the event NewWaste acquired the Jezco Patents, entered into a services agreement with Mr. Tuorto, and acquired the ABS Stock, the Company was entitled to receive an additional 24 shares of NewWaste common stock. All of the conditions to the issuance of the shares were not satisfied, and therefore the Company is not entitled to the issuance of an additional 24 shares of common stock in NewWaste.

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At time of execution of the agreement, McRal executed a conditional assignment, under which it agreed to assign its interest in any common stock of NewWaste, and any rights under the agreement, to TTI Technologies, Inc. in the event McRal failed to both make an additional $750,000 investment in NewWaste and procure an exclusive services agreement with that certain individual experienced in the waste management industry. McRal failed to satisfy either condition, and as a result TTI Technologies, Inc. exercised its rights under the conditional assignment.

Disposition of CV Merger, Inc.

On March 18, 2004, the Company sold CV Merger, Inc. ("CVM"), a wholly-owned subsidiary, to an unrelated third party for $10. At the time of the sale, CVM had minimal assets, substantial accounts payable and lawsuits against it.

NOTE 6 HOLDING COMPANY REORGANIZATION

On March 18, 2004, the Company completed a holding company reorganization, under which CVI merged with and into CVM. Prior to the merger, Wastech was a wholly-owned subsidiary of CVI, and CVM was a wholly owned subsidiary of Wastech. Pursuant to the holding company reorganization, each share of capital stock of CVI was automatically converted into one share of capital stock of Wastech with same rights and preferences. Prior to the holding company reorganization, CVI s common stock was registered under Section 12(g) of the Securities Exchange Act of 1934, and as such it was subject to the report requirements of Sections 13 and 15 of the Securities Exchange Act of 1934. Wastech is a successor to CVI for purposes of reporting under pursuant to Rule 12g-3(a) under the Securities Exchange Act of 1934. Upon completion of the holding company reorganization, all of the former assets, liabilities and operations of CVI were held by CVM by virtue of its position as the successor in interest to CVI in the reorganization. The merger was effected without shareholder approval of Wastech, CVM or CVI pursuant to Section 1081(G) of the Oklahoma General Corporation Law. The common stock of the Wastech has identical rights, terms and privileges as the common stock of CVI.

Pursuant to the reorganization, each share of common stock of CVI became entitled to receive one share of common stock of Wastech and each option, warrant or other instrument convertible or exchangeable into shares of common stock or preferred stock of CVI automatically became convertible into an equivalent number shares of common stock or preferred stock of Wastech. Prior to the reorganization, the Company s common stock was traded on the Pink Sheets under the symbol "CVIA." Following the reorganization, the Company received a new cusip number for its common stock, and a new trading symbol, "WTCH".

Immediately following the reorganization, Wastech purchased certain assets from CVM for the assumption of certain indebtedness of CVM. Among the assets transferred were 5,250,000 shares of common stock of Gulftex, CVM's 50% interests in CVL and NewWaste, a royalty payable by Filbin International, Inc., the notes receivable from Stony's in the amount of $292,188.34, and miscellaneous office equipment. The liabilities assumed included notes payable in the original principle amounts of $100,000, plus accrued interest, and accrued consulting and employment expenses and taxes payable in the aggregate amount of $343,765.35. The Company believes that the purchase price for the assets equaled their fair value based upon the historical cost for the asset, the value placed on the asset by the companies' independent public auditors in their recently completed audit, legal circumstances and disputes concerning certain assets, and the nature of any market for the assets.

NOTE 7 RESIGNATION OF OFFICER AND DIRECTOR

Effective May 18, 2004, the Company accepted the resignation of Mr. Gibson as an officer and director. The Company's Chairman, Richard D. Tuorto, Sr., succeeded to the respective officer positions.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Legal Proceedings

The Company's disclosure of pending legal proceedings contained in Item 3 of its Annual Report on Form 10-KSB for the year ended December 31, 2003 is hereby incorporated by reference. The Company was a party to various legal proceedings prior to reorganizing as a holding company on March 18, 2004 (See Note 6). Following the holding company reorganization, the Company disposed of CV Merger, Inc., which was the subsidiary that was involved in all of the legal proceedings.

