



CONTACT INFORMATION

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The following file is part of the

Arizona Department of Mines and Mineral Resources Mining Collection

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CSAL INC.

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Shah
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

Peoples' Mines Inc.

1207 Copper Basin Road

Prescott, Arizona 85303

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594



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CASE NARRATIVE

Copper State Analytical Lab (CSAL) Inc. representative visited the "Peoples' Mine" on January 15, 2001 at Skull Valley location. The primary purpose of the visit was to observe the activities at the mine and the operation.

The property owners were requested to explain the mode of operation to understand the process. Property owners were requested to start a process with a fresh ore under the supervision of CSAL INC representative.

The fresh ore was taken from the mine (Exhibit #1,2) by the front loader. The ore was shoveled (Exhibit #3) on to a belt carrying an ore into the water spraying circuit to separate overburden of the ore and to finer fractions into a screening circuit. Different size screens (Exhibit #4) are used to separate the fractions for further separations of heavies on to high frequency shaker tables (Exhibit #5). Three different size fractions are separated. Final concentrate collected at the end of the circuit which is -400 fraction of the material for the metal recovery (Exhibit #6).

Following samples were collected by CSAL representative.

- 1] Lower Pit - ground sample
- 2] Lower pit off the wall sample
- 3] Lower pit Head sample
- 4] Water sample from spray
- 5] Middling concentrate from a shaker table #2 (100 / +200) sludge. (Exhibit #5)
- 6] Concentrate sample -200 final Conc. From the process (Exhibit #6)

The middling concentrate (100 / +200) sludge was to be taken to Minex at Phoenix for a metal recovery process. All the samples were in a custody of a representative of CSAL INC all the time.



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PROCESSING THE CONC. AT MINEX

The middling concentrate (100 / +200) sludge was to be taken to Minex at Phoenix on January 16, 2001. The sample was opened by one of the Minex employee in a presence of CSAL representative. (Exhibit #7). The sample was dried using vacuum filtration system (Exhibit #8). The sample was introduced in a drying oven at 1250 oF (Exhibit #9). Sample was taken out of the oven. (Exhibit #10). Sample was taken to weighing bench (Exhibit # 11). 750 grams of sample was weighed into a brand new carbon crucible. 480 grams of flux was added to the sample and mixed. The sample was covered with 225 grams of metal Nickel. We have taken a sample of Nickel metal and the flux used in the process. Then the crucible was introduced into a preheated fire assay furnace at 2650 oF. (Exhibit #12). The sample stayed in the furnace for one hour and thirty minutes. The furnace temperature was raised to 2850 oF and maintained during the fusion. Once the fusion was completed the fire assayer poured the fusion in to a clean mould (Exhibit #13,14). The mould was observed for any contaminations. (Exhibit 15) shows the final fusion in the mold. The nickel bar was separated from a slag by putting the fusion in the water. Nickel bar was then separated and cleaned any slag. Three samples were fused. The metal gain in three fusions are 226.8 grams, 230 grams and 277.5 grams. Metal gain is due to iron and other metals. One of the nickel bar was broken into the pieces and randomly selected pieces were pulverized using shatter box. The split sample was taken by CSAL INC. The shatter box pot was cleaned and part of the slag of fusion Taken was pulverized in the shatter box. The sample was taken by CSAL INC.

Samples collected at Minex are:

- 7] Nickel metal used for fusion
- 8] Flux used for fusion
- 9] Slag from the sample
- 10] Nickel bar composite sample

CSAL INC collected total of ten samples from mine and Minex to be analyzed for gold and PGM metals.



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SUMMARY OF THE SAMPLE DISSOLUTION METHOD.

Weigh 2.000 grams of sample into a 250 mls beaker. Add 25 mls of conc. Nitric Acid. Digest the sample on a hot plate about 100°C for 15 minutes. Remove from the heat and cool. Add 100 mls of hydrochloric Acid slowly. Put the beaker on a hot plate. Digest the sample slowly (Do not boil) for 18 to 20 hours. Cool the sample. Filter the sample into a 100 mls. volumetric flask. Analyze the samples desired metals on ICP using proper wavelengths.

Three samples were analyzed by fire assay method using stannic oxide as a collector. Dissolve tin was in a dilute hydrochloric acid. Filter the residue. Dissolve the residue in a aqua-regia. Boil of the nitric. Dilute to the volume and analyze the sample for desired metals using ICP.

CSAL INC is not set up to analyze Ruthenium and Osmium.

File:peoplesmine/#55



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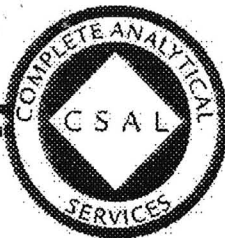
Phone (520) 388-4922

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ASSAY REPORTS

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ-0594



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Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ.85303

Date Sampled: 01-15-2001
Date Received: 01-15-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP

CSAL ID	CLIENT ID	Platinum	Palladium	Iridium	Gold	Silver	Rhodium
		opt	opt	opt	opt	opt	opt
123652	Lower Pit- Ground	1.318	0.181	1.841	0.968	1.170	3.740
123653	Lower Pit - Off the wall	1.289	0.216	4.326	0.685	1.669	1.219
123654	Lower - Raw - Start	2.132	0.508	16.700	1.263	2.409	3.427
123654A	Belt sludge Water	0.015	0.006	0.061	<0.003	<0.003	0.003
123655	-100 / 200 sludge	3.145	1.003	23.628	2.258	4.728	17.140
123656	- 200 final conc	1.012	0.440	8.171	1.024	<0.003	8.871

Note: The samples are digested in Aqua regia according to Dr. Jordon's procedure. These samples are analyzed on Leeman Lab's ICP PS-1000 Radial. All the conditions of analytical methods are set up according to manufacturer's guidelines.



Reportd By

D. A. Shah

01-18-2001

File:0101-123652/#55

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594



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Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ.85303

Date Sampled: 01-16-2001
Date Received: 01-16-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP

TIN FUSION

CSAL ID	CLIENT ID	Platinum opt	Palladium opt	Iridium opt	Gold opt	Silver opt	Rhodium opt
123654	Lower - Raw - Start	1.671	3.448	22.624	0.414	0.003	5.994
123555	-100 / 200 sludge	1.566	3.337	22.995	0.446	1.593	12.558
123660	Ni-Bar-Compo	8.348	3.751	231.931	1.391	0.198	1822.8

Note: The samples are fire assayed in a Tin Fusion. PGM metals are collected in a Tin.
Tin is dissolved in a Hydrochloric Acid. The residue left which is PGM's and precious metals
are dissolved in a aqua-regia for the ICP analysis.



