UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

ADAR BAYS, LLC Plaintiff, v. GENESYS ID, INC. f/k/a RX SALES, INC. Defendant.	**Civil Action No.:** **VERIFIED COMPLAINT**

Plaintiff, Adar Bays, LLC. ("Plaintiff" or "AB"), by and through its undersigned attorneys, Garson, Ségal Steinmetz, Fladgate LLP, brings its Verified Complaint against Defendant, GeneSYS ID, Inc. ("Defendant" or "GNID") and respectfully alleges as follows:

THE PARTIES

1. Plaintiff Adar Bays, LLC is a limited liability company duly organized under the laws of the state of Florida, having a principal place of business located at 3411 Indian Creek Drive, Suite 403, Miami Beach, FL 33140.

2. Upon information and belief, Defendant GeneSYS ID, Inc. is a corporation organized and existing under the laws of the State of Nevada, having a principal place of business located at 170 Green Valley Parkway, Suite 300, Henderson, Nevada, 89012. GNID is traded publicly on the Over-The-Counter Market under the symbol "GNID." GNID was known as RX Sales, Inc. until July 20, 2016, when RX Sales, Inc. filed a Form 8-K with the Securities and Exchange Commission ("SEC"), formally changing its name to GeneSys ID, Inc. (Accordingly, hereinafter, "GNID" shall refer to both RX Sales, Inc. and GeneSys ID, Inc.)

JURISDICTION AND VENUE

3. This Court has jurisdiction over this action pursuant to 28 U.S.C. §1332(a)(2) in that the action is between citizens of different states and the matter in controversy exceeds the sum or value of $75,000, exclusive of interest and costs.

4. Venue is proper in this judicial district pursuant to 27 U.S.C. §1391(a), in that it is a district in which a substantial part of the events or omissions giving rise to the claims occurred, or a substantial part of the property which is subject of this action is situated.

5. Further, the agreement from which this dispute arises designates that it is governed and construed in accordance with the laws of the State of New York and that any action brought by either party against the other must be brought in New York.

FACTS COMMON TO ALL CLAIMS

The Note

6. On or about May 24, 2016, GNID issued a $35,000.00, 8% Convertible Redeemable Note to AB (the "Note"). A true and correct copy of the Note is attached hereto as **Exhibit A**. The Note states that GNID would pay AB $35,000.00 plus interest on May 24, 2017.

7. The Note provides that AB is entitled to convert all or any amount of the outstanding balance of the Note into shares of GNID Common Stock (the "Common Stock"). Specifically, Section 4(a) of the Note provides, in pertinent part:

> The Holder of this Note is entitled, at its option, after full cash payment for the shares convertible hereunder, **after 180 days from the date of the note,** to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the Common Stock") at a price ("Conversion Price") . . . (Exhibit A, § 4(a) (emphasis original)).

8. The Conversion Price was to be determined for each share to be equal to:

> 65% of the **lowest trading price** of the Common Stock as reported on the National Quotations Bureau OTCQB exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the ***twenty*** prior trading days including the day upon which a Notice of Conversion is received by the Company… (Exhibit A, § 4(a) (emphasis original)).

9. The mechanics of converting the Note required AB to submit a Notice of Conversion. Section 4(a) of the Note provides, in pertinent part:

> . . . (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company or its transfer agent after 4 P.M. Eastern Standard or Daylight Savings Time of the Holder wishes to include the same day closing price). (Exhibit A, § 4(a))

10. The conversion feature was essential in inducing AB to purchase the Note. Investment in GNID came with significant risk due to its unstable financial condition, specifically, its high net loss and limited revenue, as well as the company's own substantial doubts about the ability of GNID to continue as a going concern without further investment. AB was only willing to purchase the Note if it could earn a return commensurate with the risk. The conversion feature of the Note allowed for such a return. AB's ability to obtain stock at a discount to the market price then resell it on the open market afforded AB the opportunity to obtain a return on its investment from third parties and at a significantly higher rate of return. Any failure by GNID to honor Conversion Notices, therefore, would deprive AB of the essential benefit for which it negotiated, and for which it purchased, the Note.

11. To ensure the availability of shares for the purposes of conversion under the Note, Section 12 thereunder provides that GNID would initially "issue

irrevocable transfer agent instructions reserving 278,000 shares of its Common Stock for conversions under this Note (the "Share Reserve")." (Exhibit A, § 12). It also provides that "The company should at all times reserve a minimum of three times the amount of shares required if the note would be fully converted." (Id.) The Note also provides that the "Holder may reasonably request increases from time to time to reserve such amounts." (*Id.*)

GNID's Willful Refusal to Honor AB's Notice of Conversion

12. On or about November 28, 2016, AB duly submitted a Notice of Conversion to GNID for a portion of the Note. Specifically, five thousand dollars ($5,000.00) of the principal amount of the Note was to be converted into 439,560 shares of GNID Common Stock, representing a conversion price of $0.011375 per share. A true and correct copy of the November 28, 2016 Notice of Conversion is annexed hereto as **Exhibit B**.

13. In response to GNID's failure to honor AB's request for conversion, on or about December 15, 2016, AB, through counsel, sent a Default Notice Letter to GNID's CEO, Lorraine Yarde, reminding her of GNID's obligations under the Note, demanding that the shares be delivered, and informing her that the default interest and liquidated damages contained in the Note were accruing.

14. GNID has willfully refused to honor the Note, placing the company in default of Section 8(c), 8(k), and other provisions of the Note.

15. Pursuant to Section 8(n) of the Note, default interest at a rate of 24% per annum is now accruing and will continue to accrue until the shares are delivered. Further, pursuant to the same Section, liquidated damages in the amount of $250 per day began to accrue on December 1, 2016, and escalated to $500 per day on December 7, 2016. The daily liquidated damages will continue to accrue until the shares are delivered.

16. To date, GNID has not delivered the shares.

17. GNID's obligation to deliver the 439,560 shares of Common Stock requested in the November 28, 2016 Notice of Conversion and pursuant to the terms of the Note is clear and indisputable. GNID's failure to deliver those shares

of Common Stock, in violation of its contractual obligation to do so, is similarly clear and indisputable.

GNID's Admission of its Breach of Section 12 of the Note

18. As indicated in Paragraph 11, *supra*, Section 12 of the Note dictates that GNID must establish a Share Reserve with a transfer agent to effectuate conversions. Section 12 also provides that the GNID must "at all times reserve a minimum of three times the amount of shares required if the [N]ote were to be fully converted." (Ex. A, § 12).

19. By GNID's own admission, it deliberately breached this provision of the Note for the purpose of preventing AB from converting under the Note.

20. In GNID's Form 10-Q Quarterly Report for the period ended September 30, 2016, filed with the SEC on November 21, 2016 and signed by Ms. Yarde, GNID stated on Page 39:

> To address this these ongoing concerns, the Company terminated its transfer agent on September 6, 2016, preventing further toxic conversions and bringing all parties to the table to discuss a satisfactory settlement which would provide the Company with a window to redeem the outstanding notes over an extended period of time and prevent any further conversions for several months.

A true and correct copy of the 10-Q Quarterly Report is annexed hereto as **Exhibit C**.

21. In other words, GNID severed its relationship with its transfer agent, knowing that it would vitiate the purpose of the Note, in an effort to gain leverage over noteholders so that the Company could pay back the notes over time.

GNID's Breaches

22. GNID's calculated and deliberate actions have led to no less than four (4) breaches of the Note.

23. First, GNID's failure to deliver 439,560 shares of its Common Stock to AB is an Event of Default. Section 8(k) states that an event of default shall occur if:

> The Company shall not deliver to the Holder the Common Stock pursuant to paragraph 4 herein without restrictive legend within 3 business days of its receipt of a Notice of Conversion. (Exhibit A, § 8(k)).

24. The right to conversion is unequivocal, and central to the entire agreement. By not delivering the shares, or hindering delivery of such in any way, GNID is in breach of the Note.

25. Second, Section 8(b) states that an Event of Default shall occur if:

> Any of the representations or warranties made by the Company herein or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Note, or the Securities Purchase Agreement under which this note was issued shall be false or misleading in any respect. (Exhibit A, § 8(b)).

26. In conducting itself in this manner, GNID has breached numerous representations and warranties under the Note. Among others, GNID has breach its each representation regarding delivery of shares, regarding maintaining a Share Reserve, and regarding repayment of the Note upon maturity.

27. Third, and similarly, Section 8(c) states that an Event of Default shall occur if "The Company shall fail to perform or observe, in any respect, any covenant, term, provision, condition, agreement or obligation of the Company under this Note or any other note issued to the Holder."