Stock Issuance

In the 1990 s, the Company issued its Series A non-cumulative convertible preferred stock. Subsequent to the issuance of the Series A preferred stock, the Company declared three forward stock splits, but adjusted the number of shares of Series A preferred stock with respect to one of such stock splits. The terms of the Series A preferred stock required two 20% share dividends on August 15, 2003 if certain conditions failed to occur, and the automatic conversion of each share of Series A preferred stock into ten (10) shares of common stock on September 30, 2003. On September 30, 2003, the Company issued 2,201,679 shares of common stock in conversion of the Series A preferred stock. If the number of shares of preferred stock were adjusted proportionately for all three stock splits, the Company would be obligated to issue an additional 6,604,805 shares of common stock to the holders of the Series A preferred stock. The Company does not believe that the holders of preferred stock are entitled to the issuance of additional preferred stock in connection with the stock splits.

Litigation with Filbin

15

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Due to non-payment by Filbin of the royalty, and disputes among the parties, on June 14, 2004, Filbin instituted a legal action against Stony s in Macomb County Circuit Court, for the State of Michigan, Case No. 04-2473-CZ. Stony s removed the litigation to the U.S. District Court, Eastern District, Case No. 04-73034. Thereafter, the parties entered a Mutual Release and Settlement Agreement, under which the parties agreed to settle all claims by and between the parties, including the Company s right to future royalties due by Filbin, for the payment by Filbin of $95,000, of which the Company received a net amount of $43,500. The settlement proceeds were received in the first quarter of 2005.

While it is not possible to predict the ultimate outcome of the matters discussed above, the Company believes that any losses associated with any such matters in excess of what has already been accrued will not have a material effect on the Company's business, financial condition or results of operation.

NOTE 9 ISSUANCES OF COMMON STOCK

During the six months ended June 30, 2004, the Company issued 1,333,334 shares to EES, pursuant to a Stock Purchase Agreement dated September 17, 2002, as amended in April 2003 and November 2003, for $120,000, or $0.09 per share.

NOTE 10 RELATED PARTY TRANSACTIONS

On June 21, 2003, the Company entered into an agreement with William L. Tuorto, the son of Richard D. Tuorto, Sr., to perform up to 144 hours of legal services per month for $12,240 per month. The agreement originally had a term of three years. On April 1, 2004, following the Company s holding company restructuring, the Company executed a new agreement containing the same terms, except it expires on March 31, 2008.

On February 1, 2003, the Company entered into a two-year term sublease agreement with Intercontinental Holdings, Inc. for office space in Charleston, South Carolina, Richard D. Tuorto, Sr. and Gary Mays, the Company s former Director and Chief Executive Officer, are both officers and directors of Intercontinental Holdings, Inc. In April 1, 2004, the Company entered into a nine-month sublease of the same space from Intercontinental Holdings, Inc. at a slightly higher rent. On May 1, 2005, the Company entered into a lease of the same space directly with the owner of the building, who is not a related party to the Company.

NOTE 11 - SUBSEQUENT EVENTS

<u>Loan from NewWaste, Inc.</u>

On October 1, 2004, the Company received a $200,000 loan from NewWaste. The loan is a non-interest-bearing, unsecured loan that matured on October 1, 2006.

<u>Issuances and Cancellations of Common Stock - Miscellaneous</u>

On September 14, 2004, the Company issued William L. Tuorto 3,489,358 shares of common stock in satisfaction of $226,808.30 in compensation due Mr. Tuorto.

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On August 12, 2005, the Company cancelled 3,950,702 shares of common stock to four employees/independent contractors in conjunction with the mutual rescission of their services agreements with the Company.