Reportd By _____ 01-18-2001
D. A. Shah

File:0101-123652/#55

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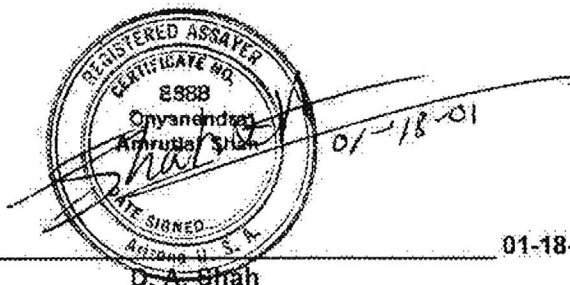
Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ 85303

Date Sampled: 01-16-2001
Date Received: 01-16-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP

CSAL ID	CLIENT ID	Platinum opt	Palladium opt	Iridium opt	Gold opt	Silver opt	Rhodium opt
123657	Ni Sample	0.003	0.003	0.003	0.003	0.003	0.003
123658	Flux Sample	0.003	0.003	0.003	0.003	0.003	0.003
123659	Slag from fusion	0.003	0.003	0.003	0.038	3.947	3.427
123660	Ni-Bar-Compo	8.343	3.751	231.931	<0.003	<0.003	1539.3


Note: The samples are digested in Aqua regia according to Dr. Jordan's procedure. These samples are analyzed on Leeman Lab's ICP PS-1000 Radial. All the conditions of analytical methods are set up according to manufacturer's guidelines.



Reported By _____ 01-18-2001
D. A. Shah

File: 0101-123652/#55

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594

Proj. Manager: Mr. Maurice W. F. Company: Peoples Mine Inc. Address: 1207 Copper Basin Rd. Prescott, AZ 86303 Phone No. 520-717-2670 Fax No. Note: Cell 775-240-2000				Project Information: PROJECT NO. Mining PGM Project Location SKR Valley Submitted By Mr. Maurice W. F. Long Date Submitted 01/15/01 Time Submitted 1340 (24 hrs) P.O. No.				Public Water Supply Information: System Name: PWS No.: DWR NO.: POE NO.: Collection Point: Location: Report to State Yes No Compliance Sam Yes No			
Fax Results Yes No				E-mail Results Yes No				ANALYSIS REQUESTED			
SAMPLE TYPE Haz Waste Waste Water Potable Water				COMPLIANCE MONITORING Yes No							
SAMPLE IDENTIFICATION				Date Time				CSAL ID			
1 Lower Pit - Ground				01/15/01 1040				0101-123652			
2 Lower Pit - Wall				" 1050				0101-123653			
3 Lower Pit - Raw - start				" 1124				0101-123654			
4 Belt Sludge Water				" 1135				0101-123654			
5 +200 / -200 Sludge				" 1330				0101-123655			
6 -200 Final Conc.				" 1335				0101-123656			
7				8				9			
10				Turn Around Time:				Standard Rush			
Relinquished By: [Signature]				Date 01/15/01				Time 1340 24 hours			
Received By: [Signature]				Date				Time 24 hours			
Received By: [Signature]				Date 01/15/01				Time 1341 24 hours			



