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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 1-A

REGULATION A OFFERING STATEMENT
UNDER THE SECURITIES ACT OF 1933

PROCESSED
AUG 19 2003
THOMSON
FINANCIAL

MD TECHNOLOGIES INC.

(Exact name of issuer as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

RECD S.E.C.
AUG 18 2003
1086

**620 Florida St., Suite 200
Baton Rouge, LA 70801
(225) 343-7169**

(Address, including zip code, and telephone number, including area code of issuer's principal executive office)

**William C. Ellison
Agent for Service of process
620 Florida St., Suite 200 Baton Rouge, LA 70801
(225) 343-7169**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

7371
(Primary Standard Industrial
Classification Code Number)

72-1491921
(I.R.S. Employer
Identification Number)

This offering statement shall only be qualified upon order of the Commission, unless a subsequent amendment is filed indicating the intention to become qualified by operation of the terms of Regulation A.

ITEM 1. SIGNIFICANT PARTIES

List the full names and business and residential addresses, as applicable, for the following persons:

(a) the issuer's directors:

Jose S. Canseco, Chairman
211 N. Roadway Drive
New Orleans, LA 70124
(504) 282-5846

Thomas L. Frazer
7520 Perkins Road, No. 280
Baton Rouge, LA 70808
(225) 769-4123

William D. Davis
620 Florida Street, Suite 200
Baton Rouge, LA 70801
(225) 343-7169

William J. Burnell
330 Camp Street
New Orleans, LA 70130
(504) 524-6172

William C. Ellison
701 S. Peters Street, Suite 100
New Orleans, LA 70130
(504) 524-6597

Terry Jones
15538 Shenandoah Avenue
Baton Rouge, LA 70817
(225) 756-0231

(b) the issuer's officers:

William D. Davis
President & Chief Executive Officer
620 Florida Street, Suite 200
Baton Rouge, LA 70801
(225) 343-7169

Jose S. Canseco
Vice President
211 N. Roadway Drive
New Orleans, LA 70124
(504) 282-5846

William C. Ellison
Secretary & General Counsel
Bordelon, Hamlin and Theriot
701 S. Peters Street, Suite 100
New Orleans, LA 70130
(504) 524-6597

(c) the issuer's general partners:

Not Applicable.

(d) record owners of five (5%) percent or more of any class of the issuer's equity securities:

Jose S. Canseco
211 N. Roadway Drive
New Orleans, LA 70124

William D. Davis
620 Florida Street, Suite 200
Baton Rouge, LA 70124

Rick Marcos
10031 S. W. 162nd Court
Miami, FL 33196

Dawn R. Haase
7618 Kingsley Drive
Denham Springs, LA 70706

(e) beneficial owners of five (5%) percent or more of any class of the issuer's equity securities:

Not Applicable

(f) promoters of the issuer:

Not Applicable.

(g) affiliates of the issuer:

(h) counsel to the issuer with respect to the proposed offering:

John C. Anjier
Liskow & Lewis
701 Poydras Street, Suite 5000
New Orleans, LA 70139

(i) each underwriter with respect to the proposed offering:

There are no underwriters. Issuer is selling the securities.

(j) the underwriter's directors:

Not Applicable.

(k) the underwriter's officers:

Not Applicable.

(l) the underwriter's general partners:

Not Applicable.

(m) counsel to the underwriter:

Not Applicable.

ITEM 2. APPLICATION OF RULE 262

No persons identified in Item 1 are subject to the disqualification provisions set forth in Rule 262.

ITEM 3. AFFILIATE SALES

No part of this offering involves the resale of securities by affiliates of the issuer.

ITEM 4. JURISDICTIONS IN WHICH SECURITIES ARE TO BE OFFERED

(a) List the jurisdiction in which the securities are to be offered by underwriters, dealers or salespersons.

Not Applicable

(b) List the jurisdictions in which the securities are to be offered other than by underwriters, dealers or salesmen and state the method by which such securities are to be offered.

The securities will be offered in the State of Louisiana by senior officers and directors of the issuer.

ITEM 5. UNREGISTERED SECURITIES ISSUED OR SOLD WITHIN ONE YEAR

(a) As to any unregistered securities issued by the issuer or any of its predecessors or affiliated issuers within one year prior to the filing of this Form 1-A, state:

(1) the name of such issuer: MD Technologies Inc.

(2) the title and amount of securities issued: Common Stock. 739,992 shares were issued in the last 12 months.

(3) the aggregate offering price or other consideration for which the 739,992 shares of common stock were issued and basis for computing the amount thereof: \$0.50 per share.

(4) the names and identities of the persons to whom the securities were issued:

Thomas Frazier
7520 Perkins Road, No. 280
Baton Rouge, LA 70808
(225) 769-4123

Joseph Palazzo
11225 Landfair Avenue
Baton Rouge, LA 70818
(225) 937-3521

Business Resource Capital
330 Camp Street
New Orleans, LA 70130
(504) 524-6172

Dr. Steven Zuckerman
7777 Hennessy Blvd, No. 405
Baton Rouge, LA
(225) 769-3010

Dr. Michael Graham
4770 S I 10 Service Road W.
Metairie, LA 70001
(504) 455-0004

William D. Davis
620 Florida Street, Suite 200
Baton Rouge, LA 70801
(225) 343-7169

Dr. Vu Vuong
4770 S I 10 Service Road W.
Metairie, LA 70001
(504) 455-0004

Dawn R. Haase
7618 Kingsley Drive
Denham Springs, LA 70706
(225) 791-0561

Dr. Melvin Voros
4770 S I 10 Service Road W.
Metairie, LA 70001
(504) 455-0004

John P. McLain
18746 Lafitte Brothers Lane
Prairieville, LA 70769

(b) As to any unregistered securities of the issuer or any of its predecessors or affiliated issuers which were sold within one year prior to the filing of this Form 1-A by or for the account of any person who at the time was a director, officer, promoter or principal security holder of the issuer of such securities, or was an underwriter of any securities of such issuer, furnish the information specified in subsections (1) through (4) of paragraph (a).

Not Applicable.

(c) Indicate the section of the Securities Act or Commission rule or regulation relied upon for exemption from the registration requirements of such Act and state briefly the facts relied upon for such exemption.

The shares of common stock were sold in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933. The sales were made to accredited investors who were acquaintances of the officers of the issuer. No public solicitation or advertising was utilized.

ITEM 6. OTHER PRESENT OR PROPOSED OFFERINGS

The issuer is not contemplating the offering of any securities in addition to those covered by this Form 1-A at this time.

ITEM 7. MARKETING ARRANGEMENTS

(a) Briefly describe any arrangement known to the issuer or to any person named in response to Item 1 above or to any selling security holder in the offering covered by this Form 1-A for any of the following purposes:

(1) To limit or restrict the sale of other securities of the same class as those to be offered for the period of distribution.

No arrangements

(2) To stabilize the market for any of the securities to be offered.

No arrangements

(3) For withholding commissions, or otherwise to hold each underwriter or dealer responsible for the distribution of its participation.

No arrangements

(b) Identify any underwriter that intends to confirm sales to any accounts over which it exercises discretionary authority and include an estimate of the amount of securities so intended to be confirmed.

No arrangements

ITEM 8. RELATIONSHIP WITH ISSUER OF EXPERTS NAMED IN OFFERING STATEMENT

If any expert named in the offering statement as having prepared or certified any part thereof was employed for such purpose on a contingent basis or, at the time of such preparation or certification or at any time thereafter, had a material interest in the issuer or any of its parents or subsidiaries or was connected with the issuer or any of its subsidiaries as a promoter, underwriter, voting trustee, director, officer or employee furnish a brief statement of the nature of such contingent basis, interest or connection.

No experts were retained on a contingent basis and no experts had such interest or connection.

ITEM 9. USE OF A SOLICITATION OF INTEREST DOCUMENT

Indicate whether or not a publication authorized by Rule 254 was used prior to the filing of this notification. If so, indicate the date(s) of publication and of the last communication with prospective purchasers.

No publication authorized by Rule 254 was used prior to the filing of this registration statement.

PRELIMINARY OFFERING CIRCULAR

MEDTOPIA[®]

MD TECHNOLOGIES INC.

620 Florida St., Suite 200

Baton Rouge, LA 70801

(225) 343-7169

6,700,000 SHARES COMMON STOCK

\$.__ per share

We are offering 6,700,000 shares of common stock (\$0.0001 par value) at a price of \$__ per share ("Shares") in accordance with Regulation A under the Securities Act of 1933 (the "Offering"). The Shares are not restricted. If we sell at least \$2 million of stock, we will undertake to register the Shares for trading on the OTC Bulletin Board. We are making this offering on a "best efforts basis" and there is no minimum number of Shares that must be sold. We can give no assurance that all or any of the Shares will be sold. No escrow account is being established, and all subscription funds will be paid directly to the Company. Subscriptions are irrevocable.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING CIRCULAR OR OTHER SELLING LITERATURE. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED HEREUNDER ARE EXEMPT FROM REGISTRATION.

	Price to Public	Underwriting Discount and Commissions*	Proceeds to Issuer
Per Share	\$. 0	\$0	\$. 0
Total Maximum	\$__	\$0	\$__

The date of this Offering Circular is August 6, 2003. We intend to offer the securities to the public as soon as practicable after this Offering Circular becomes effective.

An offering statement pursuant to Regulation A relating to these securities has been filed with the Securities and Exchange Commission. Information contained in this Preliminary Offering Circular is subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time an offering circular which is not designated as a Preliminary Offering Circular is delivered and the offering statement filed with the Commission becomes qualified. This Preliminary Offering Circular shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sales of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such state.

In this Offering Circular, the terms "MD Technologies", "Company," "we," "our," and "us" refer to MD Technologies Inc. The terms "you" or "your" refers to a prospective investor.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in the Shares. You should read the entire prospectus carefully.

Company Overview and Background

MD Technologies Inc. designs, develops, and deploys software applications and services to the healthcare industry. Our mission is to provide advanced technological healthcare management solutions while maintaining an unparalleled commitment to customer service and support. Our goal is to be recognized as a premier provider of technology solutions to the healthcare industry.

We already own and market a well-established product, *Medtopia*, which we first developed in 1996. We believe that *Medtopia* can be one of the premier practice management products with additional capital to fund our sales efforts. Our sales historically have been crippled by a lack of focus on marketing and a lack of capital to fund the expansion of our sales force. Until 2002, most of our efforts and funding were devoted to improving and testing *Medtopia*. Only recently have we begun to focus on marketing efforts through the hiring of our Executive Vice President for Marketing, Joseph Palazzo. Mr. Palazzo has 13 years experience marketing in the medical software field and we believe, with funding from this offering, that we can quickly and significantly expand our sales and revenue.

The Company's founders began developing our flagship product, *Medtopia*, in 1996. *Medtopia* went online with our first physician in November 1998 after two years of development and testing. We believe *Medtopia* to be the first completely Internet-based physician practice management software. *Medtopia* underwent continued development and testing until its official launch in January 2001, which coincided with Emory Healthcare acquiring an interest in the Company and committing to use, help develop and deploy our applications. At launch, we had 11 customers representing 21 physicians and healthcare providers using *Medtopia*. MD Technologies Inc. currently has 68 customers representing over 150 physicians and healthcare providers.

Our customers consist primarily of physicians and physician group practices from a broad range of specialties, including OB-GYN, Pediatrics, Internal Medicine, Orthopedics, ENT, Neurology, Family Medicine, and Psychology. However, *Medtopia*, and its related applications, can also be used by any type of healthcare providers, including physical therapists, optometrists, dentists, laboratories, health clinics, and hospitals.

We are dedicated to providing the best possible customer service and support in the industry and our commitment and efforts to maintaining customer loyalty have succeeded. Since our first sale, we have maintained a 90% customer retention rate. We attribute this to the quality of our products and, more importantly, to the quality of our employees and our commitment to customer satisfaction.

The sale of *Medtopia* generates two primary, separate revenue streams: fees from the initial installation, conversion and training for the product; and a monthly subscription fee that includes all support, product enhancements and upgrades. We also provide customization services for a negotiated fee.

In early 2003, we began providing billing and accounts receivable management services to a limited number of customers. These services typically include the entering of our customers' patient encounter information into *Medtopia*. The accuracy of the billing information is verified using features built into *Medtopia* that have been especially designed for this purpose. This information is used to process claims with various insurance carriers by sending it electronically through *Medtopia* and third party clearinghouses. Once entered into *Medtopia*, our customers can track and review their accounts receivables online as well as run real-time reports and perform their own analysis of the data using only a web-browser. We manage our customer's receivables all the way through the adjudication process until payment. Upon receiving payment confirmation, denial, or request for additional information, we post the payment to the system, provide any additional information requested, and make any adjustments if necessary. The fact that we host the customers' information and that they are intimately familiar with our application allows us to provide a higher level of service and achieve economies of scale not available to competing billing companies.

Our billing and accounts receivable management services are invoiced to customers as a percentage of actual collections. Our fees are negotiated with each of our customers depending on the level of activity expected and volume and amount of charges. Some customers prefer that our staff perform all data input functions and they provide us with hard copies of their patient encounter information. Others perform the data input themselves. In most cases we can demonstrate that our fees are less than what our customers would pay for employees to perform similar services in-house.

In addition to *Medtopia*, we have developed and deployed several other applications, including *MedtopiaMobile*, a hand-held product for physicians, and *MyMedtopia*, a web-based application that allows patients to access their physician's records. We have also developed, but not yet deployed, *MedtopiaCommerce*, a business-to-business facilitator that is also called the "virtual warehouse". All of the *Medtopia* products work in unison, but can also exist independently of each other.

We are located at 620 Florida St., Suite 200, Baton Rouge, LA 70801.

The Market

The market for healthcare software applications is broad and represents significant opportunities for companies that can deliver next-generation technologies to healthcare providers. Despite the fact that the healthcare market is the single largest segment of the overall U.S. economy, it is one of the last major industries to embrace the benefits of information technology.

The market for practice management software is fragmented, consisting of over 100 companies, with no single company dominating the market. Our specific market consists of

practices containing eight physicians or less, who comprise a large majority of all physician practices.

Additionally, our *MedtopiaMobile* product competes in the market for Electronic Medical Records ("EMR") and other clinical information support software. This market consists of institutions and organizations of all sizes, including hospitals, clinics and group practices. Most healthcare organizations have yet to deploy an EMR because of lack of standardization, price and multi-vendor incompatibility. However, as the need to automate clinical processes becomes increasingly important, these impediments are being overcome. Since this market is still evolving, there is no clear market-leader. Therefore, as the market matures and the impediments are overcome, products such as *MedtopiaMobile* will be increasingly in demand.

Our management believes that *Medtopia*, *MedtopiaMobile*, and our related products and services are poised to establish a competitive position in these markets. As these markets evolve, we will attempt to utilize our experience in research and development to ensure that our products evolve *ahead* of the competition, thereby creating additional and increasing market opportunities for us.

Risk Factors

Before investing in the Shares, you should consider the risk factors and the impact from various events that could adversely affect our business. See "Risk Factors" beginning on page 5.

Plan of Distribution

We are offering 6,700,000 shares of common stock (\$0.0001 par value) at a price of \$___ per share ("Shares") in accordance with Regulation A under the Securities Act of 1933. The Shares are not restricted and may be freely resold. We are making this offering on a "best efforts basis" and there is no minimum number of Shares that must be sold. We can give no assurance that all or any of the Shares will be sold. No escrow account is being established, and all subscription funds will be paid directly to the Company. Subscriptions are irrevocable. We have not engaged any underwriters. Senior officers and directors who are not being compensated for their offers or sales will sell the Shares.

The Company, in its sole discretion, may accept or reject any subscription for the Shares in whole or in part. Upon investing in the Company, each investor will become a shareholder in the Company, and will receive a certificate evidencing such investment.

To purchase Shares, please contact either of the following officers:

Jose S. Canseco
Chairman of the Board
211 N. Roadway Drive
New Orleans, LA 70124
(225) 343-7169

William C. Ellison
Secretary & General Counsel
701 South Peters St., Suite 100
New Orleans, LA 70130
(504) 524-6597

Registration of the Stock

The Shares are not restricted. However, there is currently no public market for the Shares. We expect to sell at least \$2 million worth of Shares through this Offering. We hope to close this initial sale on the day that the Offering becomes effective. In that event, we will register the Shares under Section 12(g) of the Securities Exchange Act of 1934 with the Securities Exchange Commission. The broker-dealer, _____, has indicated that it will file the necessary forms with the OTC Bulletin Board to register the stock for trading and make a market in that stock. We expect the market for the Shares on the OTC Bulletin Board to begin the day after the Offering is effective. Although _____ will make a market in the stock, there may not be sufficient liquidity in the market to ensure that all sale or purchase offers can be completed.

Determination of the Offering Price

Prior to this Offering, there has been no market for our common stock. The offering price has been determined arbitrarily by our board of directors based on the expected cash flows of the Company following the Offering and price multiples for other publicly traded companies in the same industry.

For the year ended December 31, 2001 and for the year ended December 31, 2002, losses were \$(589,222) and \$(260,881), respectively with a net loss per share of \$(0.06) and \$(0.03), respectively. For the six months ended June 30, 2002 and for the six months ended June 30, 2003, losses were (\$35,751) and (\$183,189), respectively with a net loss per share of \$(.00) and \$(.017), respectively.

Our book value as of December 31, 2001 was \$(75,378) or \$(0.0075) per share. Our book value as of December 31, 2002 was \$(12,079) or \$(0.0011) per share. Our proforma book value as of June 30, 2003 based upon the number of shares outstanding after this Offering if all securities are sold will be \$4,007,921 or \$0.23 per share.

Dilution

You will suffer an immediate dilution in your investment if you purchase the Shares. Although you will pay \$ ____ per share, the book value of your shares following the completion of the offering at most will be \$0.23 per share. Accordingly, you will suffer an immediate dilution of \$0.37 per share.

As of June 30, 2003, we had 10,737,912 shares of common stock in the Company outstanding. Assuming the full offering was subscribed by that date there would have been 17,439,912 shares of common stock outstanding. The book value of the Company as of June 30, 2003 was \$75,290. Assuming the full offering was subscribed the book value would be approximately \$4,007,921. The book value per share, accordingly, would be \$0.23 per share.

RISK FACTORS

This offering involves a high degree of risk.

You should not invest any funds in this Offering unless you can afford to lose your entire investment. You should carefully consider the risks described below and all other information contained in this prospectus before you decide to buy the Shares. If any of the following risks were to occur, our business, financial condition or results of operations would likely suffer. In that event, you could lose all or part of your investment.

We expect net losses for the immediate future.

Our accountants have raised substantial doubt about our ability to continue as a going concern because of sustained operating losses. Our potential for future profitability must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in the early stages of development. Our business strategy may not be successful or we may not be able to successfully address these and other challenges, risks and uncertainties.

We will need additional financing to continue to successfully develop the business.

To date, we have funded our operations from our revenues and the sale of equity and debt securities. We expect the net proceeds from this Offering, the current cash and cash equivalents and borrowings of MD Technologies to be sufficient to meet our operating and capital requirements for the next 24 months. After that, we will need to raise additional funds. We may not be able to obtain additional financing on favorable terms, if at all. If we cannot raise funds when needed, on acceptable terms, we may not be able to develop or enhance our services, take advantage of future opportunities or respond to competitive pressures or unanticipated requirements. This could seriously harm our business, financial condition and results of operations.

No public market

There is no existing public market for our Shares. Although we intend to register the Shares for trading, if we sell at least \$2 million of the Shares, we do not know how liquid the market for the Shares will be and certain offers and purchases may be difficult to complete because of lack of liquidity.

The offering price is not indicative of the value or future market price of the Shares.

We have determined the price of the Shares based on a number of factors, such as:

- the prospects for our business and the industry in which we will compete;
- an assessment of our management and our earnings prospects;
- the present state of our development;

- the general condition of the securities markets at the time of the placement; and
- the prices and earnings of similar securities of comparable companies at the time of the placement.

Accordingly, the price of the Shares offered should not be regarded as an indication of the value of or any future market price for the Shares.

This is a best efforts, no minimum offering, and we have no obligation to raise a minimum in the offering.

The Shares offered hereby will be sold on a "best efforts" basis. We are not, therefore, required to receive any specific amount of subscriptions. Accordingly, investors whose subscriptions are accepted first run the additional risk that we may not raise all of the funds we are seeking in this offering which could materially and adversely affect our ability to finance our business plan.

The value of your Shares will be immediately diluted.

Purchasers of the Shares will suffer an immediate and substantial dilution from the price of the Shares offered.

Investors may face significant restrictions on the resale of our stock due to federal regulations of penny stock.

Penny stock restrictions may result in your inability to recoup their investment in us at any time in the future. Once our common stock is listed on the OTC Bulletin Board, it will be subject to the requirements of Rule 15(g)9, promulgated under the Securities Exchange Act as long as the price of our common stock is below \$5.00 per share. Under such rule, broker-dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including a requirement that they make an individualized written suitability determination for the purchaser and receive the purchaser's consent prior to the transaction.

To date we have depended on a small pool of customers.

We currently have a limited number of customers, and if we suffer attrition of several or more customers, we could experience a substantial drop in revenue.

Our operations will suffer if healthcare industry participants do not accept Internet solutions.

Our business model depends on the adoption of Internet solutions by providers, patients, payers and other healthcare industry participants and will require the acceptance of a new way of conducting business and exchanging information. Healthcare participants must be willing to allow sensitive information to be stored in our databases and to conduct healthcare transactions over the Internet. Our ability to generate revenues will suffer dramatically if Internet solutions are not accepted or are perceived to be ineffective.

Our operations could be damaged by performance problems with our service and content providers.

We depend on service and content providers to provide information and data feeds on a timely basis. *Medtopia's* web site could experience disruptions or interruptions in service due to the failure or delay in the transmission or receipt of this information. In addition, our customers who utilize our web-based services depend on Internet service providers, online service providers and other web site operators for access to our web sites. All of these providers have experienced significant outages in the past and could experience outages, delays and other difficulties in the future due to system failures unrelated to *Medtopia's* systems. Any significant interruptions in our services or increases in response time could result in a loss of potential or existing users of and advertisers and sponsors on its web site and, if sustained or repeated, could reduce the attractiveness of our services.

Our reputation could suffer if our system experiences security breaches or is otherwise perceived to be insecure.

A material security breach could damage our reputation or result in liability. We retain confidential information, including patient health information, in our processing centers and may be required to expend significant capital and other resources to protect against security breaches or to alleviate problems caused by breaches. Any well-publicized compromise of Internet security could deter people from using the Internet or from conducting transactions that involve transmitting confidential information, including confidential healthcare information. Therefore, it is critical that these facilities and infrastructure remain secure and are perceived by the marketplace to be secure. Despite the implementation of security measures, this infrastructure may be vulnerable to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems.

Our platform infrastructure and scalability are not proven and may fail to respond to new growth.

To date, we have processed a limited number and variety of transactions over our platforms and a limited number of healthcare participants have used these platforms. Our systems may not accommodate increased use while maintaining acceptable overall performance. We must continue to expand and adapt our network infrastructure to accommodate additional users, increased transaction volumes and change payer and provider customer requirements. This expansion and adaptation will be expensive and may divert our attention from other activities.

We may encounter risks associated with new product development.

Our performance depends in large part upon our ability to provide the increasing functionality required by our customers through the timely development and successful introduction of new products and enhancements to our existing suite of products. We have historically devoted significant resources to product enhancements and research and development and believe that significant continuing development efforts will be required to

sustain our operations and integrate the products and technologies of acquired businesses with our products. There can be no assurance that we will successfully or in a timely manner develop, acquire, integrate, introduce and market new product enhancements or products, or that product enhancements or new products developed by us will meet the requirements of hospitals or other health care providers and payors and achieve or sustain market acceptance.

Technology may change faster than we can update our applications and services.

Healthcare information exchange and use of the Internet for practice management is a relatively new and evolving market. The change in this market place is rapid and there are frequent new product introductions and evolving industry standards. We may be unsuccessful in responding to technological developments and changing customer needs. In addition, our applications and services offerings may become obsolete due to the adoption of new technologies or standards.

We could be adversely affected by regulation of the Internet.

Laws and regulations may be adopted with respect to the Internet or other online services covering user privacy, patient confidentiality and other issues, including: pricing, content, copyrights and patents, distribution, characteristics, and quality of products and services. We cannot predict whether these laws will be adopted or how they will affect our business. Internet user privacy has become an issue both in the U.S. and abroad. Whether and how existing privacy or consumer protection laws in various jurisdictions apply to the Internet is uncertain and may take years to resolve. Any legislation or regulations of this nature could affect the way we conduct our business, particularly in our collection or use of personal information, and could harm our business. Further, activities on or using the Internet have come under increased scrutiny, including increased investigation in the healthcare arena by the Federal Trade Commission and heightened media attention.

A number of proposals have been made at the federal, state and local levels that would impose additional taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of electronic commerce, and could adversely affect our opportunity to derive financial benefit from such activities.

The applicability to the Internet of existing laws governing issues such as property ownership, copyright, defamation, obscenity, and personal privacy is uncertain. We may be subject to claims that our services violate such laws. Any such new legislation or regulation in the United States or abroad or the application of existing laws and regulations to the Internet could have a material adverse effect on our business, operating results and financial condition.

Due to the global nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to regulate our transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws. Such laws may be modified, or new laws enacted, in the future. Any such developments could have a material adverse effect on our business, results of operations, and financial condition.

We may host any of a wide variety of services that enable individuals and companies to exchange information, conduct business and engage in various online activities. The laws relating to the liability of providers of these online services for activities of their users is currently unsettled. Claims could be made against us for defamation, negligence, copyright or trademark infringement; personal injury or other theories based on the nature and content of information that may be posted online by our users. These types of claims have been brought, and sometimes successfully pressed, against online service providers in the past.

These claims might include, for example, that by providing hypertext links to web sites operated by third parties, we become liable for copyright or trademark infringement or other wrongful actions by those third parties through their web sites, or that we are responsible for legal injury caused by statements made to, or actions taken by, participants in other services. In addition, in the near future, substantial additional federal, state and international regulations may be adopted relating to user privacy and the collection and utilization of user information. To the extent that we do not effectively comply with these regulations, or if the regulations materially impair our ability to effectively utilize direct marketing, our business, results of operations, and financial condition could be materially and adversely affected.

We are vulnerable to communications system interruptions. If communications were interrupted, our operations could be harmed.

We will maintain our web servers and data processing facilities in Baton Rouge, Louisiana. Although we maintain redundant backup servers, all of our data servers are located in the same physical facility and are vulnerable to interruption by damage from fire, earthquake, flood, power loss, telecommunications failure, break-ins and other events beyond our control. In the event that we experience significant system disruptions, our business will be harmed. We currently do not maintain business interruption insurance that would reimburse us for all losses that may occur as a result of any future service interruptions. Although we plan to implement network security measures and firewall security, our servers also will be vulnerable to computer viruses, physical or electronic break-ins, attempts by third parties to overload our systems and similar disruptive problems. Any of these disruptions could lead to interruptions, delays and loss of data or interruptions in delivery of service to our customers.

We may not be able to protect and enforce our intellectual property and proprietary rights, which could impair our competitive position.

Our ability to compete depends upon our proprietary systems and technology. While we rely on trademark, trade secret and copyright law, confidentiality agreements and technical measures to protect our proprietary rights, we believe that the technical and creative skills of our personnel, continued development of our proprietary systems and technology, brand name recognition and reliable support are more essential in establishing and maintaining a leadership position and strengthening our brand. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our services or to obtain and use information that we regard as proprietary. Policing unauthorized use of our proprietary rights is difficult. The steps we take may not prevent misappropriation of technology. The

agreements we have entered into to prevent misappropriation of technology may not be enforceable. Misappropriation of our intellectual property or related potential litigation would harm our business, financial condition and results of operations. Litigation may be necessary in the future to enforce or protect our intellectual property rights or to defend against claims or infringement or invalidity. As part of our confidentiality procedures, we generally enter into confidentiality agreements with our employees and consultants and limit access to our trade secrets and technology.

We operate in highly competitive markets.

We face significant competition for our products and services. The market for healthcare transaction and information services is intensely competitive, rapidly evolving and subject to rapid technological change. Many of our competitors have greater financial, technical, product development, marketing and other resources, and have also announced or introduced Internet strategies that will compete with our applications and services. We may be unable to compete successfully against these organizations.

MD Technologies has many competitors, including:

- healthcare information software vendors;
- companies that provide healthcare practice management software;
- companies that provide healthcare billing and financial services;
- healthcare EDI companies; large information technology consulting service providers;
- online services or web sites targeted to the healthcare industry, physicians and healthcare consumers generally;
- publishers and distributors of traditional offline media, including those targeted to healthcare professionals, many of which have established or may establish web sites;
- general-purpose consumer online services, portals and other high-traffic web sites which provide access to healthcare-related content and services;
- public sector and non-profit web sites that provide healthcare information without advertising or commercial sponsorships; and
- vendors of healthcare information, products and services distributed through other means, including direct sales, mail and fax messaging.

We expect that major software information systems companies and others specializing in the healthcare industry will offer competitive applications or services. In addition, some of our existing and potential payer and provider customers and strategic partners may also compete with us. Some payers currently offer electronic data transmission services to healthcare providers that establish a direct link between the provider and the payer, bypassing third-party EDI service providers such as *Medtopia*.

A number of companies that offer healthcare information or services will have significantly greater financial resources than we do and may spend more money advertising their sites and establishing their brands. We will depend on the success of our marketing and public relations strategies to draw customers in competition with these better-financed sites. Lack of success in doing so could have a material adverse effect on our projected business, operating results and financial condition.

The practice management information systems business is competitive.

The market for practice management systems is highly competitive and many companies have greater financial, development, technical, marketing and sales resources than MD Technologies. In addition, other entities are currently offering products and services similar to those offered by us. Therefore, we cannot assure that future competition will not have a material adverse effect on our operations.

We could be adversely affected by healthcare regulation.

The healthcare industry is highly regulated and is subject to political and regulatory changes, as well as other influences. These factors affect the purchasing practices and operation of healthcare organizations. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state level. These programs may contain proposals to increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry participants operate. Healthcare industry participants may respond by reducing their investments or postponing investment decisions, including investments in our applications and services. Thus, we do not know what effect any proposals would have on our business. Numerous state and federal laws govern the collection, dissemination, use, access to and confidentiality of patient health information. Many states have laws and regulations that protect the confidentiality of medical records or medical information. In addition, the federal Department of Health and Human Services has proposed regulations implementing the Health Insurance Portability and Accountability Act of 1996, or HIPAA, concerning standards for electronic transactions, security and electronic signatures and privacy of individually identifiable health information. These regulations, among other things, require companies to develop security standards for all health information that is used electronically. The proposed regulations impose significant obligations on companies that send or receive electronic health information. The application of these laws to the personal information *Medtopia* collects could create potential liability under these laws. We have designed our services to comply with these regulations, but cannot predict modifications to these regulations. Any changes could cause us to use additional resources to revise our platform and services. Additional legislation governing the distribution of medical records exists and has been proposed at both the state and federal levels. We will be subject to extensive regulation relating to the confidentiality and release of patient records, and it may be expensive to implement security or other measures to comply with new legislation and final regulations. We may also be restricted or prevented from maintaining or delivering patient records electronically, which would have an adverse effect on our business.

Regulation of Healthcare Relationships

There are federal and state laws that govern patient referrals, physician financial relationships and inducements to beneficiaries of federal healthcare programs. The federal anti-kickback law prohibits any person or entity from offering, paying, soliciting or receiving anything of value, directly or indirectly, for the referral of patients covered by Medicare, Medicaid and other federal healthcare programs or the leasing, purchasing, ordering or arranging for or recommending the lease, purchase or order of any item, good, facility or service covered by these programs. The anti-kickback law is broad and may apply to some of our activities. Penalties for violating the anti-kickback law include imprisonment, fines and exclusion from participating, directly or indirectly, in Medicare, Medicaid and other federal healthcare programs. Many states also have similar anti-kickback laws that are not necessarily limited to items or services for which payment is made by a federal healthcare program. We carefully review our practices with regulatory experts to ensure that they comply with all applicable laws. However, the laws in this area are both broad and vague and it is often difficult or impossible to determine precisely how the laws will be applied, particularly to new services similar to those of MD Technologies. Any determination by a state or federal regulatory agency that any of our practices violate any of these laws could subject us to civil or criminal penalties and require us to change or terminate certain portions of our business.

We face risks related to hospital and managed care markets.

Substantial portions of revenues have been and are expected to be derived from the sale of software products and services to medical providers. Consolidation in the healthcare industry could cause a decrease in the number of existing or potential purchasers of our products and services, which could adversely affect our business.

The healthcare industry in the United States is subject to changing political, economic and regulatory influences that may affect the procurement practices and operations of healthcare organizations.

Regulation by the U.S. Food And Drug Administration

The Food and Drug Administration ("FDA") has jurisdiction under the 1976 Medical Device Amendments to the Federal Food, Drug and Cosmetic Act, which is referred to here as the "FDA Act", and may seek to regulate computer products and software as medical devices if they are intended for use in the diagnosis, cure, mitigation, treatment or prevention of disease in humans. The FDA has issued a final rule under which manufacturers of medical image storage devices and related software are required to submit to the FDA pre-market notification applications, which are each referred to in this document as a 510(k) Application, and otherwise comply with the requirements of the FDA Act applicable to medical devices. We have attempted to design our services so that our computer applications and software are not considered to be medical devices. However, the FDA may take the position that our services are subject to FDA regulation. In addition, we may expand our services in the future to areas that subject them to FDA regulation. The FDA is currently reviewing its policy for the regulation of computer software, and there is a risk that our software could in the future

become subject to some or all of the above requirements. We have no experience in complying with FDA regulations and believe that complying with FDA regulations may be time-consuming, burdensome and expensive and could delay our introduction of new applications or services.

State and federal statutes and regulations governing transmission of claims may affect our operations. For example, Medicaid rules require certain processing services and eligibility verification to be maintained as separate and distinct operations. We believe that our practices are in compliance with applicable state and federal laws. These laws, though, are complex and changing, and the government may take positions that are inconsistent with our practices.

Professional Regulation

The practice of most healthcare professions requires licensing under applicable state law. In addition, the laws in some states prohibit business entities from practicing medicine. We have attempted to structure our web site, strategic relationships and other operations to avoid violating these state licensing and professional practice laws. A state may, however, determine that some portion of our business violates these laws and may seek to discontinue them or subject us to penalties or licensure requirements. We employ and contract with others who provide only medical information to consumers and have no intent to provide medical care or advice. We do not maintain professional liability insurance because we believe we are not a healthcare provider and any determination that we are a healthcare provider and acted improperly as a healthcare provider may result in liability for which we are not insured.

The healthcare industry may not accept applications.

To be successful, we must attract a significant number of customers throughout the healthcare industry. To date, the healthcare industry has been resistant to adopting new information technology solutions. Electronic information exchange and use of the Internet for practice management by the healthcare industry is still developing. We believe that complexities in the nature of the healthcare transactions that must be processed have hindered the development and acceptance of information technology solutions by the industry. Conversion from traditional methods to electronic information exchange may not occur as rapidly as we expect. Even if the conversion does occur as rapidly as expected, healthcare industry participants may use applications and services offered by others. We believe that we must gain significant market share with our applications and services before our competitors introduce alternative products, applications or services with features similar to our current or proposed offerings. Our business plan is based on our belief that the value and market appeal of our solution will grow as the number of participants and the scope of the transaction services available on our platform increase. We may not achieve the critical mass of users we believe is necessary to become successful. In addition, we expect to generate a significant portion of our revenue from subscription and transaction-based fees and any significant shortfall in the number of users or transactions occurring over our platform would adversely affect our financial results.

We could be adversely affected by changes in the healthcare industry.

The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. These factors affect the purchasing practices and operation of healthcare organizations. Changes in current healthcare financing and reimbursement systems could cause us to make unplanned modifications of applications or services, or result in delays or cancellations of orders or in the revocation of endorsement of its applications and services by healthcare participants. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state level. These programs may contain proposals to increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry participants operate. Healthcare industry participants may respond by reducing their investments or postponing investment decisions, including investments in our applications and services. We do not know what effect any proposals would have on our business. Many healthcare providers are consolidating to create integrated healthcare delivery systems with greater market power. These providers may try to use their market power to negotiate price reductions for our applications and services. If we were forced to reduce our prices, our operating margins would decrease. As the healthcare industry consolidates, competition for customers will become more intense and the importance of acquiring each customer will become greater.

We could be sued as a result of content provided on our web site, which could be expensive and time consuming to defend.

We could be subject to third-party claims based on the nature and content of information supplied on our web site by us or third parties, including content providers, medical advisors or users. We could also be subject to liability for content that may be accessible through our web sites or third party web sites linked from our web sites or through content and information that may be posted by users in chat rooms or bulletin boards. Even if these claims do not result in liability to us, investigating and defending these claims could be expensive and time consuming and could divert management's attention away from operating the business.

Our intellectual property may be subjected to infringement claims or may be infringed upon.

Our intellectual property is important to our business and could be subject to intellectual property infringement claims as the number of our competitors grows and the functionality of our applications overlaps with competitive offerings. These claims, even if not meritorious, could be expensive and divert management's attention from our operations. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial damage award and to develop non-infringing technology, obtain a license or cease selling the applications that contain the infringing intellectual property. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, or at all. In addition, we may not be able to protect against misappropriation of our intellectual property. Third parties may infringe upon our intellectual

property rights and if we do not detect any unauthorized use, we may be unable to enforce our rights.

We will be adversely affected if we cannot attract and retain key personnel.