On June 13, 2006, the Company issued CLX & Associates, Inc. 5,000,000 shares of common stock in consideration for public relations services.

Environmental Energy Services, Inc. 2002 Stock Purchase Agreement and Amendments

Pursuant to a Stock Purchase Agreement between the Company and EES originally entered into in September 2002, as amended in April 2003 and November 2003 (the EES Agreement), the Company is obligated to sell, and EES is obligated to purchase, shares of common stock worth $60,000 per quarter. The purchase price of each share purchase is the greater of $0.09 per share or the average market price of the Company s common stock for the five days preceding the receipt of each royalty payment. The quarterly amount is only payable to the extent there are excess proceeds from a technology royalty owned by EES after the satisfaction of prior liens on a royalty payment. The last payment on the technology royalty is due in February 2008. EES granted the Company a security interest in EES's interest in the royalty agreement to secure its obligation to purchase the shares. An advisory board member of the Company is the chairman and chief executive officer of EES, and owns shares of common stock in the Company.

EES does not have the right to terminate its purchase commitment based on an existing or future material adverse change in the Company s business or financial condition. EES only has the right to terminate its purchase commitment in the event the Company fails to deliver certificates for any installment purchase to EES prior to the due date of the next installment, or if the Company has a custodian, receiver or trustee appointed for it or a substantial part of its assets, or if the Company voluntarily commences any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, or an involuntary proceeding is commencement and not dismissed within ninety (90) days.

In May 2006, the Company did not receive its quarterly payment under the EES Agreement from the technology royalty because the amount of the payment was insufficient to satisfy senior liens against the payment. The technology license pertains to binding technology licensed to a production facility that qualifies for tax credits under Section 29 of the Internal Revenue Code. The amount of the royalty is determined from the amount of tax credits generated by the facility, among other factors. In May, August and November 2006, EES's share of the technology royalty was $33,597, $59,632 and $59,355, respectively, which was far below the amount it historically received. The decline in the amount of the royalty was due, in large part, to the fact that the amount of tax credits which are payable under the IRS program decline as the price of oil rises, and are eliminated if the price of oil rises above a certain level. If the price of oil stays at current levels, it is likely that the amount of royalty payments will be far below historical amounts, and may actually be eliminated entirely. As a result, the Company may not receive any further payments under the EES Agreement. However, EES partially made the quarterly payment that was payable in May 2006, notwithstanding the shortfall in the royalty payment received in that quarter. In addition, the Company believes EES will make additional payments under the EES Agreement, notwithstanding the fact that it may not receive sufficient royalty proceeds, although at this time the Company has no legally binding agreement from EES to make those payments if the royalty payments are not actually received.

Under a separate Stock Purchase Agreement between EES and the Company dated April 12, 2006, EES

17

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agreed to increase the amount purchasable under the EES Agreement by $15,000 per quarter, to $75,000 per quarter.

Changes in Registrant's Certifying Accountant.

On May 27, 2005, the Company was notified by Packer Thomas, PC ("Packer Thomas") that it had resigned as independent accountants. Packer Thomas' report for the year ended December 31, 2003 does not contain an adverse opinion or disclaimer of opinion, and was not modified as to audit scope, or accounting principles. However Packer Thomas' report was modified because of the substantial doubt about the Company s ability to continue as a going concern. During the periods from March 5, 2002 through May 27, 2005, there were no disagreements with Packer Thomas and the Company on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the former accountant's satisfaction, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report. Packer Thomas did not advise the Company of any of the matters described in Item 304(a)(1)(iv)(B), except that in connection with its report for the year ended December 31, 2003, Packer Thomas advised the Company that it lacked adequate internal controls at its Stony's Trucking Co. operations, which matter was disclosed in the Company s annual report on Form 10-KSB for the year ended December 31, 2003. The Company has authorized Packer Thomas to respond fully to the inquiries of the successor accountant concerning its resignation.