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PICTURS ILLUSTRATION

PEOPLE MINE PROJECT



EXHIBIT #1

PEOPLE MINE PROJECT



EXHIBIT #2

PEOPLE MINE PROJECT



EXHIBIT #2

PEOPLE MINE PROJECT



EXHIBIT # 3

PEOPLE MINE PROJECT

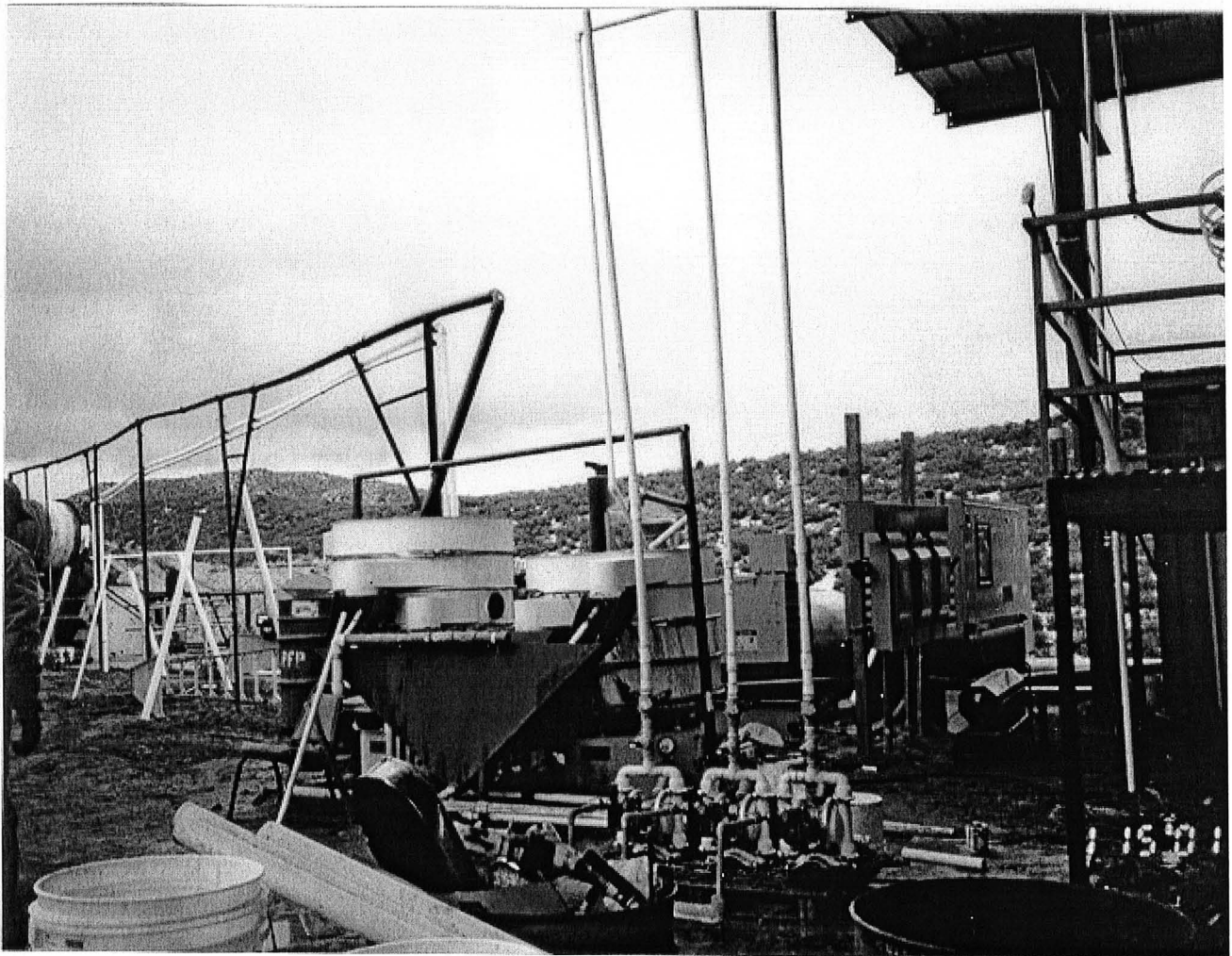


EXHIBIT #4

PEOPLE MINE PROJECT



EXHIBIT # 3

PEOPLE MINE PROJECT



EXHIBIT #4

PEOPLE MINE PROJECT

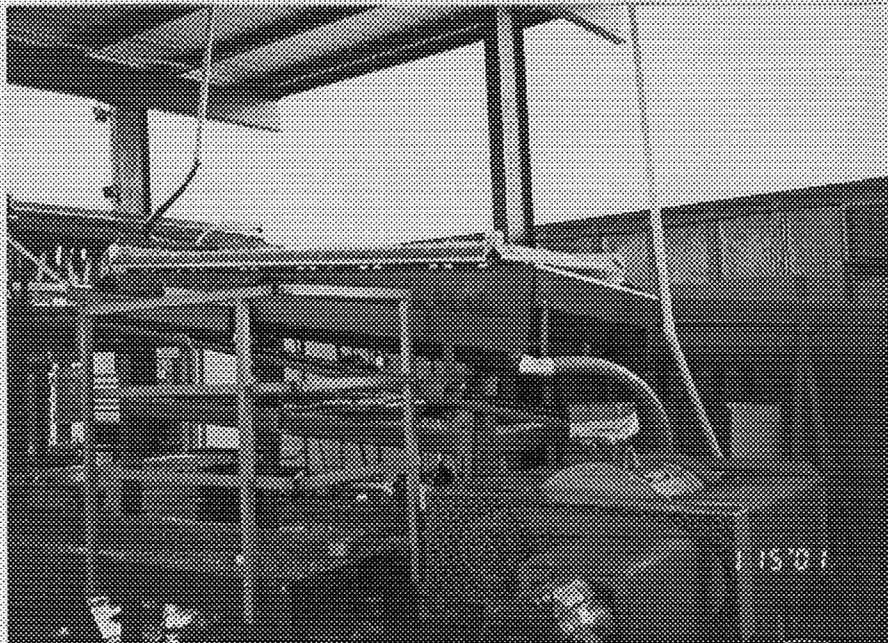


EXHIBIT #5

PEOPLE MINE PROJECT



EXHIBIT # 6

PEOPLE MINE PROJECT

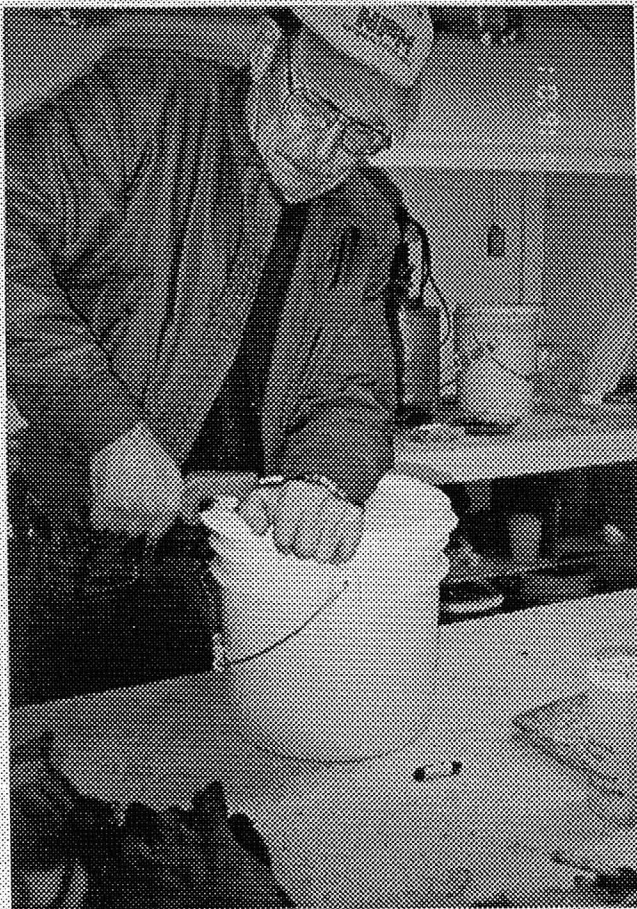


EXHIBIT # 7

PEOPLE MINE PROJECT