28. Fourth, by terminating its relationship with its transfer agent, GNID breached Section 12 of the Note.

29. As of the date of filing, GNID has not delivered the shares, nor has it re-established a Share Reserve. Accordingly, the Company in clear breach of the Note.

30. At no point has AB ever, whether formally or informally, in writing or orally, waived GNID's defaults.

Remedies

31. Due to GNID's persistent and willful failure to remedy its breaches, AB has incurred significant damage. Since the Notice of Conversion was delivered on November 28, 2016, the trading price of GNID stock has varied significantly, fluctuating from a high of $0.046 per share on November 29, 2016 to a low of $0.012 per share on several days in January and February. A true and accurate copy of a chart showing GNID's stock price from November 28, 2016 to date is annexed hereto as **Exhibit D**. The trading volume of the stock has also fluctuated greatly. For example, on January 9, 2016, the trading volume was 159,498 and on February 7, 2016, the trading volume was 0. Such volatility shows that had GNID issued the shares to AB upon the Notice of Conversion, there were days when AB could have sold a significant proportion of its 439,560 shares of converted stock and there were days when LG would not have been able to sell a single share.

32. Section 8(n) of the Note provides for separate default damage calculations, depending on the type of event of default. With regard to a default for failure to deliver shares under 8(k), the Note articulates that GNID is to pay AB liquidated damages in the amount of $250 per day beginning on the fourth day after the notice of conversion was delivered, escalating to $500 per day beginning on the tenth day after the notice of conversion was delivered until the shares are duly delivered.

33. GNID received the Notice of Conversion on November 28, 2016, making the deadline to deliver December 1, 2016. Accordingly, pursuant to the agreed-upon terms of the Note, default payments which are due and owing to AB have accrued to over $36,500.00 as of the date of filing, and continue to accrue daily.

34. AB has been further damaged by the anticipatory breach caused by GNID's clear intention to not honor further conversions. Based on the high trading price of GNID stock in the time since AB submitted its notice of conversion, $.046, AB could have sold its 439,560 shares of stock for $20,217. Based on the converted amount of $5,000.00, this figure represents a return of 4.04 per dollar. Applying

this ratio to the remaining balance of the Note, $30,000.00, AB's damages from GNID's anticipatory breach would be would be approximately $121,000.00.

35. Furthermore, upon any event of default under the Note, interest is to accrue at a default rate of twenty-four (24%) percent per annum. Consequently, in addition to the default payments and damages, interest on the Note is accruing at a rate of twenty-four percent (24%) each day.

36. Section 7 of the Note states that "The Company agrees to pay all costs and expenses, including reasonable attorneys' fees and expenses, which may be incurred by the Holder in collecting any amount due under this Note." (Exhibit A, § 7). Therefore, AB is entitled to all costs and attorneys' fees associated with enforcement and collection under the Note.

37. This provision is reinforced by Section 8 of the Note, which states that "If the Holder shall commence an action or proceeding to enforce any provisions of this Note, including, without limitation, engaging an attorney, then if the Holder prevails in such action, the Holder shall be reimbursed by the Company for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding." (Exhibit A, §8).

38. Finally, the parties agree in Section 9 that "In case any provision of this Note is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Note will not in any way be affected or impaired thereby." (Exhibit A, § 9).

FIRST CLAIM FOR RELIEF
(BREACH OF CONTRACT)

39. AB re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 38 of this Complaint as if fully set forth herein.

40. A valid contract exists between AB and GNID.

41. AB performed all of its obligations under the contract.

42. GNID breach the contract by failing to deliver shares due and owing to AB, and by failing to maintain the requisite reserve of shares for AB.

43. AB has been damaged by GNID's failure to perform.

44. AB, therefore, is entitled to an award of damages in an amount to be determined at trial, but not less than one hundred and fifty thousand dollars ($150,000.00).

SECOND CLAIM FOR RELIEF
(UNJUST ENRICHMENT)

45. AB re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 44 of this Complaint as if fully set forth herein.

46. GNID has failed to make restitution for the monies loaned to it by AB pursuant to the terms of the Note.

47. GNID accepted AB's money under such circumstances that it created a legal or equitable obligation to account for the money, and has not made restitution to AB.

48. AB, therefore, is entitled to an award of damages in an amount to be determined at trial, but not less than one hundred and fifty thousand dollars ($150,000.00).

THIRD CLAIM FOR RELIEF
(ANTICIPATORY BREACH OF CONTRACT)

49. AB re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 48 of this Complaint as if fully set forth herein.

50. A valid contract exists between AB and GNID.

51. AB performed all of its obligations under the contract.

52. GNID has made clear that in does not intend to perform its future obligations under the contract.

53. AB has been damaged by GNID's failure to perform.

54. AB, therefore, is entitled to an award of damages in an amount to be determined at trial, but not less than one hundred and fifty thousand dollars ($150,000.00).

FOURTH CLAIM FOR RELIEF
(COSTS, EXPENSES & ATTORNEYS' FEES)

55. AB re-alleges and incorporates by reference each and every allegation contained in paragraphs 1 through 54 of this Complaint as if fully set forth herein.

56. In accordance with Sections 7 and 8 of the agreement between the parties, GNID agreed to pay all costs and expenses, including reasonable attorneys' fees and expenses, incurred by AB in collecting any amount under the Note.

57. Therefore, AB is entitled to an award against GNID for costs and expenses incurred in the prosecution of this lawsuit, including reasonable legal fees.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff AB Adar Bays, LLC seeks judgment against Defendant GeneSYS ID, Inc. as follows:

i. On the First, Second, and Third Claims for Relief, for damages in an amount to be determined at trial, but not less than one hundred and fifty thousand dollars ($150,000.00); and

ii. On the Third Claim for Relief for an award of AB's costs and expenses in prosecuting this action, including reasonable legal fees; and

iii. On all Claims for Relief, for interest, attorneys' fees and the costs and disbursements of this action; and

iv. For such other further relief as the Court may deem just, proper, and in the interest of justice.

DATED: NEW YORK, NEW YORK
FEBRUARY 15, 2017

RESPECTFULLY SUBMITTED,

GARSON, SEGAL,
STEINMETZ, FLADGATE LLP
ATTORNEYS FOR PLAINTIFF

BY: /S/
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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY SECTION 3(b) OF THE SECURITIES ACT OF 1933, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER (THE "1933 ACT)

US $35,000.00

RX SAFES, INC
8% CONVERTIBLE REDEEMABLE NOTE
DUE MAY 24, 2017

FOR VALUE RECEIVED, RX Safes, Inc. (the "Company") promises to pay to the order of the ADAR BAYS, LLC and its authorized successors and permitted assigns ("Holder"), the aggregate principal face amount of Thirty Five Thousand dollars exactly (U.S. $35,000.00) on May 24, 2017 ("Maturity Date") and to pay interest on the principal amount outstanding hereunder at the rate of 8% per annum commencing on May 24, 2016. The interest will be paid to the Holder in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note. The principal of, and interest on, this Note are payable at 3411 Indian Springs Drive, Miami, FL 33140, initially, and if changed, last appearing on the records of the Company as designated in writing by the Holder hereof from time to time. The Company will pay each interest payment and the outstanding principal due upon this Note before or on the Maturity Date, less any amounts required by law to be deducted or withheld, to the Holder of this Note by check or wire transfer addressed to such Holder at the last address appearing on the records of the Company. The forwarding of such check or wire transfer shall constitute a payment of outstanding principal hereunder and shall satisfy and discharge the liability for principal on this Note to the extent of the sum represented by such check or wire transfer. Interest shall be payable in Common Stock (as defined below) pursuant to paragraph 4(b) herein.

This Note is subject to the following additional provisions:

1. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be made for such registration or transfer or exchange, except that Holder shall pay any tax or other governmental charges payable in connection therewith.

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2. The Company shall be entitled to withhold from all payments any amounts required to be withheld under applicable laws.

3. This Note may be transferred or exchanged only in compliance with the Securities Act of 1933, as amended ("Act") and applicable state securities laws. Any attempted transfer to a non-qualifying party shall be treated by the Company as void. Prior to due presentment for transfer of this Note, the Company and any agent of the Company may treat the person in whose name this Note is duly registered on the Company's records as the owner hereof for all other purposes, whether or not this Note be overdue, and neither the Company nor any such agent shall be affected or bound by notice to the contrary. Any Holder of this Note electing to exercise the right of conversion set forth in Section 4(a) hereof, in addition to the requirements set forth in Section 4(a), and any prospective transferee of this Note, also is required to give the Company written confirmation that this Note is being converted ("Notice of Conversion") in the form annexed hereto as Exhibit A. The date of receipt (including receipt by telecopy) of such Notice of Conversion shall be the Conversion Date.