At present, William Davis, William C. Ellison, Joseph Palazzo, and Jose S. Canseco comprise a key part of our management. Our ability to carry on our business will partly depend upon the continued services and availability of these individuals to serve as our management. The benefits from this investment depend partly on their ability to manage us. Should they be unable to perform these functions satisfactorily, or unable to serve because of death, disability, termination or other such reason, there could be a material adverse effect on our business, operations, financial condition and prospects, and the investors could lose all or a portion of their investments.

Our future operating results will substantially depend on the ability of our officers and key employees to manage changing business conditions and to implement and improve our technical, administrative, financial control and reporting systems. We need to attract, integrate, motivate and retain additional highly skilled technical people. In particular, we need to attract experienced professionals capable of developing, selling and installing complex healthcare information systems, and we face intense competition for these people.

Investors will have limited ability to influence management.

Depending on how many shares are issued resulting from this offering, investors acquiring the Shares may hold a minority status in our company. As the holders of a majority of Common Stock, Ricardo Marcos, Jr., William Davis and Jose S. Canseco together have the ability to select Directors.

We will incur significant expense to acquire subscribers and promote our services.

We intend to use a significant portion of the proceeds from the sale of our capital stock to fund branding and advertising, including promotional arrangements. Agreements and promotional arrangements with strategic partners often require payments in various forms, including royalties, license fees and other significant guaranteed amounts on a per subscriber or a minimum dollar amount basis over terms ranging from one to three years. Some of these payments must be made whether or not we ever use services under these agreements and must also fund certain rebates and costs that our strategic partners offer and incur in connection with the promotion of our company.

We will rely on strategic relationships to generate revenue.

To be successful, we must establish and maintain strategic relationships with leaders in a number of healthcare industry segments. This is critical to our success because we believe that these relationships will enable us to: (1) extend the reach of our applications and services to the various participants in the healthcare industry; (2) obtain specialized healthcare expertise; (3) develop and deploy new applications; (4) further enhance our brand; and (5) generate revenue. Entering into strategic relationships is complicated because some of our current and future strategic partners may decide to compete with us and some strategic

relationships may put us in competition with our existing business partners or customers. In addition, we may not be able to establish relationships with key participants in the healthcare industry if we have established relationships with competitors of these key participants. Consequently, it is important that we are perceived as independent of any particular customer or partner. Moreover, many potential partners may resist working with us until our applications and services have been successfully introduced and have achieved market acceptance. As we establish strategic relationships, we will depend on our partners' ability to generate increased acceptance and use of our platform, applications and services. To date, we have established only a limited number of strategic relationships and these relationships are in the early stages of development. These companies have limited experience in establishing and maintaining strategic relationships with healthcare industry participants. If we lose any of these strategic relationships, fail to obtain modifications of existing relationships, or fail to establish additional relationships, or if our strategic partners fail to actively pursue additional business relationships and partnerships, we would not be able to execute our business plan and our business would suffer significantly.

We may face product-related liabilities.

Although we and our customers will test our applications, the applications may contain defects or result in system failures. In addition, our platform and web sites may experience problems in security, availability, scalability or other critical features. These defects or problems could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to our reputation or increased insurance costs. Many of our strategic relationships and services agreements involve providing critical information technology services to our clients' businesses. If we fail to meet our clients' expectations, our reputation could suffer and we could be liable for damages. In addition, patient care could suffer and we could be liable if our systems fail to deliver correct information in a timely manner. Our insurance may not protect us from this risk. Finally, if third persons were able to penetrate our network security or otherwise misappropriate our users' personal information, our reputation could be damaged and we could be subject to liability. Many of our contracts will limit our liability arising from our own errors; however, these provisions may not be enforceable and may not protect us from liability. While we have general liability insurance that we believe is adequate, including coverage for errors and omissions, we may not be able to maintain this insurance on reasonable terms in the future. In addition, our insurance may not be sufficient to cover large claims if our insurer were to deny coverage on claims. If we are liable for an uninsured or underinsured claim, or if our premiums increase significantly, our financial condition could be materially harmed. In addition, we could be subject to third-party claims based on the nature and content of information supplied on our web sites by third parties, including content providers, medical advisors or users. We could also be subject to liability for content that may be accessible through our web sites or third-party web sites linked from our web sites or through content and information that may be posted by users in chat rooms or bulletin boards. Even if these claims do not result in liability to us, investigating and defending these claims could be expensive and time-consuming and could divert management's attention away from operating the business.

Insurance

Although we expect to carry general liability insurance, any such insurance may not cover potential claims against us or may not be adequate to indemnify us for all liability that may be imposed. It may be impossible or impractical for us to purchase insurance to cover some of our potential exposure. This will expose us to risks and expenses relating to uncovered or under covered exposures.

We depend on increasing use of the Internet and the acceptance of our online solution.

Our revenues substantially depend upon the increased acceptance and use of the Internet and other online services for data storage and processing. Rapid growth in the use of the Internet, and online services is a recent phenomenon. Demand and market acceptance for data services and products over the Internet may not grow or continue to grow.

Future government regulations of the Internet could decrease demand for our product or increase our costs of conducting business.

New Internet legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to the Internet and online commerce, or the application of existing laws and regulations to the Internet and online commerce could harm our business, financial condition and results of operations. We are subject to regulations applicable to businesses generally and laws or regulations directly applicable to communications over the Internet and access to online commerce. Although there are currently few laws and regulations directly applicable to the Internet and online commerce, it is possible that a number of laws and regulations may be adopted with respect to the Internet covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust, taxation and the characteristics and quality of products and services. Furthermore, the growth and development of the market for online commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations regarding Internet commerce and communications may decrease the growth of the Internet or commercial online services, which could, in turn, decrease the demand for our products and services and increase our cost of doing business.

Our success is dependent on our keeping pace with advances in technology.

The Internet and online commerce markets are characterized by rapid technological change, changes in user and customer requirements, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render our planned web site and technology obsolete. If we are unable to adapt to changing technologies, our business could be harmed. Our performance will depend, in part, on our ability to continue to enhance our existing services, develop new technology that addresses the increasingly sophisticated and varied needs of our prospective customers, license leading technologies and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis. The development of our software and other proprietary technology entails significant technical and business risks. We may not

be successful in using new technologies effectively or adapting our proprietary technology to customer requirements or to emerging industry standards. New services or features that we provide may contain errors, and we may need to modify the design of these services and features to correct errors. If customers encounter difficulty with or do not accept new services or features, they may buy from our competitors and our sales may decline.

Undetected software errors, failures found in new products, and failure of our products to meet performance criteria could materially adversely affect our operating results.

Products such as ours frequently contain errors or failures, especially when initially introduced or when new versions are released. Although we conduct extensive testing on our products, software errors have been discovered in certain enhancements and products after their introduction. We cannot guarantee that despite such testing by us, and by our current and potential customers, products under development, enhancements or shipped products will be free of errors or performance failures, resulting in, among other things: loss of revenues and customers, delay in market acceptance, diversion of resources, damage to our reputation, or increased service and warranty costs.

This prospectus contains forward-looking statements.

This prospectus contains "forward-looking statements." The words "expect," "believe," "anticipate," "project," "estimate," "predict," "intend" and similar expressions are intended to identify forward-looking statements. Such statements involve risks, uncertainties and assumptions, many of which are outside the control of the Company. These statements appear in a number of places and include statements regarding our plans, beliefs or current expectations, including those plans, beliefs and expectations of our officers and directors with respect to, among other things:

- budgeted capital expenditures;
- our future financial condition or results of operations; and
- our business strategy and other plans and objectives for future operations.

When considering such forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. We made numerous assumptions in preparing projections and many of these assumptions may turn out to be wrong. The risk factors noted in this prospectus and other factors noted throughout this prospectus, the accompanying prospectus and the information incorporated by reference, including certain risks and uncertainties, could cause our actual results to differ materially from those contained in any forward-looking statement. Numerous uncertainties are inherent in establishing a new business, especially in the relatively new market of internet based physician office management software. All forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement.

USE OF PROCEEDS

The estimated net proceeds to MD Technologies from the sale of the Shares offered are estimated to be approximately \$2 million (assuming that we sell 3.4 million shares), after deducting the estimated offering expenses (primarily legal and accounting fees). The proceeds will be used primarily to expand the marketing of *Medtopia*, and the attendant back office support, in Louisiana and in two new offices in Atlanta and either Houston or South Florida. Proceeds will be used to hire fifteen additional employees, mostly devoted to sales and sales support activities, including salesmen, sales managers, customer service representatives, and programmers, and to fund the lease, equipment, and advertising expenses of the two new offices. In addition, we intend to use the proceeds to retire approximately \$227,000 of debt and \$111,000 in accrued expenses. We also intend to use the proceeds for working capital and to fund product enhancement and research and development efforts.

Salaries & Wages	\$956,399
Advertising and Public Relations	\$154,200
Accrued expenses (including salaries and rents)	\$111,710
Debt Retirement	\$227,046
Rents	\$18,000
Communications/Internet Access	\$69,080
Legal, Accounting and Compliance	\$70,000
Equipment & Hardware	\$30,000
Operating Capital	\$363,565
Total use of proceeds	\$2,000,000.00

DIVIDEND POLICY

We intend to use cash in excess of the Company's needs for operations to expand our market position. We do not contemplate paying dividends at any time in the immediate future.

CAPITALIZATION

The following table sets forth: (1) the actual capitalization of MD Technologies as of December 31, 2002; and (2) the pro forma capitalization of MD Technologies as of July 31, 2003, as adjusted to reflect the assumed receipt of minimum net proceeds of approximately \$2 million from the sale of the Shares. You should interpret the information in the table below in conjunction with the Financial Statements starting on page 45.

	December 31	July 31
	Actual	As Adjusted
Total Long-term Debt		
Notes Payable and Leases	\$273,055	0
Shareholders' Equity:		
Retained Earnings (beginning)	-\$75,378	-\$12,079
Current Period Earnings	-\$186,702	-\$80,088
Total Capital Infusion and Shareholders' Equity	\$250,001	\$2,035,000
Total Liabilities and Equity	\$260,976	\$1,942,833

DESCRIPTION OF BUSINESS

History

Initial development of the *Medtopia* application began in early 1995 when the founders of the Company decided that the emerging growth of the Internet introduced a significant opportunity to create innovative solutions for the healthcare industry. After several years of modifications and re-engineering the product, *Medtopia* went live on the Internet with its first physician in November of 1998. We believe that, at the time, *Medtopia* was the only completely web-based practice management system on the Internet. Our founders struggled to find customers willing to use the product, as the Internet was a relatively new and un-proven medium for business applications. Likewise, the idea of businesses storing their data on remote servers and renting, rather than purchasing, their applications was a relatively foreign concept. However, as the Internet became more ubiquitous and generally accepted as a business medium over the following two years, we began to find more and more customers willing to embrace the technology and the product.

Our founders incorporated in 2000 in order to raise capital to exploit *Medtopia* at a time they felt that the industry was more accepting of Internet based applications. We remained in a research and development mode until January 2001, when we announced that we had entered into a research affiliation with Emory Healthcare in Atlanta. At that time, we had 11 customers representing 21 physician and healthcare providers using *Medtopia*, despite having only a part-time sales person. We increased sales and marketing efforts in the last quarter of 2001 with the creation of our first and only sales position, and began implementing our business plan while focusing and refining our sales, deployment and installation strategies.

Since January 2002, we have been steadily meeting our sales goals, adding an average of two new customers per month. We, and our products, continue to evolve and improve with each new customer. As of June 2003, we have acquired 68 customers representing over 150 providers.

Company Vision

Since our inception, our management team has followed two underlying principles: (1) over time, nearly all software business applications will become Internet hosted and managed; and (2) an unwavering dedication to customer service and support will drive customers to us and earn their long-term loyalty. These two principles have guided all our actions since our inception.

Our early lead in the development of Internet-based applications has afforded us a distinct advantage over many competitors who have yet to embrace or adopt the Internet as a medium for their applications. *Medtopia* maintains a price and serviceability advantage over such competitors since we build, host and manage the application for the customer. For example, the product can be delivered to the customer instantaneously and upgraded continuously and imperceptibly. Modifications are applied immediately and typically with no interruption to the customer. The customer's data is always backed up and stored off-site, keeping it safe from natural and unnatural disasters. Back-end processes, such as electronic claims processing and data backups, are performed in the background by trained *Medtopia* staff and are usually unnoticed by the customer. These benefits, and others, create a product that is less intrusive to the customer, and easier to service and maintain by us.

An Internet hosted application also creates a price advantage over many of our competitors. Since *Medtopia* is delivered and modified quickly and efficiently via the Internet, *Medtopia* is more cost-effective than many other companies' products. Customer support is enhanced and made more cost effective since all customers use the same version of *Medtopia*. Our subscription fee includes technical support. Some of our competitors' monthly costs for technical support alone exceed the **total** *Medtopia* subscription fee.

We have a policy of always attempting to answer a service and support call with a live person *before* the third ring of the telephone. We strive to set a new standard by which others will be measured. The *Medtopia* support staff is friendly, knowledgeable and dedicated to helping customers with problems and questions. Our management has great confidence in our support team and continues to explore ways to improve their effectiveness.

These principles and philosophies have molded our history to date, and we believe that a continued devotion to this vision will ensure our success in the future.

Healthcare Industry

Healthcare is a vital part of the United States economy and is critical to every citizen. However healthcare has yet to fully benefit from the technology revolution that is changing other industries. It is time for technology to have a fundamental impact on healthcare delivery, payment and personal health management. This revolution will be significant because it will help solve key problems facing the industry: improving patient safety, reducing costs, improving the quality of care, and improving the efficiency of processes for coordinating and paying for healthcare. The convergence of the Internet and healthcare management is a new and evolving paradigm in healthcare management. The market opportunities created by this convergence are expected to expand rapidly.

Cost of healthcare in the United States has been climbing. In 1960 total healthcare expenditures were \$26 billion, or 5.1 percent of the gross domestic product (GDP). By 2000 total healthcare costs had climbed to \$1.3 trillion and represented 15.9 percent of GDP. Healthcare costs continue to escalate. According to the United States Center for Medicare & Medicaid Services, formerly the Health Care Finance Administration ("HCFA"), healthcare expenditures in 2006 will exceed \$1.6 trillion. Approximately 70 percent of healthcare transactions today are paper-based, resulting in administrative costs of up to 20 percent of each dollar spent. It was the need to reduce these costs that, at least in part, led to HIPAA. In the United States, the yearly cost of processing and administering claims is about \$90 billion. Some healthcare industry analysts believe the \$90 billion in administrative costs could be reduced to \$5 billion, or less, by moving from a paper-based system to digital systems. McKinsey and Company, an international management consulting firm, reports that "[T]he U.S. health care industry is huge—with annual expenditures of more than a trillion dollars—but extremely fragmented: more than half of approximately 600,000 physicians engaged directly in patient care work in practices of eight physicians or fewer."

In the United States there are more than 600,000 physicians, the majority of whom practice in small groups or in solo practices. MD Technologies specifically targets these practices and has begun to penetrate this vast market.

The healthcare industry is clearly a troubled industry and is being choked by excessive paperwork and inefficiencies, but this has created enormous business opportunities for those companies who can provide solutions to eliminate these inefficiencies.

Products and Services

Our products and services are designed to provide advanced technological solutions to healthcare providers in an attempt to assist them with their business and clinical processes. All products are developed internally without the assistance of outside programmers or consultants. Our existing products include *Medtopia*, *MyMedtopia*, and *MedtopiaMobile*. These three products are designed such that they can be packaged and sold independently of one another. However, these products are more specifically designed to complement each other in functionality. Customers can employ all three products in a single solution and maximize their efficiency and productivity. We also provide billing and accounts receivable management services to customers.

Medtopia

Medtopia is an Internet-based practice management application that enables physicians and other healthcare providers to manage their organizations online using only a web-browser. It is designed to streamline many of the day-to-day routines involved in running a medical practice, and thereby help physicians and their staff members organize their workload and increase productivity. Physicians and their employees have access to clinical and financial information from the office, home, hospital, or anywhere that an Internet connection is available. The application employs 128-bit SSL encryption, which ensures privacy throughout the entire application and adheres to HIPAA security guidelines. The application consists of several integrated features such as: appointment scheduling, patient account management, electronic claims processing, electronic remittance advice, accounts

receivable management, human resource management, project management, electronic medical records, prescription writing, inventory management, and more. All of these tools are designed to work coherently in such a way as to increase productivity throughout the organization. The application also utilizes various workflow queues to assist in many of the work processes that take place in the practice. For example, there is a hospital queue for tracking and managing the admission, discharge, and billing of patients that are currently hospitalized. Similarly, there are claim queues, collection queues, appointment queues, etc. Each of the queues has been designed specifically for helping the office personnel organize information and make it easier to track and manage for maximum efficiency. Since the application and its data are hosted and managed in our data center, the *Medtopia* staff members can perform all the back-end data operations that would ordinarily require an employee of the practice to perform. This allows the customers to focus more on their business rather than on mundane data processing chores. Moreover, our trained employees are better able to monitor the data processing and to manage operations in order to minimize errors. The *Medtopia* support staff know how to spot potential problems and take corrective action when they arise.

Medtopia Pricing

Medtopia is offered to customers as a monthly subscription of \$350/month per physician (or provider). Additionally, there is a one-time setup cost of \$500 per provider and a \$1,200 training fee per site. The Company also offers data conversions for customers. Prices range between \$1,500 to \$8,000, depending on the data format, volume of data, and type of conversion (i.e. patient demographic, open-item, or full-detail.) The data-conversion fee is typically negotiated with the customer at the time of the sale and varies on the circumstances. The setup, training, and subscription fees can vary depending upon the number of physicians in the group, the number of physical sites, and the number of users.

MedtopiaMobile

MedtopiaMobile is a handheld application running on Microsoft® Pocket PC's that allows the physician to perform various functions while in the exam room with the patient, or while away from the office, such as when making hospital rounds. The application synchronizes with the *Medtopia* practice management application over the Internet and gives the physician access to medical information on his patients, such as procedure and diagnosis history, drug allergies, medications, insurance information, and medical alerts. The physician also has the ability to document a new encounter with the patient and capture all the necessary billing information to synchronize directly into the practice management application. Additionally, the application allows the physician to capture handwritten and audio notes and store them as part of the patient's permanent medical record. All information captured by the physician on the device can be synchronized immediately, or in a batch, to the *Medtopia* servers via the Internet.

The list of features available with *MedtopiaMobile* includes: (i) an appointment calendar for managing office appointments, hospital rounds, surgeries, and meetings; (ii) super-bills and charge-capture; (iii) prescription writing; (iv) patient medical history; (v)

encounter documentation; (vi) referral management; (vii) secured intranet messaging; and (viii) contact management.

Some customers may wish to deploy *MedtopiaMobile* throughout their enterprise, but may not want to use *Medtopia* as their practice management system. For these customers, we provide a limited version of *Medtopia*, which allows them to track and manage the information via a web interface and also export *MedtopiaMobile* data to their own system.

MedtopiaMobile Pricing

MedtopiaMobile is provided to physicians for a monthly subscription fee of \$150. There is a single one-time licensing fee of \$1,500.00. This fee includes the *MedtopiaMobile* software and the creation of the online *Medtopia* account if the customer does not already have one.

MyMedtopia

MyMedtopia is a web-based application designed for patients to allow them to track and manage their healthcare information online. Patients can sign up to use *MyMedtopia* on their own, or their physician can issue an account for them. The application benefits both physicians and their patients by allowing them to share vital healthcare information while encouraging the patient to take a more proactive role in their own healthcare. The application enables patients to track information such as family histories, medical conditions, prescriptions and medications, emergency medical information, medical expenses, diet and nutrition, exercise and fitness, and upcoming appointments.

When deployed by a physician to his patients, *MyMedtopia* can prove to be an invaluable tool for enabling secured and direct communication with the patient. Similarly, the application becomes a tool for utilization by the office staff for coordinating with patients for appointments, prescription requests, and statement questions. If given access by their physician, a patient can look up their statement online and see what charges have been paid by the insurance carrier and what their responsibility is. This type of functionality can reduce the number of phone calls into the physician's practice and thereby help make the overall operation of the practice more efficient.

MyMedtopia Pricing

There is no set pricing for *MyMedtopia* at this time. We are exploring how best to utilize the functionality of this product in such a way as to eventually create a recurring revenue stream for us. The *MyMedtopia* application is currently being used by Emory Healthcare as part of the benefits offered to their patients and users of its online healthcare services.

Billing and Accounts Receivable Management

In early 2003, we began providing billing and accounts receivable management services to a limited number of customers. We currently provide these services for five customers. We have one full time employee dedicated to servicing these customers with two other employees providing assistance on an as-needed basis. These services typically include

the entering of our customers' patient encounter information into *Medtopia*. The accuracy of the billing information is verified using features built into *Medtopia* that have been especially designed for this purpose. This information is used to process claims with various insurance carriers by sending it electronically through *Medtopia* and third party clearinghouses. Once entered into *Medtopia*, our customers can track and review their accounts receivables online as well as run real-time reports and perform their own analysis of the data using only a web-browser. We manage our customers' receivables all the way through the adjudication process until payment. Upon receiving payment confirmation, denial, or request for additional information, we post the payment to the system, provide any additional information requested, and make any adjustments if necessary. The fact that we host the customers' information and that they are intimately familiar with our application allows us to provide a higher level of service and achieve economies of scale not available to competing billing companies. This gives us a large advantage over competitors.

Billing and Accounts Receivable Management Services Pricing

Our billing and accounts receivable management services are invoiced to customers as a percentage of actual collections. Our fees are negotiated with each of our customers depending on the level of activity expected and volume and amount of charges. Some customers prefer that our staff perform all data input functions and they provide us with hard copies of their patient encounter information. Others perform the data input themselves. Our fees range from a low of 3% to a high of 8% of collections. In most cases we can demonstrate that our fees are less than what our customers would pay for employees to perform similar services in-house. We view this component of our business model as a major growth opportunity for the Company.

Marketing

To date, we have utilized very limited marketing efforts and a small sales force. The majority of our efforts through the first quarter of 2001 were focused on completing the *Medtopia* application and positioning our company for launch. We began attempting to prove our distribution and sales strategy in late 2001 by hiring and deploying our first full-time sales person with a sales goal of two sales per month. All prior sales efforts were conducted on an extremely selective basis so as to create a small base of providers while completing development and beta testing of the product. In January 2001, we had 21 physician/providers using *Medtopia* to manage their practices. Since then, our customer base has grown to 68, representing over 150 providers using *Medtopia*.

We are marketing to new customers by utilizing inside and outside sales strategies in addition to relying upon referrals from existing customers. We also attend local trade shows to maintain local exposure to the healthcare community and periodically perform mass mail-outs of brochures and other marketing material. Telemarketing is employed when possible to generate new sales leads. When the lead is qualified, it is delivered to outside sales for a presentation and sales proposal.

The Internet also provides a good source of inquiries from new potential customers. We work to maintain the *Medtopia* product as a qualified hit under most major search

engines, such as Yahoo!, Google, etc. Unsolicited incoming calls from remote locations to the sales staff are followed up with telephone presentations and mail-outs of various marketing materials.

Initial Target Market

Our company's distribution strategy is to initially expand into large metropolitan areas with numerous physicians where the market research indicates a high potential for adoption of the *Medtopia* products.

Following the Offering, we plan to target our marketing efforts at physicians practicing in the New Orleans, Baton Rouge, Atlanta and South Florida areas. Thereafter, we anticipate penetrating the Orlando/Tampa and Houston markets (we may decide to pursue Houston rather than South Florida depending on performance of the Atlanta operation). We will continue to identify other markets that present a good opportunity for us and our products and will compete aggressively in those markets as they are identified.

The Louisiana market will be penetrated as much as possible in order to establish a solid base of customers within the proximity of our headquarters. We hope to move into the Atlanta market quickly and attempt to take advantage of the existing relationship with Emory Healthcare, which has a strong market presence there. Additionally, our research indicates that there are over 8,000 physicians practicing in the Metropolitan Atlanta area. Atlanta is also within relatively close proximity of Baton Rouge, making it an attractive market.

The second projected expansion is into the South Florida area, where we already have a small number of customers. There are over 19,000 physicians located in this area, many of whom have yet to fully adopt technology to assist in practice management. South Florida represents an opportunity to reach a large number of potential customers in a high-density market.

Marketing Strategy

Within 90 days of the Offering we expect to open the Atlanta office. To staff this office, we intend to hire a sales manager, who will report to Joe Palazzo, two sales representatives, and a customer service representative. We believe that we can hire, train, and activate these personnel within the 90 day period. Within 150 days of the Offering, we intend to open the second expansion office in either South Florida or Houston. We intend to staff this office at the same levels. To provide support for the two new offices and to expand our marketing in Louisiana, we intend to hire two additional sales support personnel in the Baton Rouge office as well as two additional programmers. Mr. Palazzo has performed similar expansions for other companies and we are confident in his ability to startup these offices in this time frame. We believe that Mr. Palazzo's result-oriented approach to marketing will be effective and result in a dramatic increase in volume of sales.

Our core market consists of the 300,000+ physicians who practice alone or in groups of eight or less. The following methods will be employed to enlist new customers:

(i) We will market directly to individual physicians through the efforts of our inside and outside sales force. We will utilize telemarketing for generating new sales leads, which are then solicited by direct-sales representatives. This process usually involves multiple onsite presentations and culminates in a proposal to the customer.

(ii) We will brand our products by participating in trade shows, events and conferences that have the potential to generate interest in us on a national stage. We will also explore the possibility of employing public relations specialists to help generate positive attention for us.

(iii) We will solicit relationships with large institutional healthcare entities such as hospital companies, physician groups and academic institutions. Well-established relationships at this level can potentially lead to significant sales of our products and services.

(iv) We will actively pursue strategic relationships with potential distributors and attempt to establish a national distribution network.

(v) We will explore utilizing ad placements and other promotional campaigns in industry trade publications.

Pricing/Level of Service

Medtopia's pricing is determined by the management's analysis of the competition and the targeted customer's willingness to pay, consistent with a fair profit to us. Specific fees were discussed in preceding sections and will not be repeated here. Varying discounts are offered to volume providers and potential customers depending on many factors.

Since January 2001, we have raised the subscription price of *Medtopia* four times, from \$150 per month to the current price of \$350 per month, with little or no resistance for each price increase. *Medtopia* costs less than many of its current competitors and is far less expensive than the many of the competing high-end practice management applications.

Advertising and Promotion

We recognize that growth and profitability require extensive promotion that must be done quickly and aggressively. To accomplish our sales goals, an experienced advertising agency will be selected to assist in these efforts. The overall advertising and promotional objectives are to: (i) position MD Technologies as the leader in the healthcare markets in which we compete; (ii) increase Company awareness and brand name recognition among physicians and their office managers; (iii) generate qualified sales leads and potential new distributors for field sales organizations; (iv) create product advertising programs supporting our marketing position; and (v) coordinate sales literature, demonstration materials, telemarketing programs and direct-response promotions in order to maximize exposure and success.

Financial Performance

Revenues

We believe our business model is attractive from a cash flow perspective because of its recurring revenue. Aside from any possible attrition of physicians (which has been negligible to-date), each physician that is added builds on the previous revenue stream. Substantial cash flow begins to materialize for each market pursued as penetration occurs and the revenue stream grows. Expenses associated with this revenue growth do not require incremental increases for each new customer. Rather, expenses increase in a step approach and at a slower growth rate than that of the revenues. Once brought online, the "maintenance" of a physician's clinic is related primarily to customer support.

To date, we have been funded by borrowing, sales revenue and selective stock sales. Revenues have grown consistently since January of 2001. Total revenues for 2001 were \$156,976 of which \$66,000 was attributable to one customer, Emory Healthcare, as part of its one time fees paid for use of the Company's application. In 2002, total revenues grew to \$209,226, of which only \$33,333 was attributable to Emory Healthcare fees.

Expenses

Our expenses are related to ongoing operations and debt service. Total expenses associated with salaries, rent, voice and data T1 lines, debt service and all other monthly expenses average approximately \$31,000 per month. This amount does not include any salary for our president, Mr. Davis, or our vice president for planning, Mr. Canseco, who currently do not draw salaries. Following the Offering, Mr. Davis will begin drawing full salary and Mr. Canseco, who has an outside source of income, has agreed to defer going on full salary for a period of time in order to conserve the Company's resources while implementing our initial distribution strategy. After receipt of funds associated with the instant registration, and implementing our expansion plans, we anticipate that monthly operational expenses will increase from approximately \$68,000 per month initially, to approximately \$129,000 per month, after the opening of our second expansion office, expected in the second quarter after receipt of funds. Thereafter, our operational expenses stabilize until such time as new expansions are completed. We anticipate that, on average, each new office will have a monthly operational budget of approximately \$23,000.

Financing

To date, we have been financed by a combination of founder's money, debt, equity and operations income. Specifically, prior to 2000, the development of *Medtopia* was primarily funded by its founders. In 2000, we sold stock and raised \$100,000 from "friends and family" and received \$100,000 from Emory Healthcare, Inc. in return for prepaid usage of our products. From time to time, the founders of MD Technologies have advanced funds to us in return for promissory notes. Mr. William Ellison, a director and General Counsel, loaned \$100,000 to us on December 12, 2001. The loan is secured by a security interest on our personal property, including inventory, equipment, accounts, licenses, software and intellectual property. William D. Davis, a director and the CEO, loaned us \$35,101.42. This debt is represented by an unsecured promissory note dated July 9, 2002. Jose S. Canseco, Chairman of the Board of Directors, loaned us \$36,945.00. This debt is represented by an

unsecured promissory note dated June 24, 2002. SBL Capital Corp., which is wholly owned by director Terry Jones, loaned \$30,000 to the Company on November 15, 2001. This loan is secured by a security interest on MD Technologies' personal property, including equipment, accounts, chattel paper, contract rights, inventory, licenses, software and intellectual property, and is personally guaranteed by Jose S. Canseco. Thomas L. Frazer, a director, loaned us \$25,000. This debt is represented by an unsecured promissory note dated August 8, 2003.

From 2001-2003, we sold stock and raised \$304,960, \$250,000 and \$35,000, respectively, from friends and outside investors. In total, the Company from its inception has incurred \$227,046 in debt, raised \$737,795 in equity and received \$496,467 in operations income.

Insurance

We have secured Errors and Omissions and Comprehensive General Liability insurance and will continue such coverage if available at a reasonable cost.

Data Security

Our data is secured and backed up multiple times daily. We have built new office space at a location in the same building with the technical offices of a telecommunications company that provides us with our primary link to the Internet. We believe this close proximity minimizes the potential for disruption between the telecommunication provider and the *Medtopia* servers. We also have an ancillary power source to eliminate the risk of power outages. Additionally, we maintain redundant Internet access through two different providers to ensure reliability of our connection to customers.

We have incorporated a security management system to protect patient and physician data, using a combination of security methodologies to provide multiple lines of defense. These include:

- 128-bit SSL encryption of all application data over the Internet
- Role-based access using ID and passwords
- Firewalls and controlled port access through all routers
- Logging, monitoring, and audit trails
- Physical security in a tightly-controlled environment, with physical isolation of systems and hardware
- Security policies including the establishment of a Chief Privacy Officer and Assistant Privacy Officer
- Routine security audits of all Company policies and personnel.

Research and Development

We spent the year 2000 and the first three quarters of 2001 mostly in a research and development mode. During most of that time, we employed six programmers who were mainly devoted to research and development efforts. Total amounts capitalized as research

and development during that time was \$129,000 in 2000 and \$170,909 in 2001. Beginning with the last quarter in 2001, we changed the primary focus from exclusive research and development to sales marketing and current customer support. In early 2002, we reduced our research and development staff to two programmer employees. In early 2003, after stabilizing, automating and outsourcing some of the customer support activities performed by our programming staff, we devoted more resources to research and development. These efforts were primarily to complete, test, and deploy our hand held application, *MedtopiaMobile*. We believe that *MedtopiaMobile* will serve as the catalyst for the basic "electronic medical records" component of *Medtopia*. We plan with the proceeds from this Offering to hire at least two more programmers and once again emphasize a robust research and development effort.

Product Strategy

Product Life Cycles

The life cycle for *Medtopia* is potentially unlimited, as it provides the management tools that will always be needed in a physician's practice. The product is always kept current as upgrades are provided weekly and delivered to the customers seamlessly via the Internet. This delivery allows the product to evolve to the continuing needs of the customer. The responsiveness of the *Medtopia* product development team helps to ensure that the customer's needs are continually satisfied, thereby helping us retain our customer base for the long-term.

Intellectual Property

We protect our products under available federal trademark and copyright protections as well as through confidentiality agreements with vendors and employees. In particular, the name *Medtopia* is a registered trademark of the Company. The software that forms the core of *Medtopia* is copyrighted in the Company's name. Moreover, total development of the product has been performed exclusively by our employees; no outside contractors have been used.

Government Regulations

We have obtained all required federal and state permits and licenses to operate our business. Our operation and profitability may become subject to more restrictive regulation and increased taxation by federal, state, or local agencies. We adhere to compliance standards of the Healthcare Insurance Portability and Accountability Act of 1996 ("HIPAA").

Competition

The healthcare information technology market is served by various software companies that distribute and manage clinical and business-related information. The market for these companies' applications is divided into general user/customer categories, as follows:

1. Hospitals
2. Physicians
3. Insurance/Managed care companies
4. Ancillary services (i.e., pharmacies, imaging companies, laboratories, etc.)

5. Dental
6. Specialty Medical Services

Most software vendors provide only a portion of the software needs of a client. For example, one company may provide billing software while another may provide medical record software. Therefore, it is common for physicians to use multiple software applications concurrently.

While *Medtopia's* suite of features enables the product to compete in some form in all six areas of the healthcare industry, the product is currently focused primarily on the physician market. In this segment of the market, there are three distinct categories of customers, namely:

1. Physician practices with less than eight physicians (more than half of all physicians – over 300,000).

Physicians in this category are *Medtopia's* primary target customers. Many of these practices have PC-based legacy systems that are old or inexpensive (under \$5K.) The systems of these practices typically run on a local area network and are primarily limited to billing and collections. Some of the providers in this category are Medi-Soft, Lytec, and other homegrown products that are functional but no longer supported.

2. Physician practices with between eight and twenty physicians.

Group practices of this size tend to run practice management systems that are capable of running on a wide area network, have robust utilities, appointment scheduling, flexible reporting, managed care, and accounts payable modules. The costs of these systems can range between \$30K to \$60K for the initial purchase, and \$3K to \$8K per physician for installation. Updates to these applications and yearly maintenance agreements can exceed \$10K. A few vendors in this category are companies like Medical Manager, Millbrook, and Practice Works. *Medtopia* currently competes for these customers at the lower end of the market.

3. Physician's practices with more than twenty physicians.

Group practices of this size usually run complex modules for practice management systems that provide enterprise-wide solutions. These applications are typically deployed on large computers like RISC 6000's and operate on expensive and dedicated database servers. Organizations deploying these applications can spend hundreds of thousands of dollars for these systems and may require a dedicated IT staff to maintain the hardware, the application, and its interfaces. A few companies in this category include IDX, Misys (Medic), and Vitalworks.

The following is a list of software companies that occupy at least part of the market space in which *Medtopia* competes:

Medical Manager/WebMD
Misys (Medic)
Millbrook
Amicore
CareWide
PracticeWorks
MediSoft
Lytec

VitalWorks
HealthPak
Athena Health
MercuryMD
MicroMD
MDEverywhere
MegaWest
IDX

Of the many practice management software companies, no single company dominates the market. However, two companies should be recognized as dominate players in certain segments of this market.

Medical Manager/WebMD

Started in 1982 as a practice management software product for chiropractors, the Medical Manager product has evolved into one of the more fully featured products on the market today. Most of the Medical Manager installations are using a legacy, text based version of its product running on a Unix file server and serves the medium-to-large medical practice market. Because of its sheer size, product features and reputation, Medical Manager continues to present itself as a formidable competitor.

Medtopia offers the benefits of having as many features as Medical Manager but at a much lower price and with better serviceability. *Medtopia* can also be deployed much easier since it doesn't require a dedicated server, especially in multi-site environments where office personnel need instantaneous access to information from anywhere.

Medisoft

As a division of NDC, a medical services company that functions as a claims processing company, the MediSoft practice management system provides NDC with a ready source of medical insurance claims to be cleared and transmitted to insurance payers. The MediSoft product, although not as robust or fully featured as most of its competitors, offers a basic system at a low introductory price for the small physician practice. Because of its low price, the company has been very successful in creating a large base of installations.

Medtopia enables its customers to enjoy the benefits of a fully featured practice management system even though the product competes at the same price level as MediSoft. Additionally, since *Medtopia* is deployed over the Internet and hosted and managed by our expert staff, we are able to create a more intimate relationship with our customers that better ensures product satisfaction and long-term loyalty.

Employees

We currently employ seven full-time employees. Following the offering, we expect to have twenty-two employees with the addition of fifteen employees. These employees will be

focused in the sales and customer support areas. Our relationship with our current employees fosters high productivity and commitment. None of our employees are covered by a collective bargaining agreement. From time to time, we utilize the services of independent contractors to perform various other services.

Material Litigation

We are not presently involved in any material litigation or other legal proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2000

We spent the fiscal year 2000 largely in a research and development mode. At the time, our staff consisted primarily of software programmers under the leadership of William Davis. Working in conjunction with several physicians who acted as consultants, Mr. Davis and our programming staff developed, modified and tested *Medtopia* during all of fiscal year 2000. Our efforts bore fruit in the latter part of 2000. In the third quarter of 2000 Emory University's healthcare unit became interested in our Company and our applications. At that time, we began negotiations with Emory, including extensive due diligence on its part, culminating with Emory's investment in our Company, and agreement to use two of our applications, *Medtopia* and *MyMedtopia*. To fund operations and continued development of our products, we secured \$240,000 from friends, family and through personal investments from the founders and officers of the Company.