On July 14, 2005, the Company retained Turner, Jones & Associates, pllc as its principal accountant to audit the Company s financial statements. The Company, during the two most recent fiscal years and the subsequent interim periods prior to the engagement of the new accounting firm, did not consult with the new accounting firm with regard to any of the matters listed in Regulation S-B, Items 304(a)(2)(i) or (ii).

Purchase of West Virginia Mineral Rights.

On March 26, 2006, the Company, through a wholly-owned subsidiary, Wastech of West Virginia, Inc., a West Virginia corporation (Wastech WV), entered into an Assignment Agreement with H.M. Flood Business Trust Ltd (the "Flood Trust"), under which Wastech WV agreed to purchase the rights of the Flood Trust to acquire approximately 44,000 acres of subsurface coal, coal bed methane and all other mineral rights in various counties in West Virginia, as well as 5,898.49 acres of oil and gas reserves in Fayette County, West Virginia (the Mineral Rights). The Flood Trust held the right to acquire the Mineral Rights under contracts with H3, LLC ("H3") dated February 26, 2006. On April 13, 2006, Wastech WV and the Flood Trust amended the Assignment Agreement. On April 14, 2006, a simultaneous closing was held under the contracts between H3 and the Flood Trust, and the Assignment Agreement between the Flood Trust and Wastech WV. Under the contracts between H3 and the Flood Trust, the Flood Trust agreed to pay a total of $520,000 for the Mineral Rights. Under the Assignment Agreement, as amended, Wastech WV agreed to pay the following amounts for the Mineral Rights:

- $525,000 paid on April 14, 2006 to H3, consisting of the Flood Trust's purchase price for the Mineral Rights, plus an additional $5,000 for attorney's fees for H3's attorney's fees;

- $181,500 paid on April 14, 2006 to the Flood Trust;

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$980,000 cash payable to the Flood Trust on August 25, 2006;

- 11,750,000 shares of common stock of the Company issuable to the Flood Trust; and

- A promissory note in the amount of $4,000,000 due and payable in full on April 13, 2009 without interest, provided that, in consideration for the payment of $175,000 by the Company to the Flood Trust by August 25, 2006, Wastech WV has the right to convert $2,000,000 of the note into common stock of the Company at any time prior to the maturity of the note at the average ask price of the Company s common stock for seven (7) days prior to the date the Company exercise the option.

- In addition, Wastech WV agreed to execute an employment agreement with John F. Hale, Jr. on such terms that the parties mutually agree.

Wastech WV was not able to make the payment of $980,000 that was due to the Flood Trust on August 25, 2006 because of the failure of EES to purchase an installment of common stock in the Company due on that same date. As a result, Wastech WV negotiated an extension of the date of this payment to October 7, 2006. Wastech WV did not make the payment on October 7, 2006, and it remains in default under the Assignment Agreement. On October 10, 2006, the Flood Trust filed a lawsuit against Wastech WV in Kanawha County, West Virginia, to recover the payment of $980,000 due on October 7, 2006, as well as the amount due on the $4,000,000 note due on April 13, 2009.

<u>2006 EES Stock Purchase Agreement</u>.

The Company funded its initial purchase obligations under the Assignment Agreement with the Flood Trust by entering into an additional Stock Purchase Agreement with EES dated April 12, 2006 (the 2006 EES Agreement). Under the 2006 EES Agreement, EES agreed to purchase 37,430,000 shares of the Company s common stock for $0.05 per share, for a total purchase price of $1,871,500, of which $741,500 was due and payable on April 12, 2006 and $1,130,000 is due and payable on August 25, 2006. EES and the Company also agreed to amend the EES Agreement to increase the amount purchasable thereunder by $15,000 per quarter, to $75,000 per quarter. The Company agreed that EES would have the right to appoint one additional member of the board of directors upon full payment of the amount due on August 25, 2006 under the 2006 EES Agreement. EES already had the right to appoint a member of the board of directors under the EES Agreement. In addition, the Company agreed to enter into a consulting agreement with Richard D. Tuorto, Sr., the Company's current chairman and chief executive officer, under which Mr. Tuorto would be entitled to compensation of $150,000 per year for five years, provided that Mr. Tuorto shall be entitled to compensation of $250,000 per year for five years if for any reason he does not receive the compensation of $150,000 per year or does not remain on the board of directors. To date, the consulting agreement with Mr. Tuorto has not been executed.