4. (a) The Holder of this Note is entitled, at its option, after full cash payment for the shares convertible hereunder, **after 180 days from the date of the note,** to convert all or any amount of the principal face amount of this Note then outstanding into shares of the Company's common stock (the "Common Stock") at a price ("Conversion Price") for each share of Common Stock equal to 65% of the **lowest trading price** of the Common Stock as reported on the National Quotations Bureau OTCQB exchange which the Company's shares are traded or any exchange upon which the Common Stock may be traded in the future ("Exchange"), for the ***twenty*** prior trading days including the day upon which a Notice of Conversion is received by the Company (provided such Notice of Conversion is delivered by fax or other electronic method of communication to the Company after 4 P.M. Eastern Standard or Daylight Savings Time if the Holder wishes to include the same day closing price). If the shares have not been delivered within 3 business days, the Notice of Conversion may be rescinded. Such conversion shall be effectuated by the Company delivering the shares of Common Stock to the Holder within 3 business days of receipt by the Company of the Notice of Conversion. Accrued but unpaid interest shall be subject to conversion. No fractional shares or scrip representing fractions of shares will be issued on conversion, but the number of shares issuable shall be rounded to the nearest whole share. To the extent the Conversion Price of the Company's Common Stock closes below the par value per share, the Company will take all steps necessary to solicit the consent of the stockholders to reduce the par value to the lowest value possible under law. The Company agrees to honor all conversions submitted pending this increase. *In the event the Company experiences a DTC "Chill" on its shares, the conversion price shall be decreased to 55% instead of 65% while that "Chill" is in effect.* In no event shall the Holder be allowed to effect a conversion if such conversion, along with all other shares of Company Common Stock beneficially owned by the Holder and its affiliates would exceed 9.9% of the outstanding shares of the Common Stock of the Company.

(b) Interest on any unpaid principal balance of this Note shall be paid at the rate of 8% per annum. Interest shall be paid by the Company in Common Stock ("Interest Shares"). The dollar amount converted into Interest Shares shall be all or a portion of the ac-

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crued interest calculated on the unpaid principal balance of this Note to the date of such notice. Notwithstanding the foregoing, in the event of a prepayment on this Note, interest shall be paid in cash

(c) The Notes may be prepaid with the following penalties: (i) if the note is prepaid within 60 days of the issuance date, then at 115% of the face amount plus any accrued interest; (ii) if the note is prepaid after 60 days after the issuance date but less than 121 days after the issuance date, then at 125% of the face amount plus any accrued interest and (iii) if the note is prepaid after 120 days after the issuance date but less than 180 days after the issuance date, then at 135% of the face amount plus any accrued interest. This Note may not be prepaid after the 180th day. Such redemption must be closed and funded within 3 days of giving notice of redemption of the right to redeem shall be null and void.

(d) Upon (i) a transfer of all or substantially all of the assets of the Company to any person in a single transaction or series of related transactions, (ii) a reclassification, capital reorganization or other change or exchange of outstanding shares of the Common Stock, or (iii) any consolidation or merger of the Company with or into another person or entity in which the Company is not the surviving entity (other than a merger which is effected solely to change the jurisdiction of incorporation of the Company and results in a reclassification, conversion or exchange of outstanding shares of Common Stock solely into shares of Common Stock) (each of items (i), (ii) and (iii) being referred to as a "Sale Event"), then, in each case, the Company shall, upon request of the Holder, redeem this Note in cash for 135% of the principal amount, plus accrued but unpaid interest through the date of redemption, or at the election of the Holder, such Holder may convert the unpaid principal amount of this Note (together with the amount of accrued but unpaid interest) into shares of Common Stock immediately prior to such Sale Event at the Conversion Price.

(e) In case of any Sale Event in connection with which this Note is not redeemed or converted, the Company shall cause effective provision to be made so that the Holder of this Note shall have the right thereafter, by converting this Note, to purchase or convert this Note into the kind and number of shares of stock or other securities or property (including cash) receivable upon such reclassification, capital reorganization or other change, consolidation or merger by a holder of the number of shares of Common Stock that could have been purchased upon exercise of the Note and at the same Conversion Price, as defined in this Note, immediately prior to such Sale Event. The foregoing provisions shall similarly apply to successive Sale Events. If the consideration received by the holders of Common Stock is other than cash, the value shall be as determined by the Board of Directors of the Company or successor person or entity acting in good faith.

5. No provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, and interest on, this Note at the time, place, and rate, and in the form, herein prescribed.

6. The Company hereby expressly waives demand and presentment for payment, notice of non-payment, protest, notice of protest, notice of dishonor, notice of acceleration

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or intent to accelerate, and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereto.

7. The Company agrees to pay all costs and expenses, including reasonable attorneys' fees and expenses, which may be incurred by the Holder in collecting any amount due under this Note.

8. If one or more of the following described "Events of Default" shall occur:

(a) The Company shall default in the payment of principal or interest on this Note or any other note issued to the Holder by the Company; or

(b) Any of the representations or warranties made by the Company herein or in any certificate or financial or other written statements heretofore or hereafter furnished by or on behalf of the Company in connection with the execution and delivery of this Note, or the Securities Purchase Agreement under which this note was issued shall be false or misleading in any respect; or

(c) The Company shall fail to perform or observe, in any respect, any covenant, term, provision, condition, agreement or obligation of the Company under this Note or any other note issued to the Holder; or

(d) The Company shall (1) become insolvent; (2) admit in writing its inability to pay its debts generally as they mature; (3) make an assignment for the benefit of creditors or commence proceedings for its dissolution; (4) apply for or consent to the appointment of a trustee, liquidator or receiver for its or for a substantial part of its property or business; (5) file a petition for bankruptcy relief, consent to the filing of such petition or have filed against it an involuntary petition for bankruptcy relief, all under federal or state laws as applicable; or

(e) A trustee, liquidator or receiver shall be appointed for the Company or for a substantial part of its property or business without its consent and shall not be discharged within thirty (30) days after such appointment; or

(f) Any governmental agency or any court of competent jurisdiction at the instance of any governmental agency shall assume custody or control of the whole or any substantial portion of the properties or assets of the Company; or

(g) One or more money judgments, writs or warrants of attachment, or similar process, in excess of fifty thousand dollars ($50,000) in the aggregate, shall be entered or filed against the Company or any of its properties or other assets and shall remain unpaid, unvacated, unbonded or unstayed for a period of fifteen (15) days or in any event later than five (5) days prior to the date of any proposed sale thereunder; or

(h) defaulted on or breached any term of any other note of similar debt in-

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strument into which the Company has entered and failed to cure such default within the appropriate grace period; or

(i) The Company shall have its Common Stock delisted from an exchange (including the OTCBB exchange) or, if the Common Stock trades on an exchange, then trading in the Common Stock shall be suspended for more than 10 consecutive days;

(j) If a majority of the members of the Board of Directors of the Company on the date hereof are no longer serving as members of the Board;

(k) The Company shall not deliver to the Holder the Common Stock pursuant to paragraph 4 herein without restrictive legend within 3 business days of its receipt of a Notice of Conversion; or

(l) The Company shall not replenish the reserve set forth in Section 12, within 3 business days of the request of the Holder.

(m) The Company shall not be "current" in its filings with the Securities and Exchange Commission; or

(n) The Company shall lose the "bid" price for its stock in a market (including the OTCQB marketplace or other exchange).

Then, or at any time thereafter, unless cured within 5 days, and in each and every such case, unless such Event of Default shall have been waived in writing by the Holder (which waiver shall not be deemed to be a waiver of any subsequent default) at the option of the Holder and in the Holder's sole discretion, the Holder may consider this Note immediately due and payable, without presentment, demand, protest or (further) notice of any kind (other than notice of acceleration), all of which are hereby expressly waived, anything herein or in any note or other instruments contained to the contrary notwithstanding, and the Holder may immediately, and without expiration of any period of grace, enforce any and all of the Holder's rights and remedies provided herein or any other rights or remedies afforded by law. Upon an Event of Default, interest shall accrue at a default interest rate of 24% per annum or, if such rate is usurious or not permitted by current law, then at the highest rate of interest permitted by law. In the event of a breach of Section 8(k) the penalty shall be $250 per day the shares are not issued beginning on the 4th day after the conversion notice was delivered to the Company. This penalty shall increase to $500 per day beginning on the 10th day. The penalty for a breach of Section 8(n) shall be an increase of the outstanding principal amounts by 20%. In case of a breach of Section 8(i), the outstanding principal due under this Note shall increase by 50%. Further, if a breach of Section 8(m) occurs or is continuing after the 6 month anniversary of the Note, then the Holder shall be entitled to use the lowest closing bid price during the delinquency period as a base price for the conversion. For example, if the lowest closing bid price during the delinquency period is $0.01 per share and the conversion discount is 50% the Holder may elect to convert future conversions at $0.005 per share. If this Note is not paid at maturity, the outstanding principal due under this Note shall increase by 10%.

