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THURSDAY, DECEMBER 20, 2007

Did Planktos Commit a Fraud Upon the Market? (PLKT.PK)

Better Get The Leg Irons Boys. These Ain't Regular Criminals, These is Stockbrokers.

-One of Climateer's favorite Barron's headlines.

To answer the question posed in the headline, "Hell, who knows?" Either the press release below was true, or it wasn't.

On September 12, 2007 Planktos [announced](#) a Private Placement:

Planktos Corp. (OTCBB:PLKT) is pleased to announce that it has secured private placement funding of up to \$2,000,000. The Company has recently received \$1,100,000 in funding and anticipates receiving the remainder of the \$2,000,000 shortly.

The financing is in the form of a direct private placement at \$1.00 per share.

Of the \$2M, \$1.4M is slated to begin the first voyage of the RV Weatherbird II and \$600,000 to complete the first-stage planting in Hungary by Planktos' subsidiary KlimaFa.

This was a new one on me as the stock was apparently issued at a premium (!) to market. If memory serves, the stock was trading around \$0.56 at the time.

I waited patiently for the required SEC filing.

The SEC [description](#) of Form 8K and the types of events that trigger a report is straightforward:

"...[Form 8-K](#) is the "current report" companies must file with the SEC to announce major events that shareholders should know about."

"..Section 3--Securities and Trading Markets"

"...Item 3.02 Unregistered Sale of Equity Securities"

"...Companies have four days to file a Form 8-K for the events specified in the items in Sections 1-5 and 9 above. However, if the issuer is furnishing a Form 8-K solely to satisfy its obligations under [Regulation FD](#), then the due date might be earlier."

Planktos never filed the required Form 8K.

This failure is itself a violation, but it is also a huge red flag. It screams "Pay attention" because smart securities scammers have long ago learned that it is better to make late or no filing than to file inaccurate or misleading ones. Al Capone found out about secondary/tertiary liabilities.

If the press release was true the filing was required. If it wasn't...

Planktos' quarterly report on form 10Q, for the quarter ended June 30, 2007 showed, under current assets, an "advance receivable" of \$797,194. There no explanation of why a company with no revenues would show a receivable, advanced or not.

The quarterly report for the quarter ended September 30 (i.e. encompassing the period of the news release) showed cash had increased from \$14K to \$586K the advance receivable had decreased to \$76K and operating expenses of \$554K including "R&D" of exactly \$100K.

In the footnotes is this item:

On June 26, 2007, the Company issued 600,000 common shares on the exercise of 600,000 purchase warrants at \$0.1667 share for cash proceeds of \$100,000.

It might be innocent but I'm always suspicious when even numbers match up in different parts of a report.

An apparent discrepancy in the issue date of the private placement shares:

Page 12:

During the three months period ended September 30, 2007, the Company issued a total of 1,078,000 common shares at \$1.00 per share for the cash proceeds of \$1,078,000.

Page 25:

On November 14, 2007, the Company authorized the issuance of 1,078,000 shares of common stock for cash consideration of \$1.00 per share for the cash proceeds of \$1,078,000 received within the three months ended September 30, 2007

All in all an odd situation, especially considering that the third quarter filing was delayed

until the company's only tangible asset was moved out of U.S. jurisdiction.

The ship subsequently moved on to the island of Madeira in Portuguese waters where it is now safely in port.

As a result of the unanticipated events in the Canary Islands as well as the fact that the Company is presently in need of funds to support its ocean and forest-based projects, the decision has been made to remain

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