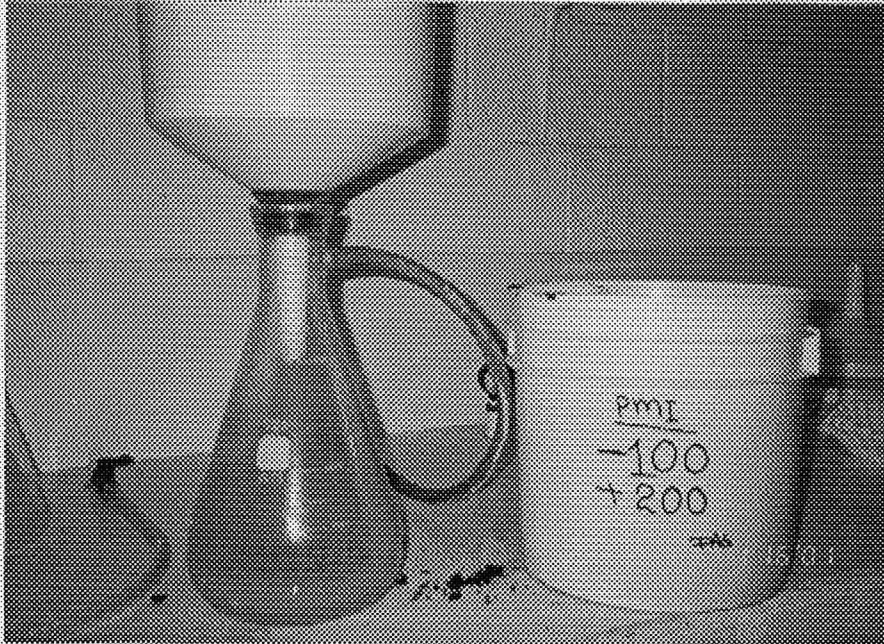


EXHIBIT # 8

PEOPLE MINE PROJECT



EXHIBIT # 9

PEOPLE MINE PROJECT

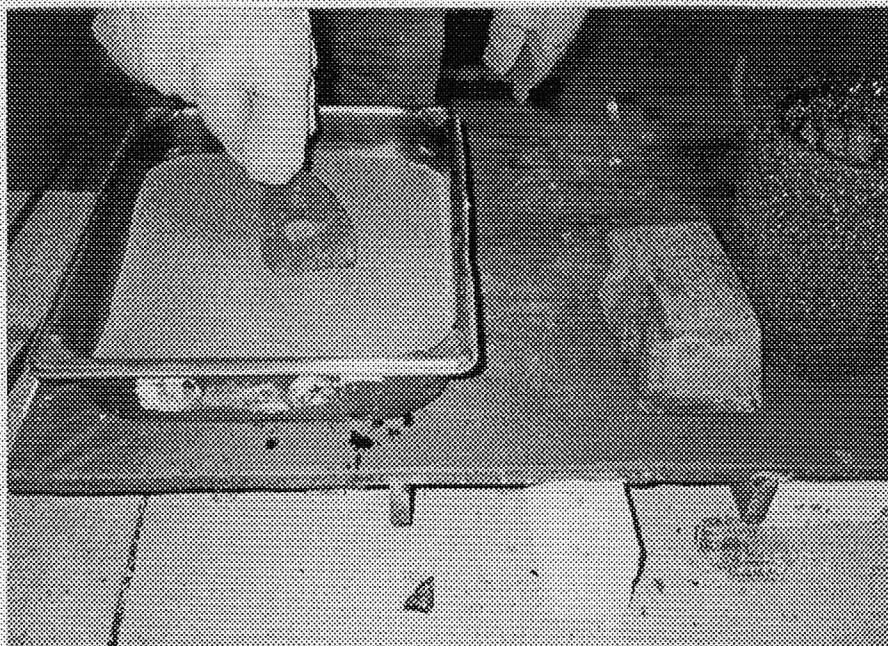


EXHIBIT # 10

PEOPLE MINE PROJECT



EXHIBIT # 11

PEOPLE MINE PROJECT

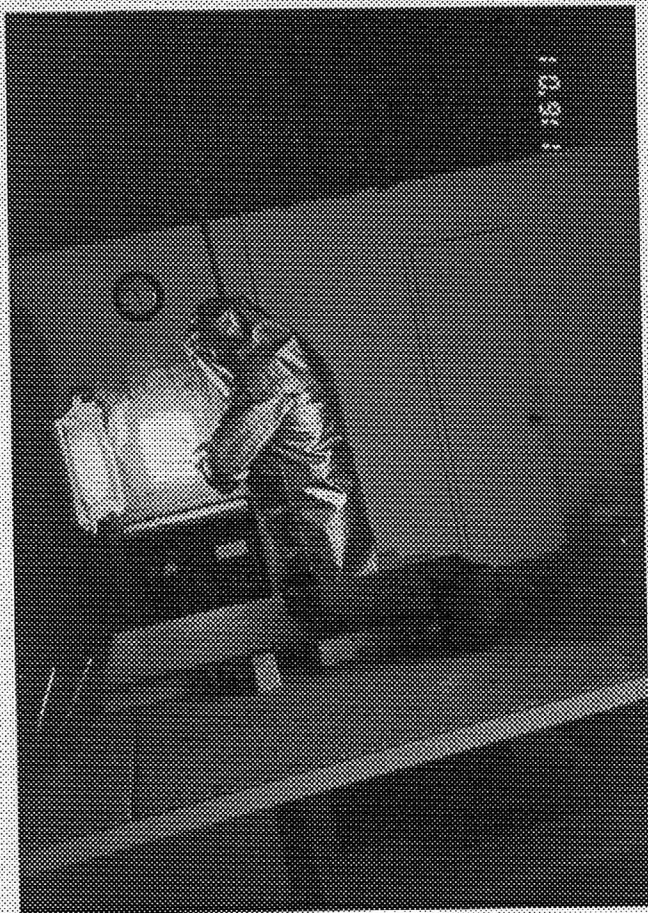


EXHIBIT # 12

PEOPLE MINE PROJECT



EXHIBIT # 13

PEOPLE MINE PROJECT

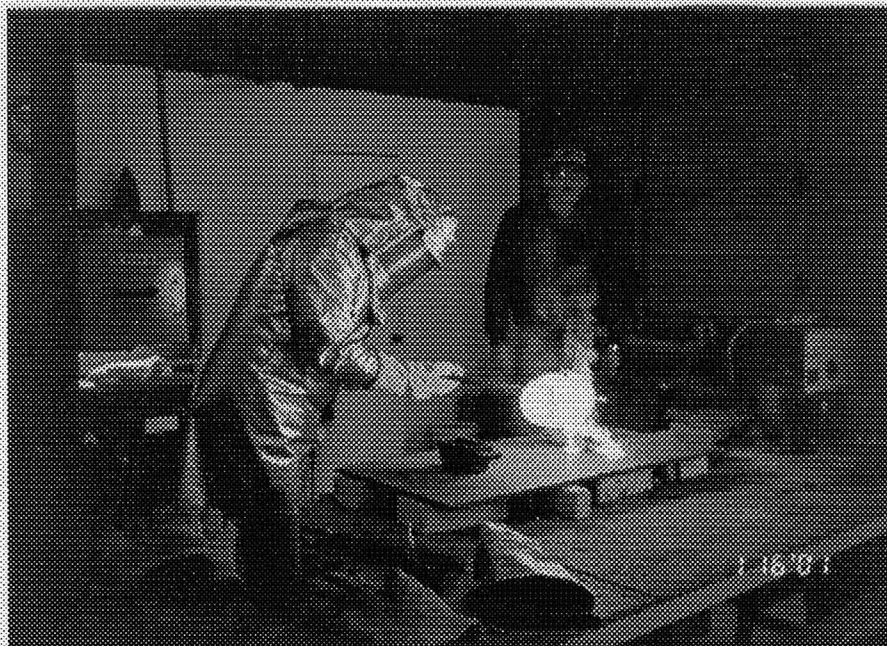


EXHIBIT # 14

PEOPLE MINE PROJECT



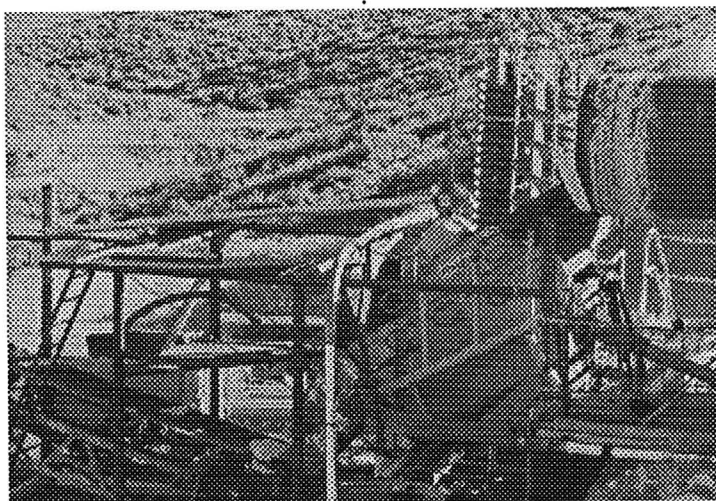
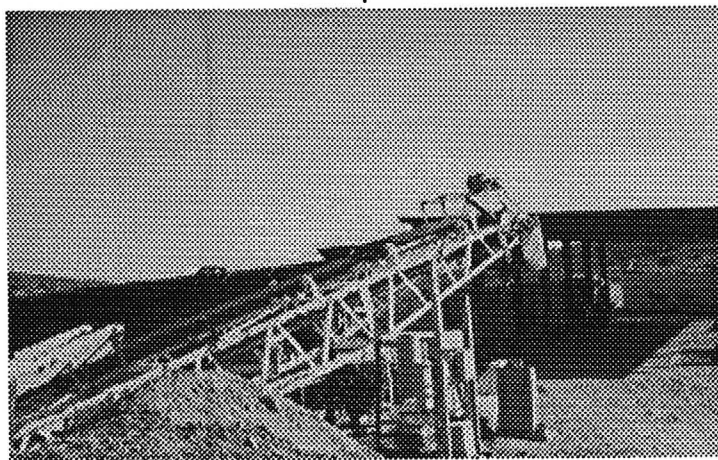
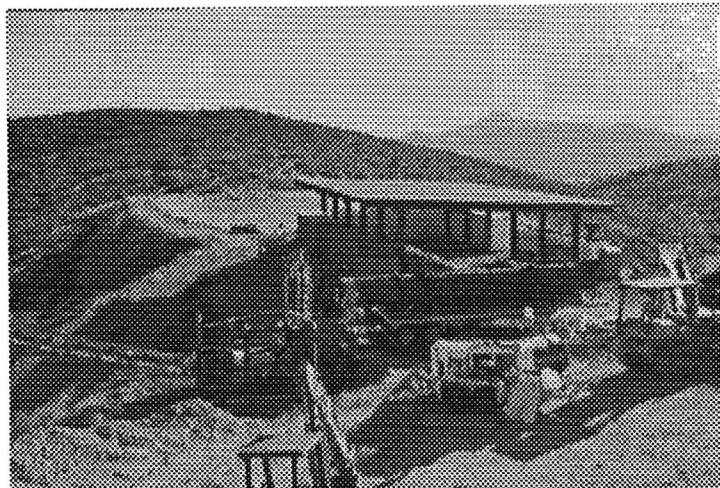
EXHIBIT # 15