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If the Holder shall commence an action or proceeding to enforce any provisions of this Note, including, without limitation, engaging an attorney, then if the Holder prevails in such action, the Holder shall be reimbursed by the Company for its attorneys' fees and other costs and expenses incurred in the investigation, preparation and prosecution of such action or proceeding.

Make-Whole for Failure to Deliver Loss. At the Holder's election, if the Company fails for any reason to deliver to the Holder the conversion shares by the by the 3rd business day following the delivery of a Notice of Conversion to the Company and if the Holder incurs a Failure to Deliver Loss, then at any time the Holder may provide the Company written notice indicating the amounts payable to the Holder in respect of the Failure to Deliver Loss and the Company must make the Holder whole as follows:
Failure to Deliver Loss = [(High trade price at any time on or after the day of exercise) x (Number of conversion shares)]

The Company must pay the Failure to Deliver Loss by cash payment, and any such cash payment must be made by the third business day from the time of the Holder's written notice to the Company.

9. In case any provision of this Note is held by a court of competent jurisdiction to be excessive in scope or otherwise invalid or unenforceable, such provision shall be adjusted rather than voided, if possible, so that it is enforceable to the maximum extent possible, and the validity and enforceability of the remaining provisions of this Note will not in any way be affected or impaired thereby.

10. Neither this Note nor any term hereof may be amended, waived, discharged or terminated other than by a written instrument signed by the Company and the Holder.

11. The Company represents that it is not a "shell" issuer and has never been a "shell" issuer or that if it previously has been a "shell" issuer that at least 12 months have passed since the Company has reported form 10 type information indicating it is no longer a "shell issuer. Further. The Company will instruct its counsel to either (i) write a 144 opinion to allow for salability of the conversion shares or (ii) accept such opinion from Holder's counsel.

12. The Company shall issue irrevocable transfer agent instructions reserving 278,000 shares of its Common Stock for conversions under this Note (the "Share Reserve"). Upon full conversion of this Note, any shares remaining in the Share Reserve shall be cancelled. The Company shall pay all costs associated with issuing and delivering the shares. If such amounts are to be paid by the Holder, it may deduct such amounts from the Conversion Price. Conversion Notices may be sent to the Company or its transfer agent via electric mail. The company should at all times reserve a minimum of three times the amount of shares required if the note would be fully converted. The Holder may reasonably request increases from time to time to reserve such amounts.

LY__
Initials

13. The Company will give the Holder direct notice of any corporate actions including but not limited to name changes, stock splits, recapitalizations etc. This notice shall be given to the Holder as soon as possible under law.

14. This Note shall be governed by and construed in accordance with the laws of New York applicable to contracts made and wholly to be performed within the State of New York and shall be binding upon the successors and assigns of each party hereto. The Holder and the Company hereby mutually waive trial by jury and consent to exclusive jurisdiction and venue in the courts of the State of New York. This Agreement may be executed in counterparts, and the facsimile transmission of an executed counterpart to this Agreement shall be effective as an original.

_LY__
Initials

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed by an officer thereunto duly authorized.

Dated: 5/24/16

RX SAFES, INC

By: Lorraine Yarde

Title: CEO

Initials

EXHIBIT A

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Note)

The undersigned hereby irrevocably elects to convert $___________ of the above Note into _________ Shares of Common Stock of RX Safes, Inc. ("Shares") according to the conditions set forth in such Note, as of the date written below.

If Shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer and other taxes and charges payable with respect thereto.

Date of Conversion: ____
Applicable Conversion Price: ____
Signature: ____
[Print Name of Holder and Title of Signer]
Address: ____
____

SSN or EIN: __________________________
Shares are to be registered in the following name: _____________________________________

Name: ____
Address: ____
Tel: ________________________________
Fax: ________________________________
SSN or EIN: __________________________

Shares are to be sent or delivered to the following account:

Account Name: ____
Address: ____

1st Conversion **GNID**

8% Convertible Redeemable Note Dated 05-24-16

NOTICE OF CONVERSION

(To be Executed by the Registered Holder in order to Convert the Note)

Five Thousand and 00/100 Dollar Conversion

The undersigned hereby elects to convert **$5,000.00** of the above note into Shares of Common Stock RX Safes Inc **(GNID)** (Company) according to the conditions set forth in such note, as of the date written below.

If Shares are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer and other taxes and charges payable with respect thereto.

Date of Conversion November 28, 2016

Applicable Conversion Price **$0.011375=439,560 Shares**

Signature [signature] **Samuel Eisenberg**
Officer

[Print Name of Holder and Title of Signer]
Address: **Adar Bays LLC** 3411 Indian Creek Drive Suite 403 Miami Beach FL 33140

SSN or EIN: 46-4954320
Shares are to be sent or delivered to the following account:

CORE CLEARING
DTC: 0052
ADAR BAYS LLC
ACCOUNT 4665-9088

Balance of Note:
$30,000.00

Lowest Trading Price
11/22/16 = .0175

10-Q 1 mainbody.htm

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

FORM 10-Q

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

For the quarterly period ended **September 30, 2016**

[ ] Transition Report pursuant to 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from __________ to__________

Commission File Number: **000-55373**

GeneSYS ID, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**27-2928918**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

170 Green Valley Parkway, Suite 300
Henderson, NV 89012
(Address of principal executive offices)

702-800-4620
(Registrant's telephone number)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
[X] Yes [ ] No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] Yes [ ] No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

[ ] Large accelerated filer	[ ] Accelerated filer
[ ] Non-accelerated filer	[X] Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
[ ] Yes [X] No

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 17,437,232 common shares as of November 18, 2016.

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GeneSYS-ID
True Identity Control

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PART I – FINANCIAL INFORMATION

PART II – OTHER INFORMATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Our financial statements included in this Form 10-Q are as follows:

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the SEC instructions to Form 10-Q. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the interim period ended September 30, 2016 are not necessarily indicative of the results that can be expected for the full year.

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GeneSYS ID, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2016 Unaudited	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 47,556	$ 25,711
Inventory	2,020	9,136
Accounts Receivable	8,011	1,146
Prepaid Expenses	6,556	4,358
Total Current Assets	64,143	40,351
Property and Equipment, net of accumulated depreciation of $0, and $0, respectively	125,000	—
Other Assets		
Intangible net of amortization of $6,667	93,333	—
Total Other Assets	93,333	—
Total Assets	$ 282,476	$ 40,351
LIABILITIES AND STOCKHOLDERS' DEFICIT		
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 589,449	$ 178,378
Loans Payable to Related Party	12,500	3,150
Convertible notes payable (net of unamortized discounts of $218,864 and $249,467 respectively)	597,446	114,033
Derivative Liability	8,391,814	1,428,075
Interest Payable	37,461	10,748
Total Current Liabilities	9,628,670	1,734,384
Long Term Liabilities		
Convertible notes payable (net of unamortized discounts of $0 and $48,810 respectively)	—	5,690
Total Liabilities	9,628,670	1,740,074
Stockholders' Deficit		
Preferred B stock, par value $.001, 50,000,000 authorized Preferred Series B: 1,900 and 2,000 shares issued and outstanding as of September 30, 2016 and December 31, 2015	2	2
Common stock, par value $.001, 500,000,000 authorized 17,437,228 and 1,467,498 shares issued and outstanding as of September 30, 2016 and December 31, 2015	17,437	1,467
Additional Paid in capital	30,587,812	6,703,570
Accumulated Deficit	(39,951,445)	(8,404,762)

Total Stockholders' Deficit	(9,346,194)	(1,699,723)
Total Liabilities and Stockholders' Deficit	$ 282,476	$ 40,351

See Accompanying Notes to Consolidated Financial Statements

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GeneSYS ID, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
REVENUES	$ 4,586	$ —	$ 14,258	$ 50,563
COST OF GOODS SOLD				
PRODUCT SOLD	4,495	—	11,545	25,510
GROSS PROFIT	91	—	2,713	25,053
OPERATING EXPENSES				
General and Administrative	344,514	1,441,718	24,119,763	3,546,267
LOSS FROM OPERATIONS	(344,423)	(1,441,718)	(24,117,050)	(3,521,214)
OTHER INCOME (EXPENSES)				
Gain (loss) on revaluation of derivative liability	(7,705,379)	(463,622)	(6,703,172)	(733,446)
Interest Expense	(220,542)	(173,932)	(726,461)	(293,261)
Total Other Income (Expenses)	(7,925,921)	(637,554)	(7,429,633)	(1,026,707)
Loss before income taxes	(8,270,344)	(2,079,272)	(31,546,683)	(4,547,921)
Provision for Income Taxes	—	—	—	—
Net Loss	$ (8,270,344)	$ (2,079,272)	$ (31,546,683)	$ (4,547,921)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.57)	$ (0.00)	$ (2.07)	$ (0.02)
WEIGHTED AVERAGE SHARES OUTSTANDING FOR BASIC AND DILUTED CALCULATIONS	14,391,367	115,095,072	15,238,626	115,095,072