2001

Fiscal year 2001 began with the announcement of the Emory relationship. At that time we attempted to raise capital in order to implement our distribution strategy. We retained the services of a public relation specialist and set about to obtain a more public image. We also participated in two venture capital forums held in the New Orleans area, the Loa Group forum and Tulane University Freeman School of Business forum. We reached the final 5 presenters (out of over 60) in the Loa Group's forum and won the Tulane forum. Despite enjoying success in the venture capital forums and attracting positive news articles in local press in New Orleans, Baton Rouge, and Atlanta, we were largely unsuccessful in raising significant capital. When we reflected on our lack of success in securing capital in 2001, one reason, other than generally negative market conditions, came to the forefront.

Until that time (last quarter of 2001), we had devoted all of the Company's efforts in research, development and testing of our products. Up to that point in time, our goal had always been to build quality, fully functional applications and to test them thoroughly. Having done so, we assumed that we would be able to differentiate ourselves from the competition at the time, which was still largely selling "concepts" or what the software development community termed "vapor ware". We believed that capital would flow to companies with fully developed and tested products. After experiencing little success raising

capital during 2001, we altered our strategy. For complete information, see Financial Statements as of December 31, 2001 starting on page 45.

2002

The entities from which we sought capital almost unanimously mentioned our lack of “traction” on our distribution efforts as the reason for declining an investment. As of January of 2001, our customer base consisted of 11 accounts, representing 21 physicians. In October of 2001, we decided to implement the following strategies: (1) conserve our limited capital resources; (2) curtail further significant capital seeking efforts until we achieved more “traction”; (3) devote the majority of our resources to implementing a distribution strategy, albeit limited in scope; (4) become financially self sufficient. We felt that the achievement of these goals would, once again, differentiate our Company from our competitors and help attract capital to implement a more robust distribution effort.

In June of 2001, we employed our first full time sales person in Baton Rouge, Louisiana. After several months of training, we deployed her in November of 2001. Around this same time, we were fortunate enough to attract Mr. Joseph Palazzo to our team to coordinate our distribution efforts. Mr. Palazzo had previously owned one of the largest distributorships of a well-established competitor.

Under Mr. Palazzo’s leadership, we set goals for each sales person to secure two new physician customers per month. In January of 2002, in order to conserve resources, we reduced our staff, permitting us to concentrate resources on implementing and supporting a limited distribution effort. Our strategy began to show signs of success immediately. Our sales person has been able to achieve and exceed the Company’s sales goal since inception. In the 18 months since establishing and implementing this strategy, we increased our customer base to from 11 to 68 customers and our physician users of our products from 21 to over 150. In the same 18 month period, our monthly revenue has increased from \$15,000 to \$26,000. By excluding the amortization of Emory’s one-time fee for use of *Medtopia* and *MyMedtopia*, our sales revenues from implementation of our sales and marketing efforts have grown from \$9,500 per month to \$26,000 per month during the 18 month period. At our current rate of growth, we expect to reach break even and become financially self sufficient during the third quarter of the current year, 2003 (without further capital investment). For complete information, see Financial Statements as of December 31, 2002 starting on page 56.

2003

Having proved that the model upon which our business plan is based is sound and capable of being implemented (even with limited financial resources), and having achieved all of our goals, we decided to seek capital in order to implement a more robust distribution effort. We also note that with the passage of time, many competitors have gone out of business.

We devoted the first half of 2003 to a continued implementation of our strategy. Two significant events have transpired in 2003 that bear mention and disclosure. First, we began offering medical billing and accounts receivable management services to a limited number of

customers. Since we host the customer's financial and billing information on *Medtopia*, we can provide these services less expensively than many of the competitors in this market. Since beginning to provide billing and financial services for customers, these services have become a key component of our revenues, accounting for 31 percent of our current revenues.

Secondly, 2003 brought a renewed effort on research and development. In the first quarter of 2003, we completed, tested and deployed the first working version of the *MedtopiaMobile* hand held application product. This application will form the base from which we develop and deploy an "electronic medical records" application. Development of *MedtopiaMobile* required a significant amount of our human resources to develop and test. We believe that the investment on this application was wise, as it keeps us on the cutting edge of our arena. For complete information, see Financial Statements as of June 30, 2003 starting on page 67.

Comparison of June 2002 to June 2003 Financial Results

The major difference between our financial status on July 31, 2003 versus the 2002 fiscal year is the fact that during the current year, monthly recurring revenues have increased to levels where we can, if need be, continue operations indefinitely without requiring extensive outside capital. We could not have made that statement in fiscal year 2002. In 2002, we raised \$250,000 in equity investments and an additional \$21,400 in loans from officers. We used those funds to maintain and support operations and sales efforts while growing revenues incrementally with each sale. At the end of fiscal year 2002, negative cash flow from operations was \$27,000 per month. Assuming that revenues continue to come in at current rates and that we do not experience major attrition, which is unexpected at this time, we can expect that sometime during the third quarter of this year, 2003, our monthly recurring revenue will exceed our monthly recurring expenses. For complete information, see Financial Statements as of June 30, 2003 starting on page 67.

DESCRIPTION OF PROPERTY

We lease our principal operating location in the central business district of Baton Rouge, Louisiana where we maintain our corporate offices and data center. The space was built out per our specifications. The office consists of 3,200 square feet and includes a data center with dedicated air conditioning and redundant electrical systems to accommodate the needs of our servers and computer systems. The lease has a five-year term and provides for accelerating monthly rentals. Annual rent was \$39,554 in 2002. Rent in 2003 will be \$49,400 and in 2004 rent will be \$52,855. The building that houses our offices also contains the main technology offices of a major telephone provider from which we secure our primary Internet connection.

We own and maintain all of our servers and technology tools necessary to deliver our products to our customers. These include: multiple single and dual-processor servers, software development products and compilers, routers, firewalls, data switches, telephone system, modems, fax machines, laptops, workstations, and printers. We also own our office furniture and most other systems required for operations.

MANAGEMENT

Directors, Executive Officers and Significant Employees

We are managed by our Board of Directors. Currently, the Board has six members, including two outside directors. The members of the Board serve three year staggered terms. Our executive officers serve at the discretion of the Board of Directors. The following table sets forth information regarding the names and ages of and positions held by each of our executive officers and the members of the Board of Directors.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Jose S. Canseco	44	Chairman, Board of Directors
William D. Davis	34	President & CEO, Director
William C. Ellison	43	Secretary, General Counsel, Director
Kenneth E. Thorpe, Ph.D.	46	Chairman, Technical Advisory Board
Thomas L. Frazer	58	Director
William J. Burnell	52	Director
Terry Jones	40	Consultant, Director
Joseph Palazzo	60	Executive Vice President, Sales & Marketing

The following biographies describe the business experience of our executive officers and managers.

Jose S. Canseco, Vice President and Chairman of the Board of Directors

Mr. Canseco, age 44, one of the founders of the Company, is a 1981 graduate of Louisiana State University with a degree in accounting and a 1984 graduate of the Paul M. Hebert Law School at Louisiana State University. Mr. Canseco has over 18 years of experience in business and commercial practice, commercial litigation, governmental relations and in intellectual property law. Mr. Canseco is active in his community, taking a leadership role in several civic and business boards. He is currently Chairman of the Board of the Louisiana Artist Guild, Inc.; Vice-President of the Arts Council of New Orleans; Member of the Board of Directors of the Louisiana State Arts Council; Member of the Governor's Latin American Business Initiative; Member of the Board of Directors and Secretary of the Canal Street Development Corporation and Member of the New Orleans Hispanic Heritage Foundation. Mr. Canseco has served as an officer on the Orleans Private Industry Council; the Greater New Orleans Chapter of the Volunteers of America; the World Trade Center International Committee; the Hispanic Political Action Committee; the New Century New Orleans City Master Plan Committee; and The Mayor of New Orleans' International Council. Mr. Canseco is responsible for directing the Company's business and strategic directions.

William D. Davis, President and Chief Executive Officer

Mr. Davis, age 34, one of the founders of the Company, is a graduate of Louisiana State University in Electrical Engineering. As a pioneer in architecting Internet enabled applications, he has been the driving force in bringing to market the first fully functional

Internet-based healthcare application in the mid 1990's. He has over fifteen years professional experience in various industry markets such as healthcare, education, and law. Mr. Davis oversees the company's operations, develops strategies for execution of the company's business plan, and assists with advanced research and development of the company's next generation products. He is active in several industry organizations such as the IEEE (Institute of Electrical and Electronics Engineers), HIMSS (Healthcare Information and Management Systems Society), and the ISA (Instrumentation, Systems, and Automation Society).

Joseph Palazzo, Executive Vice-President of Sales & Marketing

Mr. Palazzo, age 60, is the most recent addition to the team, having joined the Company in July of 2001. Mr. Palazzo has a unique blend of experiences that complement the team. Mr. Palazzo has a degree in physics and math from Loyola University in New Orleans. Mr. Palazzo began his professional career as a programmer for UNISYS Corporation and then moved into sales. Mr. Palazzo has over 17 years of experience in the sales and support of physician practice management products. Mr. Palazzo started and owned one of the largest distributorships of Medical Manager, one of the leading products in the medical management software industry. Mr. Palazzo sold his distributorship to the parent company of Medical Manager and came out of semi-retirement to join the team. Prior to starting his Medical Manager distributorship, Mr. Palazzo owned a computer hardware and networking company in Baton Rouge, La. Mr. Palazzo's unique blend of talents in software design and writing, hardware and network installation and support and service, and healthcare practice management sales and support, makes him well suited to help the Company evolve from a research and development mode to a sales and customer support mode.

Kenneth E. Thorpe, Ph.D., Chairman, Policy and Planning Board

Dr. Thorpe, age 46, is currently the Robert W. Woodruff Professor and Chair of the Department of Health Policy & Management, in the Rollins School of Public Health of Emory University, Atlanta, Georgia. He was a Vanselow Professor of Health Policy and Director, Institute for Health Services Research. Dr. Thorpe received his Ph.D. from the Rand Graduate School, his M.A. from Duke University and his B.A. from the University of Michigan. He was previously Professor of Health Policy and administration at the University of North Carolina at Chapel Hill, Associate Professor and Director of the Program on Health Care Financing and Insurance at the Harvard University School of Public Health and Assistant Professor of Public Policy and Public Health at Columbia University. Dr. Thorpe has also held visiting faculty positions at Pepperdine University and Duke University.

Dr. Thorpe was Deputy Assistant Secretary for Health Policy in the U.S. Department of Health and Human Services. In this capacity, he coordinated all financial estimates and program impacts of President Clinton's health care reform proposals for the White House. He also directed the administration's estimation efforts in dealing with congressional health care reform proposals during the 103rd and 104th Congress. As an academic, he has testified before several committees in the U.S. Senate and House on health care reform and insurance issues. In 1991, Dr. Thorpe was awarded the Young Investigator Award presented to the most promising health services researcher in the country under age 40 by the Association for

Health Services Research. He also received the Hettleman Award for scholarly research at the University of North Carolina and was awarded an "Up and Comers" award by Modern Healthcare. Dr. Thorpe has authored or co-authored over 60 articles, book chapters and books and is a frequent speaker on issues of health care financing, insurance, and health care reform at health care conferences and in the media. He also serves as a reviewer on several health care journals.

Dr. Thorpe is responsible for assisting in the development of the company's vision. Dr. Thorpe seeks business opportunities and strategic alliances with other organizations and is responsible for planning, developing and establishing policies of the Company.

William C. Ellison, Secretary & General Counsel

Mr. Ellison, Age 43, was a 1986 graduate of the University of Mississippi School of Law, where he served as a member of the Moot Court Board from 1984-1986. Mr. Ellison has sixteen (16) years of legal experience in the areas of products liability, intellectual property, commercial litigation, insurance law and general tort litigation. He is also a contributing editor to the Products Liability Desk Reference, A Fifty State Compendium and the Tort Litigation Desk Reference, A Fifty State Compendium.

Thomas L. Frazer, Director

Mr. Frazer, age 58, is a partner in a CPA practice specializing in tax and financial services since 1980. He is a Certified Financial Planner and a member of AICPA and Louisiana Society of CPA's. Mr. Frazer currently serves as a Director of TilTech Aquaculture, LLC, an aquaculture firm, and is a former Director of numerous other companies, including Fifth Generations Systems, Inc., a software firm with \$50,000,000+ in sales annually, where he was Chairman and the largest individual shareholder. Mr. Frazer is active in numerous civic organizations. He is presently President of the City Club Foundation, a Member of the Board and Audit Committee, Pennington Biomedical Research Foundation, a Member of the Board and Finance Committee, St. James Place, and a Member of the Investment Committee, Baton Rouge Area Foundation. Mr. Frazer is also active in other business endeavors such as real estate and the organization of several local companies.

William J. Burnell, Director

Mr. Burnell's career has been primarily in financial services, small business lending, and the banking industry, technology and economic development. He is currently President and Executive Director of Business Resource Capital Specialty Business and Industrial Development Corp. (BRC). Mr. Burnell is also the Executive Director of the New Orleans Regional Loan Corp., a non-profit corporation formed in 1978 to assist local governments in promoting business expansion and development in southeastern Louisiana. Mr. Burnell is responsible for the management as well as the budget and financial decisions and direction for both companies. He also deals with local, state and federal business economic programs in providing financing programs and technical assistance to small and emerging businesses in southeastern Louisiana. Mr. Burnell was previously employed with Oracle Corporation as a

practice manager in the financial services sector and with First Commerce Corporation as a Senior Vice-President and Team Leader for the Credit Review and Audit Division.

Terry Jones, Consultant, Director

Mr. Jones was graduated from Louisiana State University with a B.S. in Finance. He is President of SBL Capital Corporation, a Louisiana Certified Capital Company (“CAPCO”). SBL has investments in various industries, including wireless technology and software technology. Mr. Jones is also President of Dean Capital, L.L.C., which provides financial consulting services to businesses. Prior to Dean Capital, Mr. Jones was a Regional Vice President with the Business Loan Center (“BLC”), a New York based publicly traded non-bank lender. He joined BLC after leaving Source Capital and served as a Vice President and Director of Underwriting where he managed venture capital deals and conducted corporate finance work including debt/equity placements. Mr. Jones has been recognized for his professional and civic achievements and was also a Board member for the Iberville Chamber of Commerce and was a founder of the Iberville Business Incubator. He is also a Board Member and investor for several companies other than MD Technologies Inc.

Remuneration of Directors and Officers

The Company has entered into 5-year employment agreements with William D. Davis and Jose S. Canseco. The employment agreements are attached as Exhibits 6.1 and 6.2 to the Registration Statement. The annual salary set forth in these contracts, \$102,000 and \$96,000, respectively, is contingent upon selling \$1.5 million of the Shares. The following table sets forth certain information regarding compensation for fiscal year 2002.

Summary Compensation Table

Officer	Position	Cash	Options ⁽⁵⁾
Jose S. Canseco ⁽¹⁾	Chairman, Board of Directors, Vice President of Planning	\$7,500	57,494
William D. Davis ⁽²⁾	CEO, President, Director	\$12,000	57,494
William C. Ellison	Secretary, General Counsel, Director	0	57,494
Thomas L. Frazer	Director	0	16,643
William J. Burnell	Director	0	16,643
Terry Jones ⁽³⁾	Consultant, Director	0	16,643
Joseph Palazzo ⁽⁴⁾	Executive VP, Operations and Sales	\$60,000	149,992
Kenneth E. Thorpe, Ph.D.	Chairman, Technical Advisory Board	0	

- (1) Mr. Canseco did not draw a salary in 2003. Following the offering his annual salary will be \$96,900.
- (2) Mr. Davis did not draw a salary in 2003. Following the offering his annual salary will be \$102,000.
- (3) Mr. Jones is the owner of Dean Capital, L.L.C. and SBL Capital Corp. These entities have received 70,000 and 30,000 options respectively for services rendered to the Company.
- (4) Mr. Palazzo drew \$22,830 of his salary in 2003 and the remainder of his salary was accrued.
- (5) The Board of Directors granted the options listed for past services rendered including services in 2002 and 2003. The strike price of each option is \$0.60 and the options expire on April 23, 2008.

Nonqualified Stock Option Plan

On August 6, 2003, the Board of Directors adopted the MD Technologies Inc. Nonqualified Stock Option Plan. The plan is intended to provide incentives to keep key employees, directors and consultants, and others expected to provide significant services to us. The goals of the plan are:

- To encourage proprietary interest in MD Technologies;
- To encourage key employees to remain in our employ;
- To attract new employees with outstanding qualifications; and
- To provide additional incentive to consultants, vendors, and others to increase their efforts in providing significant services to MD Technologies.

The plan is administered by the Board of Directors or can be administered by a committee appointed by the Board, which committee shall consist of not less than two directors. The Board of Directors, or the committee if there is one, at its discretion, can select the eligible employees and consultants to be granted awards and determine the number of shares to be applicable to such award. The shares subject to awards granted under the plan are shares of common stock that are authorized but unissued. The aggregate number of shares which may be issued as awards or upon exercise of awards under the plan is 1,000,000 shares. No options have been issued under the plan to date. The shares that may be issued pursuant to the exercise of an option awarded by the plan will not be registered under the Securities Act of 1933.

Indemnity

The Certificate of Incorporation of the Company provides for indemnification of the Company's Directors and Officers to the fullest extent permitted by applicable law, which may include liabilities under the 1933 Act. The General Corporation Law of Delaware empowers a corporation to indemnify its officers and directors for judgments, settlements, penalties, fines, or expenses incurred by such officer or director because he or she was acting in that capacity.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL HOLDERS

The following table sets forth, as of the date hereof, certain information with respect to the beneficial ownership of shares of common stock of MD Technologies by each person

known to beneficially own five percent or more of the outstanding equity and each of the officers and directors.

Name and Address	Number of Shares	Percent of Total Equity Before Offering	Percent of Total Equity After Sale of \$2 Million of Shares
William D. Davis ⁽¹⁾	3,497,368	32.57%	24.85%
Ricardo Marcos, Jr.	1,912,500	17.81%	13.59%
Jose S. Canseco	1,912,500	17.81%	13.59%
William C. Ellison	300,000	2.79%	2.13%
Frazer Technology, L.L.C. ⁽²⁾	200,000	1.86%	1.42%
Frank Fazio, M.D.	100,000	0.93%	0.71%
Kenneth Thorpe, Ph.D.	525,000	4.89%	3.73%
BRC Specialty BIDCO, Inc. ⁽³⁾	300,000	2.79%	2.13%
Terry Jones ⁽⁴⁾	0	0.00%	0.0%
Joseph Palazzo	149,992	1.40%	1.07%
Thomas L. Frazer ⁽⁵⁾	0	0.00%	0.0%
William J. Burnell ⁽⁶⁾	0	0.00%	0.0%

⁽¹⁾ This amount includes 1,006,579 shares owned by Mr. Davis's wife, Dawn Haase.

⁽²⁾ Frazer Technology is wholly owned by director Tommy Frazer.

⁽³⁾ Director William Burnell is the Chief Executive Officer of BRC Specialty BIDCO, Inc.

⁽⁴⁾ Mr. Jones does not own any stock although he owns 16,643 options to purchase our shares at a strike price of \$0.60 and two entities that he controls have collectively 100,000 options to purchase our shares at a strike price of \$0.50.

⁽⁵⁾ Mr. Frazer does not own any stock although he owns a total of 41,643 options and warrants to purchase our shares at a strike price of \$0.60.

⁽⁶⁾ Mr. Burnell does not own any stock although he owns a total of 16,643 options to purchase our shares at a strike price of \$0.60.

Collectively, the officers and directors currently own 57.8 percent of the common stock of MD Technologies and will collectively own 44.1 percent of the common stock following the Offering assuming the sale of 3.3 million shares worth \$2 million.

Options, Warrants and Rights

The following table sets forth, as of the date hereof, certain information with respect to the beneficial ownership of options for shares of common stock of MD Technologies by each person known to beneficially own five percent or more of the outstanding equity and each of the officers and directors.

Name of Holder	Title of Securities	Number of Options	Exercise Price	Expiration Date
Jose S. Canseco	Option to Purchase Common Stock	57,494	\$0.60	4/23/03
William D. Davis	Option to Purchase Common Stock	57,494	\$0.60	4/23/03

William C. Ellison	Option to Purchase Common Stock	257,494	\$0.60	4/23/03
Thomas L. Frazer	Option to Purchase Common Stock	16,643	\$0.60	4/23/03
	Warrant to Purchase Common Stock	25,000	\$0.60	8/8/08
William J. Burnell	Option to Purchase Common Stock	16,643	\$0.60	4/23/03
Terry Jones	Option to Purchase Common Stock	16,643	\$0.60	4/23/03
Joseph Palazzo	Option to Purchase Common Stock	149,992	\$0.60	4/23/03
Dean Capital, L.L.C. ⁽¹⁾	Option to Purchase Common Stock	70,000	\$0.50	12/12/07
SBL Capital Group, Inc. ⁽¹⁾	Warrant to Purchase Common Stock	30,000	\$0.50	11/15/06

(1) Wholly owned by Terry Jones

INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

From time to time, the founders of MD Technologies have advanced funds to us in return for promissory notes. Total loans from management represent \$227,046.42. Mr. William Ellison, a director and General Counsel, loaned us \$100,000 on December 12, 2001. The loan is secured by a security interest on MD Technologies' personal property, including inventory, equipment, accounts, licenses, software and intellectual property. William D. Davis, a director and CEO, loaned us \$35,101.42 on July 9, 2002. The note is unsecured. Jose S. Canseco, Chairman of the Board of Directors, loaned us \$36,945 on June 24, 2002. This note is unsecured. SBL Capital Corp., which is wholly owned by Terry Jones, loaned \$30,000 to the Company on November 15, 2001. This loan is secured by a security interest on MD Technologies' personal property, including equipment, accounts, chattel paper, contract rights, inventory, licenses, software and intellectual property, and is personally guaranteed by Jose S. Canseco. Thomas L. Frazer, a director, loaned us \$25,000 on August 8, 2003, and was issued a warrant to purchase 25,000 shares of common stock of the Company for the exercise price of \$15,000 (\$0.60 per share), as additional consideration for such loan. This note is unsecured. These notes will be paid off with the proceeds of this Offering. Copies of the notes or other loan documents are attached as Exhibits 6.5, 6.6, 6.7, 6.8 and 6.9 to the registration statement.

Dean Capital, L.L.C. and SBL Capital Corporation, which are wholly owned and controlled by Terry Jones, provide financial consulting services to the Company. Dean Capital will earn a bonus of \$120,000 if \$2 million is raised through this Offering. A copy of the contract with Dean Capital, L.L.C. is attached as Exhibit 6.10 to the Registration Statement.

DESCRIPTION OF CAPITAL STOCK

MD Technologies Inc. is a Delaware corporation formed in February of 2000. We have authorized 30 million shares of common stock, par value \$0.0001 (the "Common

Stock"). Of the authorized Common Stock, 10,717,912 shares have been issued. We have also authorized 10,000,000 shares of preferred stock. This preferred stock has not been issued and we do not have any plans to issue preferred stock in the immediate future.

Common Stock

The shares of common stock do not have any special voting rights, preemptive rights or preferences to dividends or upon liquidation. The holders of Common Stock are entitled to one vote per share on all matters to be voted on by shareholders. With respect to the election of Directors, the holders of Common Stock are entitled to elect the company directors. The holders of Common Stock are entitled to share ratably in any assets remaining after the satisfaction of all prior claims. Neither our Certificate of Incorporation nor the Shareholders' Agreement gives the holders of Common Stock any subscription or conversion rights, and there are no redemption rights with respect to the Common Stock. The Shares offered hereby will also be fully paid and non-assessable. The Shares offered will not be restricted and can be freely traded. All outstanding shares are fully paid and non-assessable.

Our Certificate of Incorporation requires an affirmative vote of a majority of the outstanding Shares of Common Stock, if any, to do the following:

- (1) Create a class or series of stock having rights, preferences, or privileges prior to, or on parity with, the Common Stock;
- (2) Make any amendment to the Certificate of Incorporation of the Company that would adversely affect the rights of the holders of Common Stock.

Shareholders are entitled to participate in annual meetings, which generally are held on the fourth Thursday in the month of March each year and vote for the members of the Board of Directors.

Preferred Stock

Our Certificate of Incorporation authorizes the issuance of 10,000,000 shares of preferred stock of no par value. We have no present plans for the issuance of such preferred stock. The issuance of such preferred stock could adversely affect the rights of the holders of common stock and, therefore, reduce the value of the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock on the rights of holders of the common stock until the board of directors determines the specific rights of the holders of the preferred stock. However, these effects might include:

- restricting dividends on the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; and
- delaying or preventing a change in control of the Company without further action by the stockholders.

Dividends

We do not intend to pay dividends for the immediate future.

Transfer Agent

Our transfer agent is Corporate Stock Transfer, Inc., a Colorado corporation, Denver, Colorado.

LEGAL MATTERS

The validity of the Shares and certain other legal matters in connection with this Offering are being passed upon for MD Technologies by Liskow & Lewis, a Professional Law Corporation, New Orleans, Louisiana.

EXPERTS

The financial statements as of December 31, 2001 and December 31, 2002 included elsewhere and incorporated by reference in this prospectus have been audited by Comiskey & Company. The unaudited balance sheet and financial statements as of June 30, 2002 and June 30, 2003 have been compiled by Lisa St. Amant, CPA.

FINANCIAL STATEMENTS

MD Technologies Inc. Financial Statements December 31, 2001

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders of
MD Technologies, Inc.

We have audited the accompanying balance sheet of MD Technologies, Inc. as of December 31, 2001, and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MD Technologies, Inc. as of December 31, 2001, and the results of its operations and cash flows for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America.

Denver, Colorado
May 27, 2003

COMISKEY & COMPANY

PROFESSIONAL CORPORATION

MD Technologies, Inc.
BALANCE SHEET
December 31, 2001

ASSETS	
<i>Current Assets</i>	
Cash and cash equivalents	\$ 7,229
Accounts receivable	6,227
Prepaid expenses	<u>3,856</u>
Total current assets	17,312
 <i>Property and Equipment</i>	
Computer equipment and software	321,461
Furniture and fixtures	<u>808</u>
	322,269
Less: accumulated depreciation	<u>77,063</u>
	245,206
Total assets	<u>\$ 262,518</u>
 LIABILITIES AND STOCKHOLDERS' EQUITY	
<i>Current Liabilities</i>	
Accounts payable	\$ 35,991
Accrued expenses and interest	64,806
Current portion of long-term debt	13,612
Deferred revenue	<u>49,014</u>
Total current liabilities	163,423
 <i>Other Liabilities</i>	
Long-term debt, net of current portion, net of debt issue costs of \$11,617	123,827
Due to related party - long term	<u>50,646</u>
	<u>174,473</u>
 <i>Stockholders' Equity</i>	
Common stock, \$0.0001 par value, 15,000,000 shares authorized, 9,997,920 shares issued and outstanding	1,000
Stock subscription receivable	(863)
Additional paid-in capital	896,123
Accumulated deficit	<u>(971,638)</u>
	<u>(75,378)</u>
Total liabilities and stockholders' equity	<u>\$ 262,518</u>

MD Technologies, Inc.
STATEMENT OF OPERATIONS
For the year ended December 31, 2001 (audited) and 2000 (unaudited)

	<u>2001</u>	<u>2000</u> (Unaudited)
REVENUES		
Sales (Net returns & allowances of \$5,870)	\$ 88,149	\$ -
Service revenue	67,493	-
Other revenue	<u>1,334</u>	<u>-</u>
 Total revenues	 156,976	 -
COST OF REVENUES		
Salaries - direct	177,447	-
Contract labor	17,403	-
Internet cost	28,552	-
Depreciation	20,991	-
Costs of other revenue	<u>1,969</u>	<u>-</u>
 Total cost of revenues	 246,362	 -
 Gross profit	 (89,386)	 -
OPERATING EXPENSES		
Depreciation	30,272	25,800
Selling, general and administrative expenses	460,684	356,615
Research and development	<u>-</u>	<u>-</u>
	<u>490,956</u>	<u>382,415</u>
 Loss from operations	 (580,342)	 (382,415)
OTHER INCOME (EXPENSE)		
Interest income	-	-
Interest expense	<u>(8,881)</u>	<u>-</u>
 Loss before income taxes	 (589,223)	 (382,415)
 Income tax expense	 <u>-</u>	 <u>-</u>
 NET LOSS	 <u>(589,223)</u>	 <u>(382,415)</u>
 Income (loss) per share: (Basic)	 <u>(0.06)</u>	 <u>-</u>
 Weighted average number of shares outstanding - basic	 <u>9,676,495</u>	 <u>-</u>

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

MD Technologies, Inc.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2001 (audited) and 2000 (unaudited)

	<u>2001</u>	<u>2000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (589,223)	\$ (382,415)
Adjustments to reconcile net loss to net cash flows from operating activities		
Amortization of debt discount	683	-
Depreciation and amortization	51,263	25,800
Expenses paid by shareholders' and other non-cash equity	5,000	340,134
Increase in current assets		
Increase in accounts receivable	(6,227)	-
Increase in prepaid expenses	(3,856)	-
Increase in current liabilities		
Increase in accounts payable	35,994	-
Increase in accrued expenses and interest	48,326	16,481
Increase in deferred revenue	<u>49,014</u>	<u>-</u>
Net cash flows from operating activities	<u>(409,026)</u>	<u>-</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Plant & equipment purchases	(18,360)	-
Capitalization of software development costs	<u>(170,909)</u>	<u>-</u>
Net cash flows from investing activities	<u>(189,269)</u>	<u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock for cash	404,960	-
Proceeds from long term debt, net of repayments	149,055	-
Loans from related party, net of repayments	<u>51,509</u>	<u>-</u>
Net cash flows from financing activities	<u>605,524</u>	<u>-</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 7,229	 -
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	 <u>-</u>	 <u>-</u>
 CASH AND CASH EQUIVALENTS, END OF PERIOD	 <u>\$ 7,229</u>	 <u>\$ -</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash investing and financing activities:		
Stock issued for fixed assets	<u>\$ -</u>	<u>\$ 133,000</u>
 Cash paid during the year for:		
Interest	<u>\$ 5,342</u>	<u>\$ -</u>

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

MD Technologies, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY
For the years ended December 31, 2001 (audited) and 2000 (unaudited)

	<u>Common Stock</u>		<u>Additional</u>		<u>Retained earnings</u>	
	<u>Number</u>		<u>paid-in</u>		<u>(Accumulated</u>	
	<u>of shares</u>	<u>Amount</u>	<u>capital</u>		<u>deficit)</u>	<u>Totals</u>
Balances as of January 1, 2000	-	\$ -	-	\$ -	-	\$ -
Contributed capital, costs and expenses incurred by shareholders	-	-	245,000	-	-	245,000
Issuance of stock for leasehold improvements, \$0.50 per share	8,000	-	4,000	-	-	4,000
Stock issued for services \$0.50 per share	450,000	45	224,955	-	-	225,000
Stock to be issued for receivable at December 31, 2000	8,625,000	863	-	-	-	863
Stock subscribed	-	(863)	-	-	-	(863)
Net loss	-	-	-	-	(382,415)	(382,415)
Balances as of December 31, 2000	9,083,000	45	473,955	-	(382,415)	91,585
Stock issued for services, \$1.00 per share	5,000	1	5,000	-	-	5,001
Stock issued for cash, \$0.01 to \$0.50 per share	909,920	92	404,868	-	-	404,960
Stock warrants issued as debt incentive	-	-	12,300	-	-	12,300
Net loss	-	-	-	-	(589,223)	(589,223)
Balances as of December 31, 2001	<u>9,997,920</u>	<u>\$ 137</u>	<u>\$ 896,123</u>	<u>\$ -</u>	<u>(971,638)</u>	<u>\$ (75,379)</u>

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

1. Summary of Significant Accounting Policies

Description of the Business

MD Technologies, Inc. (the Company) provides Internet-based solutions to the healthcare industry, including practice management, e-commerce and patient interactivity applications. A handheld application is also available. The Company's software tools and services allow physicians to access data and to provide patients with the means of accessing data using the Internet. Until January 1, 2001, the Company was considered a development stage company under Statement of Financial Accounting Standards (SFAS) No. 7.

MD Technologies, Inc. was incorporated in Delaware on February 25, 2000.

Accounting Method

The Company records revenues and expenses on the accrual method.

Revenue Recognition

Revenue is earned primarily from product subscriptions, system installation and training. Recognition occurs ratably over the term of the subscription, or as services are otherwise provided. The Company also enters into license agreements for certain of its products. Revenues from such agreements are recognized based on the terms of the agreement.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for renewals and improvements are capitalized while expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization of property and equipment are computed by the straight-line method at rates adequate to allocate the cost of applicable assets over their estimated useful lives as follows:

Computers	3-5 years
Furniture and telephone equipment	3-7 years

The Company reviews long-lived assets for impairment annually, and periodically whenever events or changes in circumstances indicate that the carrying value of the asset is in excess of the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition.

Income Taxes

Pursuant to SFAS No. 109, income taxes are provided for the tax effects of transactions reported in the financial statements, and consists of taxes currently due plus deferred taxes. Deferred income taxes are provided for revenue and expense items reported in different periods for financial statement and income tax purposes. The primary taxable and deductible temporary differences are the Company's issuance of options for services, resulting in additional compensation costs for financial reporting purposes, which are not deductible for tax purposes, carrying value of assets, and non-benefited operating loss carryforwards.

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

1. Summary of Significant Accounting Policies (continued)

Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Advertising and Marketing

Advertising and marketing costs are generally charged to operations in the year incurred. Total advertising and marketing costs were \$12,726 and \$0 in 2001 and 2000, respectively.

Loss per Share

Basic loss per share has been computed using the weighted average number of shares outstanding. Diluted loss per share has not been presented, as the effect of dilutive securities would decrease per share loss.

Fair Values of Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such instruments.

Concentration of Risk

The Company provides services to the medical community. It extends credit to its customers, primarily small practitioners' groups for which it requires no collateral. Management believes its receivables risk is mitigated by the creditworthiness of its customers.

Use of Estimates

The preparation of the Company's financial statements, in conformity with generally accepted accounting principles, requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

2. Commitments and Contingencies

Classification of a Going Concern

The Company, which was classified as a company in the development stage until 2001, has incurred significant and recurring operating losses since inception, including \$589,223 in 2001 and \$382,415 in 2000. In addition, at December 31, 2001, the Company had working capital and stockholders' equity deficits of \$146,111 and \$75,378, respectively.

The Company has relied on loans from its existing management, issuances of common stock to consultants, and limited cash flows from the sales of products to fund its activities. The Company intends to raise additional working capital funds in a private placement of its common stock. There can be no assurance that a private placement of the Company's securities can be accomplished on terms favorable to the Company, or at all. In the event that sufficient funds cannot be raised, management intends to curtail or defer operating costs.

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

3. Lease Commitments

The Company leases its principal operating location under a five-year operating lease agreement. The agreement provides for accelerating monthly rentals and also requires the Company to pay certain incremental costs incurred by the lessor and shared costs of the property. Office rent expense for each of the years ended December 31, 2001 and 2000 totaled \$39,554 and \$16,481, respectively.

At December 31, 2001, the aggregate minimum annual rental payments due under non-cancelable operating leases are as follows:

2002	\$ 46,131
2003	49,400
2004	52,855
2005	<u>32,053</u>
	<u>\$ 180,439</u>

4. Income Taxes

The Company has Federal net operating loss carryforwards totaling approximately \$225,000 which expire between 2020 and 2021.

The components of the provision for income taxes are as follows:

	<u>2001</u>	<u>2000</u>
Current income taxes paid or payable	\$ -	\$ -
Increase in deferred tax assets	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Deferred income taxes are provided on temporary timing differences between financial statement and income tax reporting. The components of deferred income tax assets and liabilities are as follows:

	<u>2001</u>	<u>2000</u>
Total deferred tax liabilities	\$ -	\$ -
Deferred tax assets		
Restricted stock compensation costs	2,000	78,000
Fixed assets	1,500	(3,500)
Non-benefited loss carryforwards	<u>173,000</u>	<u>52,000</u>
Total deferred tax assets	176,500	126,500
Less: valuation allowance	<u>(176,500)</u>	<u>(126,500)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

5. Notes Payable

At December 31, 2001, the Company was obligated under the following promissory notes:

	<u>Current</u>	<u>Long-Term</u>
8% unsecured note payable to a director, repayment is 60 days after the date of demand.	\$ -	\$ 23,001
8% unsecured note payable to a director, repayment is 60 days after the date of demand.	-	27,645
12% note payable to a director, secured by assets, interest payable monthly, principal due Dec. 12, 2002.	-	100,000
18% installment note, payments of \$857 per month, principal and interest payable through December 2006. Collateralized by a security interest in the Company's assets subordinated to the 12% secured director's note, above. Convertible into stock at the rate of \$0.50 per share as to unpaid principal, and accrued but unpaid interest.	5,552	24,448
10% installment note, payments of \$745 per month, principal and interest payable through June, 2004.	<u>8,059</u>	<u>10,996</u>
	<u>\$ 13,612</u>	<u>\$ 186,090</u>

6. Stockholders' Equity

Common Stock

The Company is authorized to issue a total of 15,000,000 shares of its \$0.0001 par value common stock.

Stock Options and Warrants

The Company has issued common stock purchase options to its employees, directors and consultants. The options are exercisable immediately, and the terms and conditions of each option grant are specified by the board of directors.