HCC

Peebles Mines in Skull Valley Arizona
compliments of David113
(now known as IndyDave)

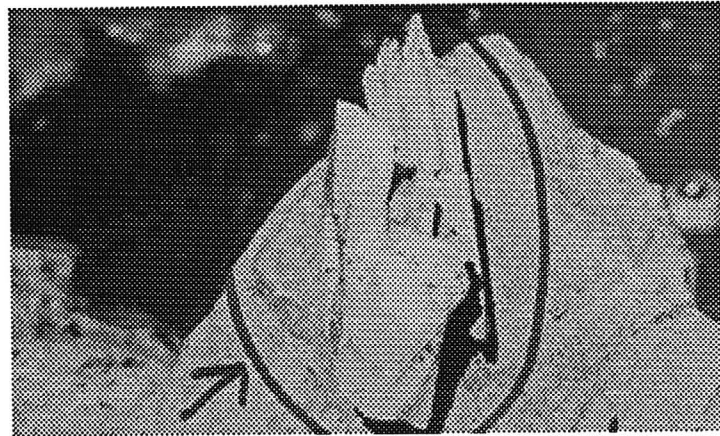
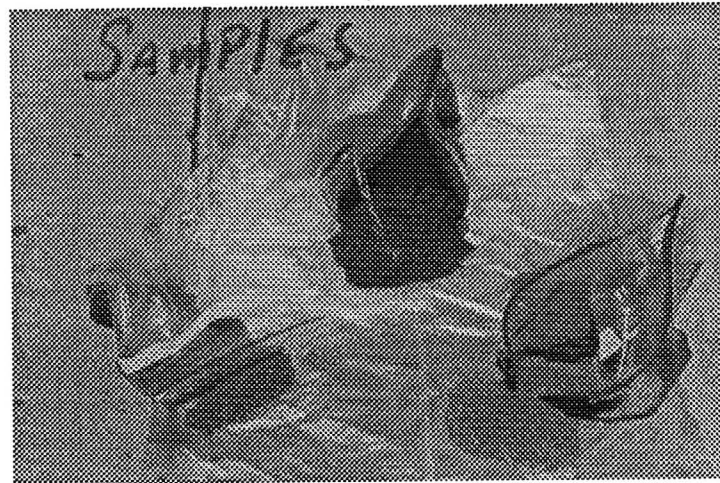
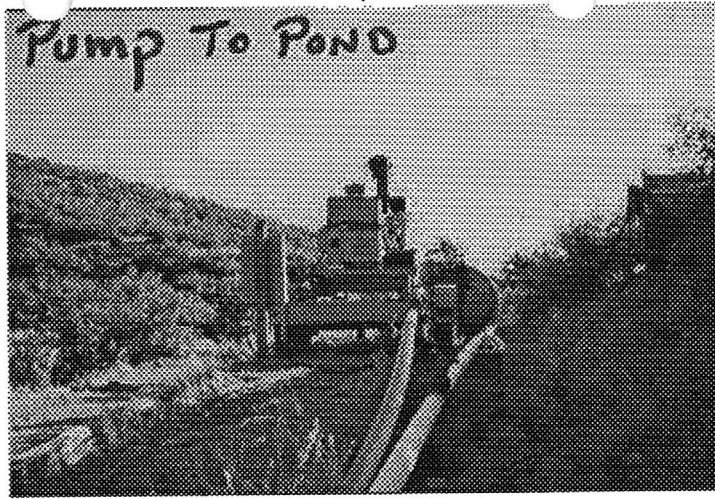
6/8/2000

T13N R4W Sec 11



14 CCA

6/8/2000



On February 4, 1997, the Company formed Peeples Mining Company, a Nevada Corporation, and a wholly owned subsidiary of the Company. The assets of Peeples LLC and F&H were consolidated into the new corporation as well as the inventory of concentrated precious metals ore acquired from Zarzion Ltd. As a result, Peeples Mining Company now has mining interests in Arizona, Nevada and California. The Arizona operation includes a mineral lease of state land on 377.11 acres. The Nevada property includes 7 claim on 140 acres. The production facility and lab equipment owned by Peeples Mining Company is located at the Arizona mill site operation. Assay reports obtained by professionals in the industry indicate the expected value of the above to be in excess of the stock value on the date of these agreements discounted by 50% for restriction.

SCD 5.3.00

No - FURLONG, MAURICE

No - HIDDEN SPLENDOR

No - PEEPLES

No - F&H

No - HEXAGON

No - HCCA

No - HEALTH CARE

No - CARBON

No - SCN

No - CADGIE

Ken Phillips

From: Ken Phillips <kenfillups@hotmail.com>
To: <AdamR826@aol.com>
Sent: Tuesday, January 30, 2001 10:52 AM
Attach: PlatinumB180.doc
Subject: Re: Question

Dear Adam Reynard

Your following message came to me from you as bulk mail, thus it must have been sent to many recipients. If it was not a rhetorical question, please provide more details.

The news release you attached is not detailed as to location, geology, mineralogy, field sampling methods, number of samples, weight of initial samples, concentration ratios, relation of samples to undisturbed natural material, influence of samples to potential ore deposit, preparation of samples, comparison to blanks, and reference to available assay standard materials.

WITHOUT commenting specifically about any particular mining venture and only speaking generally, in my 30 years of mining experience in Arizona I have never seen any purported economically viable platinum group metal concentrations confirmed.

Further such reports could easily be described as an old story. For over 40 years our staff engineers have listened patiently while we are told how one is going to get rich mining the platinum group metals from their Arizona claim. Further, we are told that this discovery of platinum has remained undiscovered for all these many prospecting years because it can't be assayed by ordinary means. And, that these "Platinum Group Metals" are so unusual that they can only be found by a proprietary special process known only to a select few.

It's always purported that normal types of analysis used where platinum is commercially mined and is a common occurrence, will not work on these special ores. In other words, what we have been told is that the people who mine platinum don't know what they are doing. It never seems to matter that the Canadians, Russians, South Africans, and even those mining palladium and platinum at Stillwater, Montana, have been assaying and mining the metals for a decade to over a century.