See Accompanying Notes to Consolidated Financial Statements

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GeneSYS ID, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
OPERATING ACTIVITIES		
Net Loss	$ (31,546,683)	$ (4,547,921)
Adjustments to reconcile net loss to net cash used in operations used in operations		
Conversion of Preferred Stock to Common Stock	22,700,000	—
Expenses related to issue of stock options	193,377	3,205,400
Common stock issued for services	172,939	90,131
Amortization of debt discounts	644,687	278,080
Amortization of patent	6,667	—
Loss (Gain) from valuation and revaluation of convertible debt	6,703,172	733,446
Decrease (increase) in assets		
Inventory	7,116	25,582
Accounts receivable	(6,865)	—
Advance to Vendor	—	(4,850)
Prepaid expenses	(2,198)	—
Increase (decrease) in liabilities		
Accounts payable & accrued expenses	411,070	91,717
Interest payable	28,071	217
Net cash used in operations	(688,647)	(128,198)
FINANCING ACTIVITIES		
Proceeds from sale of common stock	50,000	—
Proceeds from sale of Preferred Stock	—	55,000
Proceeds from issuance of convertible notes	707,000	203,250
Repayments of convertible notes	(54,500)	(50,000)
Accrued Interest paid on convertible notes repaid	(1,358)	—
Proceeds from related party advances	12,500	24,500
Repayment of related party advances	(3,150)	(108,823)
Net cash from financing activities	710,492	123,927
NET INCREASE (DECREASE) IN CASH	21,845	(4,271)
Cash beginning of period	25,711	13,087
Cash end of period	$ 47,556	$ 8,816
Supplemental Disclosure of Cash Flow information		
Cash Paid		
Interest	$ 63,904	$ 13,738
Income Taxes	$ —	$ —
Non Cash financing and investing activities		

Debt discount recognized	$ 580,783	$ 278,080
Stock issued for Patent	$ 100,000	$ —
Stock issued for subsidiary	$ 125,000	$ —
Conversion of convertible debt to common stock	$ 558,896	$ 164,000
Conversion of preferred stock to common stock	$ —	$ 22,000

See Accompanying Notes to Consolidated Financial Statements

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GeneSYS ID, Inc.
(formerly known as RX Safes Inc.)
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016
(UNAUDITED)

NOTE 1.

Nature of Operations:

GeneSYS ID Inc. (Formerly known as Rx Safes, Inc.) ("the Company") was incorporated under the laws of the State of Nevada on June 1, 2010. The Company designs, develop and manufactures innovative biometric products and systems that offer secure storage, access control, drug delivery and remote patient monitoring and medication adherence solutions in both home and professional environments as well as within healthcare facilities, improving security, safety, levels of patient care and employee accountability.

On June 28, 2016, the Company formed subsidiaries named GeneSYS ID, INC. with 100,000,000 authorized shares of capital stock, $0.001 par value per share, and GeneSYS RX, INC. also with 100,000,000 authorized shares of capital stock, $0.001 par value per share. These subsidiaries had no business transactions prior to June 30, 2016 other than incorporating.

On July 8, 2016 the Company entered into an agreement to purchase 100% of the membership interests of My Touch ID, LLC from its members Glenn McGinnis and Scott McGinnis, who each owned 50% of My Touch ID, LLC., for $125,000 payable in 357,143 shares of Company stock (based on the closing price of the Company's stock on July 8, 2016 at $0.35 per share).

In addition, the Company agreed to pay to Sellers the following "Earn Out" as follows: 2.5% of any revenues up to a cap of $1,000,000 generated from the assets acquired and held in My TOUCH; and 0.5% of any revenues above $1,000,000 up to a cap of $5,000,000 generated from the assets acquired and held in My TOUCH. The Earn Out is payable in cash, common stock of the Company or a combination thereof, in the sole discretion of Sellers.

Under the Purchase Agreement, the Company is responsible for $2,500 in unpaid debts in My TOUCH and the Sellers were required to discharge all debt beyond that amount before the July 8, 2016 Closing Date.

On July 18, 2016, Rx Safes, Inc. (the "Company") entered into a Contribution Agreement (the "Agreement") with GeneSYS-RX, Inc. (the "Subsidiary"), a Nevada corporation, pursuant to which the Company contributed certain assets and liabilities to the Subsidiary in exchange for 5,000,000 shares of common stock in the Subsidiary. The assets excluded all patents, designs, patent applications and trademarks currently owned by the Company as of the closing of the transfer. In addition, all variable rate convertible notes remained with the Company.

On July 20, 2016, the Company filed Articles of Merger with the Secretary of State of Nevada in order to effectuate a merger with its wholly owned subsidiary, GeneSYS ID, Inc. Shareholder approval was not required under Section 92A.180 of the Nevada Revised Statutes. As part of the merger, the Company's board of directors authorized a change in the Company's name to "GeneSYS ID, Inc." and the Company's Articles of Incorporation have been amended to reflect this name change.

On July 20, 2016, the Company formed a subsidiary named bioHEALTHMED, Inc., with 5,000,000 at $0.0001 par value authorized shares of voting common stock.

On July 29, 2016, FINRA announced the name/symbol change of 'RX Safes, Inc.' (RXSF) to "GeneSYS ID, Inc." its Daily List and this change took effect at the open of business on August 1, 2016. The new symbol for GeneSYS ID, Inc. is GNID.

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Principles of consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of the Corporation and its majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated. For the three months and none months ended September 30, 2016 the results of operations of companies purchased are included from the dates of acquisition.

Interim reporting:

The interim condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in the financial statements prepared in accordance with generally accepted accounting principles ("U.S. GAAP") have been condensed or omitted pursuant to such rules and regulations, although we believe that the disclosures made are adequate to provide for fair presentation and a reasonable understanding of the information presented. The Interim Condensed Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations included in this Form 10-Q should be read in conjunction with the financial statements and the related notes, for the fiscal year ended December 31, 2015, previously filed with the SEC.

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of financial position as of September 30, 2016, results of operations for the three and nine months ended September 30, 2016 and 2015, and cash flows for the nine months ended September 30, 2016 and 2015, as applicable, have been made. The results of operations for the three and nine months ended September 30, 2016 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

NOTE 2.

Summary of Significant Accounting Policies:

The financial statements of the Company have been prepared using U.S. GAAP that are applicable to a going concern which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Management's use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include funds on hand and short-term investments with original maturities of three months or less. Cash deposits are insured in limited amounts by the Federal Deposit Insurance Corporation (FDIC).

Accounts receivable

Customer accounts receivable consist of amounts owed from private individuals or organizations for product delivered. The Company provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Normal receivable are due 30 days after the issuance of the invoice. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Inventories

Inventories consist of safes and brackets. All inventories are valued at lower of average cost or market. The company periodically reviews inventories and items considered obsolete or outdated are reduced to their estimated net realizable value.

The components of inventory as of September 30, 2016 and December 31, 2015 are valued as follows:

	September 30, 2016	December 31, 2015
Safes	$ 2,000	$ 6,892
Brackets	20	44
Parts	—	2,200
Total Inventory	$ 2,020	$ 9,136

Property and Equipment and Depreciation

Property and Equipment are recorded at cost. Depreciation is recorded based on the estimated lives of the assets. Depreciation expense was $-0- for the nine months ended September 30, 2016.

Shipping and Handling Freight Fees and Costs

All amounts billed to a customer in a sales transaction related to shipping and handling represent revenues earned and are reported as revenue. The costs incurred by the Company for shipping and handling are reported as part of cost of goods sold.

Revenue recognition

Revenue is recognized when the four criteria for revenue recognition are met: (1) persuasive evidence of an arrangement exists; (2) shipment or delivery has occurred; (3) the price is fixed or determinable and (4) collectability is reasonably assured. The Company has recognized revenue associated with its mission as stated above in the nature of operations footnote. Sales to customers are recorded when the goods are shipped to the customer. Sales are reported net of allowances for estimated returns and allowances in the accompanying statements of income. Allowances for returns are estimated based on historical customer return rates. The Company has not had any product returns since inception. Customers pre-pay for orders though a website with their credit cards prior to the shipment of the goods, which takes place within a few days after the order is placed.