Also outstanding at December 31, 2001, are 30,000 warrants to purchase common stock at \$0.50 through November 15, 2003, issued in connection with a loan by the grantee to the Company. These warrants are excluded from the option summary below. Fair value of these warrants has been recorded as a debt issue cost, amortized over the life of the loan.

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

6. Stockholders' Equity (continued)

A summary of option activity is as follows:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercise Price</u>
December 31, 1999	-	\$ -	-	\$ -
Options granted	90,000	0.50	90,000	0.50
Option exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Options outstanding as of December 31, 2000	90,000	0.50	90,000	0.50
Options granted	260,000	0.50	260,000	0.50
Options exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Options outstanding as of December 31, 2001	<u>350,000</u>	<u>\$ 0.50</u>	<u>350,000</u>	<u>\$ 0.50</u>

The options have an exercise life of:

Granted during 2000	30 months
Granted during 2001	24 months to indefinite

All options are vested at December 31, 2001.

The Company applies Accounting Principles Board No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its plan. As such, no compensation costs were recorded as of the date of grant. The Company considered the effects of recognizing compensation cost pursuant to the provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Using the Black-Scholes option-pricing model, which takes into account the exercise price of the options, expected life, current price of the underlying stock, its expected volatility and dividends, and the risk-free interest rate, net loss would have been increased to the pro forma amounts as follows for the years ending December 31:

	<u>2001</u>		<u>2000</u>	
	<u>As Reported</u>	<u>Pro Forma</u>	<u>As Reported</u>	<u>Pro Forma</u>
Net Loss	<u>\$ (589,222)</u>	<u>\$ (719,222)</u>	<u>\$ (382,415)</u>	<u>\$ (397,715)</u>

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2001 (audited) and 2000 (unaudited)

6. Stockholders' Equity (continued)

The average fair value of options granted during fiscal 2001 and 2000 was \$0.50 and \$0.17, respectively. The fair value of options is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 5%; expected life of 3 to 5 years; dividend yield percentage of 0%; and volatility of 150% for each of the two years ended December 31, 2001.

Stockholders' Equity and Comprehensive Income

The Financial Accounting Standards Board released SFAS No. 130 - Reporting Comprehensive Income. SFAS 130 requires companies to present comprehensive income (consisting primarily of net income items plus other direct equity changes and credits) and its components as part of the basic financial statements. For the year ended December 31, 2001, the Company's financial statements do not contain any changes in equity that are required to be reported separately in comprehensive income.

7. Major Customers

For the year ended December 31, 2001, one customer accounted for a total of approximately 61% of subscription revenues, respectively. This customer is signatory to a Joint Development and License Agreement with the Company dated December 13, 2000, and owns approximately 4.5% of the Company's outstanding common stock.

8. Related Party Transactions

The Company has two notes payable to two separate shareholders. These notes accrue interest at 8%. Payments made to these notes go directly to principal. These notes are due on demand and the accrued interest is due sixty days after the note has been collected.

One of the Company's shareholders is a personal guarantor on the 18% note with a balance of \$30,000 as of December 31, 2001.

MD Technologies Inc. Financial statements December 31, 2002

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders of
MD Technologies, Inc.

We have audited the accompanying balance sheets of MD Technologies, Inc. as of December 31, 2002 and 2001, and the related statements of operations, stockholders' equity, and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MD Technologies, Inc. as of December 31, 2002 and 2001, and the results of its operations and cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has sustained operating losses since its inception and has deficits in working capital and equity which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments related to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

Denver, Colorado
June 4, 2003

COMISKEY & COMPANY
PROFESSIONAL CORPORATION

MD Technologies, Inc.
BALANCE SHEET
December 31, 2002

ASSETS

Current Assets

Cash and cash equivalents	\$	36,327
Accounts receivable		8,453
Prepaid expenses		<u>4,329</u>
Total current assets		49,109

Property and Equipment

Computer equipment and software		382,638
Furniture and fixtures		<u>4,792</u>
		387,430
Less: accumulated depreciation		<u>143,387</u>
		244,043
Total assets	\$	<u>293,152</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable	\$	32,176
Accrued expenses and interest		62,303
Current portion of long-term debt		13,612
Deferred revenue		<u>5,062</u>
Total current liabilities		113,153

Other Liabilities

Long-term debt, net of current portion, net of debt issue costs of \$7,517		20,032
Due to related party - long-term		<u>172,046</u>
		<u>192,078</u>

Stockholders' Equity

Common stock, \$0.0001 par value, 15,000,000 shares authorized, 10,497,920 shares issued and outstanding		1,218
Stock subscription receivable		(863)
Additional paid-in capital		1,220,084
Accumulated deficit		<u>(1,232,518)</u>
		<u>(12,079)</u>
Total liabilities and stockholders' equity	\$	<u>293,152</u>

MD Technologies, Inc.
STATEMENTS OF OPERATIONS
For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
REVENUES		
Sales (net returns and allowances of \$8,713 and \$5,870 in 2002 and 2001, respectively)	\$ 167,613	\$ 88,149
Service revenue	41,613	67,493
Other revenue	<u>-</u>	<u>1,334</u>
Total revenues	209,226	156,976
COST OF REVENUES		
Salaries - direct	152,433	177,447
Contract labor	-	17,403
Internet cost	13,263	28,552
Depreciation	39,305	20,991
Costs of other revenue	<u>1,060</u>	<u>1,969</u>
Total cost of revenues	206,061	246,362
Gross profit (loss)	3,165	(89,386)
OPERATING EXPENSES		
Depreciation	30,921	30,272
Selling, general and administrative expenses	196,024	460,683
Research and development	<u>-</u>	<u>-</u>
	<u>226,945</u>	<u>490,955</u>
Loss from operations	(223,780)	(580,341)
OTHER INCOME (EXPENSE)		
Interest income	-	-
Interest expense	<u>(37,101)</u>	<u>(8,881)</u>
Loss before income taxes	(260,881)	(589,222)
Income tax expense	<u>-</u>	<u>-</u>
NET LOSS	<u>(260,881)</u>	<u>(589,222)</u>
Income (loss) per share: (Basic)	<u>(0.03)</u>	<u>(0.06)</u>
Weighted average number of shares outstanding - basic	<u>10,226,687</u>	<u>9,676,495</u>

The accompanying notes are an integral part of the financial statements

MD Technologies, Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (260,881)	\$ (589,222)
Adjustments to reconcile net loss to net cash flows from operating activities		
Amortization of debt discount	4,100	683
Depreciation and amortization	66,324	51,263
Options issued for services	74,179	-
Expenses paid by shareholders' and other non-cash equity	-	5,000
Decrease in current assets:		
Accounts receivable	(2,226)	(6,227)
Prepaid expenses	(473)	(3,856)
Increase (decrease) in current liabilities		
Accounts payable	(3,813)	35,993
Accrued expenses and interest	(2,504)	48,326
Deferred revenue	<u>(43,952)</u>	<u>49,014</u>
 Net cash flows from operating activities	 <u>(169,246)</u>	 <u>(409,026)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Plant and equipment purchases	(14,295)	(18,360)
Capitalization of software development costs	<u>(50,866)</u>	<u>(170,909)</u>
 Net cash flows from investing activities	 <u>(65,161)</u>	 <u>(189,269)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock for cash	250,000	404,960
Proceeds from long-term debt, net of repayments	(107,895)	149,055
Loans from related party, net of repayments	<u>121,400</u>	<u>51,509</u>
 Net cash flows from financing activities	 <u>263,505</u>	 <u>605,524</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 29,098	 7,229
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	 <u>7,229</u>	 <u>-</u>
 CASH AND CASH EQUIVALENTS, END OF PERIOD	 <u>\$ 36,327</u>	 <u>\$ 7,229</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash investing and financing activities:		
Stock issued for fixed assets	<u>\$ -</u>	<u>\$ 133,000</u>
 Cash paid during the year for:		
Interest	<u>\$ 28,052</u>	<u>\$ 5,342</u>

The accompanying notes are an integral part of the financial statements

MD Technologies, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		Additional paid-in <u>capital</u>	Retained earnings (Accumulated <u>deficit</u>)	<u>Totals</u>
	<u>Number of shares</u>	<u>Amount</u>			
Balances as of January 1, 2000	-	-	-	-	-
Contributed capital, costs and expenses incurred by shareholders	-	-	245,000	-	245,000
Issuance of stock for leasehold improvements, \$0.50 per share	8,000	-	4,000	-	4,000
Stock issued for services \$0.50 per share	450,000	45	224,955	-	225,000
Stock to be issued for receivable at December 31, 2000	8,625,000	863	-	-	863
Stock subscribed	-	(863)	-	-	(863)
Net loss	-	-	-	(382,415)	(382,415)
Balances as of December 31, 2000	9,083,000	45	473,955	(382,415)	(382,415)
Stock issued for services, \$1.00 per share	5,000	1	5,000	-	5,001
Stock issued for cash, \$0.01 to \$0.50 per share	909,920	92	404,868	-	404,960
Stock warrants issued as debt incentive	-	-	12,300	-	12,300
Net loss	-	-	-	(589,223)	(589,223)
Balances as of December 31, 2001	9,997,920	137	896,123	(971,638)	(75,378)
Stock issued for cash, \$0.50 per share	500,000	50	249,950	-	250,000
Options issued for compensation	-	168	74,011	-	74,179
Net loss	-	-	-	(260,880)	(260,880)
Balances as of December 31, 2002	<u>10,497,920</u>	<u>\$ 355</u>	<u>\$ 1,220,084</u>	<u>\$ (1,232,518)</u>	<u>\$ (12,079)</u>

The accompanying notes are an integral part of the financial statements

1. Summary of Significant Accounting Policies

Description of the Business

MD Technologies, Inc. (the Company) provides Internet-based solutions to the healthcare industry, including practice management, e-commerce and patient interactivity applications. A handheld application is also available. The Company's software tools and services allow physicians to access data and to provide patients with the means of accessing data using the Internet. Until January 1, 2001, the Company was considered a development stage company under Statement of Financial Accounting Standards (SFAS) No. 7.

MD Technologies, Inc. was incorporated in Delaware on February 25, 2000.

Accounting Method

The Company records revenues and expenses on the accrual method.

Revenue Recognition

Revenue is earned primarily from product subscriptions, system installation and training. Recognition occurs ratably over the term of the subscription, or as services are otherwise provided. The Company also enters into license agreements for certain of its products. Revenues from such agreements are recognized based on the terms of the agreement.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for renewals and improvements are capitalized while expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization of property and equipment are computed by the straight-line method at rates adequate to allocate the cost of applicable assets over their estimated useful lives as follows:

Computers	3-5 years
Furniture and telephone equipment	3-7 years

The Company reviews long-lived assets for impairment annually, and periodically whenever events or changes in circumstances indicate that the carrying value of the asset is in excess of the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition.

Income Taxes

Pursuant to SFAS No. 109, income taxes are provided for the tax effects of transactions reported in the financial statements, and consists of taxes currently due plus deferred taxes. Deferred income taxes are provided for revenue and expense items reported in different periods for financial statement and income tax purposes. The primary taxable and deductible temporary differences are the Company's issuance of options for services, resulting in additional compensation costs for financial reporting purposes, which are not deductible for tax purposes, carrying value of assets, and non-benefited operating loss carryforwards.

Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

MD Technologies, Inc.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001

1. Summary of Significant Accounting Policies (continued)

Advertising and Marketing

Advertising and marketing costs are generally charged to operations in the year incurred. Total advertising and marketing costs were \$2,944 and \$12,726 in 2002 and 2001, respectively.

Loss per Share

Basic loss per share has been computed using the weighted average number of shares outstanding. Diluted loss per share has not been presented, as the effect of dilutive securities would decrease per share loss.

Fair Values of Financial Instruments

Unless otherwise indicated, the fair value of all reported assets and liabilities which represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such instruments.

Concentration of Risk

The Company provides services to the medical community. It extends credit to its customers, primarily small practitioners' groups for which it requires no collateral. Management believes its receivables risk is mitigated by the creditworthiness of its customers.

Use of Estimates

The preparation of the Company's financial statements, in conformity with generally accepted accounting principles, requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

2. Commitments and Contingencies

Classification of a Going Concern

The Company, which was classified as a company in the development stage until 2001, has incurred significant and recurring operating losses since inception, including \$186,701 in 2002 and \$589,223 in 2001. In addition, at December 31, 2002, the Company had working capital and stockholders' equity deficits of \$64,044 and \$12,079, respectively.

The Company has relied on loans from its existing management, issuances of common stock to consultants, and limited cash flows from the sales of products to fund its activities. The Company intends to raise additional working capital funds in a private placement of its common stock. There can be no assurance that a private placement of the Company's securities can be accomplished on terms favorable to the Company, or at all. In the event that sufficient funds cannot be raised, management intends to curtail or defer operating costs.

3. Lease Commitments

The Company leases its principal operating location under a five-year operating lease agreement. The agreement provides for accelerating monthly rentals and also requires the Company to pay certain incremental costs incurred by the lessor and shared costs of the property. Office rent expense for each of the years ended December 31, 2002 and 2001 totaled \$39,554 and \$39,554, respectively.

MD Technologies, Inc.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2002 AND 2001

3. Lease Commitments (continued)

At December 31, 2002, the aggregate minimum annual rental payments due under non-cancelable operating leases are as follows:

2003	\$	49,400
2004		52,855
2005		<u>32,053</u>
		<u>\$ 134,308</u>

4. Income Taxes

The Company has Federal net operating loss carryforwards totaling approximately \$500,000 which expire between 2020 and 2022.

The components of the provision for income taxes are as follows:

	<u>2002</u>	<u>2001</u>
Current income taxes paid or payable	\$ -	\$ -
Increase in deferred tax assets	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Deferred income taxes are provided on temporary timing differences between financial statement and income tax reporting. The components of deferred income tax assets and liabilities are as follows:

	<u>2002</u>	<u>2001</u>
Total deferred tax liabilities	\$ -	\$ -
Deferred tax assets		
Restricted stock compensation costs	-	2,000
Fixed assets	4,000	1,500
Non-benefited loss carryforwards	<u>261,000</u>	<u>173,000</u>
Total deferred tax assets	265,000	176,500
Less: valuation allowance	<u>(265,000)</u>	<u>(176,500)</u>
Net deferred tax assets	<u>\$ -</u>	<u>\$ -</u>

The valuation allowance increased by \$88,500 and \$50,000 for the years ended December 31, 2002 and 2001, respectively.

The effective tax rate differs from statutory rates applied to financial statement income and loss due primarily to the effects of the valuation allowance for deferred tax assets.

MD Technologies, Inc.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2002 AND 2001

5. Notes Payable

At December 31, 2002, the Company was obligated under the following promissory notes:

	<u>Current</u>	<u>Long-Term</u>
8% unsecured note payable to a director, repayment is 60 days after the date of demand.	\$ -	\$ 35,101
8% unsecured note payable to a director, repayment is 60 days after the date of demand.	-	36,945
12% note payable to a director, secured by assets, interest payable monthly, principal due on demand.	-	100,000
18% installment note, payments of \$857 per month, principal and interest payable through December 2006. Collateralized by a security interest in the Company's assets subordinated to the 12% secured director's note, above. Convertible into stock at the option of the noteholder, at the rate of \$0.50 per share as to unpaid principal, plus accrued but unpaid interest.	5,552	23,208
10% installment note, payments of \$745 per month, principal and interest payable through June, 2004.	<u>8,059</u>	<u>4,341</u>
	<u>\$ 13,612</u>	<u>\$ 199,595</u>

6. Stockholders' Equity

Common Stock

The Company is authorized to issue a total of 15,000,000 shares of its \$0.0001 par value common stock.

Stock Options and Warrants

The Company has issued common stock purchase options to its employees, directors and consultants. The options are exercisable immediately, and the terms and conditions of each option grant are specified by the board of directors.

Also outstanding at December 31, 2002, are 30,000 warrants to purchase common stock at \$0.50 through November 15, 2003, issued in connection with a loan by the grantee to the Company. These warrants are excluded from the option summary below. Fair value of these warrants has been recorded as a debt issue cost, amortized over the life of the related loan.

MD Technologies, Inc.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2002 AND 2001

6. Stockholders' Equity (continued)

A summary of option activity is as follows:

	<u>Shares Under Option</u>	<u>Weighted Average Exercise Price</u>	<u>Options Exercisable</u>	<u>Weighted Average Exercise Price</u>
Options outstanding as of December 31, 2000	90,000	\$ 0.50	90,000	\$ 0.50
Options granted	260,000	0.50	260,000	0.50
Options exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Options outstanding as of December 31, 2001	350,000	0.50	350,000	0.50
Options granted for services	168,427	0.42	168,427	0.42
Options exercised	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Options outstanding as of December 31, 2002	<u>518,427</u>	<u>\$ 0.46</u>	<u>518,427</u>	<u>\$ 0.46</u>

The options have an exercise life of:

Granted during 2000	30 months
Granted during 2001	24 months to indefinite
Granted during 2002	36 months to indefinite

All options are vested at December 31, 2002.

The Company applies Accounting Principles Board No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its plan. As such, no compensation costs were recorded, for options issued to employees, as of the date of grant. However, the Company granted 168,427 options to consultants for services on January 1 and December 12, 2002. Compensation expense was recognized for these options in the current fiscal year in the amount of approximately \$74,000. The Company considered the effects of recognizing compensation cost pursuant to the provisions of SFAS No. 123, Accounting for Stock-Based Compensation for options issued to employees. Using the Black-Scholes option-pricing model, which takes into account the exercise price of the options, expected life, current price of the underlying stock, its expected volatility and dividends, and the risk-free interest rate, net loss would have been increased to the pro forma amounts as follows for the years ending December 31:

MD Technologies, Inc.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2002 AND 2001

6. **Stockholders' Equity (continued)**

	2002		2001	
	As Reported	Pro Forma	As Reported	Pro Forma
Net Loss	\$ (260,880)	\$ (260,880)	\$ (589,222)	\$ (719,222)

The average fair value of options granted during fiscal 2002 and 2001 was \$0.42 and \$0.50, respectively. The fair value of options is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk-free interest rate of 5%; expected life of 3 to 5 years; dividend yield percentage of 0%; and volatility of 150% for each of the two years ended December 31, 2002.

Stockholders' Equity and Comprehensive Income

The Financial Accounting Standards Board released SFAS No. 130 - Reporting Comprehensive Income. SFAS 130 requires companies to present comprehensive income (consisting primarily of net income items plus other direct equity changes and credits) and its components as part of the basic financial statements. For the year ended December 31, 2002, the Company's financial statements do not contain any changes in equity that are required to be reported separately in comprehensive income.

7. **Major Customers**

For the years ended December 31, 2002 and 2001, one customer accounted for a total of approximately 19% and 54% of total revenues, respectively. This customer is signatory to a Joint Development and License Agreement with the Company dated December 13, 2000, and owns approximately 4.5% of the Company's outstanding common stock.

8. **Related Party Transactions**

The Company has two notes payable to two separate shareholders. These notes accrue interest at 8%. Payments made to these notes are applied directly to principal. These notes are due on demand and the accrued interest is due sixty days after the note has been collected.

The Company has a note payable in which interest is accrued at 12%. Payments made by the Company go towards interest only. This note is due on demand.

One of the Company's shareholders is a personal guarantor on the 18% note with a balance of \$28,760 as of December 31, 2002.

June 2002 and June 2003 Unaudited Financial Statements

**Lisa B. St. Amant, CPA
47449 Hwy. 936
St. Amant, LA 70774**

Board of Directors
MD Technologies, Inc.
620 Florida Street
Baton Rouge, LA 70801

I have compiled the accompanying statement of financial position of MD Technologies, Inc. as of June 30, 2003 and June 30, 2002, and the related statements of operations for the six months ended June 30, 2003 and June 30, 2002, retained earnings, and statement of cash flows for the six months then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them. However, I did become aware of a departure from generally accepted accounting principals that is described in the following paragraph.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principals. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

August 1, 2003

Lisa B. St. Amant, CPA

MD Technologies, Inc.
BALANCE SHEET (unaudited)

	June 30, 2003	June 30, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,960	1,502
Accounts receivable	9,419	8,120
Prepaid expenses	<u>1,785</u>	3,829
Total current assets	17,164	13,450
Property and Equipment		
Computer equipment and software	412,740	350,111
Furniture and fixtures	<u>4,792</u>	808
	417,532	350,919
Less: accumulated depreciation	<u>180,274</u>	<u>108,928</u>
	237,258	241,990
Total assets	<u>\$ 254,422</u>	<u>255,441</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,339	90,978
Accrued expenses and interest	91,959	53,463
Current portion of long-term debt	13,612	13,612
Deferred revenue	<u>7,062</u>	13,206
Total current liabilities	114,972	171,259
Other Liabilities		
Long-term debt, net of current portion, net of debt issue costs of \$7,517	22,660	24,467
Due to related party - long-term	<u>192,080</u>	170,846
	<u>329,712</u>	<u>366,572</u>
Stockholders' Equity		
Common stock, \$0.0001 par value, 15,000,000 shares authorized, 10,737,912 issued and outstanding	1,242	1,000
Stock subscription receivable	(863)	(863)
Additional paid-in capital	1,340,056	896,123
Accumulated deficit	<u>(1,415,725)</u>	<u>(1,007,389)</u>
	<u>(75,290)</u>	<u>(111,129)</u>
Total liabilities and stockholders' equity	<u>\$ 254,422</u>	<u>\$ 255,441</u>

MD Technologies, Inc.
STATEMENTS OF OPERATIONS (unaudited)
For the six months ended June 30, 2003 and 2002

	<u>Jan - June 2003</u>	<u>Jan - June 2002</u>
REVENUES		
Sales (net returns and allowances of \$9,060)	\$ 132,699	\$ 85,114
Service revenue	(1,100)	35,808
Other revenue	<u>-</u>	<u>-</u>
Total revenues	131,599	120,922
COST OF REVENUES		
Salaries - direct	175,808	49,535
Contract labor	650	-
Internet cost	7,753	8,603
Depreciation	14,761	12,746
Costs of other revenue	<u>977</u>	<u>237</u>
Total cost of revenues	199,949	71,121
Gross profit (loss)	(68,350)	49,801
OPERATING EXPENSES		
Depreciation	22,126	19,119
Selling, general and administrative expenses	82,407	51,209
Research and development	<u>-</u>	<u>-</u>
	<u>104,533</u>	<u>70,328</u>
Loss from operations	(172,883)	(20,527)
OTHER INCOME (EXPENSE)		
Interest income	-	-
Interest expense	<u>(10,324)</u>	<u>(15,224)</u>
Loss before income taxes	(183,207)	(35,751)
Income tax expense	<u>-</u>	<u>-</u>
NET LOSS	<u>(183,207)</u>	<u>(35,751)</u>
Income (loss) per share: (Basic)	<u>(0.02)</u>	<u>(0.00)</u>
Weighted average number of shares outstanding - basic	<u>10,737,912</u>	<u>10,167,912</u>

MD Technologies, Inc.
STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2003 and 2002

	<u>Jan - June 2003</u>	<u>Jan - June 2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (183,207)	\$ (35,751)
Adjustments to reconcile net loss to net cash flows from operating activities		
Amortization of debt discount	-	-
Depreciation and amortization	36,887	31,865
Options issued for services	-	-
Expenses paid by shareholders' and other non-cash equity	84,996	-
Increase in current assets		
Increase in accounts receivable	(966)	(1,894)
Increase in prepaid expenses	2,543	27
Increase in current liabilities		
Increase in accounts payable	339	30,404
Increase in accrued expenses and interest	30,357	13,938
Increase in deferred revenue	<u>2,000</u>	<u>(16,458)</u>
Net cash flows from operating activities	<u>156,156</u>	<u>57,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Plant and equipment purchases	(30,102)	(28,650)
Capitalization of software development costs	<u>-</u>	<u>-</u>
Net cash flows from investing activities	<u>(30,102)</u>	<u>(28,650)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock for cash	35,000	(19,350)
Proceeds from long-term debt, net of repayments	-	-
Loans from related party, net of repayments	<u>(8,215)</u>	<u>20,141</u>
Net cash flows from financing activities	<u>26,785</u>	<u>791</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(30,368)	(5,727)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>36,327</u>	<u>7,229</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 5,960</u>	<u>\$ 1,502</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash investing and financing activities:		
Stock issued for fixed assets	<u>\$ -</u>	<u>\$ 133,000</u>
Cash paid during the year for: Interest	<u>\$ 5,960</u>	<u>\$ 5,342</u>

MD Technologies, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		Additional	Retained	
	Number		paid-in	(Accumulated	
	<u>of shares</u>	<u>Amount</u>	<u>capital</u>	<u>deficit)</u>	<u>Totals</u>
Balances as of January 1, 2000	-	-	-	-	-
Contributed capital, costs and expenses incurred by shareholders	-	-	245,000	-	245,000
Issuance of stock for leasehold improvements, \$0.50 per share	8,000	-	4,000	-	4,000
Stock issued for services					
\$0.50 per share	450,000	45	224,955	-	225,000
Stock to be issued for receivable					
@ 12/31/00	8,625,000	863	-	-	863
Stock subscribed	-	(863)	-	-	(863)
Net loss	=	=	-	<u>(382,415)</u>	<u>(382,415)</u>
Balances as of December 31, 2000	9,083,000	45	473,955	(382,415)	(91,585)
Stock issued for services,					
\$1.00 per share	5,000	1	5,000	-	5,001
Stock issued for cash,					
\$0.01 to \$0.50 per share	909,920	92	404,868	-	404,960
Stock warrants issued as debt incentive	-	-	12,300	-	12,300
Net loss	=	=	-	<u>(589,223)</u>	<u>(589,223)</u>
Balances as of December 31, 2001	9,997,920	137	896,123	(971,638)	(75,378)
Stock issued for cash,					
\$0.50 per share				-	
Net loss				(35,751)	(35,751)

MD Technologies, Inc.
STATEMENT OF STOCKHOLDERS' EQUITY (continued)

	<u>Common Stock</u>		Additional	Retained	
	<u>Number</u>		paid-in	(Accumulated	
	<u>of shares</u>	<u>Amount</u>	<u>capital</u>	<u>deficit)</u>	<u>Totals</u>
Balances as of June 30, 2002	<u>9,997,920</u>	<u>\$ 137</u>	<u>896,123</u>	<u>(1,007,389)</u>	<u>(111,129)</u>
Stock issued for cash,					
\$0.50 per share	500,000	50	249,950	-	250,000
Options issued for compensation	-	168	74,011	-	74,179
Net loss	=	=	-	<u>(225,129)</u>	<u>(225,129)</u>
Balances as of December 31, 2002	<u>10,497,920</u>	<u>\$ 355</u>	<u>\$ 1,220,084</u>	<u>(1,232,518)</u>	<u>(12,079)</u>
Stock issued for cash,					
\$0.50 per share	70,000	7	34,993	-	35,000
Stock issued for services,					
\$0.50 per share	169,992	17	84,979		84,996
Net loss	=	=	-	<u>(183,207)</u>	<u>(183,207)</u>
Balances as of June 30, 2003	<u>10,737,912</u>	<u>\$ 379</u>	<u>\$ 1,340,056</u>	<u>\$(1,415,725)</u>	<u>(75,290)</u>

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
2.1	Certificate of Incorporation Sequential Page No. 85
2.2	Bylaws Sequential Page No. 89
3.1	Form of stock certificate Sequential Page No. 106 To be filed by amendment
4	Subscription Agreement Sequential Page No. 107
6.1	Employment Agreement of William D. Davis Sequential Page No. 110
6.2	Employment Agreement of Jose S. Canseco Sequential Page No. 118
6.3	Joint Development and License Agreement with Emory Healthcare Sequential Page No. 126
6.4	Nonqualified Stock Option Plan Sequential Page No. 139
6.5	Promissory Note to William C. Ellison Sequential Page No. 149
6.6	Promissory Note to Jose S. Canseco Sequential Page No. 153
6.7	Promissory Note to William D. Davis Sequential Page No. 156
6.8	Promissory Note to Thomas L. Frazer Sequential Page No. 159
6.9	Note Purchase Agreement with SBL Capital Corporation Sequential Page No. 163
6.10	Agreement for Financial Services with Dean Capital, L.L.C. Sequential Page No. 183
10.1	Consent of Comisky & Company Sequential Page No. 187
10.2	Consent of Lisa B. St. Amant, CPA Sequential Page No. 189
11	Opinion re Legality Sequential Page No. 191

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SIGNATURES


The issuer has duly caused this Offering Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New Orleans, State of Louisiana, on August 6, 2003.

MD Technologies Inc.

By 

William D. Davis
President & Chief Executive Officer, Director


This Offering Statement has been signed by the following persons in the capacities and on the dates indicated.



William D. Davis
President & Chief Executive Officer, Director

8/6/03


Date



Jose S. Canseco
Chairman, Director

8/6/03


Date



William C. Ellison
General Counsel, Director

8/6/03

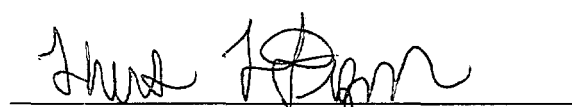
Date



William J. Burnell
Director

8/6/03


Date



Thomas L. Frazer
Director

8/6/03

Date



Terry Jones
Acting Chief Financial Officer, Director

8/6/03

Date

FORM 1-A

Exhibit 2.1

Certificate of Incorporation

DELAWARE REGISTRY, LTD.
CERTIFICATE OF INCORPORATION
OF

MD TECHNOLOGIES INC.

FIRST. The name of this Corporation is MD TECHNOLOGIES INC.

SECOND. Its registered office in the State of Delaware is to be located at 3511 Silverside Road, Suite 105, County of New Castle. The Registered Agent in charge thereof is DELAWARE REGISTRY, LTD., 3511 Silverside Road, Suite 105, Wilmington, Delaware USA 19810.

THIRD. The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH. The amount of the total authorized capital stock of this corporation is _____
ONE THOUSAND FIVE HUNDRED Dollars (\$ 1,500.00) divided into 15,000,000 shares, of
_____ .0001 Dollars (\$0.0001) each.

FIFTH. The names and mailing addresses of each of the incorporator or incorporators are as follows:

NAME	MAILING ADDRESS
<u>DELAWARE REGISTRY, LTD.</u>	<u>3511 SILVERSIDE ROAD SUITE 105</u> <u>WILMINGTON, DE 19810 USA</u>

SIXTH. Provisions for the management of the business and for the conduct of the affairs of this corporation and provisions creating, defining, limiting and regulating the powers of this corporation, the directors and the stockholders are as follows:

(1) The board of directors shall have the power to make, adopt, alter, amend and repeal the bylaws of this corporation without the assent or vote of the stockholders, including, without limitation, the power to fix, from time to time, the number of directors which shall constitute the whole board of directors of this corporation subject to the right of the stockholders to alter, amend and repeal the bylaws made by the board of directors.

(2) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the board of directors of this corporation are hereby expressly empowered to exercise all such powers and to do all such acts and things as may be exercised or done by this corporation; subject, nevertheless, to the provisions of the statutes of the State of Delaware and of the Certificate of Incorporation as they may be amended, altered or changed from time to time and to any bylaws provided, however, that no bylaw so made shall invalidate any prior act of the board of directors which would have been valid if such bylaw had not been made.

SEVENTH: A director of this corporation shall have no personal liability to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit.

I/WE, THE UNDERSIGNED, for the purposes of forming a Corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I/we have accordingly hereunto set my/our respective hand(s) and seal(s).

DELAWARE REGISTRY, LTD.

DATED February 25, 2000

BY Christine M. Madison
CHRISTINE M. MADISON (ASSISTANT SECRETARY)

**STATE OF DELAWARE
CERTIFICATE OF AMENDMENT OF
CERTIFICATE OF INCORPORATION**

MD TECHNOLOGIES INC.

MD Technologies Inc., through its undersigned duly authorized officer does hereby certify as follows:

First: That by Unanimous Written Consent of the Board of Directors of MD Technologies Inc. resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation, or other authorized action in lieu of a meeting, for consideration thereof. The resolution setting forth the proposed amendment is as follows:

Resolved, that the paragraph numbered "FOURTH" of the Company's Certificate of Incorporation filed February 25, 2000 be amended to read in its entirety as follows:

FOURTH. The total number of shares of stock which the Corporation shall have authority to issue is 30,020,000 shares, consisting solely of (i) 30,000,000 shares of Common Stock, \$0.0001 par value per share (the "Common Stock"), and (ii) 20,000 shares of Preferred Stock, no par value (the "Preferred Stock").


The Board of Directors is authorized, subject to limitations prescribed by law and the provisions of this Article IV, to provide for the issuance of the shares of Preferred Stock in series, and by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series. The voting powers thereof, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, if any, of such preferences and/or rights (collectively, the "Series Terms"), shall be such as are stated and expressed in a resolution or resolutions providing for the creation or revision of such Series Terms (a "Preferred Stock Series Resolution") adopted by the Board of Directors.

Second: That thereafter, in lieu of a meeting and vote of the shareholders, the shareholders have given written consent to said amendment in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware, and written notice of the adoption of the amendment has been given as provided in Section 228 of the General Corporation Law of the State of Delaware to every shareholder entitled to such notice.

Third: That said amendment was duly adopted in accordance with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

Executed this 13th day of August, 2003.

MD TECHNOLOGIES INC.

By: 
William D. Davis, President

FORM 1-A

Exhibit 2.2

Bylaws

**CERTIFICATION OF TRUE AND CORRECT COPY OF
BYLAWS OF MD TECHNOLOGIES INC.**

The undersigned duly elected Secretary of MD Technologies Inc., a Delaware corporation (the "Company"), hereby certifies that attached hereto is a full, true and correct copy of the Bylaws of the Company, as amended by amendments to the Bylaws adopted by the Board of Directors of the Company on August 6, 2003, and that the attached Bylaws remain in full force and effect as of the date hereof.



William C. Ellison, Secretary
August 14th, 2003

BYLAWS
OF
MD TECHNOLOGIES, INC.

Effective

February 25, 2000

(as amended through August 6, 2003)

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BYLAWS
OF
MD TECHNOLOGIES, INC.

ARTICLE I.

CORPORATE PURPOSE

The purpose of this Corporation is to engage in any lawful act or activities for which corporations may be formed under the Delaware General Corporation Law.

ARTICLE II.

CORPORATE OFFICE

The Corporation shall maintain a registered office in the State of Delaware and may also have such other offices, including its principal office, at such places, within or without the State of Delaware, as the Board of Directors may from time to time designate or the business of the Corporation may require. The Corporation shall establish its first principal office in the State of Louisiana at 882 Government Street, Baton Rouge La. 70802.

ARTICLE III.

SHAREHOLDERS

Section 1. **Annual Meetings.** The annual meeting of shareholders shall be held at 10:00 A.M. on the fourth Thursday in the month of March each year, or on such other date during the year and at such other time as may be designated by the Board of Directors and stated in the notice of meeting. If the date set for the annual meeting falls on a legal or local holiday, then the meeting shall be the next secular day following. At each annual meeting, the shareholders shall elect directors and transact such other business as may be properly brought before the meeting.

Section 2. **Special Meetings.** Special meetings of shareholders may be called for any purpose or purposes by the Board of Directors.

Section 3. **Place of Meetings.** Meetings of shareholders shall be held at such places, within or without the States of Delaware or Louisiana, as may be designated by the Board of Directors and stated in the notice of meeting.

Section 4. **Quorum.** The holders of shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum exists with respect to that matter. Unless the Certificate of Incorporation or the Act requires otherwise, the holders of a majority of

the votes entitled to be cast on a matter shall constitute a quorum for action on that matter. Once a share is represented for any purpose at a meeting, the holder is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting, unless a new record date is or must be set for that adjourned meeting.

Section 5. **Voting.** Subject to the provisions of Article V Section 2 hereof, Directors shall be elected by a majority of the votes cast by shareholders entitled to vote in the election at a meeting at which a quorum is present. Shareholder action on any other matter is approved by a voting group, if a majority of the shareholders within the voting group vote in favor of the action. If two or more groups are entitled to vote separately on a matter, action on the matter is approved only when approved by each voting group.

Section 6. **Voting Rights.**

(a) Except as otherwise provided by law or in the Certificate of Incorporation, on all matters submitted to a vote of the stockholders of the Corporation, each outstanding share of Common Stock shall be entitled to one vote, and shall be entitled to notice of any stockholders meeting in accordance herewith and shall be entitled to vote upon such matters and in such manner as may be provided by law.

(b) Except as otherwise provided by law or in the Certificate of Incorporation, on all matters submitted to a vote of the stockholders of the Corporation, each outstanding share of Preferred Stock shall be entitled to one vote for each share of Common Stock into which such shares are convertible, on all matters upon which holders of shares of Common Stock are entitled to vote. With respect to the voting rights granted hereunder, the holder of Preferred Stock entitled to vote shall have the full voting rights and powers equal to the voting rights and powers of the Common Stock, and shall be entitled to notice of any stockholders meeting in accordance herewith and shall be entitled to vote, together with the holders of Common Stock, with respect to any question upon which holders of Common Stock have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as-converted basis shall be rounded to the nearest whole number (with one-half being rounded upward).