To date, EES has purchased 14,830,000 shares of common stock under the 2006 EES Agreement pursuant to the closing of the purchase of the Mineral Rights from the Flood Trust. Prior to its entry into the 2006 EES Agreement, EES held 17,620,469 shares. Based on the number of shares that EES has already purchased under the 2006 EES Agreement, EES owns 28.8% of the Company s outstanding common stock. If EES completes its purchase obligations under the EES Agreement and the 2006 EES Agreement, it will own 44.4% of the Company s common stock, and will have the right to appoint 2 out of 3 directors on the board of directors.

On June 26, 2006, the Company and EES amended the 2006 EES Agreement to increase the amount of common stock to be sold to EES thereunder by 5,000,000 shares, which will result in additional proceeds to the Company of $250,000. The Company simultaneously announced that it would use the proceeds to repurchase shares of its common stock on the open market.

EES Appointment to Board.

On April 12, 2006, EES exercised its right to appoint a nominee to the board of directors under the EES Agreement by appointing Douglas C. Holsted to the board. Mr. Holsted will serve as a director of the Company until its next annual meeting of shareholders. The Company does not have any board committees, and therefore it is not anticipated that Mr. Holsted will be appointed to any board committees.

From 1999 to 2005, Mr. Holsted operated a private accounting and tax practice in Oklahoma. In 2005, he joined EES full-time, where he is a director. From January 1996 to May 26, 1999, Mr. Holsted was the Chief Executive Officer of Sales Equipment Company in Oklahoma City, Oklahoma, which was in the business of distributing equipment in the pressurized gas industry. From 1991 through 1995, he was the Chief Financial Officer of The Dwyer Group, Inc. of Waco, Texas, a publicly owned company in the franchise industry. Mr. Holsted is a certified public accountant licensed in the State of Oklahoma. Mr. Holsted currently serves as an officer and director of EES (Pink Sheets: EESV).

Internal Hydro International Agreements

On August 31, 2006, the Company entered into a Commercial Purchase Agreement and Deposit Receipt (the CoalGas Agreement) with USA CoalGas, L.P. (CoalGas), an Illinois limited partnership, under which the Company agreed to purchase 695.18 acres of land in Christian County, Illinois (the Land), and certain personal property located on the Land, for $1,200,000. In addition, the Company agreed to assume, and purchase the Land and personal property subject to, a Lease and Easement Agreements between CoalGas and Libra National Resources, pls, and a Coal Fines Supply Agreement between CoalGas and LNR Kincaid, LLC (collectively, the CoalGas Assets). Of the purchase price, $600,000 is payable at closing and the remaining $600,000 is payable twelve months after closing with interest at 6% per annum. Closing is conditioned upon the Company completing the transfer to it of a permit from the Illinois Department of Natural Resources (Permit No. IL0026913), which requires environmental surety bonding in the amount of $4,379,608, among other conditions. The CoalGas Agreement provides that closing will occur 120 days after the date of the Agreement, but that the deadline for closing may be extended for 30 days.