Advertising expense

The Company expenses advertising costs as incurred. Advertising expense charged to operating expenses was $1,688 and $10,588 for the nine months ended September 30, 2016 and 2015, respectively.

Rent expense

The Company pays rent on a month-to-month basis. Rent expense charged to operating expenses was $5,791 and $5,195 for the nine months ended September 30, 2016 and 2015, respectively.

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Intangible assets

Intangible assets are stated at cost less accumulated amortization and are amortized over their expected life. Currently the Company owns a patent which it amortizes over its remaining life.

Research and development costs

Research and development costs, consisting primarily of expenditures paid to our manufacturing and development partner in China, are expensed as incurred. Research and development expense charged to operating expenses was $11,982 and $2,442 for the nine months ended September 30, 2016 and 2015, respectively.

Fair value measurements

U.S. GAAP requires disclosing the fair value of financial instruments to the extent practicable for financial instruments which are recognized or unrecognized in the balance sheet. The fair value of the financial instruments disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

In assessing the fair value of financial instruments, the Company uses a variety of methods and assumptions, which are based on estimates of market conditions and risks existing at the time. For certain instruments, including cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, it was estimated that the carrying amount approximated fair value because of the short maturities of these instruments. All debt is based on current rates at which the Company could borrow funds with similar remaining maturities and approximates fair value.

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use on unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Determining which category an asset or liability falls within the hierarchy requires significant judgment. We evaluate our hierarchy disclosures each quarter

Recent Accounting Pronouncements

On May 1, 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is the new comprehensive revenue recognition standard that will supersede all existing revenue recognition guidance under GAAP. The standard's core principle is that a company will recognize revenue when it transfers promised goods or services to a customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. This ASU is effective for annual and interim periods beginning on or after December 15, 2016, and early adoption is not permitted. Entities will have the option of using either a full retrospective approach or a modified approach to adopt the guidance in the ASU. The Company will continue to assess the impact on its financial statements.

In June 2014, the FASB issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period." This ASU provides more explicit guidance for treating share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on the financial statements.

On June 10, 2014, the Financial Accounting Standards Board ("FASB") issued update ASU 2014-10, Development Stage Entities (Topic 915). Amongst other things, the amendments in this update removed the definition of development stage entity from Topic 915, thereby removing the distinction between development stage entities and other reporting entities from US GAAP. In addition, the amendments eliminate the requirements for development stage entities to (1) present inception-to-date information on the statements of income, cash flows and shareholder's equity, (2) label the financial statements as those of a development stage entity; (3) disclose a description of the development stage activities in which the entity is engaged and (4) disclose in the first year in which the entity is no longer a development stage entity that in prior years it had been in the development stage. The amendments are effective for annual reporting periods beginning after December 31, 2014 and interim reporting periods beginning after December 15, 2015, however entities are permitted to early adopt for any annual or interim reporting period for which the financial statements have yet to be issued. The Company has elected to early adopt these amendments and accordingly have not labeled the financial statements as those of a development stage entity and have not presented inception-to-date information on the respective financial statements.

In August 2014, the FASB issued ASU 2014-15, "Presentation of Financial Statements – Going Concern (Topic 205-40)", which requires management to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for each annual and interim reporting period. If substantial doubt exists, additional disclosure is required. This new standard will be effective for the Company for annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company expects to adopt this new standard for the fiscal year ending December 31, 2016 and the Company will continue to assess the impact on its financial statements

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Income Taxes

The Company provides for income taxes under the provisions of Accounting Standards Codification ("ASC") Topic No. 740, "Income Taxes", which requires that an asset and liability based approach be used in accounting for income taxes. Deferred income tax assets and liabilities are recorded to reflect the tax consequences on future years of the temporary differences of revenue and expense items for financial statement and income tax purposes. Valuation allowances are provided against assets, which are not likely to be realized.

Stock-based Compensation

The Company adopted ASC 718, "Compensation - Stock Compensation" for stock-based compensation. ASC 718 requires that the fair value of the equity instruments (such as stock options) exchanged for services be recognized as an expense in the financial statements as the related services are performed.

Earnings Per Share

Earnings per share ("EPS") has been calculated in accordance with ASC 260, "Earnings Per Share" which requires the presentation of both basic net income per share and net income per common share assuming dilution. Basic earnings per share are computed by dividing income available to common stockholders by the weighted average number of shares outstanding for the year. Diluted earnings per share reflects the potential dilution that could occur upon the exercise of common stock options resulting in the issuance of common stock to stockholders who would then share in the earnings of the Company. ASC 260 precludes the inclusion of any potential common shares in the computation of any diluted per-share amounts when such inclusion is anti-dilutive.

NOTE 3.

License Agreements

Included in the assets purchased from Axius Consulting Group, Inc. was a Patent & Licensing Rights Agreement with bioMETRX. The agreement grants the licensee a royalty based, ($.50 per unit) exclusive license under their Patent License to use, manufacture, have manufactured, license and/or sell licensed intellectual property for any legal purpose with North America within the health care and consumer markets. The term of the agreement is from the effective date (March 1, 2009) to the full end of the term or terms for which Patent Rights have not expired or, if only Technology Rights are licensed and no Patent Rights are applicable, for a term of 9 years.

On November 11, 2015, the Company entered into a binding letter of intent to purchase all right, title and interest to patent number 7,806,852. The Company will pay to the seller 83,334 shares of the Company's common stock. The Company shall pay the seller $1.5 per unit on sales of current product as well as $3.00 per unit on sales of new devices incorporating the patented encasement. If the Company sells a majority interest or there is a change in management from the original founders, the seller has the option to continue the royalty agreement or take a one-time $250,000 cash payout and waive future rights. On February 2, 2016 the Company entered into a definitive agreement with Philip Jurson MD and Steven F. Borsand. The agreement memorialized the terms set forth in the binding letter of intent executed on November 11, 2015 for the purchase of USPTO patent number 7,806,852

In the previous quarter ended March 31, 2016, the Company authorized the issuance of the shares and recorded the Patent as an Intangible Asset in the interim financial information.

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On January 11, 2016 the Company entered in an Intellectual Property Licensing agreement with Talon Brands, LLC. Under this agreement Talon Brands is responsible to pay a fee equivalent to $2.50 per unit sold in perpetuity unless or until the parties agree in writing to modify, enter into a new agreement or terminate the agreement. As a result of the acquisition of 100% of the membership interests of My TOUCH ID, LLC, (formerly Talon Brands, LLC.,) by the Company executed on July 8, 2016, all obligations under the prior licensing agreement were terminated.

NOTE 4.

Income Taxes

As of September 30, 2016, the Company has net operating loss carry forwards of approximately $39,951,000 that may be available to reduce future years' taxable income in varying amounts through 2031. Future tax benefits which may arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has not recorded a valuation allowance for the deferred tax asset relating to these tax loss carry-forwards.

The Company reviews tax positions taken to determine if it is more likely than not that the position would be sustained upon examination resulting in an uncertain tax position. The Company did not have any material unrecognized tax benefit at September 30, 2016 and December 31, 2015, respectively. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in tax expense. The Company recognized no interest and penalties during the three months and nine months ended September 30, 2016 and year ending December 31, 2015, respectively.

The Company files U.S. federal tax returns and a tax return in states where obligated. All tax periods since inception remain open to examination by the taxing jurisdictions to which the Company is subject.

NOTE 5.

Employment Agreement

The President of the Company, Ms. Lorraine Yarde, signed an employment contract effective January 1, 2015 which is effective until termination. The agreement stipulates a base salary of $175,000 plus an annual performance bonus targeted at fifty percent of salary. The agreement entitles Ms. Yarde to annual salary increases of ten percent as well as other customary employee benefits such as paid vacation and eligibility to participate in the Company's health insurance plan or reimbursement of up to $1,000 per month until a company-health insurance plan is established. The agreement allows Ms. Yarde to convert any unpaid compensation to Company stock at a 50% discount to the then market price, in the form of unregistered securities.

On September 18, 2015, the employment contract was amended to re-price the exercise price on her 50,000 options from $0.25 to $0.001 per share resulting in additional estimated fair value of the stock options of $564,975 recognized as compensation expense (calculated using the Black Scholes option pricing model). In addition, the calculation of the exercise price which was exercisable at 50% of the trading price of the common shares was amended to apply the 50% discount to the lowest trading price of the Company's common stock as reported on the OTCQB for the ten prior trading days including the day upon which a notice of conversion is received by the Company. Amendment for the ten day period resulted in an increase in the fair value of the options from $.23 to $.25 applied per exercisable share.