Notwithstanding the foregoing, the Corporation shall not, without first obtaining the affirmative vote or written consent of the holders of at least a majority of the then outstanding shares of the Preferred Stock:

(i) effect an exchange, or create a right of exchange of all or part of the shares of another class or series into the shares of Preferred Stock;

(ii) create a class or series of shares having rights, preferences, or privileges prior to or on a parity with the shares of Preferred Stock;

(iii) change, alter, cancel, or amend the preferences or rights of the preferred stock; or

(iv) make any amendment to the Certificate of Incorporation which would

adversely affect the rights of the holders of Preferred Stock;

Section 7. **Adjournment.** If a meeting of shareholders is adjourned to another date, time or place, notice need not be given of the adjourned meeting if the new date, time and place are announced at the meeting before the adjournment. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the time originally designated for the meeting if a quorum existed at the time originally designated for the meeting; provided, however, if a new record date is or must be fixed under the Act or these bylaws, a notice of the adjourned meeting must be given to shareholders as of the new record date.

Section 8. **Proxies.** A shareholder may appoint a proxy to vote at a meeting of shareholders or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy is effective when received by the secretary or other officer or agent authorized to tabulate votes. An appointment is valid for three years, unless another period is expressly provided for in the appointment form. An appointment of a proxy is revocable by the shareholder, unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest.

Section 9. **Action by Written Consent.** Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents describing the action taken is signed by holders of stock having at least the minimum number of votes that would be required at a meeting at which all of the shares entitled to vote were present and voting. The written consent or consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken by written consent is effective when the last shareholder signs the consent, unless the consent specifies a different effective date.

ARTICLE IV.

RECORD DATE

In order that the Corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days prior to the date of such meeting. If no record date is fixed, the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day before the notice of the meeting is given, or if notice is waived, the close of business on the day before the meeting. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting, unless the Board of Directors fixes a new record date.

ARTICLE V.

DIRECTORS

Section 1. **Number and Term.** The business and affairs of the Corporation shall be managed under the direction of a Board of Directors consisting of not less than one (1) nor more than twelve (12) members elected for staggered three year terms. Members shall be allocated as equally as possible among the three classes. The term of the Class One directors named below shall expire at the first annual meeting after the adoption of this amendment. The term of the Class Two directors shall expire at the second annual meeting after the adoption of this amendment. The term of the Class Three directors shall expire at the third annual meeting after the adoption of this amendment. Upon expiration of the terms of office of the directors as classified below, their successors shall be elected for the term of three years each, so that one-third of the number of directors of the Corporation shall be elected annually.

Class 1 Directors:	Terry Jones, William J. Burnell
Class 2 Directors:	Thomas L. Frazer, William C. Ellison
Class 3 Directors:	William D. Davis, Jose S. Canseco

Section 2. **Nomination of Directors.** Nominations for and elections of directors shall be as follows:

(i) seven (7) directors selected by the holders of all of the issued and outstanding Common Stock ("Common Directors"),

(ii) so long as the Corporation has outstanding Preferred Stock, two (2) directors selected by the affirmative vote of a majority of the holders of all of the issued and outstanding Preferred Stock ("Preferred Directors"), should the Corporation not have outstanding Preferred Stock, all Directors shall be elected by holders of the issued and outstanding Common Stock.

The Corporation shall use its best efforts to cause and maintain the election of the foregoing directors to the Board of Directors.

Section 3. **Regular Meetings.** The Board of Directors of the Corporation may hold meetings either within or without the State of Louisiana, the state in which its principal office is located. Meetings of the Board of Directors shall be held no less frequently than bi-monthly unless the Board unanimously agrees to hold such meetings less frequently, but may be held more frequently as determined by a majority vote of the Board.

Section 4. **Special Meetings.** Special meetings of the Board of Directors may be called by the Chairman of the Board, the President or any two directors and shall be held at such places, within or without the State of Louisiana, on such dates and at such times as may be stated in the notice of meeting.

Section 5. **Board Minutes.** The Board of Directors shall keep regular minutes of its meetings.

Section 6. **Action by Written Consent.** Any action required or permitted to be taken at a meeting of the Board of Directors, or any Committee, may be taken without a meeting, if all directors consent to the taking of such action without a meeting by signing one or more written consents describing the action taken. The written consent or consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Action taken by written consent is effective when the last director signs the consent, unless the consent specifies a different effective date.

Section 7. **Meeting by Telephonic Conference or Similar Communications Equipment.** Participation in a meeting of the Board of Directors, or any Committee, may be by means of conference telephone or similar communications equipment so long as all participants in the meeting can hear and speak to one other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 8. **Committees.** The Board of Directors, with the approval of a majority of all the Directors in office when the action is taken, which majority must include at least one Preferred Director if any Preferred Directors have been elected, may create one or more committees. A committee shall consist of one or more Directors who serve at the pleasure of the Board of Directors. Any such committee, to the extent specified by the Board of Directors, may exercise the authority of the Board of Directors in supervising the management of the business and affairs of the Corporation, except that a committee may not: (i) authorize distributions, except according to a formula or method prescribed by the Board of Directors; (ii) approve or propose to shareholders action required by law to be approved by shareholders; (iii) fill vacancies on the Board of Directors or any of its committees; (iv) amend the Certificate of Incorporation; (v) adopt, amend or repeal bylaws; (vi) approve a plan of merger not requiring shareholder approval; (vii) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors or specified in the Shareholders' Agreement; or (viii) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee or senior executive officer of the Corporation to do so within limits specifically prescribed by the Board of Directors.

Section 9. **Committee Minutes.** Each Committee shall keep regular minutes of its meetings and report the minutes to the Board of Directors when required.

Section 10. **Quorum.** At all meetings of the Board of Directors, a majority of the Common Directors, and at least one of the Preferred Directors, if any, shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. The Chairman of the Board or, in his absence, the President and Chief Executive Officer shall chair Board meetings.

Section 11. **Voting.** Except as otherwise provided, each Director shall be entitled to a

single vote on all matters properly brought before the Board of Directors, and all decisions of the Board of Directors shall be by majority vote of the Directors present provided a quorum is present.

Section 12. **Powers of Directors.** The Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by the Certificate of Incorporation or by these bylaws directed or required to be exercised or done by the shareholders. The powers of the Directors may be enlarged or restricted, as set forth in the resolution of the shareholders consistent with the Act, the Certificate of Incorporation and these bylaws.

Section 13. **Compensation.** Directors shall receive such compensation as shall be fixed by the Board of Directors and shall be entitled to reimbursement for any reasonable expenses incurred in attending meetings and otherwise carrying out their duties. Directors may also serve the Corporation in any other capacity and receive compensation therefor.

Section 14. **Directors Have No Exclusive Duty to Corporation.** None of the Directors shall be required to manage the Corporation as his/her sole and exclusive function, but shall devote such time to the Corporation as shall be reasonably required. The Directors may have other business interests and may engage in other activities in addition to those relating to the Corporation.

Section 15. **Resignation of Directors.** Any Director of the Corporation may resign at any time by giving written notice to the remaining Directors of the Corporation. The resignation of a Director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 16. **Removal of Directors.** At a meeting called expressly for that purpose, a Director may be removed at any time, with or without cause, by the affirmative vote of Shareholders holding at least fifty (50%) percent of all shares of the voting group then entitled to vote at an election of the Director(s) to be removed.

Section 17. **Vacancy.** In the case of any vacancy in the office of a director, the person(s) or voting group that elected such vacating director may elect a successor or successors to hold the office for the unexpired term of the director or directors whose place or places shall be vacant.

Section 18. **Standard of Conduct.** A director shall discharge his duties as a director, including duties as a member of a committee (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the director believes to be in the best interests of the Corporation.

Section 19. **Director Liability.** A director of the Corporation shall, to the full extent permitted by the Act as it now exists or as it may hereafter be amended, not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Neither any amendment nor repeal of this Section, nor the adoption of any provisions of the

Certificate of Incorporation inconsistent herewith shall eliminate or reduce the effect of this Section in respect of any matter occurring, or any cause of action, suit or claim that, but for this Section, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VI

NOTICES

Section 1. Written Notices. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be given not less than ten (10) nor more than sixty (60) days before the meeting. Notices may be personally delivered or delivered by mail, electronic mail, telegram, Federal Express, or other reliable overnight delivery service, by or at the direction of the President, the Secretary or the officer calling the meeting to each Director, or Shareholder of record, as the case may be, entitled to vote at such meeting. Such notice shall be deemed to be given upon the earlier of (a) actual receipt or (b) three (3) days after deposit with the postal service, addressed to the Director or Shareholder of record, as the case may be, at the address that appears on the records of the Corporation, with the postage thereon prepaid.

Section 2. Waivers. Whenever any notice of any meeting for any purpose is required to be given to any Shareholder or Director under the provisions of the Act or of the Certificate of Incorporation or of these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Timely and Proper Notice. A Shareholder or Director who attends a meeting shall be deemed to have had timely and proper notice of the meeting, whether or not a written waiver is signed, unless he/she attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII.

OFFICERS

Section 1. Election and Term. At the first meeting of the Board of Directors following the annual meeting of shareholders, or as soon thereafter as is conveniently possible, the Board of Directors shall elect officers of the corporation. The officers shall consist of a Chairman of the Board of Directors, who must be a Director, a President and Chief Executive Officer, Chief Operating Officer, a Secretary, who must be a certifying official, and a Chief Marketing Officer. Officers shall have no vote as Directors, shall have only such authority as is delegated to them by the Directors or these bylaws, generally and specifically, and shall serve at the pleasure of the Board of Directors for no specific term except as provided in a written employment agreement. The Board of Directors may also choose Vice-Presidents and may

designate such additional officers as it deems appropriate. Such additional officers shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be authorized from time to time by the Board of Directors. Any number of offices may be held by the same person.

Section 2. **Salaries.** The salaries of all officers and agents of the Corporation shall be fixed by the Board of Directors.

Section 3. **Term.** The officers of the Corporation shall hold office until their successors are chosen and duly qualified. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors.

Section 4. **Duties.** The duties and powers of the officers of the Corporation shall be as follows:

a. **Chairman of the Board.** The Chairman of the Board of Directors shall preside at all meetings of the Board of Directors and shall have such other duties as the Board of Directors may assign to him and he may accept.

b. **President and Chief Executive Officer.** The President shall be the Chief Executive Officer, shall preside at all meetings of the Shareholders, shall have general and active management of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect.

c. **Vice-Presidents.** In the absence of the President or in the event of his inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated by the Directors, or in the absence of any designation, then in the order of their seniority) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-Presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

d. **Chief Operating Officer.** Chief Operating Officer shall be responsible for the day to day operations of the Corporation and shall supervise the activities of all employees, under the supervision of the President. The Chief Operating Officer shall report directly to the President.

e. **Secretary.** The Secretary or an Assistant Secretary, shall attend all meetings of the Board of Directors and all meetings of the Shareholders and record all the proceedings of the meetings of the Corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing Committees when required. They shall give, or cause to be given, notice of special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision they shall be.

f. **Assistant Secretary.** The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the Secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe, providing that an Assistant Secretary cannot certify the authority of a person to act for the Corporation unless he is also a certifying official.

g. **Chief Marketing Officer.** The Chief Marketing Officer shall direct the marketing operations of the Corporation, including the hiring of sales and marketing personnel, the development of sales and marketing plans and materials, the solicitation and selection of media partners and the supervision of the activities of sales representatives.

Section 5. **Removal.** The Board of Directors may remove any officer at any time, with or without cause, but no such removal shall affect the contract rights, if any, of the person so removed.

Section 6. **Resignation.** Subject to the terms of a written employment agreement, any officer of the Corporation may resign at any time by giving written notice to the President or, in the case of a resigning President, the Board of Directors. The resignation of an officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7. **Standard of Conduct.** An officer shall discharge his duties as an officer (i) in good faith; (ii) with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and (iii) in a manner the officer believes to be in the best interests of the Corporation.

ARTICLE VIII.

INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. The corporation shall indemnify, to the full extent permitted by law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had

no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall, to the full extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; provided, however, that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. To the extent that a present or former director or officer of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders.

Section 5. Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this ARTICLE. Such expenses (including attorneys' fees) incurred by former directors and officers

or other employees and agents may be so paid upon such terms and conditions, if any, as the board of directors deems appropriate.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this ARTICLE shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this ARTICLE.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this ARTICLE shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE IX.

EMERGENCY BYLAW

In the event that a quorum of directors cannot be readily assembled because of a catastrophic event, the Board of Directors may take action by the affirmative vote of a majority of those directors present at a meeting and may exercise any emergency power granted to a Board of Directors under the Act not inconsistent with this bylaw. If less than three regularly elected directors are present, the director present having the greatest seniority as a director may appoint one or more persons (not to exceed the number most recently elected to the board) from among the officers or other executive employees of the Corporation to serve as substitute directors. If no regularly elected director is present, the officer present having the greatest seniority as an officer shall serve as a substitute director, shall appoint up to four additional persons from among the officers or other executive employees of the Corporation to serve as substitute directors.

ARTICLE X.

CORPORATE SEAL

The Corporation may have a corporate seal, but the use of or failure to use any such seal shall not have any legal effect on any action taken or instrument executed by or on behalf of the Corporation. The seal may be used by impressing or affixing it to an instrument or by causing a facsimile thereof to be printed or otherwise reproduced thereon.

ARTICLE XI.

FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year.

ARTICLE XII.

AMENDMENT

The Board of Directors may amend or repeal these bylaws, unless (i) the Certificate of Incorporation or the Act reserves this power exclusively to shareholders or (ii) the shareholders, in amending or repealing a particular bylaw, provide expressly that the Board of Directors may not amend or repeal that bylaw. Shareholders may amend or repeal any bylaw, even though the bylaws may also be amended or repealed by the Board of Directors.

ARTICLE XIII.

DEFINITIONS

The term "Act" as used in these bylaws refers to the Delaware General Corporation Law, as amended from time to time. Terms defined in the Act shall have the same meanings when used in these bylaws.

FORM 1-A

Exhibit 3.1

Form of Stock Certificate

FORM 1-A

Exhibit 4

Subscription Agreement

MEDTOPIA®

MD TECHNOLOGIES INC.

SUBSCRIPTION AGREEMENT

MD Technologies Inc.
620 Florida St., Suite 200
Baton Rouge, LA 70801

Ladies and Gentlemen:

1. PURCHASE OF COMMON STOCK. I hereby agree to purchase _____ shares of voting common stock (par value \$0.0001) (the "Shares") of MD Technologies Inc. (the "Company") for _____ U.S. Dollars (number of Shares to be purchased multiplied by \$0.60). I acknowledge that the Company reserves the right, in its sole and absolute discretion, to accept or reject this subscription and the subscription will not be binding until accepted by the Company in writing.

2. PAYMENT. I agree to deliver to the Company immediately available funds in the full amount due under this Agreement, by certified or cashier's check payable to the "MD Technologies Inc."

3. ISSUANCE OF SHARES. The Shares subscribed for herein will only be issued upon acceptance by the Company and upon satisfaction of the terms and conditions of their purchase.

4. REPRESENTATION AND WARRANTIES. I understand that the offering and sale of the Shares is being offered under an exemption pursuant to Regulation A under (i) the Securities Act of 1933, as amended (the "Securities Act"), and (ii) various states in compliance with their administration and enforcement of the respective states' blue sky laws and regulations. In accordance therewith and in furtherance thereof, I represent and warrant to and agree with the Company as follows:

- a. I am a resident of the State of _____ as of the date of this Agreement and I have no present intention of becoming a resident of any other state or jurisdiction;
- b. I have received and have reviewed the Company's Offering Circular dated _____, 2003;
- c. I have had a reasonable opportunity to ask questions of and receive answers from a person or persons acting on behalf of the Company concerning this investment, including the terms and conditions of this offering, and all such questions have been answered to my full satisfaction;

5. IRREVOCABILITY; BINDING EFFECT. I hereby acknowledge and agree that the purchase hereunder is irrevocable, that I am not entitled to cancel, terminate or revoke this Agreement or any agreements of the undersigned hereunder and that this Agreement and such other agreements shall survive my death or disability and shall be binding upon and inure to the benefit of the parties and their heirs, executor, administrators, successors, legal representatives and assigns. If the undersigned is more than one person, the obligations of the undersigned hereunder shall be joint and several, and the agreements, representations, warranties and acknowledgments herein contained shall be deemed to be made by and are binding upon each such person and his heirs, executors, administrators, successors, legal representatives and assigns.

6. MODIFICATION. Neither this Agreement nor any provisions hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

7. NOTICES. Any notice, demand or other communication which any party hereto may require, or may elect to give to anyone interested hereunder shall be sufficiently given if (a) deposited, postage prepaid, in a United States mail box, stamped registered or certified mail, return receipt requested addressed to such address as may be listed on the books of the Company, (b) delivered personally at such address, or (c) delivered (in person, or by a facsimile transmission, telex or similar telecommunications equipment) against receipt.

8. COUNTERPARTS. This Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

9. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, and there are no representations, covenants or other agreements except as stated or referred to herein.

10. SEVERABILITY. Each provision of the Agreement is intended to be severable from every other provision, and the invalidity or illegality of any portion hereof shall not affect the validity or legality of the remainder hereof.

11. ASSIGNABILITY. This Agreement is not transferable or assignable by the undersigned except as may be provided herein.

12. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana as applied to residents of that state executing contracts wholly to be performed in that state.

(Signature)

(Date)

(Printed Name)

LEGAL RESIDENCE ADDRESS OF INVESTOR

MAILING ADDRESS OF INVESTOR
(IF DIFFERENT FROM ABOVE)

(Number and Street)

(Number and Street)

(City, State, Zip Code)

(City, State, Zip Code)

(Telephone Number)

(Social Security/EIN Number)

Accepted as of this ____ day of _____, 2003

MD TECHNOLOGIES INC.

BY: _____

William D. Davis
President

FORM 1-A

Exhibit 6.1

Employment Agreement of William D. Davis

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT is entered into by and between, MD Technologies, Inc., a Delaware corporation (the "Company"), and William D. Davis, the undersigned individual ("Executive").

RECITAL

The Company and Executive desire to enter into an Employment Agreement setting forth the terms and conditions of Executive's employment with the Company.

CONDITION PRECEDENT

This Agreement shall become effective on the day the Company secures and receives at least \$1.5 (One and one-half) million in funding. If the Company does not secure and receive such funding by May 2004, this Agreement shall become null and void.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Company and Executive agree as follows:

1) Employment.

(a) Term. The Company hereby employs Executive to serve as CEO and CTO and to serve in such additional or different position or positions as the Company may determine in its sole discretion. The term of employment shall be for a period of Five (5) years ("Employment Period"), unless earlier terminated as set forth herein, and is to commence on the date set forth in the above referenced "Condition Precedent" paragraph.

(b) Duties and Responsibilities. Executive will report to the Company's Board of Directors. Within the limitations established by the Bylaws of the Company, the Executive shall have each and all of the duties and responsibilities of that position and such other or different duties on behalf of the Company, as may be assigned from time to time by the Company's Board. Executive will be responsible for the overall administration and operation of the Company and such other specific duties and responsibilities as the Company shall from time to time assign. In conjunction with other Company executives, he will guide and participate in strategic long-range planning.

(c) Location. The initial principal location at which Executive shall perform services for the Company shall be 620 Florida St., Suite 200, Baton Rouge, La. 70801.

2) Compensation.

(a) Base Salary. Executive shall be paid an initial base salary ("Base Salary") at the annual rate of \$ 102,000, payable in bi-monthly installments consistent with Company's payroll practices. The annual Base Salary shall be reviewed on or before January 1 of each year by the Board of Directors of the Company to determine if such Base Salary should be increased for the following year in recognition of services to the Company. The Company shall raise the Executive's salary yearly by an amount not less than the increase in the Consumer Price Index ("CPI") for All Urban Consumers over the previous 12 months, as published by the United States Department of Labor, Bureau of Labor Statistics. While raises above CPI cannot be guaranteed, the Company indicates its good faith intention to adjust Executive's salary to approximate the salary being paid other Executives in similarly situated companies, whenever the Company's financial condition permits.

(b) Payment. Payment of all compensation to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable employment and withholding taxes.

(c) Bonus. Should the Company's financial condition permit, Executive shall be paid a bonus that approximates bonuses being paid to executives in similarly situated companies.

3) Other Employment Benefits.

(a) Business Expenses. Upon submission of itemized expense statements in the manner specified by the Company, Executive shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Executive in the performance of his duties under this Agreement.

(b) Auto Allowance. Company shall provide Executive with an automobile allowance for the use of his automobile for Company business of \$300 per month. The Company shall also reimburse Executive for gasoline usage at the rate of 30 cents (\$0.30) per mile traveled on Company business.

(b) Benefit Plans. Executive shall be entitled to participate in any benefit plan offered by the Company to its employees during the term of this Agreement (other than stock option or stock incentive plans, which are governed by Section 3(d) below). Nothing in this Agreement shall preclude the Company or any affiliate of the Company from terminating or amending any employee benefit plan or program from time to time.

(c) Vacation. Executive shall be entitled to three (3) weeks of vacation each year of full employment, exclusive of legal holidays, as long as the scheduling of Executive's vacation does not interfere with the Company's normal business operations. In no event, however, should Executive accrue more than 3 weeks of unused vacation, i.e., the cap is 3 weeks, at which point Executive will no longer accrue any more vacation until same is used.

(d) **Stock Options.** Executive shall be entitled to options to acquire shares of the Common Stock of the Company pursuant to the terms of a Stock Option Plan to be adopted by the Company.

(e) **No Other Benefits.** Executive understands and acknowledges that the compensation specified in Sections 2 and 3 of this Agreement shall be in lieu of any and all other compensation, benefits and plans.

4) **Executive's Business Activities.** Executive shall devote the substantial portion of Executive's entire business time, attention and energy exclusively to the business and affairs of the Company and its affiliates, as its business and affairs now exist and as they hereafter may be changed. Executive may serve as a member of the Board of Directors of other organizations that do not compete with the Company, and may participate in other professional, civic, governmental organizations and activities that do not materially affect his ability to carry out his duties hereunder.

5) **Termination of Employment.**

(a) **By Company for Cause.** Notwithstanding anything herein to the contrary, the Company may terminate Executive's employment hereunder for cause which includes: willful misconduct, gross negligence; theft, fraud or other illegal conduct; refusal or unwillingness to perform duties; sexual harassment; conduct which reflects adversely upon, or making any remarks disparaging of, the Company, its Board, officers, directors, advisors or employees or its affiliates or subsidiaries; insubordination; any willful act that is likely to and which does in fact have the effect of injuring the reputation, business or a business relationship of the Company; violation of any fiduciary duty; violation of any duty of loyalty; and breach of any term of this Agreement. Upon termination for cause, the Company shall have no further obligation to Executive except to pay all accrued but unpaid base salary and vacation to the date of termination.

The Company shall not terminate the employment of Executive without first providing Executive thirty (30) days' written notice of such failure, and affording Executive the ability to cure such failure within a reasonable time thereafter if the failure is such that can reasonably be cured by Executive, such notice to be given in good faith and to specify in reasonable detail the basis of such notice.

(b) **By Executive for Cause.** This contract may be voided for cause by Executive. For purposes of this Section, "Cause" is hereby defined as: failure of Company to pay Executive his salary and other benefits when due; Bankruptcy or placement of Company in receivership; failure of the Company to implement the business plan approved by its Board of Directors for a period of 24 months.

(c) **Cooperation.** After notice of termination, Executive shall cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive.

6. **Disability of Executive.** The Company may terminate this Agreement without liability if Executive shall be permanently prevented from properly performing his essential duties hereunder with reasonable accommodation by reason of illness or other physical or mental incapacity for a period of more than one hundred and twenty [120] consecutive calendar days. Upon such termination, Executive shall be entitled to all accrued but unpaid Base Salary and vacation.

7. **Death of Executive.** In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within 30 days of Executive's death the Company shall pay to Executive's heirs or personal representatives Executive's Base Salary and accrued vacation accrued to the date of death.

8. **Confidentiality.** Executive recognizes that as a result of his employment by the Company prior to the date of this Agreement, as well as his future employment under this Agreement, Executive has become informed and will in the future become further informed of a variety of confidential and proprietary information, documents, and correspondence concerning the Company; its future capital improvement, marketing, and other plans; its employees; and its clients and/or patients. Executive hereby agrees that he will, not only during the term of his employment pursuant to this Agreement, but also after the termination of such employment:

(a) Treat all such information, documents, and correspondence with the same degree of confidentiality as they are treated by the Company.

9. **Non-Competition.**

(a) Executive agrees that during the term of his employment with the Company and for a period of one (1) year thereafter, he will refrain from carrying on or engaging in a business similar to that of the Company, serving as an officer, partner, director, manager, or similar official of or consultant to any company engaged in the business of providing medical practice management software and/or medical billing services and/or from soliciting customers of the Company in the cities of Miami and Atlanta or within the Parishes of Lafayette, Iberia, East Baton Rouge, Jefferson, Orleans, and St. Tammany, State of Louisiana, so long as the Company carries on a like business in such Cities and Parishes

(b) Executive acknowledges that his agreement not to compete with the Company is necessarily of a special, unique and extraordinary nature, and that the loss arising from a breach hereof cannot reasonably and adequately be compensated by money damages and will cause the Company to suffer irreparable harm. Accordingly, Executive consents and agrees that upon the failure of Executive to comply with the obligations of subparagraph (a) of this paragraph at any time, the Company shall be entitled, among and in addition to any other rights or remedies available hereunder or otherwise, to injunctive or other extraordinary relief to prevent Executive from committing or continuing a breach of such obligations.

10. **Exclusive Employment.** During employment with the Company, Executive will not do anything to compete with the Company's present or contemplated business, nor will he plan or organize any competitive business activity. Executive will not enter into any agreement which conflicts with his or her duties or obligations to the Company. Executive will not during his employment or within one (1) year after it ends, without the Company's express written consent, directly or indirectly, solicit or encourage any employee, agent, independent contractor, supplier, customer, consultant or any other person or company to terminate or alter a relationship with the Company.

10. **Assignment and Transfer.** Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of Company's assets, any corporate successor to Company or any assignee thereof.

11. **No Inconsistent Obligations.** Executive is aware of no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Executive's undertaking employment with the Company. Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others. Executive represents and warrants that he or she has returned all property and confidential information belonging to all prior employers.

12. **Miscellaneous.**

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana without regard to conflict of law principles.

(b) **Amendment.** This Agreement may be amended only by a writing signed by Executive and by a duly authorized representative of the Company.

(c) **Entire Agreement.** This agreement contains the entire agreement and understanding between the parties concerning Executive's employment. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes and replaces all prior negotiations and all agreements, proposed or otherwise, whether written or oral, concerning Executive's employment with the Company. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is a fully integrated agreement.

(d) **Severability.** If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and, to this end, the provisions of this Agreement are declared to be severable.

(e) **Construction.** The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or

interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive.

(f) Rights Cumulative. The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(g) Nonwaiver. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by an officer of the Company (other than Executive) or other person duly authorized by the Company.

(h) Notices. Any notice, request, consent or approval required or permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, with postage prepaid, to Executive's residence (as noted in the Company's records), or to the Company's general counsel at the company's principal office, as the case may be.

(i) Assistance in Litigation. Executive shall, during and after termination of employment, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become a party; provided, however, that such assistance following termination shall be furnished at mutually agreeable times.

(j) Claims Any claim, dispute or controversy in any way arising out of, related to, or connected with this Agreement or the subject matter thereof, or otherwise in any way arising out of, related to, or connected with Executive's employment with the Company, whether during the existence of the employment relationship or afterwards, or the termination of Executive's employment with the Company (collectively, "Claims"), shall be resolved through final and binding arbitration in Baton Rouge, La., pursuant to the then-current National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA"), as modified by this paragraph, before a single arbitrator who is licensed to practice law in, or is a retired judge of, Louisiana. In the event of such arbitration, the prevailing party (as determined by the Arbitrator) shall be entitled to recover all reasonable costs and expenses incurred by such party in connection therewith, including attorneys' fees. The nonprevailing party shall also be solely responsible for all costs of the arbitration, including, but not limited to, the Arbitrator's fees, court reporter fees, and any and all other administrative costs of the arbitration, and promptly shall reimburse the prevailing party for any portion of such costs previously paid by the prevailing party. Any dispute as to the reasonableness of costs and expenses shall be determined by the Arbitrator.

Claims include, but are not limited to, wage and benefit claims; contract claims, including any claim, dispute or controversy arising out of or relating to the Agreement, its enforcement or its interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions; personal injury claims; tort claims; defamation claims; claims for employment discrimination based on age, sex, race, national origin, color, religion, disability, medical condition, marital status and sexual orientation; claims for harassment, including sexual harassment; and claims for violation of any federal, state, local or other governmental law, constitution, statute, regulation, or ordinance. Without waiving any right to arbitration under this Agreement, a party may seek injunctive or other equitable, provisional relief from a court of competent jurisdiction upon a showing that any potential arbitration award would be rendered ineffectual without such provisional relief. Only the following claims are excluded from this Agreement: (1) Claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, and (2) Claims within the exclusive jurisdiction of the National Labor Relations Board.

Except as may be necessary to enter judgment upon the award or to the extent required by applicable law, all Claims, defenses and proceedings (including, without limiting the generality of the foregoing, the existence of the controversy and the fact that there is an arbitration proceeding) shall be treated in a confidential manner by the Arbitrator, the parties and their counsel, and each of their agents, and employees and all others acting on behalf of or in concert with them. Without limiting the generality of the foregoing, no one shall divulge to any third party or person not directly involved in the arbitration the contents of the pleadings, papers, orders, hearings, trials, or awards in the arbitration, except as may be necessary to enter judgment upon an award as required by applicable law. Any court proceedings relating to the arbitration hereunder, including, without limiting the generality of the foregoing, to prevent or compel arbitration or to confirm, correct, vacate or otherwise enforce an arbitration award, shall be filed under seal with the court, to the extent permitted by law.

MD Technologies, Inc.
Name: [Signature]
Title: CHAIRMAN
Date: 8-8-03

William D. Davis
Name: [Signature]
Date: 8/7/03

FORM 1-A

Exhibit 6.2

Employment Agreement of Jose S. Canseco

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT is entered into by and between MD Technologies, Inc., a Delaware corporation (the "Company"), and Jose S. Canseco, the undersigned individual ("Executive").

RECITAL

The Company and Executive desire to enter into an Employment Agreement setting forth the terms and conditions of Executive's employment with the Company.

CONDITION PRECEDENT

This Agreement shall become effective on the day the Company secures and receives at least \$1.5 (One and one-half) million in funding. If the Company does not secure and receive such funding by May 2004, this Agreement shall become null and void.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the Company and Executive agree as follows:

1) Employment.

(a) Term. The Company hereby employs Executive to serve as V-P of Planning and Development and to serve in such additional or different position or positions as the Company may determine in its sole discretion. The term of employment shall be for a period of Five (5) years ("Employment Period"), unless earlier terminated as set forth herein, and is to commence on the date set forth in the above referenced "Condition Precedent" paragraph.

(b) Part Time Status. Executive will be required to work a minimum of 20 hours per week. Executive shall have the discretion in setting his work schedule.

(c) Full Time Status. Upon mutual agreement between the Board and Executive, Executive may become a full time employee of the Company at such time as Executive notifies the Board of his availability for full time employment. In such event, Executive's salary shall be Five Thousand Dollars per year \$5,000 (Five Thousand) below the CEO's salary.

(b) Duties and Responsibilities. Executive will report to the Company's Board of Directors. Within the limitations established by the Bylaws of the Company, the Executive shall have each and all of the duties and responsibilities of that position and such other or different duties on behalf of the Company, as may be assigned from time to time by the Company's Board. Executive will be responsible for the overall strategic

planning and development of the Company and such other specific duties and responsibilities as the Company shall from time to time assign.

(c) Location. The initial principal location at which Executive shall perform services for the Company shall be in New Orleans, Louisiana at an office of Executive's choosing and/or 620 Florida St., Suite 200, Baton Rouge, La. 70801.

2) Compensation.

(a) Base Salary. Executive shall be paid an initial base salary ("Base Salary") at the annual rate of \$ 42,000, payable in bi-monthly installments consistent with Company's payroll practices. The annual Base Salary shall be reviewed on or before January 1 of each year by the Board of Directors of the Company to determine if such Base Salary should be increased for the following year in recognition of services to the Company. The Company shall raise the Executive's salary yearly by an amount not less than the increase in the Consumer Price Index ("CPI") for All Urban Consumers over the previous 12 months, as published by the United States Department of Labor, Bureau of Labor Statistics. While raises above CPI cannot be guaranteed, the Company indicates its good faith intention to adjust Executive's salary to approximate the salary being paid other Executives in similarly situated companies, whenever the Company's financial condition permits.

(b) Payment. Payment of all compensation to Executive hereunder shall be made in accordance with the relevant Company policies in effect from time to time, including normal payroll practices, and shall be subject to all applicable employment and withholding taxes.

(c) Bonus. Should the Company's financial condition permit, Executive shall be paid a bonus that approximates bonuses being paid to executives in similarly situated companies.

3) Other Employment Benefits.

(a) Business Expenses. Upon submission of itemized expense statements in the manner specified by the Company, Executive shall be entitled to reimbursement for reasonable travel and other reasonable business expenses duly incurred by Executive in the performance of his duties under this Agreement.

(b) Auto Allowance. Company shall provide Executive with an automobile allowance for the use of his automobile for Company business of \$300 per month. The Company shall also reimburse Executive for gasoline usage at the rate of 30 cents (\$0.30) per mile traveled on Company business.

(b) Benefit Plans. Executive shall be entitled to participate in any benefit plan offered by the Company to its employees during the term of this Agreement (other than stock option or stock incentive plans, which are governed by Section 3(d) below). Nothing in this Agreement shall preclude the Company or any affiliate of the Company from terminating or amending any employee benefit plan or program from time to time.

(c) **Vacation.** Executive shall be entitled to three (3) weeks of vacation each year of full employment, exclusive of legal holidays, as long as the scheduling of Executive's vacation does not interfere with the Company's normal business operations. In no event, however, should Executive accrue more than 3 weeks of unused vacation, i.e., the cap is 3 weeks, at which point Executive will no longer accrue any more vacation until same is used.

(d) **Stock Options.** Executive shall be entitled to options to acquire shares of the Common Stock of the Company pursuant to the terms of a Stock Option Plan to be adopted by the Company.

(e) **No Other Benefits.** Executive understands and acknowledges that the compensation specified in Sections 2 and 3 of this Agreement shall be in lieu of any and all other compensation, benefits and plans.

4) Executive's Business Activities. Condition precedent: This provision shall only apply in the event the Executive becomes a full time employee of the Company. In such event, Executive shall devote the substantial portion of Executive's entire business time, attention and energy exclusively to the business and affairs of the Company and its affiliates, as its business and affairs now exist and as they hereafter may be changed. Executive may serve as a member of the Board of Directors of other organizations that do not compete with the Company, and may participate in other professional, civic, governmental organizations and activities that do not materially affect his ability to carry out his duties hereunder.

5) Termination of Employment.

(a) **By Company for Cause.** Notwithstanding anything herein to the contrary, the Company may terminate Executive's employment hereunder for cause which includes: willful misconduct, gross negligence; theft, fraud or other illegal conduct; refusal or unwillingness to perform duties; sexual harassment; conduct which reflects adversely upon, or making any remarks disparaging of, the Company, its Board, officers, directors, advisors or employees or its affiliates or subsidiaries; insubordination; any willful act that is likely to and which does in fact have the effect of injuring the reputation, business or a business relationship of the Company; violation of any fiduciary duty; violation of any duty of loyalty; and breach of any term of this Agreement. Upon termination for cause, the Company shall have no further obligation to Executive except to pay all accrued but unpaid base salary and vacation to the date of termination.

The Company shall not terminate the employment of Executive without first providing Executive thirty (30) days' written notice of such failure, and affording Executive the ability to cure such failure within a reasonable time thereafter if the failure is such that can reasonably be cured by Executive, such notice to be given in good faith and to specify in reasonable detail the basis of such notice.

(b) **By Executive for Cause.** This contract may be voided for cause by Executive. For purposes of this Section, "Cause" is hereby defined as: failure of

Company to pay Executive his salary and other benefits when due; Bankruptcy or placement of Company in receivership; failure of the Company to implement the business plan approved by its Board of Directors for a period of 24 months.

(c) Cooperation. After notice of termination, Executive shall cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive.

6. **Disability of Executive.** The Company may terminate this Agreement without liability if Executive shall be permanently prevented from properly performing his essential duties hereunder with reasonable accommodation by reason of illness or other physical or mental incapacity for a period of more than one hundred and twenty [120] consecutive calendar days. Upon such termination, Executive shall be entitled to all accrued but unpaid Base Salary and vacation.

7. **Death of Executive.** In the event of the death of Executive during the Employment Period, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within 30 days of Executive's death the Company shall pay to Executive's heirs or personal representatives Executive's Base Salary and accrued vacation accrued to the date of death.

8. **Confidentiality.** Executive recognizes that as a result of his employment by the Company prior to the date of this Agreement, as well as his future employment under this Agreement, Executive has become informed and will in the future become further informed of a variety of confidential and proprietary information, documents, and correspondence concerning the Company; its future capital improvement, marketing, and other plans; its employees; and its clients and/or patients. Executive hereby agrees that he will, not only during the term of his employment pursuant to this Agreement, but also after the termination of such employment:

(a) Treat all such information, documents, and correspondence with the same degree of confidentiality as they are treated by the Company.