On September 25, 2006, the Company entered into an Agreement (the IHI Agreement) with Internal Hydro International, Inc. (IHI), under which the Company assigned all of its right, title and interest in the CoalGas Agreement to Springfield Energy Project, LLC (SEP), a Florida limited liability company. SEP is a newly created limited liability company that was created to be the assignee of the CoalGas Agreement, and to acquire and own the CoalGas Assets. The Company owns 49% of SEP by virtue of owning 4,900 Class A Units, and IHI owns 47% of SEP by virtue of owning 4,700 Class A Units. The remaining 4% of SEP is owned by Private Capital Group, Inc. by virtue of owning 400 Class C Units. A principle purpose of IHI and the Company in purchasing the CoalGas Assets is to use the land for renewable energy operating involving coal reclamation, fly ash disposal and proprietary tire gasification (the Gasification Project). The IHI Agreement provides that IHI is to obtain initial financing for SEP in the amount of $4,000,000 (the Initial Financing), and an additional $4,000,000 of financing no later than approval of the Gasification Projection by the State of Illinois (the Additional Financing). The IHI

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Agreement provides that if IHI does not procure either the Initial Financing or the Additional Financing, that IHI and Private Capital Group, Inc. are required to tender all of the ownership interests in SEP to the Company. The IHI Agreement provides that if IHI procures the Initial Financing but not the Additional Financing, then IHI is required to tender one-half of its ownership interests in SEP to the Company.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements in this Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2004 on Form 10-QSB, may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements, expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed herein.

The words "believe", "expect", "anticipate", "seek" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Results of Operation

Revenues

Revenues in the three and six months ended June 30, 2004 were $0 and $0, respectively, as compared to revenues of $5,895,412 and $13,236,079 in the three and six months ended June 30, 2003, respectively. The substantial decrease in revenues in 2004 as compared to 2003 was attributable to the Company's sale of its trucking operations in August 2003, and the lack of contracts at its CV Transportation, Inc. unit, which it disposed of on February 17, 2004.

Costs and Expenses

Operating expenses were $146,475 and $280,059 in the three and six months ended June 30, 2004, respectively, as compared $6,263,157 and $14,064,794, respectively, in the three and six months ended June 30, 2003. The substantial decrease in operating expenses was the result of decreased levels of business resulting from the Company's sale of its trucking operations in August 2003, and the lack of any contracts at its CV Transportation, Inc. unit, which it disposed of on February 17, 2004.

Operating Loss

The Company generated a net operating loss of ($146,475) and ($280,059) in the three and six months ended June 30, 2004, respectively, as compared to a net operating loss of ($367,745) and ($828,715) in the three and six months ended June 30, 2003, respectively. The Company's operating income decreased in 2004 as compared to 2003 due to the sale of all of the Company s operations in August 2003 and February 2004.

Other Income (Expense)

The Company generated other income (expense) of ($5,000) and $240,000 in the three and six months ended June 30, 2004, respectively, as compared to other income (expense) of ($1,279,549) and $477,180

21

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in the three and six months ended June 30, 2003, respectively. In 2004, the Company generated other income of $250,000 from the sale of patent rights to NewWaste. In 2003, the Company generated other expense of ($1,250,000) from the write-off of its investment in Gulftex Energy Corporation shares, and other income of $1,849,741 from the settlement of its line of credit with Key Bank at a discount. In the three and six months ended June 30, 2004, the Company incurred interest expense of ($5,000) and ($10,000), respectively, as compared to interest expense of ($29,549) and ($122,561) in the three and six months ended June 30, 2004, respectively, as a result of the elimination of substantially all of the Company s interest bearing debt.

Net Income

The Company generated a net loss of ($151,475) and ($40,059) in the three and six months ended June 30, 2004, as compared to a net loss of ($1,647,294) and ($351,535) in the three and six months ended June 30, 2003, respectively.

The Company believes that its results from operations in the three and six months ended June 30, 2004 are not indicative of the Company's results of operations in future periods. In August 2003, the Company disposed of its trucking operations, and in February 2004, the Company disposed of its experimental waste transportation operations with the sale of CV Transportation, Inc. The Company s remaining operations consist of the investigation of various business opportunities.