On September 21, 2015, Ms. Yarde converted $87,500 of the unpaid compensation into 265,152 shares of the Company's common stock.

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As of September 30, 2016, unpaid compensation under the agreement totaled $195,584.

Upon the signing of the agreement, Ms. Yarde was granted employee stock options to purchase 50,000 shares of the Company's Common Stock with vesting period and strike price as follows:

(i) 25,000 shares vested immediately with a strike price of $0.001 per share;
(ii) 12,500 shares vest on July 1, 2015 with a strike price of $0.001 per share;
(iii) 7,500 shares vest on January 1, 2016 with a strike price of $0.001 per share; and
(iv) 5,000 shares vest on January 1, 2017 with a strike price of $0.001 per share.

On February 1, 2016, the Company and Ms. Yarde entered into an amendment to the employment agreement to increase her salary from $175,000 to $200,000 to be retroactive and amend the strike price on her options to $0.001. In addition, the Board of Directors awarded her a 30% performance bonus for her services.

The amendment of the strike price of the options was treated as a modification of an award according to ASC 718-20-35 and the incremental fair value of the award costs of $12,543 was recorded as compensation expense in the Statement of Operations for the nine months ended September 30, 2016

On February 1, 2016, the Company executed an employment agreement with Mark Basile a Director of the Company. The employment calls for a base salary of $175,000 per annum. He is also entitled to a performance bonus of 25% of his base salary. In addition the Company will immediately grant to employee an option to purchase 50,000 shares of the Company's common stock with a vesting and strike price as follows:

(i) 25,000 shares vested immediately with a strike price of $0.001 per share;
(ii) 12,500 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(iii) 7,500 shares vest on the first anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share; and
(iv) 5,000 shares vest on the second anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share.

Effective September 29, 2016, Mark Basile resigned as the Company's Chief Strategy Officer and the Company's board of directors appointed him to act as General Counsel. The Company entered into an Amended and Restated Employment Agreement (the " Agreement") with Mr. Basile. The Agreement supersedes Mr. Basile's employment agreement as Chief Strategy Officer in connection with his new appointment as General Counsel.

As of September 30, 2016, unpaid compensation under the agreement totaled $16,327.

On February 1, 2016, the Company executed an employment agreement with William Koch a Director of the Company. The employment calls for a salary of $150,000 per annum. He is also entitled to a performance bonus of 25% of his base salary. In addition, the Company will immediately grant to employee an option to purchase 25,000 shares of the Company's common stock with a vesting and strike price as follows:

(i) 12,500 shares vested immediately with a strike price of $0.001 per share;
(ii) 6,250 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(iii) 3,750 shares vest on the first anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share; and
(iv) 2,500 shares vest on the second anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share.

At September 30, 2016, unpaid compensation under the agreement is $43,750.

On February 1, 2016, the Company executed an employment agreement with Faruk Okcetin a Director of the Company. The employment calls for a base salary of $125,000 per annum. He is also entitled to a performance bonus of 10% of his base salary. In addition, the Company will immediately grant to employee an option to purchase 10,000 shares of the Company's common stock with a vesting and strike price as follows:

(i) 2,500 shares vested immediately with a strike price of $0.001 per share;
(ii) 2,500 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(iii) 2,500 shares vest on the first anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share; and
(iv) 2,500 shares vest on the second anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share.

At September 30, 2016, unpaid compensation under the agreement is $62,500.

On May 23, 2016, the Company executed an employment agreement with J. Richard Iler to serve as Chief Financial Officer for the Company. The employment calls for a base salary of $100,000 per annum. He is also entitled to a performance bonus of 10% of his base salary. In addition, the Company will immediately grant to employee an option to purchase 25,000 shares of the Company's common stock with a vesting and strike price as follows:

(i) 12,500 shares vested immediately with a strike price of $0.001 per share;
(ii) 6,250 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(iii) 3,750 shares vest on the first anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share; and
(iv) 2,500 shares vest on the second anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share.

At September 30, 2016, unpaid compensation under the agreement is $35,410.

On September 1, 2016, the Company executed an employment agreement with Glenn McGinnis to serve as Vice President of Product Development for the Company. The employment calls for a base salary of $150,000 per annum. He is also entitled to a performance bonus of 10% of his base salary. In addition, the Company will immediately grant to employee an option to purchase 25,000 shares of the Company's common stock with a vesting and strike price as follows:

(i) 6,250 shares vested immediately with a strike price of $0.001 per share;
(ii) 6,250 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(ii) 6,250 shares vest on the six month anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share;
(iv) 6,250 shares vest on the second anniversary of the agreement if the employee is still employed to the Company with a strike price of $0.001 per share.

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At September 30, 2016, unpaid compensation under the agreement is $12,500.

The estimated fair value of the options granted to the Officers was calculated using the Black Scholes Model and amounted to $225,577 of which $193,377 was charged to compensation expenses for the nine months ended September 30, 2016. Unrecognized costs relating to these stock options totaled $32,200 as of September 30, 2016.

Each director is entitled to director fees of $10,000 per annum. At September 30, 2016, unpaid accrued directors' compensation is $35,000.

NOTE 6.

Stock options and warrants

A summary of stock option and warrant activity as of September 30, 2016 is as follows:

Description	Stock Options	Warrants
Outstanding at January 1, 2015	50,000	41,250
Issued January 1, 2015	12,500	
Issued January 1, 2015	12,500	
Cancelled March 3, 2015	—	(41,250
Issued May 20, 2015	12,500	—
Issued May 28, 2015	—	500
Issued May 28, 2015	—	500
Issued June 2, 2015	—	500
Issued June 2, 2015	—	1,250
Issued June 22, 2015	12,500	—
Issued September 18, 2015	12,500	—
Issued February 1,2016	85,000	—
Issued May 23, 2016	25,000	
Issued June 26, 2016		12,500
Issued June 27, 2016		137,500
Issued June 29, 2016		12,500
Issued September 1, 2016	25,000	
Outstanding at September 30, 2016	247,500	165,250

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Employee stock options totaling 50,000 shares granted to Ms. Yarde on January 1, 2015, and as amended on February 1, 2016, can be exercised at any time, up to and including 24 months after expiration or termination of the agreement. The estimated fair value of the options at February 1, 2016 was $113,465 (calculated using the Black-Scholes option pricing model and the following assumptions: (i) $.001 (adjusted for one for two hundred reverse split,) share price, respectively, exercise price, (iii) term of 3 years (iv) 268% expected volatility, respectively, and (v) 0.81%, risk free interest rate, respectively) will be expensed over the two year vesting period of the options.

Stock options totaling 62,500 were granted during the year of 2015 under the Director Compensation Plan effective January 1, 2015 to five directors in the amounts of 12,500 options to each. The estimated fair value totaled $1,347,926.

On February 1, 2016, stock options totaling 85,000 were granted to certain Directors under the Stock Option Plan. The estimated fair value of the options calculated using the Black Scholes option pricing model at an exercise price of $0.001 with expiration date of up to 2 years totaled $192,906.

On March 18, 2016, the Company's board of directors amended the Rx Safes, Inc. 2015 Incentive Plan to increase the shares reserved under the Plan from 250,000 to 2,500,000 shares. There were no other amendments made to the Plan.

NOTE 7.

Equity

Common Stock.

Stock Split

On August 22, 2012, the Company amended its Articles of Incorporation to split its outstanding shares of the company's common stock at a ratio of 5-for-1. The par value of the common stock was decreased to $.001 and increased the number of authorized shares to issue to 250,000,000. The accompanying financial statements have been adjusted to retroactively reflect the stock split.

Effective August 7, 2015, the aggregate number of shares which the Company shall have authority to issue is five hundred and fifty million (550,000,000) shares, consisting of two classes to be designated, respectively, "Common Stock" and "Preferred Stock," with all of such shares having a par value of $.001 per share. The total number of shares of Common Stock that the Corporation shall have authority to issue is five hundred million (500,000,000) shares. The total number of shares of Preferred Stock that the Corporation shall have authority to issue is fifty million (50,000,000) shares.

Reverse stock split

On September 28, 2015, the Company authorized a one for two hundred reverse split of the Company's common stock issued and outstanding. Following this stock split the number of outstanding shares of the Company's common stock decreased from 263,320,562 to 1,316,603. The accompanying financial statements have been adjusted to retroactively reflect the stock split.

On March 21, 2016, the Company filed a registration statement under Form S-8 to register 2,387,500 shares of common stock, which represents all reserved shares under the Plan not otherwise underlying prior outstanding options.

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Preferred Stock.