9. **Non-Competition.**

(a) Executive agrees that during the term of his employment with the Company and for a period of one (1) year thereafter, he will refrain from carrying on or engaging in a business similar to that of the Company, serving as an officer, partner, director, manager, or similar official of or consultant to any company engaged in the business of providing medical practice management software and/or medical billing services and/or from soliciting customers of the Company in the cities of Miami and Atlanta or within the Parishes of Lafayette, Iberia, East Baton Rouge, Jefferson, Orleans, and St. Tammany, State of Louisiana, so long as the Company carries on a like business in such Cities and Parishes

(b) Executive acknowledges that his agreement not to compete with the Company is necessarily of a special, unique and extraordinary nature, and that the loss arising from a breach hereof cannot reasonably and adequately be compensated by money damages and will cause the Company to suffer irreparable harm. Accordingly, Executive consents and agrees that upon the failure of Executive to comply with the obligations of subparagraph (a) of this paragraph at any time, the Company shall be entitled, among and in addition to any other rights or remedies available hereunder or otherwise, to injunctive or other extraordinary relief to prevent Executive from committing or continuing a breach of such obligations.

10. **Exclusive Employment.** During employment with the Company, Executive will not do anything to compete with the Company's present or contemplated business, nor will he plan or organize any competitive business activity. Executive will not enter into any agreement which conflicts with his or her duties or obligations to the Company. Executive will not during his employment or within one (1) year after it ends, without the Company's express written consent, directly or indirectly, solicit or encourage any employee, agent, independent contractor, supplier, customer, consultant or any other person or company to terminate or alter a relationship with the Company.

10. **Assignment and Transfer.** Executive's rights and obligations under this Agreement shall not be transferable by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, any purchaser of substantially all of Company's assets, any corporate successor to Company or any assignee thereof.

11. **No Inconsistent Obligations.** Executive is aware of no obligations, legal or otherwise, inconsistent with the terms of this Agreement or with Executive's undertaking employment with the Company. Executive will not disclose to the Company, or use, or induce the Company to use, any proprietary information or trade secrets of others. Executive represents and warrants that he or she has returned all property and confidential information belonging to all prior employers.

12. **Miscellaneous.**

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana without regard to conflict of law principles.

(b) **Amendment.** This Agreement may be amended only by a writing signed by Executive and by a duly authorized representative of the Company.

(c) **Entire Agreement.** This agreement contains the entire agreement and understanding between the parties concerning Executive's employment. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes and replaces all prior negotiations and all agreements, proposed or otherwise, whether written or oral, concerning Executive's employment with the Company. Any representation, promise or agreement not specifically included in this

Agreement shall not be binding upon or enforceable against either party. This is a fully integrated agreement.

(d) Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and, to this end, the provisions of this Agreement are declared to be severable.

(e) Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive.

(f) Rights Cumulative. The rights and remedies provided by this Agreement are cumulative, and the exercise of any right or remedy by either party hereto (or by its successor), whether pursuant to this Agreement, to any other agreement, or to law, shall not preclude or waive its right to exercise any or all other rights and remedies.

(g) Nonwaiver. No failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by an officer of the Company (other than Executive) or other person duly authorized by the Company.

(h) Notices. Any notice, request, consent or approval required or permitted to be given under this Agreement or pursuant to law shall be sufficient if in writing, and if and when sent by certified or registered mail, with postage prepaid, to Executive's residence (as noted in the Company's records), or to the Company's general counsel at the company's principal office, as the case may be.

(i) Assistance in Litigation. Executive shall, during and after termination of employment, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any litigation in which it or any of its subsidiaries or affiliates is, or may become a party; provided, however, that such assistance following termination shall be furnished at mutually agreeable times.

(j) Claims Any claim, dispute or controversy in any way arising out of, related to, or connected with this Agreement or the subject matter thereof, or otherwise in any way arising out of, related to, or connected with Executive's employment with the Company, whether during the existence of the employment relationship or afterwards, or the termination of Executive's employment with the Company (collectively, "Claims"), shall be resolved through final and binding arbitration in Baton Rouge, La., pursuant to the then-current National Rules for the Resolution of Employment Disputes of the American Arbitration Association ("AAA"), as modified by this paragraph, before a single

arbitrator who is licensed to practice law in, or is a retired judge of, Louisiana. In the event of such arbitration, the prevailing party (as determined by the Arbitrator) shall be entitled to recover all reasonable costs and expenses incurred by such party in connection therewith, including attorneys' fees. The nonprevailing party shall also be solely responsible for all costs of the arbitration, including, but not limited to, the Arbitrator's fees, court reporter fees, and any and all other administrative costs of the arbitration, and promptly shall reimburse the prevailing party for any portion of such costs previously paid by the prevailing party. Any dispute as to the reasonableness of costs and expenses shall be determined by the Arbitrator.

Claims include, but are not limited to, wage and benefit claims; contract claims, including any claim, dispute or controversy arising out of or relating to the Agreement, its enforcement or its interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions; personal injury claims; tort claims; defamation claims; claims for employment discrimination based on age, sex, race, national origin, color, religion, disability, medical condition, marital status and sexual orientation; claims for harassment, including sexual harassment; and claims for violation of any federal, state, local or other governmental law, constitution, statute, regulation, or ordinance. Without waiving any right to arbitration under this Agreement, a party may seek injunctive or other equitable, provisional relief from a court of competent jurisdiction upon a showing that any potential arbitration award would be rendered ineffectual without such provisional relief. Only the following claims are excluded from this Agreement: (1) Claims for workers' compensation, unemployment compensation, or state disability benefits, and claims based upon any pension or welfare benefit plan the terms of which contain an arbitration or other non-judicial dispute resolution procedure, and (2) Claims within the exclusive jurisdiction of the National Labor Relations Board.

Except as may be necessary to enter judgment upon the award or to the extent required by applicable law, all Claims, defenses and proceedings (including, without limiting the generality of the foregoing, the existence of the controversy and the fact that there is an arbitration proceeding) shall be treated in a confidential manner by the Arbitrator, the parties and their counsel, and each of their agents, and employees and all others acting on behalf of or in concert with them. Without limiting the generality of the foregoing, no one shall divulge to any third party or person not directly involved in the arbitration the contents of the pleadings, papers, orders, hearings, trials, or awards in the arbitration, except as may be necessary to enter judgment upon an award as required by applicable law. Any court proceedings relating to the arbitration hereunder, including, without limiting the generality of the foregoing, to prevent or compel arbitration or to confirm, correct, vacate or otherwise enforce an arbitration award, shall be filed under seal with the court, to the extent permitted by law.

MD Technologies, Inc.
Name: Keith D. Davis
Title: CEO
Date: 8/7/2003

Jose S. Canseco
Name: [Signature]
Date: 8-8-03

FORM 1-A

Exhibit 6.3

Joint Development and License Agreement
with Emory Healthcare

JOINT DEVELOPMENT AND LICENSE AGREEMENT

13 This Joint Development and License Agreement (the "Agreement") is made as of this day of December, 2000 (the "Effective Date"), by and among Emory University, a Georgia non-profit corporation, through its Robert W. Woodruff Health Sciences Center (the "University"), Emory Healthcare, Inc., a Georgia non-profit corporation ("Emory Healthcare"; collectively, the University and Emory Healthcare are referred to in this agreement as "Emory"), and MD Technologies, Inc., a Delaware business corporation ("MDT").

WHEREAS, MDT is an ASP in the business of providing web based-physician practice management tools;

WHEREAS, MDT has developed an internet-based, interactive application for managing personal healthcare and consumer-provider relationships and interactivity with physicians ("My Medtopia"), and an internet-based physician practice management software application providing comprehensive practice management applications for small and medium-sized physician practices ("Medtopia") (collectively, My Medtopia and Medtopia are referred to in this Agreement as the "Applications");

WHEREAS, MDT desires to test, develop, modify and promote the Applications in large, integrated healthcare delivery and multi-specialty physician office settings; and

WHEREAS, Emory is developing the Emory Healthcare website (the "Website") available to its physicians, patients and the general public, and desires to integrate the My Medtopia Health Manager features described in Exhibit A onto its Website; and

WHEREAS, Emory desires to test Medtopia as an alternative practice management system in portions of its healthcare organizations and practices;

WHEREAS, Emory, through its physicians and staff, possesses expertise concerning the information-technology needs of large integrated healthcare delivery organizations and multi-specialty physician office practices;

WHEREAS, MDT and Emory desire to enter into a joint development and licensing collaboration pursuant to which MDT will license the Applications to Emory, and Emory will provide healthcare expertise to assist MDT in testing, designing and developing features and functionality of the Applications for use in large integrated healthcare delivery organizations and multi-specialty physician office practices, and Emory will evaluate the utility of the Application in such organizations.

NOW, THEREFORE, based on the foregoing premises and the mutual promises contained in this Agreement, the Parties hereby agree as follows:

1. **Joint Development Program.** MDT and Emory desire to undertake collaborative activities to test, develop, design modifications and enhancements to, and add new features and functionality to, the Applications (the "Joint Development Program"). MDT shall provide and license to Emory the Applications for Emory's integration and use, as described herein. Emory's sole responsibility with respect to the Joint Development Program or the implementation of any Development Plan (as defined below) will be to provide healthcare expertise, based on its own business needs, concerning the desirability and usefulness of the Applications in large integrated healthcare organizations and multi-specialty physician office

practices, and propose modifications or additions thereto. MDT shall, at its sole expense, be responsible for providing all technical support and expertise necessary or desirable to design and implement any specifications, suggestions, modifications or additions to the Applications conceived under the Joint Development Program. MDT shall be solely responsible for commercial utilization of the Applications, including without limitation, all marketing, advertising, production, dissemination and sale of the Applications.

2. My Medtopia.

2.1 License Grant. MDT hereby grants to Emory a license to integrate the My Medtopia Health Manager onto its Website by placement of a My Medtopia icon on the Website, and to allow Website users who agree to the My Medtopia terms of use mutually acceptable to Emory and MDT to access and use My Medtopia Health Manager at no charge. This license grant shall be effective for a period of eighteen (18) months from the later of (i) the date the Website is made available to the general public for use; or (ii) the date the My Medtopia Health Manager is fully installed and integrated onto the Website and accessible to users. Thereafter, Emory shall have a free, paid-up license to use My Medtopia on its Website until a minimum of five thousand (5,000) subscribers have registered to use My Medtopia through the Website. Thereafter, Emory shall have the option to use My Medtopia by paying MDT the subscription fee that MDT is then charging similarly situated customers, less a fifty percent (50%) discount.

2.2 Installation and Integration. Pursuant to a mutually agreeable Development Plan, MDT, with the assistance of Emory, will install and integrate the My Medtopia Health Manager onto the Website. MDT shall also provide, at its expense, training to Emory's employees and agents on the features, functionality and use of the My Medtopia Health Manager.

2.3 Evaluation. Emory will evaluate My Medtopia and propose modifications and enhancements thereto, and additional features of, My Medtopia that would be desirable and beneficial to other large integrated healthcare organizations.

2.4 Emory Physicians. Provided the My Medtopia Health Manager is integrated onto the Website in a manner acceptable to Emory and performs to the satisfaction of Emory, Emory shall, at its expense, use reasonable efforts to provide information concerning the features and availability of the My Medtopia Health Manager through the Website to its employee physicians. MDT, at its expense, shall make available to Emory My Medtopia Health Manager marketing materials for distribution by Emory to employee physicians. MDT shall cooperate with Emory in making presentations concerning My Medtopia to Emory's employee physicians.

2.5 Restrictions. On the Website and in all presentations and materials regarding My Medtopia, Emory will state that the product is provided in conjunction with "MD Technologies, a research affiliate of Emory Healthcare." Emory will provide no endorsement or advertising content on the Website or otherwise with regard to MDT, its products or services (including, without limitation, the Applications), and MDT shall refrain from stating or implying any such endorsement. Emory will be solely responsible for determining if and when to accept any advertising content or sponsorship for any other person or entity on the Website. Furthermore, MDT shall not place any advertising on the My Medtopia application accessible through the Website, without Emory's prior written approval, which may be withheld in Emory's sole discretion.

3. Medtopia.

3.1 License Grant. For a period of two (2) years from the date that Medtopia is installed in at least one practice group within Emory's healthcare organization, MDT hereby grants to Emory a license to use, display, perform and reproduce Medtopia in locations and practices mutually agreed to by the parties, solely for the purpose of evaluating the features and functionality of Medtopia necessary and desirable to meet the practice, system and third party needs for the optimal management and operation of Emory's physician practice components. Thereafter, Emory shall have the option to use Medtopia or any of its features in any of its practices by paying MDT the subscription fee that MDT is then charging similarly situated customers, less a forty percent (40%) discount.

3.2 Installation and Training. Pursuant to a mutually agreed Development Plan, MDT shall, with the assistance of Emory, install and integrate Medtopia into its healthcare organizations and practices. Furthermore, MDT, at its expense, shall provide a minimum of twelve hours of on-site training to Emory's employees and agents at each Emory facility that installs and uses Medtopia.

3.3 Testing and Evaluation. Medtopia is currently used exclusively in small and medium-sized physician practices, and the parties acknowledge that as of the date of this Agreement, Medtopia has not been designed for, nor tested for, use in large multi-specialty physician practices such as Emory. Emory will test Medtopia to determine if it is capable of effectively and efficiently operating in large physician practices and healthcare organizations. Emory will also develop and propose modifications and enhancements to, and additional features of, Medtopia that would be beneficial to Emory and other large health care practices and organizations.

4. My Medtopia/Medtopia Interactivity. Provided both Applications are functional with Emory's systems and performs to the satisfaction of Emory, Emory will evaluate the interactive features of My Medtopia and Medtopia as used between physicians and patient to determine the utility and benefits of such interactivity, and to develop and propose modifications, enhancements and additional features thereto.

5. Support and Enhancements. MDT shall provide Emory with a sufficient number of user documentation and/or manuals that clearly and completely cover and describe the use and operation of the Applications. If Emory experiences any problems with either Application, it will promptly notify MDT and MDT shall, at its expense, use reasonable efforts to correct such problems. During the Term, MDT shall make available, at its expense, any and all Application updates, modifications and enhancements that it creates or develops to Emory, for Emory's integration and use.

6. Development Plan. With regard to each Application to be evaluated by Emory, Emory and MDT will cooperate and work together in drafting one or more written plans evaluating the features and functionality of each Application, and developing and proposing modification or additions thereto ("Development Plan(s)"). Emory and MDT will periodically meet at Emory's facilities to discuss and evaluate the progress of the Joint Development Program and the design and implementation of the Development Plan(s).

7. Program Participants. From time to time, Emory will designate employees or agents in various areas relevant to the Joint Development Program, including, but not limited to: (i) information systems; (ii) central business office operations; (iii) accounting department

operations; (iv) clinical healthcare operations; and (v) procurement practices operations ("Program Participants"). These Program Participants shall be available during normal business hours to answer questions and address issues raised by MDT in relation to the Joint Development Program. The total combined time of all Program Participants in connection with the Joint Development Program shall not exceed twenty (20) hours per week.

8. Program Director. From time to time, Emory will designate an employee or agent to oversee the Joint Development Program with respect to each Application and to serve as a liaison with MDT with regard to the Joint Development Program (the "Program Director"). The Program Director shall be responsible for approving and implementing the Development Plan(s) and for appointing Emory faculty and staff to participate in the Joint Development Program. Emory may, at its discretion, appoint the same or different Program Directors to oversee the Joint Development Program with respect to each Application. Emory may remove a Program Director at any point, and shall use reasonable efforts to give MDT prior notice of such removal. The Program Director(s) shall at all times be employees or independent contractors, as the case may be, of Emory or its affiliated entities. Compensation of the Program Director(s) shall be the responsibility of Emory or its affiliated entities.

9. Consulting Agreements. MDT may enter into consulting agreements with faculty members or employees of Emory involved in the Joint Development Program only with the prior written approval of Emory following disclosure to Emory of the terms of the proposed arrangement. Relationships between MDT and Emory employees will at all times be subject to Emory's applicable conflicts of interest policies.

10. Ownership and Use.

10.1 Applications. MDT shall be the exclusive owner throughout the world of, and retain all right, title and interest in and to, the Applications. Emory's right to use the Applications shall be governed by this Agreement.

10.2 Development Results. Each party shall be the exclusive owner throughout the world of and retain all right, title and interest in and to all Joint Development Program-related work product that such party or its employees may solely develop under and subject to this Agreement, including all intellectual property rights therein (the "Development Results"); provided, that the parties shall jointly own throughout the world all right, title and interest in and to Development Results, conceived, developed, or made jointly by the parties or their respective agents or employees. Emory hereby grants to MDT and its successors and/or assigns, an unlimited, worldwide, perpetual license in all portions of any Development Results developed by Emory pursuant to this Agreement (including those produced jointly by Emory and MDT) for the purposes of creating, licensing, commercially exploiting, marketing, disseminating and displaying the Applications. This license shall include, without limitation, the right to reproduce, distribute, display (publicly or otherwise) and create derivative works based upon the Development Results for the above purposes, and shall be exclusive in MDT, its successors and/or assigns, even as against Emory, except that Emory retains the right for it and its affiliated entities to use, reproduce, display, perform and create derivative works from the Development Results (including those produced jointly with MDT) for purposes of scholarship, research and the delivery of healthcare services within Emory. Nothing in this Section shall be construed to limit the rights of Emory or its faculty or employees of publishing, in any medium or format, whether tangible or electronic, works that include facts, ideas or processes contained in or derived from the Development Results for the above-stated purposes.

11. Limitations of Liability.

11.1 Disclaimer of Warranties. Emory shall not knowingly infringe the intellectual property rights of any third party in producing any Development Results or in any other activity arising under this agreement. EXCEPT FOR THE FORGOING, AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, EMORY MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER CONCERNING THE DEVELOPMENT RESULTS OR ANY SERVICES PROVIDED HEREUNDER AND EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY OR COMPATIBILITY. MDT expressly acknowledges that it accepts the Development Results from Emory "AS IS".

11.2 Limitation of Damages. Except as otherwise provided under this Agreement, neither party shall be liable to the other under any legal theory or cause of action for any special, incidental, consequential or other indirect damages, including, without limitation, damages for lost profits or loss of data or Development Results, even if the party has been advised of the possibility of such damages.

11.3 Releases. MDT shall include in its arrangements with its licensees and business partners agreements by such licensees and business partners to release Emory and its affiliated entities and their respective employees, trustees and agents from Losses (as hereinafter defined) that they may incur or suffer arising from, related to or connected with any claims brought by third parties in connection with their use of an Application or any Development Results in whatever form.

12. Publication.

12.1 Emory Publications. Emory may publish information and data generated in the course of the Joint Development Program. Authorship of results of the Joint Development Program will be based on contributions of each party to the Joint Development Program, in accordance with academic standards and customs. Proper acknowledgement will be made for the contributions of each party to the information or data being published.

12.2 Press Releases. Emory and MDT shall cooperate to develop and deliver one or more press releases concerning the Joint Development Program. Any such press release will be subject to the prior written approval of both Emory and MDT.

12.3. Use of Emory's Name and Logos by MDT. In any advertising or promotional activities concerning the Applications, MDT may state that the Applications were developed in conjunction with Emory and may describe the nature of the Joint Development Program, provided that (i) MDT discloses that Emory has an equity interest in MDT; (ii) MDT does not under any circumstances state or imply that Emory or any of its affiliated entities endorses MDT or any of its products or services, including the Applications; and (iii) MDT obtains Emory's prior written approval before using the name of Emory or any of its affiliated entities in any publication, advertising or promotional materials, regardless of the form or media.

13. Confidentiality and Non-Disclosure.

13.1 Confidential Information. "Confidential Information" means information (whether or not specifically labeled or identified as confidential), in any form or medium that is of value to its owner and is treated as confidential. Confidential Information shall not include any information that: (i) was publicly known at the time of its receipt by the receiving party or has become publicly known other than by a breach of this Agreement; (ii) was already known by the receiving party prior to its disclosure, without obligation to keep it confidential, at the time of its receipt, as evidenced by prior documentation thereof; (iii) is developed independently by the receiving party without use of the other party's Confidential Information; (iv) is received by the receiving party in good faith from a third party lawfully in possession thereof without obligation to keep such information confidential and without requiring the receiving party to keep the information confidential; or (v) is required to be disclosed by law, by audit standards, for insurance underwriting purposes, or for conflict resolution.

13.2 Protection Measures. Neither party shall disclose the other party's Confidential Information to any third party or use such Confidential Information for any purpose other than in connection with the Joint Development Program. Each party shall take reasonable measures, consistent with those taken to protect its own Confidential Information, and in no event less than commercially reasonable steps, to protect the other's Confidential Information against disclosures in violation of this Agreement.

13.3 Breach. The parties agree that a breach of the terms of this Section 13 would result in irreparable injury to the non-breaching party for which a remedy in damages would be inadequate. The parties agree that in the event of actual or threatened breach, the non-breaching party shall be entitled to seek an injunction to prevent such actual or threatened breach. Nothing herein shall be construed as prohibiting the disclosing party from pursuing any other remedy available under this Agreement for such actual or threatened breach.

13.4 Survival. The obligations of confidentiality set forth in the Section 13 shall survive the termination or expiration of this Agreement for a period of two (2) years.

14. Compensation.

14.1 Stock Purchase. In consideration of Emory's participation in the Joint Development Program, MDT will issue to Emory, or its designee, a certain number of shares of common stock in MDT pursuant to that certain Stock Purchase Agreement to be entered into by the parties contemporaneously with the execution of this Agreement.

14.2 Royalties. As deferred compensation for Emory's contribution to the Joint Development Program and specifically for the development of the Development Results, MDT shall pay to Emory the following royalties:

- (i) Three percent (3%) of gross revenues received from all Medtopia subscription fees paid by users who are healthcare delivery organizations and/or entities that are operated or managed by, or in conjunction with, teaching institutions;
- (ii) Three percent (3%) of gross revenues received from all Medtopia subscription fees paid by individual organizations of physicians operating under a single Taxpayer Identification Number who have in excess of twenty-five (25) physician members or providers; and

- (iii) Twenty five percent (25%) of gross revenues received from the all sales, licensing, or other commercial exploitation of any product(s) jointly developed by MDT and Emory which are sold, licensed or exploited separately and not as part of the Applications.

MDT shall make such payments to the address provided in Section 19.5 on a quarterly basis and at the time of payment shall provide Emory with a written statement calculating the basis upon which such royalties were calculated. Upon reasonable notice from Emory, MDT shall make available its books and records to Emory for review in conjunction with the calculation of the royalties due hereunder.

14.3 Advertising Revenue Sharing. Emory and MDT shall share equally in all advertising revenues generated by Emory that appear on My Medtopia accessible through the Website.

14.4 License Fee. In consideration of the licenses granted by MDT to Emory hereunder, Emory shall pay to MDT a one-time only license fee in the amount of One Hundred Thousand Dollars (\$100,000.00), which shall be due and payable to MDT within ten (10) days of Emory's execution of this Agreement.

15. Indemnification.

15.1 Definition of Losses. For purposes of this Agreement, "Losses" shall mean any and all damages, penalties, fines, awards, judgments, payments, diminution in value and other losses, however suffered or characterized, all interest thereon, all costs and expenses of investigating, defending, or responding to any claim, threatened dispute, administrative proceeding, governmental investigation, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such claim, lawsuit or arbitration is ultimately defeated, and all amounts paid incident to any compromise or settlement of any such claim, lawsuit or arbitration.

15.2 MDT's Indemnification Obligations. MDT shall defend, indemnify and hold harmless Emory and its affiliated entities, successors and assigns, and their respective officers, directors, trustees, students, employees, members, representatives and agents (individually, an "Indemnified Party" and collectively, the "Indemnified Parties"), from any Losses arising from, related to or connected with: (i) this Agreement, the Applications, the Joint Development Program or any Development Results; (ii) any act or omission of MDT or its directors, officers, agents or employees; (iii) any claim that the Applications, or any portion or use thereof, infringes or misappropriates any patent, copyright, trade secret, trademark or other proprietary right. Notwithstanding the foregoing, MDT shall have no duty to defend, indemnify or hold harmless any Indemnified Party for Losses caused by the willful acts or omissions or gross negligence of, or violation of law by, such Indemnified Party.

15.3 Indemnification Procedures. If Emory receives notice of any claim or other commencement of any action or proceeding with respect to which MDT is obligated to provide indemnification pursuant to this Section, Emory shall give MDT written notice thereof as soon as reasonably practical, which notice shall specify, if known, the amount or an estimate of the amount of the liability arising therefrom. If MDT assumes the defense of an Indemnified Party under this Section, the Indemnified Party shall be entitled to participate in, but not control, any such defense, with its own counsel and at its own expense; except that, if the Indemnified Party, in its sole discretion, determines that there exists a conflict of interest between MDT and the

Indemnified Party, the Indemnified Party shall have the right to engage separate counsel, the reasonable costs and expenses of which shall be paid by MDT.

16. Insurance. As of the effective date of this Agreement, MDT shall provide and maintain with a reputable and financially secure commercial carrier having an A.M. Best A rating or above and an A.M. best class size of XII, the insurance coverage listed on Exhibit B. MDT shall name Emory as an additional named insured on its insurance coverage described in this Section. All insurance policies shall provide that they shall not be canceled or allowed to lapse without first giving thirty (30) days' prior written notice to Emory. Prior to the commencement of this Agreement, MDT shall furnish to Emory certificates of insurance evidencing the insurance coverage required under this Section. All such certificates shall indicate the additional named insured status of Emory, and the cancellation/nonrenewal provision required in this Section. Throughout the term of this Agreement, renewal certificates of insurance shall be delivered to Emory no later than thirty (30) days after the renewal anniversary date of any policy.

17. Joint Development Program Integrity. Each Party shall comply with applicable law relating to intellectual property, scientific integrity, and ethics in research, testing and development. Emory and its affiliated entities and their respective employees will at all times be governed by its own policies, including, without limit, those related to research and conflicts of interest.

18. Term and Termination.

18.1 Term. The term of this Agreement shall commence on the Effective Date and shall continue for two (2) years thereafter, unless earlier terminated as provided herein.

18.2 Mutual Termination. This Agreement may be terminated at any time by mutual written consent of the Parties hereto.

18.3 Termination by MDT. MDT may terminate this Agreement for cause in the event there is a material breach of this Agreement by Emory; provided, however, that MDT must first notify Emory in writing of the breach, and Emory shall have thirty (30) days to remedy the breach to the reasonable satisfaction of MDT. If Emory fails to cure the breach within the thirty (30)-day period, the Agreement shall be terminated.

18.4 Termination by Emory. Emory may terminate this Agreement for cause in the event of a material breach of this Agreement by MDT; provided, however, that Emory must notify MDT in writing of the breach, and MDT shall have thirty (30) days to cure the breach to the reasonable satisfaction of Emory. If MDT fails to cure the breach within the thirty (30)-day period, the Agreement shall be terminated. Notwithstanding the foregoing, MDT shall have fifteen (15) days to cure a breach involving compensation due and owing to Emory. Additionally, Emory may terminate this Agreement upon thirty (30) days written notice to MDT, if Emory, in its sole discretion, determines that Emory's continued participation in the Joint Development Program will jeopardize Emory's tax-exempt status.

19. Miscellaneous Terms and Conditions.

19.1 Exhibits. All Exhibits to this Agreement are hereby incorporated by reference.

19.2 Amendment. This Agreement may be amended only in writing by mutual agreement of the parties.

19.3 Independent Contractors. For the purpose of this Agreement and all services to be provided hereunder, Emory and MDT shall be, and shall be deemed to be, an independent contractor and not an agent or employee of the other party.

19.4 Counterparts. This Agreement may be signed in any number of counterparts, and all such counterparts shall be construed together as a single document.

19.5 Notices. All notices and other communications hereunder shall be in writing and shall be sent by personal delivery or registered or certified mail, or overnight delivery service, postage prepaid, or by facsimile with confirmed answer-back, addressed as follows:

If to MDT: C/O Jose S. Canseco, CEO and Chairman
211 N. Roadway Drive
New Orleans, LA 70124

If to Emory: John T. Fox, President and COO
Emory Healthcare
WHSCAB, Suite 420
1440 Clifton Rd. N.E.
Atlanta, GA 30322

Either party may change its address for receiving notice by written notice given to the other party. All notices shall be effective upon the earlier of actual delivery or when deposited in the mail addressed as set forth above.

19.6 Parties in Interest. This Agreement shall bind and inure to the benefit of the parties named herein and their respective permitted successors and assigns, and nothing herein is intended or shall be construed to give any other person or entity any right, remedy or claim under, to or in respect of this Agreement. Except as otherwise provided in this Agreement, neither this Agreement nor any rights or obligations hereunder shall be assignable or delegable by any party without the prior written consent of the other party.

19.7 Compliance with Laws. Each party will comply with all applicable laws and regulations in performing its obligations under this Agreement.

19.8 Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

19.9 Severability. In case any provision of this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

19.10 Further Assurances. Each party shall execute and deliver all such further documents and instruments and take all such further actions as may be reasonably required or appropriate to carry out the intent and purposes of this Agreement.

19.11 Survival. Any provision that by its nature or express terms is not capable of being fully performed prior to the expiration or termination of this Agreement, including, without

limitation, Sections 10, 11, 12, 13, 14, 15 and 19, shall survive any termination or expiration of this Agreement.

19.12 Force Majeure. Neither party shall be liable for any delay or failure to fulfill any of its obligations under this Agreement, which delay or failure is due to circumstances beyond such party's reasonable control.

19.13 Entire Agreement. This Agreement and the Exhibits hereto contain the entire understanding among the parties with respect to the transactions contemplated hereby and supersede all other agreements and understandings among the parties with regard to the subject matter hereof.

MD Technologies, Inc.

By: 

Name: JOSE S. CANSECO

Title: CEO, CHAIRMAN

Date: 12/13/00

Emory Healthcare, Inc.

By: 

Name: _____

Title: _____

Date: _____

Exhibit A
My Medtopia Features

MyMedtopia Features that can currently can be provided to Emory patients without connecting to the EHC system ("My Medtopia Health Manger"):

- Emergency Contacts Lists
- Allergies Tracker
- ~~Diseases and Conditions Research (Healthgate content)~~
- Medical History Tracker
- Family History Tracker
- Medical Bills and Statements Tracker (logged by patient)
- Personal Calendar
- Appointment Manager Tracker
- Contact Manager
- Diet and Meal plans Tracker
- Exercise and Fitness schedules Tracker
- Vital Signs Tracker
- Utilities for Giving Access to other people
- Delivery of streaming video and similar content

My Medtopia features after interface with Emory's IDX and other systems to provide interactivity to EHC patients. That interactivity can include as much or as little of the following:

- View medical bills
- Pay medical bills
- View upcoming appointments
- View medications
- Request appointments and possibly schedule their own
- View miscellaneous medical record information
- Request prescription refills
- Follow treatment plans assigned by their physician
- Secure Messaging with Providers

**Exhibit B
Required Insurance Coverage**

One Million Dollars (\$1,000,000.00) in Errors and Omissions Coverage; and

One Million Dollars (\$1,000,000.00) in General Liability Coverage (including personal injury and property damage).

FORM 1-A

Exhibit 6.4

Nonqualified Stock Option Plan

MD TECHNOLOGIES INC.
NONQUALIFIED STOCK OPTION PLAN

EFFECTIVE AUGUST 6, 2003

SECTION 1
PURPOSE

The purpose of this Plan, the MD Technologies Inc. Nonqualified Stock Option Plan Effective August 6, 2003, is to provide a means whereby MD Technologies Inc., a Delaware corporation (the "Corporation"), may attract able persons to remain in or to enter the employ of the Corporation or a Subsidiary, and to provide a means whereby those employees, upon whom the responsibilities of the successful administration, management, planning, and/or organization of the Corporation or Subsidiary may rest, and whose present and potential contributions to the welfare of the Corporation or Subsidiary are of importance, can acquire and maintain stock ownership, thereby strengthening their concern for the long-term welfare of the Corporation or its Subsidiaries. A further purpose of the Plan is to provide employees and individuals or entities with additional incentive and reward opportunities designed to enhance the profitable growth of the Corporation and its Subsidiaries over the long term.

SECTION 2
DEFINITIONS

The following definitions shall be applicable during the term of the Plan unless specifically modified by any paragraph:

- (a) *Award* means, individually or collectively, any Option granted pursuant to the Plan.
- (b) *Board* means the board of directors of the Corporation.
- (c) *Code* means the Internal Revenue Code of 1986, as amended. Reference in the Plan to any Section of the Code shall be deemed to include any amendments or successor provisions to such Section and any regulations under such Section.
- (d) *Common Stock* means the Corporation's Common Stock, par value \$0.0001 per share.
- (e) *Corporation* means MD Technologies Inc.
- (f) *Exchange Act* means the Securities Exchange Act of 1934, as amended.
- (g) *Fair Market Value* means the closing sale price per share on the date in question, or if no reported sale on such date, on the last preceding date on which any

reported sale occurred of the Common Stock on any national stock exchange or, if the Common Stock is not traded publicly, the fair market value per share as determined in good faith by the Board.

- (h) *Holder* means an employee, officer, director or individual who has been granted an Award; may sometimes also be referred to as *Optionee*.
- (i) *Nonqualified Stock Option* means an Option that is not intended to meet the requirements of Section 422(b) of the Code.
- (j) *Option* means an Award granted under Section 7 of the Plan; such Award shall be in the form of a Nonqualified Stock Option to purchase Common Stock.
- (k) *Option Agreement* means a written agreement between the Corporation and Holder with respect to an Option.
- (l) *Optionee* means an employee, officer, director or individual who has been granted an Option; may sometimes also be referred to as *Holder*.
- (m) *Plan* means the MD Technologies Inc. Nonqualified Stock Option Plan Effective August 6, 2003.
- (n) *Shareholders Agreement* means any agreement among the shareholders of the Corporation, as may be in effect from time to time.
- (o) *Subsidiary* means a company (whether a corporation, partnership, joint venture or other form of entity) in which the Corporation, or a corporation in which the Corporation owns a majority of the shares of capital stock, directly or indirectly, owns an equity interest of fifty percent (50%) or more.

SECTION 3 EFFECTIVE DATE AND DURATION OF THE PLAN

The Plan shall be effective as of August 6, 2003, the date of its adoption by the Board. The Plan shall be terminated and no further Awards may be granted under the Plan after ten (10) years from its effective date. Subject to the provisions of Section 9, the Plan shall remain in effect until all Options granted under the Plan have been exercised or have expired by reason of lapse of time.

SECTION 4 ADMINISTRATION

- (a) *Administration of Plan by Board.* The Plan shall be administered by the Board. Members of the Board shall abstain from participating in and deciding matters which directly affect their individual ownership interests under the Plan.
- (b) *Eligibility Determination Powers.* The Board shall have sole authority, in its discretion, to determine which employees eligible for participation in accordance with Section 6 shall receive an Award, the time or times when such Award shall be made, and the number of shares of Common Stock which may be issued under each Option. In making such determinations, the Board may take into account the nature of the services rendered by these employees, their present and potential contribution to the success of the Corporation, and such other factors as the Board in its discretion shall deem relevant.
- (c) *Additional Powers.* The Board shall have such additional powers as are delegated to it by the other provisions of the Plan. Subject to the express provisions of the Plan, ~~the Board is authorized in its sole discretion,~~ exercised in a nondiscriminatory manner, to construe and interpret the Plan and the respective agreements executed thereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the Plan, and to determine the terms, restrictions and provisions of each Award, and to make all other determinations necessary or advisable for administering the Plan. The Board may correct any defect or supply any omission or reconcile any inconsistency in any agreement relating to an Award in the manner and to the extent it shall deem expedient to carry it into effect. The determination of the Board on this Plan and related matters shall be conclusive.
- (d) *Liability; Indemnification.* No member of the Board nor any person to whom authority has been delegated, shall be personally liable for any action, interpretation or determination made in good faith with respect to the Plan or Awards granted hereunder, and each member of the Board (or delegatee of the Board) shall be fully indemnified and protected by the Corporation with respect to any liability he or she may incur with respect to any such action, interpretation or determination, to the extent permitted by applicable law.

SECTION 5 GRANT OF OPTIONS AND STOCK SUBJECT TO THE PLAN

- (a) *Award Limits.* The maximum aggregate number of shares of Common Stock that shall be available for grant of Awards under the Plan, and thus that may be issued pursuant to this Plan upon Option exercise, shall not exceed a total of one million (1,000,000) shares. Any of such shares which remain unissued and which are not

subject to outstanding Options at the termination of the Plan shall cease to be subject to the Plan.

To the extent that an Award lapses or the rights of its Holder terminate, any shares of Common Stock subject to such Award shall again be available for the grant of an Award. The aggregate number of shares which may be issued under the Plan shall be subject to adjustment in the same manner as provided in Section 8 of the Plan with respect to shares of Common Stock subject to Options then outstanding.

Separate stock certificates shall be issued by the Corporation for those shares acquired pursuant to the exercise of an Option; and, in any event, those shares shall be subject to the terms and provisions of the Shareholders Agreement.

- (b) *Stock Offered.* The stock to be offered pursuant to an Award may be authorized but unissued Common Stock or Common Stock previously issued and outstanding and reacquired by the Corporation.

SECTION 6 ELIGIBILITY

Employees, directors, officers, entities or individuals are eligible to participate in the Plan. The Board shall recommend, from time to time, the individuals and entities who, in the opinion of the Board, can further the Plan purposes and who should therefore become Optionees. Once an individual or entity is recommended for an Award by the Board, the Board shall determine the size of Award to be granted and shall establish in the Option Agreement any terms, conditions, restrictions and/or limitations applicable to the Award, in addition to those set forth in the Plan and in the administrative rules and regulations, if any, established by the Board.

SECTION 7 STOCK OPTIONS

- (a) *Stock Option Agreement.* The Options granted pursuant to this plan are Nonqualified Stock Options. Each Option shall be evidenced by an Option Agreement between the Corporation and the Optionee which shall contain such terms and conditions as may be approved by the Board and agreed upon by the Holder. The terms and conditions of the respective Option Agreements need not be identical. Each Option Agreement shall specify the effect of termination of employment, total and permanent disability, retirement or death on the exercisability of the Option.
- (b) *Vesting.* The Option shall vest and be fully exercisable on the six-month anniversary of the date it is granted. The stock received by the Option will be restricted as set forth in the Option Agreement as determined by the Board.