Liquidity and Capital Resources

As of June 30, 2004, the Company had cash and cash equivalents of $12, and a working capital deficit of ($437,070). However, substantially all of the Company s debt consists of accrued liabilities to officers and/or related parties.

Going Concern

The Company's financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements, the Company incurred a loss from operations of ($280,059) in the six months ended June 30, 2004, and had significant unpaid accounts payable and accrued liabilities. These factors create an uncertainty about the Company's ability to continue as a going concern. The Company's new management has provided operating capital to the Company and has developed a plan to raise additional capital and acquire companies with operations that generate cash flow. The ability of the Company to continue as a going concern is dependent on the success of this plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Item 3. Controls and Procedures.

During the quarter ended June 30, 2004, the Company disposed of CV Transportation, Inc., which constituted its only operations. The Company believes that its internal controls and procedures were sufficient, at June 30, 2004, for a Company which was not engaged in active operations.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

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As of December 31, 2003, the Company was a party to certain legal proceedings, as set forth in Item 3 of its Annual Report on Form 10-KSB for the year ended December 31, 2003, which is hereby incorporated by reference. On March 18, 2004, the Company sold CV Merger, Inc., a wholly-owned subsidiary that was the party to the legal proceedings. With the disposition of CV Merger, Inc., the Company was not a party to any of the legal proceedings to which it was a party at December 31, 2004.

Due to non-payment by Filbin of the royalty, and disputes among the parties, on June 14, 2004, Filbin instituted a legal action against Stony s in Macomb County Circuit Court, for the State of Michigan, Case No. 04-2473-CZ. Stony s removed the litigation to the U.S. District Court, Eastern District, Case No. 04-73034. Thereafter, the parties entered a Mutual Release and Settlement Agreement, under which the parties agreed to settle all claims by and between the parties, including the Company s right to future royalties due by Filbin, for the payment by Filbin of $95,000, of which the Company received a net amount of $43,500.

Item 2. Changes in Securities.

During the quarter ended June 30, 2004, the Company issued 1,333,334 shares to EES, pursuant to a Stock Purchase Agreement dated September 17, 2002, as amended in April 2003 and November 2003, for $120,000, or $0.09 per share.

The securities were issued in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Item 3. Defaults Upon Senior Securities.

At September 30, 2004, the Company was obligated to Patricia Potts in the amount of $50,000 pursuant to promissory note that was due and payable on June 1, 2003. The Company has not paid the note, and the note remains in default.

At September 30, 2004, the Company was obligated to Bruce Blaser in the amount of $50,000 pursuant to a promissory note that was due and payable on August 15, 2003. The Company has not paid the note, and the note remains in default.

Subsequent to June 30, 2004, the Company defaulted on a promissory note in the original principal amount of $200,000 payable to NewWaste, Inc. The note matured on October 1, 2006 and was not paid.

Subsequent to June 30, 2004, the Company defaulted on an obligation to pay $980,000 to the H.M. Flood Trust on August 25, 2006 under an Assignment Agreement dated March 26, 2006. The Company negotiated an extension of the payment date to October 7, 2006, but was unable to make the payment on October 7, 2006.

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

Not Applicable.

Item 5. Other Information.

Not Applicable.

23

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Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit Number	Description and Incorporation by Reference
24	Power of Attorney
31	Rule 13a-14(a)/15d-14(a) Certification by the Chief Executive Officer and Chief Financial Officer
32	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K.

On June 29, 2004, the Company filed a Report of Form 8-K reporting in Item 2 on certain transactions with McRal Co. and the disposition of CV Merger, Inc., in Item 5 on the Company s holding company reorganization, and in Item 6 on the resignation of Gregory J. Gibson as an officer and director of the Company.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WASTECH, INC.

Date: November 28, 2006

/s/ Douglas Holsted*

By: Douglas Holsted, Chief Financial Officer

*By Robert J. Mottern pursuant to Power of Attorney dated November 28, 2006.

24

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