There is seldom any information or references we might recommend that would dissuade them from dumping their available capital into such a venture. When I review our statutory duties it is obvious that it is my job, probably even my moral obligation and civic duty, to tell them to use prudence. Yet in the end, there has never been any point. It usually ends up that they spent a lot of money and a lot of time and come up empty handed.

It has been our experience that people who claim these special assay abilities can find platinum in anything from parking lot asphalt to Petunia potting soil. Usually these "assayers" cannot get the same answer twice from the same sample of material if they don't know that it's the same material. Nor, will the "assayer" be able to determine the right value if the original sample is mixed in a known ratio with a known blank.

I have attached a copy of the Platinum Group Metals chapter from Mineral and Water Resources of Arizona for your general interest.

Further, I recommend you obtain a copy of *Mineral Report, Validity Examination of Six Mining Claims Within the West Half of Section, 14, T. 23 S., R. 63 E., Mount Diablo Meridian, Nevada*, US Department of the Interior, Bureau of Land Management, Serial No. N-63126, by Matthew W. Shumaker and Burrett W. Clay. It is generally applicable to the assay problem I am referring to.

01/30/2001

Nyal Niemuth

From: <PHoward@mi.state.az.us>
To: <AdamR826@aol.com>
Cc: <DMartin@mi.state.az.us>; <DLangley@mi.state.az.us>; <DHamm@mi.state.az.us>; <njn22r@hotmail.com>
Sent: Thursday, February 01, 2001 7:22 AM
Subject: FW: Platinum Group Metals
 Mr. Reynard:

As a follow-up to your inquiry. Peeples Mining has just filed a startup notice with our Agency, effective 2/1/01, State ID #14-01303.

Regards,

Phil Howard

Assistant State Mine Inspector

> -----Original Message-----

> From: Phil Howard

> Sent: Tuesday, January 30, 2001 11:39 AM

> To: 'AdamR826@aol.com'

> Cc: Douglas Martin; Drew Langley

> Subject: Platinum Group Metals

>

> Mr. Reynard:

> Our Agency will be conducting on site health/safety inspections and

> promoting mine safety education and training of employees at Hexagon's

> Skull Valley Mine when the project starts mining. Some personnel from

> this project have recently attended a mine safety education and training

> course provided by Agency instructors. The Skull Valley mine operator is

> required by the Arizona Mining Code to send our Agency a startup

> notification when operations commence. No startup notification has been

> filed as yet.

> Additionally, exploration activity on private land involving five or more

> acres of surface disturbance requires filing, review, and approval of an

> Exploration Operations Reclamation Plan with our agency prior to

> commencement of exploration activity. No exploration reclamation plan has

> been filed.

> Mining operation on private land involving five or more acres of surface

> disturbance requires filing, review, and approval of a Mining Unit

> Reclamation Plan with our agency prior to commencement of mining activity.

> No mining unit reclamation plan has been filed.

> Promotion of platinum group metals research is outside the

> responsibilities, resources and scope of our agency.

> Regards,

> Phil Howard

> Assistant State Mine Inspector

>

>

> -----Original Message-----

> From: AdamR826@aol.com [mailto:AdamR826@aol.com]

> Sent: Thursday, January 25, 2001 10:57 AM

> To: Admin@mi.state.az.us

> Subject: Attention Doug Martin

>

> Mr Martin

>

02/15/2001

> As an elected official why is not the state promoting the research into
 > Platinum group metals? See below for Platinum Group Metals in
 > Arizona-independent, Arizona-approved assayer.
 >
 > I would like to know. Thank you.
 >
 > Adam Reynard
 >
 > Hexagon Releases Peeples Mining/Skull Valley Data
 >
 > Data and Testimony of Independent Assayer in the State of Arizona Confirm
 > Values Previously Set Forth by HCCA's Mining Consultant
 >
 > RENO, Nev., Jan. 25 /PRNewswire/ -- Hexagon Consolidated Companies of
 > America
 > (OTC: HCCA <<http://finance.yahoo.com/q?s=hcca.ob&d=t>> - news
 > <<http://biz.yahoo.com/n/h/hcca.ob.html>>; ``Hexagon"), and its
 > subsidiaries and affiliates,
 > collectively referred to as the ``Company" or ``HCCA" today released
 > data
 > concerning its Peeples Mining property at Skull Valley (Ariz.). The data,
 > introduced in evidence and testified to by its preparer, was prepared by
 > Dnyanendra A. (D.A.) Shah, Copperstate Analytical Lab, Inc. (CSAL;
 > Tucson),
 > an independent, Arizona-approved assayer.
 >
 > Data was collected and made public by Shah at a hearing in the State of
 > Arizona on January 19, 2001. The evaluative data placed the values of
 > strategic metals contained in a concentrated sample of material collected
 > at
 > the mine on January 16, 2001, and concentrated into a nickel dore bar at
 > or
 > above those ascertained, using the same assay process as that used by
 > Donald
 > Jordan, PhD, an independent consultant to HCCA.
 >
 > It should be noted that collection and processing occurred under the
 > supervision of a CSAL Inc. representative, and that at no time during the
 > process did the sample leave the custody of CSAL. The nickel dore bar is a
 > concentrated bar of material prior to the application of Jordan's
 > proprietary, final-stage (silver dore bar) process; Jordan's final-stage
 > process is being utilized by HCCA to achieve dore bars containing highly
 > concentrated quantities of precious metals for sale to refineries. A
 > consolidated summary of the (January 16, 2001) nickel dore bar data,
 > indicating economically recoverable values of strategic and precious
 > metals,
 > is as follows:
 >
 >
 > Platinum Palladium Iridium Gold Silver CSAL ID # Description
 > oz./ton oz./ton oz./ton oz./ton oz./ton 123660
 > Ni-Bar-Compo
 > 8.343 3.751 231.931 1.391 .198
 >

>
> Dnyanendra A. (D.A.) Shah, who holds Arizona Registered Assayers
> Certification #8886, is an analytical chemist, veteran assayer and
> principal
> of Copperstate Analytical Lab, Inc. (Tucson). He graduated from the
> University of Bombay, India with a BS in chemistry/physics and has a BS in
>
> chemical engineering from New Mexico State University. He began his
> professional career as an analytical chemist at ASARCO (El Paso, Texas)
> and
> is a skilled fire assayer who is well acquainted with many instrumental
> methods including atomic absorption, gas chromatography, emission
> spectroscopy, wet chemistry, ICP, and others.
>
>
> In 1989 he was appointed by the State of Arizona as an officer on the
> State
> Board of Technical Registration Enforcement Advisory Committee. He has
> been
> called upon on occasions by the State of Arizona to referee contested
> assays
> and to serve as an expert witness.
>
> Unknown to the management of HCCA prior to the aforementioned assay
> assignment, Shah was selected by HCCA from among a list of several
> assayers
> provided by the State of Arizona to perform his independent assay.
>
> Interested individuals are asked to refrain from calling CSAL directly and
>
> may obtain a hard copy of Shah's 25-page report, including 15 photo
> exhibits,
> from Jordan Richard Assoc., 801-268-8610, or an electronic copy via email
> ir@jordanrichard.com <<mailto:ir@jordanrichard.com>>. Please state your
> name, address, telephone number and
> email address when requesting a copy. The report may also be viewed on the
>
> Internet on or before Monday, January 29, 2001, at
> <<http://www.jordanrichard.com/>> (See "You've Got News;" HCCA link is at
> bottom of page.)
>
> Maurice Furlong, president and chief executive officer of HCCA, noted that
>
> the hearing with the State of Arizona has been continued to March 13,
> 2001.
> He indicated that, notwithstanding a number of ongoing administrative
> proceedings, the company remains confident in its ability to capitalize on
>
> the development of its mining interests. Hexagon Consolidated Companies of
> America, Inc. is a company presently with interests in mining, health care,
>
> music publishing and real estate. NOTE: This news release contains
> statements
> that may be considered forward-looking statements within the meaning of