- (c) *Option Period.* The term of each Option shall be as specified by the Board at the date of grant and shall be stated in the Option Agreement; provided, however, that an Option may not be exercised more than ten years from the date it is granted.
- (d) *Limitations on Exercise of Option.* Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Board and as shall be permissible under the terms of the Plan, which shall be specified in the Option Agreement.
- (e) *Option Price.* The purchase price of Common Stock issued under each Option shall be determined by the Board and shall be stated in the Option Agreement, but such purchase price shall not be less than twenty-five (25%) of the Fair Market Value of Common Stock subject to the Option on the date the Option is granted.
- (f) *Exercise of Options.* Subject to the terms and conditions of the Plan, Options shall be exercised by the delivery of a written notice of exercise to the Corporation, setting forth the number of shares of Common Stock with respect to which the Option is to be exercised, accompanied by full payment for such shares.

Upon exercise of an Option, the exercise price of the Option shall be payable to the Corporation in full either: (a) in cash or an equivalent acceptable to the Board or (b) in such other form of payment acceptable to the Board.

As soon as reasonably practicable after receipt of written notification of exercise of an Option and full payment of the exercise price and any required withholding taxes, the Corporation shall deliver to the Holder, in the Holder's name, a stock certificate or certificates in an appropriate amount based upon the number of shares of Common Stock purchased under the Option, provided that prior to issuance of any shares of Common Stock purchased under the Options, the Holder shall enter into the Shareholders Agreement with respect to such Common Stock, if the Holder is not already a party to such Shareholders Agreement with respect to such Common Stock.

SECTION 8 CORPORATE STRUCTURE AND CAPITALIZATION CHANGES

In the event of any changes in the structure or capitalization of the Corporation after the date of grant of any Option, including but not limited to any type of corporate merger, consolidation, combination, exchange, reclassification, recapitalization, or reorganization, Awards shall be subject to adjustment by the Board at its discretion, in an equitable manner consistent with the circumstances, as regards the number, price, class and type of shares of Common Stock subject to the Option, and also as regards to the vesting and other terms of the Option.

The existence of the Plan and the Awards made hereunder shall not affect in any way the right or power of the Board or members of the Corporation to make or authorize any adjustment, recapitalization, reorganization or other change in the structure or capitalization of the Corporation or its business, any merger or consolidation of the Corporation, any issue of debt or equity securities having any priority or preference with respect to or affecting the shares of Common Stock or the rights thereof, the dissolution or liquidation of the Corporation or any sale, lease, exchange or other disposition of all or any part of their assets or business or any other corporate act or proceeding.

SECTION 9 AMENDMENT OR TERMINATION OF THE PLAN

The Board in its discretion may terminate the Plan or any Option or alter or amend the Plan or any part thereof or any Option from time to time; provided that no change in any Award previously made may be made which would impair the rights of the Holder without the consent of the Holder.

SECTION 10 OTHER

- (a) *No Right to an Award.* Neither the adoption of the Plan nor any action of the Board shall be deemed to give an employee any right to be granted an Option to purchase Common Stock or to any other rights hereunder except as may be evidenced by an Option Agreement duly executed on behalf of the Corporation, and then only to the extent of and on the terms and conditions expressly set forth therein. The Plan shall be unfunded. The Corporation shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to assure the payment of any Award.
- (b) *No Employment Rights Conferred.* Nothing contained in the Plan or in any Award made hereunder shall (i) confer upon any employee any right with respect to continuation of employment with the Corporation or any Subsidiary, or (ii) interfere in any way with the right of the Corporation or any Subsidiary to terminate his or her employment at any time.
- (c) *Securities Laws.* To the extent applicable:

The Corporation shall not be obligated to issue any Common Stock pursuant to any Award granted under the Plan at any time when the offering of the shares covered by such Award has not been registered (or exempted) under the Securities Act of 1933 and such other state and federal laws, rules or regulations as the Corporation or the Board deems applicable and, in the opinion of legal counsel for the Corporation, there is no exemption from the registration requirements of such laws, rules or regulations available for the issuance and sale of such shares.

Unless the shares of Common Stock issued pursuant to an Award shall have been registered under the Securities Act of 1933, as amended, each certificate representing such shares shall have conspicuously stamped, printed or typed on the face or back thereof the following legend:

THE SHARES EVIDENCED BY THIS CERTIFICATE
HAVE BEEN ACQUIRED FOR INVESTMENT AND
HAVE NOT BEEN REGISTERED UNDER THE
SECURITIES ACT OF 1933 OR APPLICABLE STATE
SECURITIES LAWS AND MAY NOT BE SOLD OR
OTHERWISE TRANSFERRED UNLESS SUCH
SHARES ARE FIRST REGISTERED THEREUNDER OR
UNLESS THE CORPORATION RECEIVES A
WRITTEN OPINION OF COUNSEL, WHICH OPINION
AND COUNSEL ARE ACCEPTABLE TO THE
CORPORATION, TO THE EFFECT THAT
REGISTRATION THEREUNDER IS NOT REQUIRED.

- (d) *Fractional Shares.* No fractional shares of Common Stock shall be delivered, nor shall any cash in lieu of fractional shares be paid.
- (e) *Withholding.* The Corporation shall have the right to deduct in connection with all Awards any taxes required by law to be withheld and to require any payments necessary to enable it to satisfy its withholding obligations. The Board may permit the Holder of an Award to elect to surrender, or authorize the Corporation to withhold shares of Common Stock (valued at their Fair Market Value on the date of surrender or withholding of such shares), in satisfaction of the Corporation's withholding obligation. In any event, the Corporation may make loans to an Optionee for the payment of any withholding taxes.
- (f) *No Restriction of Corporate Action.* Nothing contained in the Plan shall be construed to prevent the Corporation or any Subsidiary from taking any action which is deemed by the Corporation or such Subsidiary to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Corporation or any Subsidiary as a result of such action.
- (g) *Restrictions on Transfer.* No Award granted under the Plan may be sold, transferred, pledged, exchanged, hypothecated or otherwise disposed of, other than by will or pursuant to the applicable laws of descent and distribution. Further, no such Award shall be subject to execution, attachment or similar process. Any attempted sale, transfer, pledge, exchange, hypothecation or other disposition of an Award not specifically permitted by the Plan or the Option Agreement shall be null and void and without effect. All Awards granted to a

Holder under the Plan shall be exercisable only by such Holder; except that to the extent otherwise applicable in the event of death, total and permanent disability, or legal incapacity, an Award granted to a Holder may be exercised by the Holder's executor, administrator, guardian, conservator, successor in the case of an entity, or other legal representative.

- (h) *Effect of Death, Disability or Termination of Employment.* The Option Agreement or other written instrument evidencing an Award shall specify the effect of the death, disability or termination of employment of the Holder on the Award.
- (i) *Rule 16b-3.* In the event that the Corporation registers a class of equity securities under Section 12 of the Exchange Act, then from and after such time it is intended that this Plan be administered in accordance with the disinterested administration requirements of Rule 16b-3 promulgated by the Securities and Exchange Commission, or any successor rule thereto. With respect to persons subject to Section 16 of the Exchange Act, if any, transactions under the Plan are intended to comply with the applicable conditions of Rule 16b-3, or any successor rule thereto. Notwithstanding the above, it shall be the responsibility of such persons, not the Corporation or the Board to comply with the requirements of Section 16 of the Exchange Act.

In any event, it is intended that the Plan and any grant of an Award made to a person subject to Section 16 of the Exchange Act meet all of the requirements of Rule 16b-3. If any provisions of the Plan or any such Award would disqualify the Plan or such Award hereunder, or would otherwise not comply with Rule 16b-3, such provision or Award shall be construed or deemed amended to conform to Rule 16b-3.

- (j) *Shareholders Agreement.* All shares of Common Stock issued pursuant to the Plan shall be subject to the terms and provisions of any Shareholders Agreement and the Optionee shall be required to adopt the Shareholders Agreement as a condition to the issuance of the Common Stock.
- (k) *Governing Law.* The Plan shall be governed by and construed and enforced in accordance with the internal laws of the state of Louisiana, without regard to the principles of conflicts of laws thereof, and all applicable federal law.

IN WITNESS WHEREOF, this Plan has been executed as the 6th day of August, 2003.

MD TECHNOLOGIES INC.

By: 

Name: William D. Davis

Title: President

FORM 1-A

Exhibit 6.5

Promissory Note to William C. Ellison

PROMISSORY NOTE

\$100,000.00

December 12, 2001

1. **FOR VALUE RECEIVED**, the undersigned maker of this note, MD Technologies, Inc., a Delaware corporation ("Maker"), promises to pay to the order of William C. Ellison ("Noteholder") the principal amount of One Hundred Thousand and no/100 dollars (\$100,000.00), with interest on the outstanding principal balance from the date hereof until paid at the rate of 12%.

2. This is a master promissory note evidencing the indebtedness of Maker to the Noteholder in connection with advances made to Maker by the Noteholder from time to time on a non-revolving basis. The maximum amount advanced shall not exceed the principal amount of this note and Maker shall be obligated to pay only the amount actually advanced plus interest and any charges or other amounts as provided herein.

3. Maker shall pay accrued interest under this note monthly on the 15th day of each and every calendar month commencing January 15, 2002. All outstanding principal and any accrued but unpaid interest under this note shall be due and payable on the day that is 12 months after the date the note is executed. All payments shall be made in United States dollars. All payments shall be applied first to interest then accrued and then to principal. This note may be prepaid in whole or in part at any time without premium or penalty.

4. A default under this note shall occur if any installment of principal or interest is not paid promptly when due; or if any default shall occur under the loan agreement of even date herewith between Maker and the Noteholder (the "Loan Agreement"); or if any default shall occur under the security agreement of even date herewith between Maker and the Noteholder (the "Security Agreement"); or if Maker shall default under any loan, extension of credit, security agreement, purchase or sale agreement or any other agreement, in favor of any other creditor or person and fail to cure such default within any applicable cure period; or upon the death of Maker or, if Maker is an entity, upon its dissolution or the termination of its existence; or upon the insolvency or business failure of, or the appointment of a custodian, trustee, liquidator or receiver for, Maker or for any of Maker's property; or upon the making of an assignment for the benefit of creditors by Maker; or upon the filing of a petition or other action under any bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against Maker.

5. Upon the occurrence of a default under this note, (i) all outstanding principal and any accrued but unpaid interest shall, at the option of the Noteholder, become immediately due and payable, without presentment, notice, protest or demand of any kind, all of which are expressly waived by Maker and (ii) the Noteholder may proceed to protect and enforce its rights under this note, the Security Agreement, the Loan Agreement or any other agreement between Maker and the Noteholder, by suit or otherwise, at law or in equity. No failure or delay in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing

under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available under applicable law, by contract or otherwise.

6. Any notice or other communication ("Notice") required or permitted to be given in connection herewith must be in writing and may be given to the person to be notified by (i) delivering it to such person, or (ii) sending it by a commercial courier service (such as FedEx) with such delivery confirmed in writing by the courier, or (iii) by United States Mail, postage prepaid, registered or certified mail, return receipt requested, or express mail expedited delivery service. Notice is effective upon delivery or, if delivery is refused, upon attempted delivery at the recipient's address for Notices. A party delivering Notice shall try to obtain a receipt. For purposes of Notice, the addresses of the parties shall, until changed by Notice, be as follows:

If to Maker: MD Technologies
620 Florida Street, Suite 200
Baton Rouge, Louisiana 70801
Attn: Jose S. Canseco, CEO

If to the Noteholder: William C. Ellison

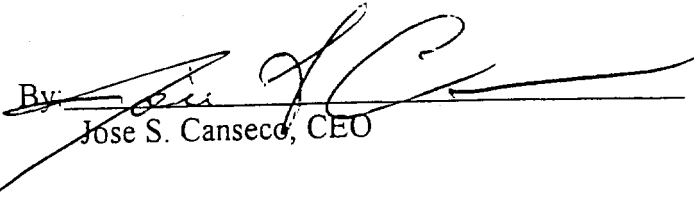
New Orleans, Louisiana 70____
Attn: Ollie Edmunds, M.D.

7. If this note is placed in the hands of an attorney at law for collection, to prosecute claims in bankruptcy, to institute legal proceedings to recover the amount hereof, or any part hereof, Maker promises to pay the reasonable fees of the attorneys employed for that purpose, and all court costs and costs of appeal.

8. ALL PARTIES HERETO (INCLUDING MAKER AND ANY ENDORSER, GUARANTOR OR SURETY) WAIVE PRESENTMENT FOR PAYMENT, NOTICE OF NONPAYMENT, PROTEST AND ALL PLEAS OF DIVISION AND DISCUSSION AND CONSENT TO ALL EXTENSIONS OF TIME, RENEWALS, WAIVERS, MODIFICATIONS, RELEASES OF SECURITY, EXCHANGES OF SECURITY AND OTHER INDULGENCES GRANTED BY THE NOTEHOLDER WITH RESPECT TO THIS NOTE AND HEREBY BIND THEMSELVES UNCONDITIONALLY, JOINTLY, SEVERALLY AND SOLIDARILY, AS ORIGINAL PROMISSORS FOR THE PAYMENT HEREOF IN PRINCIPAL, INTEREST, LATE CHARGES, ATTORNEYS' FEES AND COSTS.

9. This note shall be construed and enforced in accordance with the laws of the State of Louisiana, United States of America. Any judicial proceeding brought against Maker under or on account of this note may be brought in any federal or state court located in Orleans or East Baton Rouge Parish, Louisiana and Maker consents to and accepts for itself the jurisdiction of such courts, and irrevocably agrees to be bound by any judgement rendered by any such court under or on account of this note.

MD TECHNOLOGIES, INC.

By: 
Jose S. Canseco, CEO

FORM 1-A

Exhibit 6.6

Promissory Note to Jose S. Canseco

**PROMISSORY NOTE -
PAYABLE ON DEMAND**

\$ 36,945

New Orleans, La.

For value received, the undersigned, MD Technologies Inc. (Maker), promises to pay to Jose S. Canseco (Payee), at his home address of 211 North Roadway, New Orleans, LA. 70124, the principal sum of Thirty-Six Thousand Nine Hundred and Forty-Five Dollars (\$36,945), together with interest at the rate hereinafter provided for on the unpaid principal balance of this note from time to time outstanding until paid in full.

Interest shall accrue on the unpaid and outstanding principal balance of this note commencing on the date hereof and continuing until repayment of this note in full at a rate per annum of 5%. The principal and interest shall be due and payable in full within 90 days after demand.

Maker shall make all payments hereunder to Payee in lawful money of the United States and in immediately available funds.

The maturity of this note may be accelerated by Payee in the event Maker is in breach or default of any of the terms, conditions or covenants of any other agreement with Payee or its affiliates. Should default be made in payment of any installment when due hereunder the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note.

In the event any installment provided for herein is not paid on or before two (2) days following its due date, Maker promises to pay to the holder of this promissory note an amount equal to five percent (5%) of the amount of such installment. In addition, Maker promises to pay interest on any such unpaid installment from the date due until such installment is paid in full at a per annum rate equal to the lesser of eighteen percent (18%) or the highest rate permitted by law. Time is of the essence.

Maker waives presentment, demand, notice of demand, protest, notice of protest or notice of nonpayment in connection with the delivery, acceptance, performance, default or enforcement of this note or of any document or instrument evidencing any security for payment of this note.

Failure at any time to exercise any of the rights of Payee hereunder shall not constitute a waiver of such rights and shall not be a bar to exercise of any of such rights at a later date. In the event of commencement of suit to enforce payment of this note, the prevailing party shall be entitled to receive the costs of collection including reasonable attorneys' fees and court costs.

Nothing contained in this note shall be deemed to require the payment of interest or other charges by Maker or any other person in excess of the amount which the

Payee may lawfully charge under the applicable usury laws. In the event that Payee shall collect moneys which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall be credited against the principal balance of this note then outstanding, and any excess shall be returned to Maker.

IN WITNESS WHEREOF, the undersigned has caused this promissory note to be duly executed as of the date first written below.

Dated: 6/24/02

MD Technologies Inc. (Maker)
By: [Signature]
Title: CHAIRMAN OF Bd

FORM 1-A

Exhibit 6.7

Promissory Note to William D. Davis

**PROMISSORY NOTE -
PAYABLE ON DEMAND**

\$ 35,101.42

New Orleans, La.

For value received, the undersigned, MD Technologies Inc. (Maker), promises to pay to William D. Davis (Payee), at his home address of 31857 Myers Road, Denham Springs LA, 70726, the principal sum of Thirty-Five Thousand One Hundred and One Dollars and Forty-Two Cents (\$35,101.42), together with interest at the rate hereinafter provided for on the unpaid principal balance of this note from time to time outstanding until paid in full.

Interest shall accrue on the unpaid and outstanding principal balance of this note commencing on the date hereof and continuing until repayment of this note in full at a rate per annum of 5%. The principal and interest shall be due and payable in full within 90 days after demand.

Maker shall make all payments hereunder to Payee in lawful money of the United States and in immediately available funds.

The maturity of this note may be accelerated by Payee in the event Maker is in breach or default of any of the terms, conditions or covenants of any other agreement with Payee or its affiliates. Should default be made in payment of any installment when due hereunder the whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note.

In the event any installment provided for herein is not paid on or before two (2) days following its due date, Maker promises to pay to the holder of this promissory note an amount equal to five percent (5%) of the amount of such installment. In addition, Maker promises to pay interest on any such unpaid installment from the date due until such installment is paid in full at a per annum rate equal to the lesser of eighteen percent (18%) or the highest rate permitted by law. Time is of the essence.

Maker waives presentment, demand, notice of demand, protest, notice of protest or notice of nonpayment in connection with the delivery, acceptance, performance, default or enforcement of this note or of any document or instrument evidencing any security for payment of this note.

Failure at any time to exercise any of the rights of Payee hereunder shall not constitute a waiver of such rights and shall not be a bar to exercise of any of such rights at a later date. In the event of commencement of suit to enforce payment of this note, the prevailing party shall be entitled to receive the costs of collection including reasonable attorneys' fees and court costs.

Nothing contained in this note shall be deemed to require the payment of interest or other charges by Maker or any other person in excess of the amount which the Payee may lawfully charge under the applicable usury laws. In the event that Payee shall collect moneys which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall be credited against the principal balance of this note then outstanding, and any excess shall be returned to Maker.

IN WITNESS WHEREOF, the undersigned has caused this promissory note to be duly executed as of the date first written below.

Dated: July 9th 2002

MD Technologies Inc. (Maker)

By: 

Title: CTO

FORM 1-A

Exhibit 6.8

Promissory Note to Thomas L. Frazer

PROMISSORY NOTE

\$25,000.00	Date: August 8, 2003
	Maturity Date: March 8, 2004

1. **FOR VALUE RECEIVED**, the undersigned maker of this note, MD Technologies Inc., a Delaware corporation ("Maker"), promises to pay to the order of Thomas L Frazer ("Noteholder") the principal amount of Twenty Five Thousand and no/100 dollars (\$25,000.00), with interest on the outstanding principal balance from the date hereof until paid at the rate equal to the "Wall Street Journal Prime Rate" (as defined below) or the maximum rate allowed under applicable law, whichever is the lesser. As used herein, the term "Wall Street Journal Prime Rate" means the rate of interest the Wall Street Journal announces from time to time as the prime rate of interest offered by banks in the United States.

2. This is a master promissory note evidencing the indebtedness of Maker to the Noteholder in connection with advances made to Maker by the Noteholder from time to time on a non-revolving basis. The maximum amount advanced shall not exceed the principal amount of this note and Maker shall be obligated to pay only the amount actually advanced ~~plus interest and any charges or other amounts as provided herein.~~

3. All outstanding principal and any accrued but unpaid interest under this note shall be due and payable at maturity. All payments shall be made in United States dollars. All payments shall be applied first to interest then accrued and then to principal. This note may be prepaid in whole or in part at any time without premium or penalty. All payments of principal and interest due hereunder shall be payable at 7520 Perkins Road, Suite 280, Baton Rouge, LA 70808, or at any other place that may be designated in writing by the Noteholder from time to time.

4. Any payment or other sum which is not paid when due shall bear interest from its due date until paid at the rate of eighteen percent (18%) per annum or the maximum rate allowed under applicable law, whichever is the lesser.

5. Notwithstanding any provision of this note to the contrary, all outstanding principal and any accrued but unpaid interest shall become immediately due and payable upon a Change of Control of Maker. "Change of Control" means (i) the sale by Maker of all or substantially all of its assets, (ii) the sale or other transfer by Maker of all or substantially all of its rights in any software developed or marketed by Maker, or (iii) any merger, consolidation or share exchange to which Maker is a party, except where after giving effect to such merger, consolidation, or share exchange, the holders of Maker's outstanding capital stock possessing the voting power (under ordinary circumstances) to elect a majority of the Board immediately prior thereto shall possess the voting power (under ordinary circumstances) to elect a majority of the surviving corporation's board of directors after the merger, consolidation, or share exchange. This section shall exclude a Change of Control occurring as a result of the planned Initial Public Offering of Maker.

6. A default under this note shall occur if any installment of principal or interest is not paid promptly when due; or if Maker shall default under any loan, extension of credit, security agreement, purchase or sale agreement or any other agreement, in favor of any other creditor or person and fail to cure such default within any applicable cure period; or upon Maker's dissolution or the termination of its existence; or upon the insolvency or business

failure of, or the appointment of a custodian, trustee, liquidator or receiver for, Maker or for any of Maker's property; or upon the making of an assignment for the benefit of creditors by Maker; or upon the filing of a petition or other action under any bankruptcy, insolvency or debtor's relief law or for any adjustment of indebtedness, composition or extension by or against Maker.

7. Upon the occurrence of a default under this note, (i) all outstanding principal and any accrued but unpaid interest shall, at the option of the Noteholder, become immediately due and payable, without presentment, notice, protest or demand of any kind, all of which are expressly waived by Maker and (ii) the Noteholder may proceed to protect and enforce its rights under this note, or any other agreement between Maker and the Noteholder, by suit or otherwise, at law or in equity. No failure or delay in the exercise of any power, right or privilege hereunder shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude any other or further exercise thereof or of any other power, right or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available under applicable law, by contract or otherwise.

8. Any notice or other communication ("Notice") required or permitted to be given in connection herewith must be in writing and may be given to the person to be notified by (i) delivering it to such person, or (ii) sending it by a commercial courier service (such as FedEx) with such delivery confirmed in writing by the courier, or (iii) by United States Mail, postage prepaid, registered or certified mail, return receipt requested, or express mail expedited delivery service. Notice is effective upon delivery or, if delivery is refused, upon attempted delivery at the recipient's address for Notices. A party delivering Notice shall try to obtain a receipt. For purposes of Notice, the addresses of the parties shall, until changed by Notice, be as follows:

If to Maker:

MD Technologies Inc.
620 Florida Blvd.
Suite 200
Baton Rouge, Louisiana 70801
Attn: William D. Davis, President

If to the Noteholder:

7520 Perkins Road
Suite 280
Baton Rouge, Louisiana 70808
Attn: Thomas L. Frazer

9. If this note is placed in the hands of an attorney at law for collection, to prosecute claims in bankruptcy, to institute legal proceedings to recover the amount hereof, or any part hereof, Maker promises to pay the reasonable fees of the attorneys employed for that purpose, and all court costs and costs of appeal.

10. ALL PARTIES HERETO (INCLUDING MAKER AND ANY ENDORSER, GUARANTOR OR SURETY) WAIVE PRESENTMENT FOR PAYMENT, NOTICE OF NONPAYMENT, PROTEST AND ALL PLEAS OF DIVISION AND DISCUSSION AND CONSENT TO ALL EXTENSIONS OF TIME, RENEWALS, WAIVERS, MODIFICATIONS, RELEASES OF SECURITY, EXCHANGES OF SECURITY AND OTHER INDULGENCES GRANTED BY THE NOTEHOLDER WITH RESPECT TO THIS NOTE AND HEREBY BIND THEMSELVES UNCONDITIONALLY, JOINTLY, SEVERALLY AND SOLIDARILY, AS ORIGINAL PROMISSORS FOR THE PAYMENT HEREOF IN PRINCIPAL, INTEREST, LATE CHARGES, ATTORNEYS' FEES AND COSTS.

11. This note shall be construed and enforced in accordance with the laws of the State of Louisiana, United States of America. Any judicial proceeding brought against Maker under or on account of this note may be brought in any federal or state court located in East Baton Rouge Parish, Louisiana and Maker consents to and accepts for itself the jurisdiction of such courts, and irrevocably agrees to be bound by any judgement rendered by any such court under or on account of this note.

MD TECHNOLOGIES INC.

By: William D. Davis
William D. Davis, President

FORM 1-A

Exhibit 6.9

Note Purchase Agreement with SBL Capital Corporation

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT is made and entered as of November 15th, 2001 by and between MD Technologies Inc. ("MDT" also referred to as the "Company"), a Delaware corporation, Jose S. Canseco (the "Guarantor") and SBL Capital Corporation (the "Purchaser"), a Louisiana corporation.

The Company and the Purchaser hereby agree as follows:

ARTICLE 1 Definitions

Except as otherwise defined in this Agreement, the following terms shall have the respective meanings ascribed to them below:

Agreement means this Note Purchase Agreement.

Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks are authorized to be closed in Baton Rouge, Louisiana.

Change in Control means any acquisition, by any person or group other than Jose S. Canseco and William D. Davis, of the power to elect, appoint or cause the election or appointment of at least a majority of the directors of the Board of Directors of the Company, through beneficial ownership of the capital stock or otherwise.

Code means the Internal Revenue Code of 1986, as amended, as the same shall be in effect from time to time.

Shares means the stock of The Company.

Environmental Legal Requirement means any applicable law, statute or ordinance relating to public health, safety or the environment, including, without limitation, any such applicable law, statute or ordinance relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use and handling of polychlorinated byphenyls or asbestos, to the disposal, treatment, storage or management of solid or hazardous wastes or Hazardous Substance or crude oil, fractious petroleum, petroleum derivatives or byproducts, or to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid Hazardous Substances and any rule, regulation, order, notice or demand issued pursuant to such law, , Statute or ordinance, in each case applicable to the property of the Company or any Subsidiary or the operation, construction or modification of any thereof, including without limitation the following: the Clean Air Act, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act of 1986, the Solid Waste Disposal Act, the Resource Conservation and Recovery Act as amended by the Solid and Hazardous Waste Amendments of 1984, the Occupational Safety and Health Act, the Emergency Planning and Community Right-to-Know Act of 1986, and any state statutes addressing similar matters, and any state statute providing for financial responsibility for cleanup or other actions with respect to the release or threatened release of Hazardous Substances or crude oil, fractious petroleum, petroleum derivatives or byproducts and the rules or regulations promulgated thereunder.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

Hazardous Substance means any hazardous or toxic material, substance or waste, pollutant or contaminant which is regulated under any statute, law, ordinance, rule or regulation of any local, state, regional or federal authority having jurisdiction over the property of the Company or any Subsidiary or its use, including but not limited to any material, substance or waste which is: (a) defined as a hazardous substance under Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317) as amended; (b) regulated as a hazardous waste under Section 1004 of the Federal Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.) as amended; (c) defined as a hazardous substance under Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.) as amended; or (d) defined or regulated as a hazardous substance or hazardous waste under any rules or regulations promulgated under any of the foregoing statutes.

Lien means: (i) any interest in property (whether real, personal or mixed and whether tangible or intangible) which secures an obligation owed to, or a claim by, a person other than the owner of such property, whether such interest is based on the common law, statute or contract, including, without limitation, any such interest arising from a capitalized lease, arising from a mortgage, charge, pledge, security agreement, conditional sale, trust receipt or deposit in trust, or arising from a consignment or bailment given for security purposes, (ii) any encumbrance upon such property which does not secure such an obligation, and (iii) any exception to or defect in the title to or ownership interest in such property, including, without limitation, reservations, rights of entry, possibilities of reverter, encroachments, easements, rights of way, restrictive covenants, licenses and profits a prendre. For purposes of this Agreement, the Company or a Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a capitalized lease or conditional sale agreement or other similar arrangement pursuant to which title to the property has been retained by or vested in some other person for security purposes.

Material Adverse Effect means a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) of the Company (b) the validity or enforceability of this Agreement, the Notes, or the rights or remedies of the Purchaser hereunder or thereunder.

Note has the meaning set forth in section 2.1 of this Agreement.

Noteholder means the Purchaser or its transferee or transferees.

Person includes any individual, a corporation, an association, a partnership, a trust, an estate, a government and any agency or political subdivision thereof, or any other entity.

Restricted Securities means the Warrant of Purchaser of the unregistered securities of the Company which the Purchaser may acquire through the exercise of its Warrant.

Securities Act means the Securities Act of 1933, as amended, and any similar or successor federal statute, and the rules and regulations of the Securities and Exchange Commission thereunder, all as the same shall be in effect from time to time.

Subsidiary means any entity in which the Company or the Company and another Subsidiary hold interests entitling the Company or such other Subsidiary to control such entity's Board of Directors or other managing structure.

ARTICLE 2

Authorization and Issuance of Notes

2.1 Authorization of Issue. MDT has duly authorized the issuance as maker in solido, of its 18.00% Promissory Note, (including all debt securities issued in exchange or replacement thereof, the "Note"), in the aggregate principal amount of \$30,000.00 issued to SBL Capital Corporation.

2.2 Purchase and Sale of Note; Purchase Price. Subject to the terms of this Agreement, the Company hereby sells and the Purchaser hereby purchases the entire principal amount of the Note, at a price equal to 100% of its principal amount, payable in immediately available funds.

2.3 Payment Dates. The Note shall be due as follows: a) 6 interest only payments shall be paid monthly beginning January 1, 2001, b) 53 principal and interest payments shall be due monthly beginning June 1, 2002, the outstanding principal balance shall be fully amortized over 54 months with a monthly payment of \$814.54 c) one final payment of all remaining principal plus interest shall be due on December 1, 2006. upon the Note's maturity. Interest on all outstanding principal amounts under the Note shall be calculated based on a 360-day year. In the event the Company fails to make any monthly payment in full within ten (10) days of the due date, the Company shall pay to Purchaser a late payment amount of two (2%) percent of payment then due and owing. In the event, any monthly payment is past due for more than ten (10) days, such payment shall bear interest at the annual interest rate of eighteen (18%) percent from the date until paid.

2.4 Commitment Fee. The Company agrees to pay to Purchaser a Commitment Fee in the amount of \$500.00 in immediately available funds upon the Purchaser's purchase of the Note.

2.5 Collateral Security. The Company's obligations under this Agreement and the Note shall be secured by a perfected security interest, which will be subordinate to the existing lender, Delta Pacific, Inc., and any senior lender that will replace Delta Pacific, Inc. and is acceptable to Purchaser and Purchaser approves in writing.

2.6 Subordination. The Purchaser hereby acknowledges that the Purchaser's security interest under this Agreement will be subordinated as listed above in Article 2.5.

2.7 Conversion of Note. The Purchaser shall have the option of converting part or all of the note into shares in MDT. If the full principal amount of the Note is converted it will represent 60,000 shares of MDT. The conversion price per share shall be \$0.50.

2.8 Note Prepayment; Prepayment Fee. Upon notice of the Company's desire to prepay the Note, the Purchaser shall have the option of converting part or all of the note into shares in MDT prior to any prepayment. The Company shall have the right at any time to prepay all or any portion of the principal amount of the Note, without penalty subject to and upon its payment of all accrued interest on the principal amount to be prepaid.

2.9 No Offset. All payments by the Company hereunder and under the Note shall be made without setoff or counterclaim and free and clear of and without

deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Company is compelled by law to make such deduction or withholding. If any such obligation is imposed upon the Company with respect to any amount payable by it hereunder or under the Note, the Company will pay to the Purchaser on the date on which such amount is due and payable such an additional amount in dollars as shall be necessary to enable the Purchaser to receive the same net amount which the Purchaser would have received on such due date had no such obligation been imposed upon the Company. The Company will deliver promptly to the Purchaser certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Company hereunder.

2.10 Computations. All computations of interest on the Note shall be based on a 360-day year and paid for the actual number of days elapsed. Whenever a payment becomes due on a day that is not a business day, the due date for such payment shall be extended to the next succeeding business day, and interest shall accrue during such extension.

2.11 Issuance of New Note Upon Exchange or Transfer. Upon surrender for exchange or registration of transfer of any Note at the office of the Company designated for notices in accordance with this Agreement, the Company shall execute and deliver, at its expense, one or more new Note of any authorized denominations requested by the holder of the surrendered Note, each dated the date to which interest has been paid on the Note so surrendered (or, if no interest has been paid, the date of such surrendered Note), but in the same aggregate unpaid principal amount as such surrendered Note, and registered in the name of such person or persons as shall be designated in writing by such holder. Every Note surrendered for registration of transfer shall be duly endorsed, or be accompanied by a written instrument of transfer duly executed, by the Noteholder of such Note or by his attorney duly authorized in writing. The Company may condition the issuance of any new Note or Note in connection with a transfer by any person other than the Purchaser on the payment by the transferring Noteholder of a sum sufficient to cover any stamp tax or other governmental charge imposed in respect of such transfer, and upon the receipt of appropriate documentation evidencing the transferee's investment intent and suitability as an investor under applicable law.

2.12 Lost, Stolen, Damaged and Destroyed Note. At the request of any Noteholder, the Company will issue, at its expense, in replacement of any Note or Note lost, stolen, damaged or destroyed, upon surrender of the mutilated portions thereof, if any, a new Note or Note of the same denominations, of the same unpaid principal amounts and otherwise of the same tenor as, the Note or Note so lost, stolen, damaged or destroyed. The Company may condition the replacement of a Note reported by a Noteholder as lost, stolen, damaged or destroyed, upon the receipt from such Noteholder of an affidavit attesting that the Note is lost, stolen, damaged, or destroyed and an indemnity or security reasonably satisfactory to the Company, provided that if such Noteholder shall be the Purchaser or its nominee or an institutional investor, the Purchaser's or such institutional investor's agreement of indemnity shall be sufficient for purposes of this section.

ARTICLE 3

Company's Representations and Warranties

3.1 For purposes of this Article 3, references to the Company include the Company and each of its subsidiaries and affiliates separately and together. Acknowledging the prior sentence, the Company hereby represents and warrants to the Purchaser that:

(a) Financial Information.

(1) Condition. The Company (before and after giving effect to the transactions contemplated by this Agreement (i) is solvent, (ii) has assets having a fair value in excess of its liabilities, (iii) has assets having a fair value in excess of the amount required to pay its liabilities on existing debts as such debts become absolute and matured, and (iv) has, and expects to continue to have, access to adequate capital for the conduct of its business and the ability to pay its debts from time to time incurred in connection with the operation of its business as such debts mature.

(b) Corporate Existence; Compliance with Law. The Company (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the corporate power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to be so qualified would not have a Material Adverse Effect and (d) is in compliance with all applicable laws except to the extent that the failure to comply therewith would not have a Material Adverse Effect.

(c) Corporate Power and Authority; Enforceable Obligations. The Company (a) has the corporate or other power and authority, and the legal right, to make, deliver and perform this Agreement and the Note; (b) has taken all necessary corporate action to authorize the borrowings on the terms and conditions of this Agreement and the Note; and (c) has taken all necessary corporate or other action to authorize the execution, delivery and performance of this Agreement and the Note. Except as the Company has already obtained or will obtain prior to the Closing, no consent or authorization of, filing with, notice to or other act by or in respect of, any governmental authority or any other Person is required in connection with the borrowings contemplated under this Agreement or with the execution, delivery, performance, validity or enforceability of the Note. This Agreement and the Note have been duly executed and delivered on behalf of the Company. This Agreement and the Note constitute legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors, rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(d) No Legal Bar. The execution, delivery and performance of this Agreement, the borrowings contemplated hereunder and the Company's use of

the proceeds thereof will not violate any requirement of law or contractual obligation of the Company and will not result in, or require, the creation or imposition of any Lien on any of its respective properties or revenues.

(e) Title to Assets. The Company has good title to all of its assets other than those sold or otherwise disposed of in the ordinary course of its business.

(f) No Material Litigation. No litigation, investigation or proceeding of or before any arbitrator or governmental authority is pending or, to the knowledge of the Company threatened by or against the Company or against any of its respective properties or revenues (a) with respect to this Agreement or any of the transactions contemplated hereby, or (b) which could reasonably be expected to have a Material Adverse Effect.

(g) No Default. The Company is not in default and has not otherwise failed to perform under or with respect to any of its contractual obligations in any respect which could reasonably be expected to have a Material Adverse Effect.

(h) No Regulation. The Company is not subject to regulation under any federal or state statute or regulation which limits its ability to incur indebtedness.

(i) Compliance with Other Instruments, Laws. The Company is not in violation of any provision of its charter documents, bylaws, or any contractual obligation or any decree, order, judgment, statute, license, rule or regulation, in any of the foregoing cases in a manner that could result in the imposition of substantial penalties or a Material Adverse Effect.

(j) Securities Laws. The Company has not, directly or through any agent, offered any of the Note or any similar security for sale to, or solicited any offers to buy any thereof from, or otherwise approached or negotiated in respect thereof with, any person other than the Purchaser, and the Company agrees that neither it nor any agent acting on the Company's behalf has done or caused to be done or will do or cause to be done or omit to do or cause to be done anything which would result in bringing the issuance or sale of the Note within the provisions of Section 5 of the Securities Act.

