



# Stonefield Josephson Public Companies Group

Case Study #5147

## Technology Firm Starved for Funding

### Problem

A high-tech company, strapped for cash, was contacted by an angel investor. This investor was convinced that the company's intellectual property had significant potential. Before investing millions, the investor required that the company be in good standing with the Securities and Exchange Commission and have shares listed on an exchange. He also wished to have company shares registered with the markets. Unfortunately, the tech company was severely delinquent in its SEC filings. The markets had suspended the trading of its stock. Company records were in disarray. Personnel turnover made discovery a major challenge.

### Our Approach

We learned everything we could about the firm's key issues and material exposure areas. We collected the historical financial information that was available and interviewed past and present employees. We negotiated with the SEC to get waivers on nonessential, delinquent financial statements. We worked with the company to hire a consultant to develop up-to-date financial statements, then we presented the audited financial statements to the SEC.

### Results

Our financial statements and audit procedures survived a challenge by the SEC's Division of Corporate Finance. The tech firm's filings became current; the markets allowed the trading of stock to resume. The investor poured millions of dollars into the tech firm and registered the shares with the markets. Funding made it possible for the firm to move ahead with research and development, marketing, investor relations and sales.

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Certified Public Accountants  
Business Advisors

Contact us

866-225-4511 toll free  
[www.sjaccounting.com](http://www.sjaccounting.com)

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