02/15/2001

> the
> Private Securities Litigation Reform Act of 1995. These statements are
> based
> on information available to the Company as of the date of this news
> release,
> and the Company assumes no obligation to update or revise these
> forward-looking statements. Such forward-looking statements are inherently
>
> uncertain, and the Company's actual results may differ from management's
> expectations. Further information on potential factors that could affect
> the
> financial condition and results of operations of the Company are included
> in
> the filings of the Company with the Securities and Exchange Commission.
>
> SOURCE: Hexagon Consolidated Companies of America, Inc.
>
>
>

JRA**Jordan Richard Assoc.**

1846 South 1200 East
Salt Lake City, Utah 84105

Phone: 801-268-8610

Fax: 801-313-1808

E-mail: ir@jordanrichard.com

DATE: 01-31-01TO: Ken A. PhillipsFAX NO.: 602-255-3777FROM: Vito BontinoNO. OF PAGES (including cover) 10

REMARKS: Attached is the Peoples' Mines Report
as per your request. Tried to send it to you
by email yesterday but it bounced back
with the message: "exceeded storage allocation".



**CSAL INC.**

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Shal
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

Peoples' Mines Inc.

1207 Copper Basin Road

Prescott, Arizona 85303

**CSAL INC.**

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. She
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

CASE NARRATIVE

Copper State Analytical Lab (CSAL) Inc. representative visited the "Peoples' Mine" on January 15, 2001 at Skull Valley location. The primary purpose of the visit was to observe the activities at the mine and the operation.

The property owners were requested to explain the mode of operation to understand the process. Property owners were requested to start a process with a fresh ore under the supervision of CSAL INC representative.

The fresh ore was taken from the mine (Exhibit #1,2) by the front loader. The ore was shoveled (Exhibit #3) on to a belt carrying an ore into the water spraying circuit to separate overburden of the ore and to finer fractions into a screening circuit. Different size screens (Exhibit #4) are used to separate the fractions for further separations of heavies on to high frequency shaker tables (Exhibit #5). Three different size fractions are separated. Final concentrate collected at the end of the circuit which is -400 fraction of the material for the metal recovery (Exhibit #6).

Following samples were collected by CSAL representative.

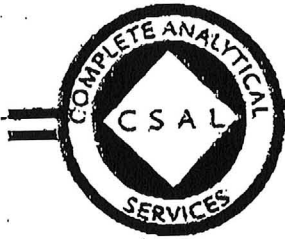
- 1) Lower Pit - ground sample
- 2) Lower pit off the wall sample
- 3) Lower pit Head sample
- 4) Water sample from spray
- 5) Middling concentrate from a shaker table #2 (100 / +200) sludge. (Exhibit #5)
- 6) Concentrate sample -200 final Conc. From the process (Exhibit #6)

The middling concentrate (100 / +200) sludge was to be taken to Minex at Phoenix for a metal recovery process. All the samples were in a custody of a representative of CSAL INC all the time.

CSAL INC.

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Sha
Since 1981



Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

PROCESSING THE CONC. AT MINEX

The middling concentrate (100 / +200) sludge was to be taken to Minex at Phoenix on January 16 ,2001. The sample was opened by one of the Minex employee in a presence of CSAL representative. (Exhibit #7). The sample was dried using vacuum filtration system (Exhibit #8). The sample was introduced in a drying oven at 1250 OF (Exhibit #9). Sample was taken out of the oven. (Exhibit #10). Sample was taken to weighing bench (Exhibit # 11). 750 grams of sample was weighed into a brand new carbon crucible. 480 grams of flux was added to the sample and mixed . The sample was covered with 225 grams of metal Nickel. We have taken a sample of Nickel metal and the flux used in the process. Then the crucible was introduced into a preheated fire assay furnace at 2650 oF. (Exhibit #12). The sample stayed in the furnace for one hour and thirty minutes. The furnace temperature was raised to 2850 oF and maintained during the fusion. Once the fusion was completed the fire assayer poured the fusion in to a clean mould (Exhibit #13,14). The mould was observed for any contaminations. (Exhibit 15) shows the final fusion in the mold. The nickel bar was separated from a slag by putting the fusion in the water. Nickel bar was then separated and cleaned any slag. Three samples were fused. The metal gain in three fusions are 226.8 grams, 230 grams and 277.5 grams. Metal gain is due to iron and other metals. One of the nickel bar was broken into the pieces and randomly selected pieces were pulverized using shatter box. The split sample was taken by CSAL INC. The shatter box pot was cleaned and part of the slag of fusion Taken was pulverized in the shatter box. The sample was taken by CSAL INC.

Samples collected at Minex are:

- 7] Nickel metal used for fusion
- 8] Flux used for fusion
- 9] Slag from the sample
- 10] Nickel bar composite sample

CSAL INC collected total of ten samples from mine and Minex to be analyzed for gold and PGM metals.

**CSAL INC.**

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710 E. Evans Blvd. Tucson, AZ 85713

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E-mail: CSALINC@aol.com

SUMMARY OF THE SAMPLE DISSOLUTION METHOD.

Weigh 2.000 grams of sample into a 250 mls beaker. Add 25 mls of conc. Nitric Acid. Digest the sample on a hot plate about 100oC for 15 minutes. Remove from the heat and cool. Add 100 mls of hydrochloric Acid slowly. Put the beaker on a hot plate. Digest the sample slowly (Do not boil) for 18 to 20 hours. Cool the sample. Filter the sample into a 100 mls. volumetric flask. Analyze the samples desired metals on ICP using proper wavelengths.

Three samples were analyzed by fire assay method using stannic oxide as a collector. Dissolve tin was in a dilute hydrochloric acid . Filter the residue. Dissolve the residue in a aqua-regia. Boil of the nitric. Dilute to the volume and analyze the sample for desired metals using ICP.

CSAL INC is not set up to analyze Ruthenium and Osmium.