The company is authorized to issue a second class of 50,000,000 preferred shares. In May 2015, the Company initiated a private offering of units consisting of 240,000 shares of its newly created Series A Preferred Stock and a warrant to purchase our common stock, for $2.50 per unit. The Company sold 22,000 units, consisting of 22,000 shares of our Series A Preferred Stock and warrants to purchase 550,000 shares of our common stock at $.01 per share for total proceeds of $55,000. As of September 30, 2016 all series A shares were converted to common.

Effective September 18, 2015, the Company created, out of the fifty million (50,000,000) shares of preferred stock, par value $0.001 per share, a series of preferred stock consisting of two thousand (2,000) shares and to be called "Series B Preferred Stock." Each Series B stock is convertible into 100,000 common shares. On September 23, 2015 the company issued all 2,000 shares of Series B stock for compensation of $.001 per share.

On February 1, 2016, 100 shares of the Series B preferred stock were converted into 10,000,000 shares of common stock. The compensation expense associated with the conversion is $22,700,000.

NOTE 8.

Agreements

On August 3, 2016 the Company entered into a subscription agreement with a shareholder to purchase 50,000 shares of the Company common stock at a price of $0.05 per share for a total purchase price of $2,500.

On August 4, 2016 the Company entered into a subscription agreement with a shareholder to purchase 100,000 shares of the Company common stock at a price of $0.05 per share for a total purchase price of $5,000.

On August 5, 2016 the Company entered into an agreement with a legal consultant to perform intellectual property consulting services. The initial term of this agreement is for one year of services. The Company issued the consultant 25,000 shares of Company stock with a value of $4,725 as a retainer for these services.

On August 23, 2016 the Company entered into a subscription agreement with a shareholder to purchase 200,000 shares of the Company common stock at a price of $0.05 per share for a total purchase price of $10,000.

On September 6, 2016 the Company entered into an agreement with an engineering and design consultant for an initial 12 month period. Under the agreement the Company issued the consultant 50,000 shares of Company stock with a value of $1,000 as a retainer. In addition, the consultant will receive $2,500 cash compensation and $2,500 in shares of Company stock on a monthly basis. The cash based compensation will be accrued until such time as the Company has adequate capital resources to make the payment.

NOTE 9.

Fair Value Measurements and Derivative Liability

The Company evaluates all of it financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported as charges or credits to income. For option-based derivative financial instruments, the Company_uses the Black-Scholes option-pricing model to value the derivative instruments at inception and subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period.

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Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

On October 6, 2015, the Company entered into an agreement with Auctus Fund LLC to invest $55,250 into the Company in exchange for the issuance of a convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable July 6, 2016. The note is convertible by Auctus into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% multiplied by the lowest trading price of the Common Stock on the OTC Market for the 20 prior trading days. The Company has the option to repay this note up to 180 days after issuance. On March 31, 2016 the note was bought by EMA Financial LLC for $55,250 plus accrued interest of $2119.18.

On October 7, 2015, the Company entered into an agreement Kodiak Capital Group to invest $50,000 into the Company in exchange for the issuance of a $60,000 convertible promissory note which includes OID of $10,000. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable October 7, 2016. The note is convertible by Kodiak into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% multiplied by the average of the three lowest trading prices of the Common Stock on the OTC Market for the 10 prior trading days. The Company has the option to repay this note up to 180 days after issuance.

On November 11, 2015, the Company entered into an agreement with EMA Financial LLC to invest $50,000 into the Company in exchange for the issuance of a $50,000 convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable November 11, 2016. The note is convertible by EMA Financial into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% multiplied by the lowest trading price of the Common Stock on the OTC Market for the 20 prior trading days. The Company has the option to repay this note up to 180 days after issuance.

On December 16, 2015, the Company entered into an agreement with Auctus Fund LLC to invest $110,000 into the Company in exchange for the issuance of a convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable December 16, 2016. The note is convertible by Auctus into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% multiplied by the lowest trading price of the Common Stock on the OTC Market for the 20 prior trading days.

On January 12, 2016, the Company entered into an agreement with Crown Bridge Partners LLC to invest $36,000 into the Company in exchange for the issuance of a $40,000 convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable January 12, 2017. Unpaid balance bears an interest at the rate of 22%. The note is convertible by Crown Bridge Partners into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% of the lowest trading prices of the Common Stock on the OTC Market for the 20 prior trading days. The Company has the option to repay this note up to 180 days after issuance.

On January 20, 2016, the Company entered into an agreement with Yoshar Trading LLC to invest $30,000 into the Company in exchange for the issuance of a $31,100 convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable January 20, 2017. The note is convertible by Yoshar into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 65% of the lowest trading prices of the Common Stock on the OTC Market for the 20 prior trading days. The Company has the option to repay this note up to 180 days after issuance.

On January 22, 2016, the Company entered into an agreement with Auctus Fund LLC to invest $77,750 into the Company in exchange for the issuance of a convertible promissory note. The note bears interest at the rate of 8%. All outstanding interest and principle is due and payable October 22, 2016. The note is convertible by Auctus into shares of the Company's common stock at any time on or after the Issuance Date. The conversion price for each share is equal to 70% multiplied by the lowest trading price of the Common Stock on the OTC Market for the 20 prior trading days.

Date	Open	High	Low	Close	Volume
2016-11-28	0.024	0.024	0.024	0.024	450
2016-11-29	0.034	0.046	0.034	0.046	25400
2016-11-30	0.03	0.03	0.03	0.03	3000
2016-12-01	0.03	0.03	0.03	0.03	0
2016-12-02	0.03	0.03	0.03	0.03	0
2016-12-05	0.021	0.031	0.021	0.0211	21400
2016-12-06	0.0211	0.0211	0.0211	0.0211	0
2016-12-07	0.0359	0.0359	0.022	0.022	1456
2016-12-08	0.022	0.022	0.022	0.022	9000
2016-12-09	0.02	0.02	0.02	0.02	40000
2016-12-12	0.0266	0.03	0.0266	0.03	6666
2016-12-13	0.03	0.03	0.03	0.03	0
2016-12-14	0.025	0.025	0.022	0.025	11024
2016-12-15	0.025	0.025	0.025	0.025	0
2016-12-16	0.025	0.025	0.0223	0.0223	4583
2016-12-19	0.0223	0.0223	0.0223	0.0223	0
2016-12-20	0.0223	0.0223	0.0223	0.0223	0
2016-12-21	0.0223	0.0223	0.0223	0.0223	0
2016-12-22	0.02	0.02	0.02	0.02	7750
2016-12-23	0.02	0.02	0.017	0.02	55867
2016-12-27	0.02	0.02	0.02	0.02	0
2016-12-28	0.017	0.017	0.017	0.017	11470
2016-12-29	0.017	0.017	0.015	0.015	15865
2016-12-30	0.015	0.016	0.015	0.016	17560

2017-01-03	0.0143	0.0143	0.0143	0.0143	1700
2017-01-04	0.012	0.012	0.012	0.012	1915
2017-01-05	0.0127	0.0127	0.012	0.012	5054
2017-01-06	0.013	0.02	0.012	0.017	125914
2017-01-09	0.017	0.04	0.017	0.025	159498
2017-01-10	0.025	0.025	0.025	0.025	0
2017-01-11	0.025	0.025	0.025	0.025	0
2017-01-12	0.024	0.0245	0.02	0.02	57133
2017-01-13	0.023	0.023	0.0152	0.0152	64372
2017-01-17	0.0189	0.0189	0.0189	0.0189	15000
2017-01-18	0.0189	0.0189	0.0189	0.0189	0
2017-01-19	0.0189	0.0189	0.0189	0.0189	0
2017-01-20	0.0189	0.0189	0.0189	0.0189	0
2017-01-23	0.0189	0.0189	0.0189	0.0189	0
2017-01-24	0.0189	0.0189	0.0189	0.0189	0
2017-01-25	0.019	0.019	0.0151	0.0151	41928
2017-01-26	0.0152	0.0152	0.0151	0.0151	40666
2017-01-27	0.023	0.023	0.023	0.023	6870
2017-01-30	0.023	0.023	0.023	0.023	0
2017-01-31	0.022	0.023	0.022	0.023	42169
2017-02-01	0.023	0.023	0.023	0.023	0
2017-02-02	0.02	0.02	0.02	0.02	2600
2017-02-03	0.02	0.02	0.02	0.02	0
2017-02-06	0.02	0.0201	0.02	0.0201	12000
2017-02-07	0.0201	0.0201	0.0201	0.0201	0

2017-02-08	0.0201	0.0201	0.0201	0.0201	0
2017-02-09	0.02	0.02	0.018	0.018	23165
2017-02-10	0.0208	0.0208	0.017	0.017	38500
2017-02-13	0.015	0.0151	0.015	0.015	98000
2017-02-14	0.015	0.015	0.0122	0.0122	21665