(k) Employee Benefit Plans. To the extent applicable to the Company, each employee benefit plan of the Company has been maintained and operated in compliance in all material respects with the provisions of ERISA and, to the extent applicable, the Code, including but not limited to the provisions thereunder respecting prohibited transactions. Neither the purchase of the Note by the Purchaser nor the consummation of any of the other transactions contemplated by this Agreement is or will constitute a "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA. The Company does not maintain, and is not obligated to contribute to any multi employer plan or single employer plan, as defined in Section 4001 of ERISA, that is subject to Title IV of ERISA, for the benefit of employees or former employees of the Company or any Subsidiary.

(l) Environmental Issues. Neither the Company nor, to the Company's knowledge, any operator of the Company's business, is in violation, or alleged violation, of any judgment, decree, order, law, license, rule or regulation pertaining to environmental matters, including without

limitation, those arising under the Environmental Legal Requirements which violation would have a material adverse effect on the environment or the business, assets or financial condition of the Company;

(m) Subsidiaries, Joint Ventures. The Company is not engaged in any joint venture or partnership with any Person.

(n) Disclosure. This Agreement does not contain any untrue statement of a material fact, and does not omit to state a material fact, necessary to make the statements herein not misleading. There is no fact known to the Company which materially adversely affects, or which is reasonably likely in the future to materially adversely affect, exclusive of effects resulting from changes in general economic conditions, the business, assets, financial condition of the Company.

ARTICLE 4 Affirmative Covenants

4.1 For purposes of this Article 4, references to the Company include the Company and each of its subsidiaries and affiliates, separately and together. Acknowledging the prior sentence, the Company hereby agrees that, for so long as any amounts are outstanding or obligations are due hereunder or under the Note, it shall comply and shall cause each of its subsidiaries and affiliates to comply, as follows:

- (a) Use of Proceeds. The Company shall solely use the proceeds of this loan working capital unless Purchaser agrees in writing to another use.
- (b) Punctual Payment. The Company will duly and punctually pay or cause to be paid the principal and interest on the obligations provided for in this Agreement, all in accordance with the terms of this Agreement and the Note.
- (c) Maintenance of Office. The Company will maintain its chief executive office at those locations listed in this Agreement or at such other place in the United States of America as the Company shall designate upon written notice to Purchaser, where notices, presentations and demands to or upon the Company may be given or made.
- (d) Financial Statements. The Company shall furnish to Purchaser:
- (1) as soon as available, but in any event within 45 days after the end of each of its fiscal years, a copy of its consolidated and consolidating reviewed fiscal year end financial statements (including balance sheets and the related statements of income and retained earnings and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without qualification or exception by independent certified public accountants acceptable to Purchaser; and
 - (2) as soon as available, but in any event not later than 30 days after the end of each calendar month, (i) the unaudited monthly consolidated and consolidating financial statements of the Company (including balance sheets as at the end of such month and the related statements of income and retained earnings and cash flows of the Company for such month and the portion of the fiscal year through the end of such month, setting

forth in each case in comparative form the figures for the previous year, certified by an officer of the Company as being fairly stated and accurate and complete in all material respects (subject to normal year-end audit adjustments), and (ii) a most recent accounts receivable aging report; and

(3) the annual tax return and complete annual income statements within ten (10) days of preparation thereof.

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

(e) Insurance. The Company shall furnish to Purchaser within 10 days after the end of each calendar year, a certificate of insurance that evidences the existence of each policy of insurance required to be maintained by the Company under this Agreement and the payment of all premiums therefor;

(f) Other Information. The Company shall furnish to Purchaser promptly, and in any event, within ten (10) days after any request by Purchaser therefor, such additional financial and other information regarding the Company or Guarantor as Purchaser may from time to time reasonably request;

(g) Payment of Trade Obligations. The Company shall pay, discharge or otherwise satisfy within 60 days after the due date all trade payables of whatever nature unless same are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Company in conformity with GAAP.

(h) Maintenance of Business. The Company shall continue to engage in business of the same general type as now conducted by it and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all of its contractual obligations and requirements of law except to the extent that failure to comply therewith could not, in the aggregate, be reasonably expected to have a Material Adverse Effect.

(i) Inspection of Property, Books and Records, Discussions. The Company shall keep proper books of records and account in conformity with GAAP and comply with all Requirements of Law in respect of all dealings and transactions in relation to its business and activities the non-compliance with which could have a Material Adverse Effect; and permit representatives of Purchaser to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Company with officers and employees of the Company, respectively, and with their independent certified public accountants.

(j) Notices. Promptly, and in any event within forty-eight (48) hours of the Company obtaining knowledge of the occurrence of any event described in subsections (a) through (h) below, give notice to Purchaser in writing of:

(1) the occurrence of any default or Event of Default;

(2) any default or event of default under any contractual obligation of the Company, or any litigation, investigation or proceeding which may exist at any time between the Company and any governmental authority, which in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(3) any violation of any Environmental Legal Requirement that the Company reports in writing or is reportable by in writing (or for which any written report supplemental to any oral report is made) to any federal, state or local environmental agency and, upon becoming aware thereof, of any inquiry, proceeding, investigation or other action, including a notice from any agency of potential environmental liability, or any federal, state or local environmental agency or board, that has the potential to materially affect the assets, liabilities, financial conditions or operations of the Company;

(4) any written or other notice received by the Company from any laborer, subcontractor or materialman to the effect that such laborer, subcontractor or materialman has not been paid an amount in excess of \$25,000.00 when due for labor or materials furnished in connection with the construction of or improvements to the Company's facilities;

(5) any litigation or proceeding affecting the Company in which the amount claimed from the Company is \$25,000.00 or more, which is not covered by insurance or in which injunctive or similar relief is sought, or in which injunctive or similar relief is sought which, if granted, would have a Material Adverse Effect;

(6) the following events, as soon as possible and in any event within 10 days after the Company knows or has reason to know thereof:

(a) the occurrence or expected occurrence of any Reportable Event (as defined under Title IV of ERISA) with respect to any Employee Benefit Plan, a failure to make any required contribution to an Employee Benefit Plan, the creation of any Lien in favor of the PBGC or an Employee Benefit Plan or any withdrawal from, or the termination, reorganization or insolvency of, any Employee Benefit Plan or

(b) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity (as defined under ERISA) of either one or any Employee Benefit Plan with respect to the withdrawal from, or the terminating, reorganization or insolvency of, any Employee Benefit Plan; and

(7) any other development or event which could be expected to have a Material Adverse Effect.

Each notice required in the subsections above shall be accompanied by a statement of an officer of the Company setting forth details of the occurrence referred to therein and stating what action the Company, proposes to take with respect thereto.

(k) Environmental Legal Requirements. The Company shall comply with, and ensure compliance by all operators, tenants and subtenants, if any, with, all applicable Environmental Legal Requirements and obtain and comply with and maintain, and ensure that all operators, tenants and subtenants obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Legal Requirements.

(1) Maintenance of Property. The Company shall keep all property useful and necessary in its business in good working order and condition; and procure and maintain fire and other risk insurance, public liability insurance, and such other insurance with financially sound and reputable insurers with respect to its properties and business against such casualties and contingencies as shall be in accordance with the general practices of businesses engaged in similar activities in similar geographic areas and in amounts, (including limits on the amount of any deductibles) containing such terms, coverages, in such forms and for such periods as may be reasonable and prudent and in accordance with the terms of the Security Agreements. The Company, upon request of Purchaser, will deliver to Purchaser from time to time copies of the policies or certificates of insurance in form satisfactory to Purchaser, including stipulations that coverages will not be canceled or diminished (i) without at least thirty (30) days, prior written notice to Purchaser or, in the case of flood insurance, without at least ten (10) days prior written notice to Purchaser and (ii) due to any act, omission, or breach of warranty by the Company.

(1) Operations. The Company shall substantially maintain its present executive and management personnel; conduct its business affairs in a reasonable and prudent manner and in compliance with all applicable federal, state and municipal laws, ordinances, rules and regulations respecting its properties, charters, businesses and operations, including compliance with all minimum funding standards and other requirements of ERISA and other laws applicable to the Company's employee benefit plans.

(m) Taxes. The Company will duly pay and discharge, or cause to be paid and discharged, before the same shall become overdue, all taxes, assessments and other governmental charges (other than taxes, assessments and other governmental charges imposed by foreign jurisdictions that in the aggregate are not material to the business or assets of the Company or an individual basis) imposed upon it and its properties, sales and activities, or any part thereof, or upon the income or profits therefrom, as well as all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon any of its property; provide that any such tax, assessment, charge, levy or claim need not be paid if the validity or amount thereof shall currently be contested in good faith by appropriate proceedings and if the Company shall have set aside on its books adequate reserves with respect thereto; and provided further that the Company will pay all such taxes, assessments, charges, levies or claims forthwith upon the commencement of proceedings to foreclose any lien that may have attached as security therefor.

(m) Deliveries; Further Assurances. The Company shall at its expense execute and deliver any and all instruments necessary or as Purchaser may reasonably request to effectuate the purposes of this Agreement.

4.2 Guarantor hereby agrees that, for so long as any amounts are outstanding or obligations are due hereunder or under the note, he shall comply as follows:

- a. Guarantor shall furnish to the purchaser a current personal financial statement within thirty (30) days of written request by purchaser;
- b. The Guarantor shall not guarantee any debt of the Company other than the terms of this Agreement and those lenders listed in Article 2.5, or any successor senior lender without the written consent of Purchaser;
- c. The Guarantor shall furnish copies of his personal tax return within ten (10) days of preparation thereof; and
- d. The Guarantor shall subordinate any and all inter-company and personal loans to the Company in favor of Purchaser.

4.3 Certified Public Accountant. The Company shall retain the services of a qualified CPA to maintain proper accounting and business systems for the Company.

4.4 Reservation of Shares. The Company shall reserve 90,000 of the authorized, but unissued shares of MDT to provide the shares necessary for the exercise of Purchaser's Warrant and Conversion of Debt to shares which is issued in connection herewith.

ARTICLE 5

Negative Covenants

5.1 For purposes of this Article 5, references to the Company include the Company and each of its subsidiaries and affiliates separately and together. Acknowledging the prior sentence, the Company hereby agrees that, for so long as any amounts are outstanding or obligations are due hereunder or under the Note, it shall comply, and shall cause each of its subsidiaries and affiliates to comply, as follows:

(a) Limitation on Liens. The Company shall not create, incur, assume or suffer to exist any Lien upon any of its assets or properties without the written consent of the Purchaser, except for:

- (1) liens for taxes not yet due or which are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Company, in conformity with GAAP;
- (2) carriers', warehousemen's, mechanics', materialmen's, repairmen's, lessors', vendors' or other like Liens arising in the ordinary course of business for indebtedness which are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings;
- (3) pledges or deposits in connection with worker's compensation, unemployment insurance and other social security legislation;
- (4) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal

bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(5) liens securing the existing indebtedness to the lenders listed in Article 2.5. The foregoing clauses of this subsection are referred to as the "Permitted Liens."

5.2 No Fundamental Changes. The Company shall not, after the date hereof, (1) engage in any business activities substantially different than those in which the Company is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change ownership, dissolve or transfer or sell assets out of the ordinary course of business.

5.3 Limitation on Sales of Assets. Other than in the ordinary course of business, the Company shall not sell, lease, assign, transfer or otherwise dispose of, or give options to purchase any of its assets (including, without limitation, receivables and leasehold interests but excluding obsolete or worn out property) whether now owned or hereafter acquired, and whether or not leased back, except for assets sold or scrapped by the Company with an aggregate value not to exceed \$20,000 on an annual basis.

5.4 Limitation on Mergers, Consolidations, Acquisitions, Investments. Notwithstanding the Company's ability to make capital expenditures under section 5.6 below, the Company shall not merge with or consolidate into any other entity, acquire any interest in any entity, business or combination of businesses, or invest or obligate itself to invest in any new subsidiary, partnership, joint venture or other entity, or acquire all or substantially all of the assets of any of the foregoing without the written consent of Purchaser.

5.5 Limitation on Compromising Accounts and Claims. The Company shall not assign, transfer, pledge, compromise or release any of the claims of or debts due to the Company except upon payment in full, or arbitrate or consent to the arbitration of any of the disputes or controversies of the Company.

5.6 Limitation on Indebtedness. The Company shall not create, incur, assume, guarantee, endorse, become or be liable in any manner with respect to any indebtedness without the written consent of the Purchaser, except:

(a) taxes, assessments and governmental charges or levies which are not delinquent or which are being contested in good faith by appropriate proceedings and for which the Company has set aside on its books adequate reserves;

(b) trade payables and other obligations incurred in the ordinary course of business, but not fixed or contingent obligations to franchisees that would otherwise be restricted under this Agreement;

(c) any indebtedness to the lenders listed in Article 2.5 or a successor senior lender;

(d) the indebtedness evidenced by the Note.

5.7 Limitation on Transactions with and Loans to shareholders and Affiliates, and on Loans. Exclusive of intercompany balances between the Company and any subsidiary, the Company shall not have loans or advances outstanding at any time to a shareholder or any Affiliate of a shareholder, or make loans to or

guarantee, directly or indirectly, any undertaking of any Person other than a subsidiary without the prior approval of SBL Capital.

5.8 Limitation on Employment Agreements and on Modifications to Material Contracts. The Company shall not enter into any material employment agreement or amend, modify or terminate the terms of any material agreement of the Company.

5.9 Limitation on Benefit Plans. The Company shall not establish any profit sharing or other employee benefit plan, but may maintain its existing 401(k) and cafeteria health insurance plans.

ARTICLE 6 Defaults

6.1 Events of Default. The following actions and/or inactions, or the occurrence of any of the following events or circumstances, shall constitute Events of Default hereunder and under the Note:

(a) Failure to Pay Amounts When Due. Should the Company fail to make any interest payment within ten days of the day that it is due, or fail to repay any portion of the principal amount of the Note upon its maturity.

(b) Breach of Covenants. Should the Company fail to perform any of its covenants under this Agreement and such failure shall continue unremedied for a period of thirty days after notice of such failure from the Purchaser to the Company.

(c) Default in Favor of Third Parties. Should the Company default under any loan, extension of credit, security agreement or any other agreement in favor of any other creditor or person that might affect the Company's ability to satisfy its obligations under the Note, and such default shall not have been remedied within forty-eight (48) hours of default.

(d) Insolvency. The suspension, insolvency or failure, however evidenced, of the Company.

(e) Voluntary Readjustment of Indebtedness. Should the Company commence any case or proceeding for readjustment of indebtedness, reorganization, liquidation, composition or extension under any federal or state bankruptcy or insolvency law.

(f) Involuntary Readjustment of Indebtedness. Should any involuntary case or proceeding for readjustment of indebtedness, reorganization, liquidation, composition or extension under any federal or state bankruptcy or insolvency law be brought against Company and not be dismissed within sixty days thereafter.

(g) Receivership. Should proceedings for the appointment of a receiver of all or any part of the Company's property be commenced and not dismissed within sixty days thereafter, or should a receiver be appointed for all or any part of the Company's property.

(h) Dissolution Proceedings. Should proceedings for the dissolution of or appointment of a liquidator for the Company be commenced and not dismissed within sixty days thereafter.

(i) False Statements. Should any representation, warranty or material statement of the Company in this Agreement prove to be incorrect or misleading in any material respect. It is expressly understood that no Event of Default shall occur with respect to any such representation, warranty or statement, the subject matter of which the Purchaser has actual knowledge of as a result of its existing relationship with the Company.

(j) Material Adverse Change. Should any material adverse change occur in the Company's financial condition.

(k) Adverse Judgments. Should one or more judgments be entered against Company involving in the aggregate a liability (not paid or fully covered by insurance) of \$10,000.00 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within 60 days from the entry thereof.

(l) Injunctions. Should the Company be enjoined, restrained or in any way prevented by the order of any court or any administrative or regulatory agency from conducting any material part of its business and such order shall continue in effect for more than thirty (30) days.

(m) Bad Acts. Should the Company be indicted for a state or federal crime, or any civil or criminal action otherwise be brought or threatened against the Company, a punishment for which in any such case could include the forfeiture of any assets of the Company having a fair market value in excess of \$10,000.00; or

(n) Change in Control. Should a Change in Control occur.

ARTICLE 7 Remedies Upon Default

7.1 Purchaser's Rights Upon Default. Should any one or more Events of Default occur or exist, then:

(a) Acceleration. The Purchaser shall have the right, at its sole option, by written notice to the Company to declare formally all indebtedness under the Note to be in default and to accelerate the maturity of all amounts under the Note and insist upon immediate payment in full of the principal balance then outstanding thereunder, plus accrued interest and the prepayment fee, together with reasonable attorney's fees, costs, expenses and other fees and charges as provided therein;

(b) Default Interest Rate. The interest rate on the Note shall automatically and immediately be adjusted to equal the interest rate as stated above plus six percent (6%) (the "Default Interest Rate");

(c) Other Remedies. The Purchaser may take any and all action available to it at law or in equity to enforce its rights to collect the amounts due hereunder or to exercise any other power granted to it under this Agreement.

ARTICLE 8 Indemnities

8.1 The Company hereby agrees to indemnify and hold harmless the Purchaser from any and all claims, suits, obligations, damages, losses, costs, expenses (including without limitation each of their reasonable attorneys, fees and costs), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever that may be asserted against or incurred by Purchaser or, arising out of or in any way relating to or occasioned by this Agreement or the exercise of any of the rights or remedies granted to the Purchaser or hereunder. This indemnity provision shall survive the termination of this Agreement as to all matters arising or accruing prior to such termination, notwithstanding any exercise by the Purchaser of any of the remedies provided under this Agreement following any Event of Default.

8.2 The Company hereby agrees to indemnify and hold harmless any individual who serves pursuant to Section 2.6 of this Agreement as Purchaser's designated director or observer on the Company's Board of Directors from any and all claims, suits, obligations, damages, losses, costs, expenses (including without limitation each of their reasonable attorneys' fees and costs), demands, liabilities, penalties, fines and forfeitures of any nature whatsoever that may be asserted against or incurred by such persons arising out of or in any way relating to or occasioned by his or her service as a director or observer of the Company's Board of Directors. This indemnity provision shall survive the termination of this Agreement as to all matters arising or accruing prior to such termination, notwithstanding any exercise by the Purchaser of any of the remedies provided under this Agreement following any Event of Default.

ARTICLE 9

Registration Under the Securities Act

9.1 Incidental Registration. If at any time the Company proposes to register any of its securities under the Act (other than on Form S-8 or S-14 or other form related to an offering of the type to which such forms relate), the Company will at such time give written notice to all holders of Restricted Securities of its intention so to do and, upon the written request of any holders of Restricted Securities, made within twenty (20) days after such notice is given by the Company (which request shall state the intended method of disposition of such Restricted Shares by the prospective seller), the Company will use its best efforts to cause all Shares which, the holders of which shall have so requested registration thereof, to be registered under the Act, all to the extent requisite to permit the sale or other disposition (in accordance with the intended methods thereof, as aforesaid) by the prospective seller or sellers of the Shares so registered.

9.2 Registration Procedures and Expenses. If and whenever Seller effects the registration of any of the Shares under the Act, the Company will as expeditiously as possible:

(a) prepare and file with the SEC a registration statement with respect to the offering of such securities. Such registration statement to become and remain effective for such period as may be required or permitted by law for the sale of all Shares proposed to be sold by the holders, not exceeding 180 days;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective as may be

required by the immediately preceding subdivision and to comply with the provisions of the Act with respect to the transfer of all securities covered by such registration statement whenever, prior to the expiration of 180 days after the effective date thereof, a seller desires to transfer the same;

(c) furnish to each selling member such numbers of copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as such seller may reasonably request in order to facilitate the transfer of the securities owned by such seller; and

(d) use its best efforts to register or qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as each such seller shall request and do any and all other acts and things which may be necessary or advisable to enable such seller to consummate the transfer in such jurisdictions of the securities owned by such seller.

All expenses incurred by the Company in complying with this Section 9.3, including without limitation all registration, qualification and filing fees, printing expenses, fees and disbursements to counsel of Seller and the expense of any special audits incident to or required by any such registration are herein called "Registration Expenses"; and all underwriting discounts applicable to the Restricted Shares and all fees disbursements of counsel for any seller are herein called "Selling Expenses."

9.4 Allocation of Expenses. The Company shall pay all Registration Expenses in connection with each registration statement pursuant to Section 9.2 hereof.

9.5 Indemnification. In the event of any registration of any of the Restricted Securities under the Act pursuant to this Section 9, the Company shall indemnify and hold harmless each seller of such Restricted Securities, each underwriter of such Restricted Securities, and each other person, if any, who controls such seller or underwriter within the meaning of the Act, against any losses, claims, damages or liabilities joint or several, to which such seller, underwriter or controlling person may become subject under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained, on the effective date thereof, in any registration statement under which such Restricted Securities were registered under the Act, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and will reimburse such seller, underwriter and each such controlling person for any legal or other expenses reasonably incurred by such seller, underwriter or such controlling person in connection with investigating or defending any such loss, claim, damage or liability, provided, however, that Seller shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or alleged untrue statement or omission or alleged omission made in said registration statement, said preliminary prospectus or said prospectus or said amendment or supplement in reliance upon and in conformity with written information furnished to Seller through an instrument duly executed by such seller or underwriter specifically for use in the preparation thereof.

It shall be a condition precedent to the obligation of the Company to complete any action pursuant to Section 9.1 hereof that the Company shall have received an undertaking satisfactory to it from each prospective seller of Restricted Securities to be registered under each registration pursuant to Sections and hereof, and from each underwriter of such Restricted Shares, to indemnify and hold harmless (in the same manner and to the same extent as set forth above in this Section with respect to Seller) the Company, each director of the Company, each officer of the Company who shall sign such registration statement and each person who controls the Company within the meaning of the Act, with respect to any statement in or omission from any such registration statement or preliminary or final prospectus, if such statement or omission was made in reliance upon and in conformity with information furnished in writing to Seller by or on behalf of such seller specifically for use in connection with the preparation of such registration statement or prospectus.

The foregoing notwithstanding, in the event a claim for reimbursement of liabilities under the Act by reason of the foregoing indemnity provisions of this Agreement is asserted by any director of Seller or by any person in control of Seller within the meaning of the Act, in the absence of controlling precedent, Seller shall have the right to submit to a court of appropriate jurisdiction the question of whether such reimbursement by it is against public policy as expressed in the Act, and Seller and each such director and controlling person will be governed by the final adjudication of such issue.

ARTICLE 10 Miscellaneous

10.1 Complete Agreement. This Agreement constitutes the complete and exclusive statement of agreement between the Company and the Purchaser with respect to the subject matter hereof.

10.2 Governing Law. This Agreement and the rights of the parties hereunder will be governed by, interpreted, and enforced in accordance with the laws of the State of Louisiana applicable to contracts executed and to be performed entirely in Louisiana and by applicable federal law.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Purchaser, of any right, remedy, power or privilege hereunder or under the Note, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Company and the Purchaser, and their respective successors and assigns.

10.5 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, such provision will be fully severable; this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. Furthermore, in lieu of such illegal, invalid, or

unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

10.6 Method of Execution. It is contemplated that this Agreement will be executed in numerous places and on different dates by the parties. Each party may execute a signature page on which its signature appears separately from the signatures of the other, and the signature pages of both parties will be gathered and attached to one copy of this Agreement. This method of execution, once accomplished, shall result in a binding contract.

10.7 Additional Documents and Acts. Each party agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

10.8 Notices. Any notice to be given or to be served upon the Company or the Purchaser in connection with this Agreement must be in writing and will be deemed to have been given and received when delivered to the address specified by the party to receive the notice. Such notices will be given to the Company at 620 Florida Blvd., Suite 200, Baton Rouge, Louisiana, 70801, and to the Purchaser at 15538 Shenandoah Avenue, Baton Rouge, Louisiana, 70817. Either party may at any time by giving 5 days, prior written notice to the other party, designate any other address in substitution of the foregoing address to which such notice will be given.

10.9 Amendments. All amendments to this Agreement must be in writing and signed by both parties.

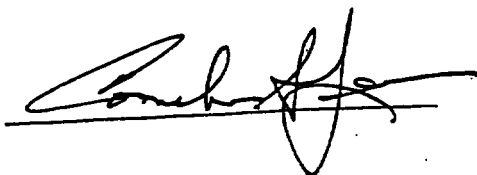
10.10 Expenses. The Company will be responsible for the payment of its fees, expenses and other costs, incurred in connection with Company's issuance and the Purchaser's purchase of the Note, and all related transactions. The Company shall reimburse SBL Capital at the closing of the Note for its payment of attorney's fees and expenses incurred in connection with the negotiation, preparation, review and closing of the Agreement, the Warrant and all agreements, documents related thereto.

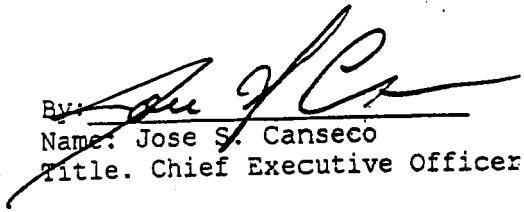
10.11 Tombstones. The Company hereby consents to the Purchaser's including in informational advertisements (e.g., so-called "tombstone" advertisements), a summary of this transaction and any related or future transactions between the Company and Purchaser.

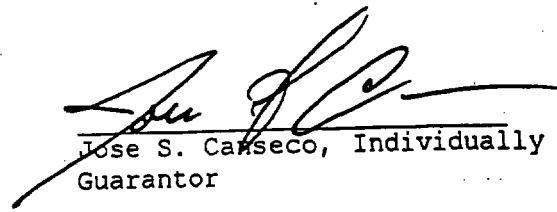
IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

MD Technologies Inc.

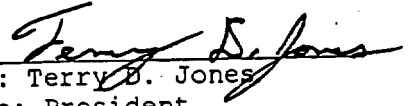
Witness



By: 
Name: Jose S. Canseco
Title: Chief Executive Officer


Jose S. Canseco, Individually
Guarantor

SBL Capital Corporation

By: 
Name: Terry D. Jones
Title: President

FORM 1-A

Exhibit 6.10

Agreement for Financial Services with Dean Capital, L.L.C.

AGREEMENT FOR FINANCIAL SERVICES

PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

Financial Services Provider:
Dean Capital, L.L.C.

Client:
MD Technologies Inc.

THIS AGREEMENT for financial services is entered into between the following parties:

Dean Capital, L.L.C., a Louisiana limited liability company, domiciled in the Parish of East Baton Rouge, State of Louisiana, hereinafter referred to as "Dean Capital";

and

MD Technologies Inc., a Delaware corporation, domiciled in the Parish of East Baton Rouge, State of Louisiana, and **Jose S. Canseco**, an individual of legal age, domiciled in the Parish of Orleans, State of Louisiana, hereinafter referred to as "Client";

who agree and contract as follows:

WHEREAS, Client desires to explore the availability and feasibility of debt financing and/or equity capital; and

WHEREAS, Dean Capital will provide advice regarding corporations, individuals, mutual funds, hedge funds, investors, investment partnerships, securities firms, and lending and other institutions which may provide capital to the Client;

THEREFORE, the parties hereby agree as follows:

1. Client hereby engages Dean Capital to render professional advice and guidance in the development of a strategic financing plan and financing alternatives to Client.
2. Client will reimburse Dean Capital's out-of-pocket expenses incurred on behalf of the Client, but not to exceed \$3,000 and not without the prior written authorization of the Client in lieu of a retainer for a minimum of one year.
3. In compensation for Dean Capital's services, Dean Capital will receive the right to designate one member of the Board of Directors of Client. Dean Capital hereby designates Terry Jones as its member of the Board of Directors.

4. Dean Capital will receive a performance bonus of \$150,000, if Client is successful in obtaining new financing, including all amounts committed to but not necessarily advanced to Client at closing, in the amount of \$2,500,000 within twelve (12) months of this Agreement. For each \$500,000 in financing that is obtained in addition to the \$2,500,000, Dean Capital will receive an additional payment of \$30,000. The new financing shall consist of equity capital, whether common, preferred, or convertible instruments. The performance bonus shall be due upon the closing of the stock purchase.

5. To help Dean Capital perform these services, the Client will provide Dean Capital with such information regarding the Client and its operations as the Client shall determine is proper and appropriate and Dean Capital shall be entitled to rely thereon. Dean Capital is authorized to disclose pertinent financial information to potential lenders and investors.

6. Dean Capital shall assume that (a) all information furnished by the Client or its representatives, as well as all information contained in public documents issued by or for the Client or made available to Dean Capital by the Client, is complete and accurate in all material respects, and does not omit any material fact or information necessary to make the statements contained therein not misleading, and (b) the Client has complied with or, prior to closing, will comply with all applicable laws relating to the issuance of securities. The Client will indemnify and hold harmless Dean Capital, its affiliates, successors, assigns, agents, employees and their heirs, executors, administrators and all persons, firms and entities who might be claimed to be jointly or severally liable with Dean Capital ("Indemnified Parties") against any loss or liability arising directly or indirectly from the Client's obligations hereunder.

7. This Agreement shall remain in force for twelve (12) months from the date signed.

8. The parties to this Agreement further specifically acknowledge that Dean Capital does not represent any lenders/investors, nor is Dean Capital to be considered a "Loan Broker" or broker. The services to be performed by Dean Capital in accordance with this Agreement do not include the guarantee of the approval or closing of any loan by any lenders or the sale of any securities to investors. All approvals are subject to the appropriate guidelines and conditions of the lenders/investors and over which Dean Capital has no control.

9. This Agreement reflects the full intentions of all parties to this Agreement, binding their heirs, executors and assigns, and this Agreement may only be amended by written act of amendment, executed by all parties hereto. The invalidity of any term or condition of this contract shall void only that term or condition, all other terms of this Agreement remaining unchanged.

10. In the event of breach of this Agreement by any party hereto, the defaulting party shall be liable for all attorney's fees and court costs incurred by the non-defaulting party in the enforcement of rights and obligations pursuant to this Agreement.

11. *General Provisions.*

11.1 For the purposes of this Agreement, the term "Client" includes any entity which acquires (by merger or otherwise) all or substantially all of the assets and/or rights of the Client, and the successors or assigns of the Client.

11.2 Headings on the various paragraphs of this Agreement are solely intended to simplify the reading of this Agreement and are not meant to impart any meaning to the Agreement.

11.3 Dean Capital will not be responsible for any fees, commissions or expenses payable to any other person, firm or entity.

11.4 This Agreement may not be amended or modified except in writing and shall be governed by and construed in accordance with the laws of the State of Louisiana, without regard to the conflict of law provisions thereof.

12. *Acceptance and Effectiveness.* Execution of this letter by the Client, and return of a signed copy by fax or otherwise to Dean Capital, completes this Agreement between Dean Capital and the Client.

~~THIS DONE, ACCEPTED, AND SIGNED~~ on this 8th day of August, 2003.

DEAN CAPITAL, L.L.C.

By: Terry D. Jones
Terry D. Jones, Managing Member

MD TECHNOLOGIES INC.

By: William D. Davis
William D. Davis, Chief Executive Officer

FORM 1-A

Exhibit 10.1

Consent of Comisky & Company

CONSENT OF INDEPENDENT ACCOUNTANTS

Board of Directors
MD Technologies, Inc.
620 Florida Street, Suite 200
Baton Rouge, Louisiana 70801

Gentlemen:

We consent to the incorporation into the Registration Statements on Form 1-A and Form 10-SB of MD Technologies, Inc. of (1) our Report of Independent Public Accountants, dated May 27, 2003 on our audits of the consolidated financial statements and financial statement schedules of MD Technologies, Inc. as of December 31, 2001, and (2) our Report of Independent Public Accountants, dated June 3, 2003 on our audits of the consolidated financial statements and financial statement schedules of MD Technologies, Inc. as of December 31, 2002. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

August 12, 2003
Denver, Colorado


PROFESSIONAL CORPORATION

FORM 1-A

Exhibit 10.2

Consent of Lisa B. St. Amant, CPA

Lisa B. St. Amant, CPA
47449 Hwy. 936
St. Amant, LA 70774

August 1, 2003

Board of Directors
MD Technologies, Inc.
620 Florida St., Suite 200
Baton Rouge, LA 70801

Gentlemen:

I consent to the incorporation into the Registration Statements on Form 1-A and Form 10-SB of MD Technologies, Inc. of my report on the financial statements of MD Technologies, Inc. as June 30, 2002 and June 30, 2003. I also consent to the reference to me under the heading "Experts" in such Registration Statements.



Lisa B. St. Amant
Certified Public Accountants

FORM 1-A

Exhibit 11

Opinion re Legality

LISKOW & LEWIS

A PROFESSIONAL LAW CORPORATION

CULLEN R. LISKOW (1893-1971)
AUSTIN W. LEWIS (1910-1974)

GENE W. LAFITTE
LEON J. REYMOND, JR.
J. BERRY ST. JOHN, JR.
DONALD R. ABAUNZA
JOHN M. WILSON
LAWRENCE P. SIMON, JR.
S. GENE FENDLER
JOHN D. WOGAN
MAURICE C. HEBERT, JR.
GEORGE H. ROBINSON, JR.
MARILYN C. MALONEY
JOSEPH C. GIGLIO, JR.
PATRICK W. GRAY
ROBERT E. HOLDEN
JOE B. NORMAN
THOMAS W. MCNAMARA
JAMES N. MANSFIELD III
BILLY J. DOMINGUE
PHILIP K. JONES, JR.
WILLIAM W. PUGH
RICHARD W. REVELS, JR.
JOSEPH P. HEBERT
MARGUERITE L. ADAMS †
DAVID W. LEEFE
WM. BLAKE BENNETT

MARK A. LOWE
GEORGE DENEGRE, JR.
DON K. HAYCRAFT
CRAIG WYMAN
JAMES A. BROWN
R. KEITH JARRETT
STEVIA M. WALTHER
BRIAN A. JACKSON
ROBERT S. ANGELICO *
ROBERT L. THERIOT
DENA L. OLIVIER
GEORGE ARCENEUX III
MARIE BREAUX
RANDY C. SNYDER
JONATHAN A. HUNTER
THOMAS P. DIAZ
MARY S. JOHNSON
SHAUN G. CLARKE
JAMES C. EXNICIOS *
THOMAS J. McGOEY †
SCOTT C. SEILER
CHERYL MOLLERE KORNICK
MARK D. LATHAM
JOHN C. ANJIER
G. C. SLAWSON, JR.

ATTORNEYS AT LAW

ONE SHELL SQUARE
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NEW ORLEANS, LOUISIANA 70139-5099
TELEPHONE (504) 561-7979
FACSIMILE (504) 556-4108 • (504) 556-4109

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P.O. BOX 52008
LAFAYETTE, LOUISIANA 70505-2008
TELEPHONE (337) 232-7424
FACSIMILE (337) 267-2399

FIRM@LISKOW.COM
WWW.LISKOW.COM

August 14, 2003

SHANNON S. HOLTZMAN
CAROL WELBORN REISMAN
MATT JONES
DAVID L. REISMAN
JILL THOMPSON LOSCH
MICHAEL D. RUBENSTEIN
HAROLD J. FLANAGAN
GREG L. JOHNSON
JAMIE D. RHYMES
KRISTINA DELUNA MILLER
BRETT D. WISE
KYLE P. POLOZOLA
MARY C. HESTER †
THOMAS BERON
J. PATRICK MORRIS, JR.
E. JANE ROLLING
MARK A. JOHNSON
ELISE MAYERS BOUCHNER
JANA L. GRAUBERGER
SHAWN C. RHYMES
K. TODD WALLACE
MAURY C. HEBERT
MICHAEL A. GOLEMI
JANINE V. HODGES
JASON P. BERGERON

CHADWICK J. MOLLERE *
KELLY T. SCALISE
DANA M. DOUGLAS
NATHAN B. ABERCROMBIE
H.S. BARTLETT III
JAMES H. DUPUIS, JR.
KELLY BRECHTEL BECKER
RENÉE ZERINGUE BERARD
AMY E. ALLUMS
DEBORAH McCROCKLIN
CAREY C. LYON
NANCY BRECHTEL
NICOLE E. FRANCIS Δ

Of Counsel
CHARLES C. GREMILLION
THOMAS D. HARDEMAN
THOMAS B. LEMANN

† Board Certified Estate Planning
and Administration Specialist
* Board Certified Tax Specialist
‡ Registered Patent Attorney
Δ Admitted in Pennsylvania only

MD Technologies Inc.
620 Florida St., Suite 200
Baton Rouge, LA 70801

Ladies and Gentlemen:

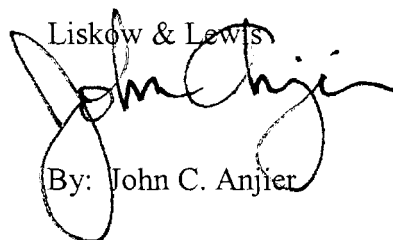
You have requested our opinion with respect to certain matters in connection with the filing by MD Technologies Inc. (the "Company") of a Registration Statement on Form 1-A (the "Registration Statement") with the Securities and Exchange Commission (the "Commission") covering a public offering of up to 6,700,000 shares of common stock to be sold by the Company (the "Company Shares").

In connection with this opinion, we have examined and relied upon the Registration Statement and related Prospectus, the Company's Certificate of Incorporation and Bylaws, as currently in effect, and the originals or copies certified to our satisfaction of such records, documents, certificates, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. Our opinion is expressed only with respect to the laws of the State of Delaware.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Company Shares, when sold and issued in accordance with the Registration Statement and related Prospectus, will be validly issued, fully paid and non-assessable.

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus included on the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

Liskow & Lewis

By: John C. Anjier