File:peoplesmine/#55

**CSAL INC.**d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713President: D.A. Sha
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

ASSAY REPORTS

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594



CSAL INC.
d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Shah
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ.85303

Date Sampled: 01-15-2001
Date Received: 01-15-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP

CSAL ID	CLIENT ID	Platinum	Palladium	Iridium	Gold	Silver	Rhodium
		opt	opt	opt	opt	opt	opt
123652	Lower Pit- Ground	1.318	0.181	1.841	0.968	1.170	3.740
123653	Lower Pit - Off the wall	1.289	0.216	4.326	0.685	1.669	1.219
123654	Lower - Raw - Start	2.132	0.508	16.700	1.263	2.409	3.427
123654A	Belt sludge Water	0.015	0.006	0.061	<0.003	<0.003	0.003
123655	-100 / 200 sludge	3.145	1.003	23.628	2.258	4.728	17.140
123656	- 200 final conc	1.012	0.440	8.171	1.024	<0.003	8.871

Note: The samples are digested in Aqua regia according to Dr. Jordan's procedure. These samples are analyzed on Leeman Lab's ICP PS-1000 Radial. All the conditions of analytical methods are set up according to manufacturer's guidelines.



Reported By

D. A. Shah

01-18-2001

File:0101-123652/#55

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594

**CSAL INC.**

d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Sha
Since 1981

Phone (520) 388-4923

Fax (520) 884-5133

E-mail: CSALINC@aol.com

Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ 85303

Date Sampled: 01-16-2001
Date Received: 01-16-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP**TIN FUSION**

CSAL ID	CLIENT ID	Platinum opt	Palladium opt	Iridium opt	Gold opt	Silver opt	Rhodium opt
123654	Lower - Raw - Start	1.671	3.448	22.624	0.414	0.003	5.994
123555	-100 / 200 sludge	1.566	3.337	22.995	0.446	1.593	12.558
123660	Ni-Bar-Compo	8.348	3.751	231.931	1.391	0.198	1822.8

Note: The samples are fire assayed in a Tin Fusion. PGM metals are collected in a Tin.
Tin is dissolved in a Hydrochloric Acid. The residue left which is PGM's and precious metals
are dissolved in a aqua-regia for the ICP analysis.



Reportd By

D. A. Shah

01-18-2001

File:0101-123652#55

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594



CSAL INC.
d.b.a. Copper State Analytical Lab.
710 E. Evans Blvd. Tucson, AZ 85713

President: D.A. Sh
Since 1981

Phone (520) 388-4922

Fax (520) 884-5133

E-mail: CSALINC@aol.com

Mr. Maurice W. Furlong
Peoples Mine Inc.
1207 Copper Basin Road
Prescot, AZ.85303

Date Sampled: 01-16-2001
Date Received: 01-16-2001
Date Reported: 01-18-2001

ANALYTICAL REPORT BY ICP

CSAL ID	CLIENT ID	Platinum opt	Palladium opt	Irridium opt	Gold opt	Silver opt	Rhodium opt
123657	Ni Sample	0.003	0.003	0.003	0.003	0.003	0.003
123658	Flux Sample	0.003	0.003	0.003	0.003	0.003	0.003
123659	Slag from fusion	0.003	0.003	0.003	0.038	3.947	3.427
123660	Ni-Bar-Compo	8.343	3.751	231.931	<0.003	<0.003	1539.3

Note: The samples are digested in Aqua regia according to Dr. Jordan's procedure. These samples are analyzed on Leeman Lab's ICP PS-1000 Radial. All the conditions of analytical methods are set up according to manufacturer's guidelines.



Reportd By _____

01-18-2001


D. A. Shah

File:0101-123662#55

Soils, Sludge, Haz. Waste Characterization, TCLP, PCB's, Potable Water, Waste Water, Mining Assays, Geochemical Assays
★ Arizona Registered Assayer #8888 ★ ADHS License #AZ 0594

Proj. Manager: Mr. Maurice W. F. Company: Peoples Mine Inc Address: 1207 Copper Basin Rd Prescott, AZ. 86303 Phone No. 520-717-2670 Fax No. Note: Call 775-240-2000		Project Information: PROJECT NO. Mining PGM Project Location Skull Valley Submitted By Mr. Maurice W. Furlong Date Submitted 01/15/01 Time Submitted 1340 (24 hrs) P.O. No.		Public Water Supply Information: System Name: PWS No.: DWR NO.: POE NO.: Collection Point: Location: <table border="1"> <tr> <td>Report to State</td> <td>Yes</td> <td>No</td> </tr> <tr> <td>Compliance Sam</td> <td>Yes</td> <td>No</td> </tr> </table>		Report to State	Yes	No	Compliance Sam	Yes	No
Report to State	Yes	No									
Compliance Sam	Yes	No									

Fax Results	Yes	No	E-mail Results	Yes	No	ANALYSIS REQUESTED					
-------------	-----	----	----------------	-----	----	---------------------------	--	--	--	--	--

SAMPLE TYPE				COMPLIANCE MONITORING			Au.	PGM						
Haz Waste		Soil		Yes										
Waste Water		DW		No										
Potable Water		Other	X											

SAMPLE IDENTIFICATION		Date	Time	CSAL ID										
1	Lower Pit - Ground	01/15/01	1040	0101-123652	✓									
2	Lower Pit - Wall	"	1050	0101-123653	✓									
3	Lower Pit - Raw - start	"	1124	0101-123654	✓									
4	Belt Sludge Water	"	1135	0101-123654A	✓									
5	+200 / +100 Sludge	"	1330	0101-123655	✓									
6	-200 Final Conc.	"	1335	0101-123656	✓									
7														
8														
9														
10														

Turn Around Time:	Standard	Rush	Emergency
Relinquished By: <i>[Signature]</i>	Date: 01/15/01	Time: 1340	24 hours
Received By: <i>[Signature]</i>	Date:	Time:	24 hours
Received By: <i>[Signature]</i>	Date: 01/15/01	Time: 1341	24 hours

<!--StartFragment-->

CONSENT OF INDEPENDENT CHEMIST AND ASSAYER

Health Care Centers of America, Inc.

I hereby consent to the filing of the following reports with the registration statement of Health Care Centers of America, Inc., filed on Form 10-SB in accordance with Section 12 of the Securities Exchange Act of 1934:

1. Assay no. 2972A dated June 12, 1997 and letter relating thereto dated June 28, 1997, relating to approximately 500,000 tons of ore concentrate belonging to Peeples Mine, and located in the vicinity of Skull Valley, Arizona
2. Assay nos. 2220, 2221 and 2222, dated February 6, 1996, and letter relating thereto dated February 9, 1996, relating to properties belonging to F&H Mining in the vicinity of Mesquite, Nevada

I further consent to the reference to my name in such registration statement and to future reports and announcements, to the effect that I have tested samples from such concentrate, that such samples indicate commercial quantities of precious metals, including gold, platinum, iridium, and osmium, and subject to the qualifications set forth in my report, 500,000 tons of such concentrate would in my judgment be worth in excess of \$3 billion based on prices at March 21, 1997.

Metallurgical Research & Assay Laboratory

By: /s/Donald E. Jordan

Donald E. JordanHenderson, Nevada
August 26, 1997

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<TYPE>EX-99.33
<SEQUENCE>34
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CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Health Care Centers of America, Inc.

I hereby consent to the use of my report dated March 31, 1997, in the registration statement of Health Care Centers of America, Inc., filed in Form 10-SB in accordance with Section 12 of the Securities Exchange Act of 1934.

I also consent to my report referred to above being considered as comprehending my opinion that the supplemental schedules of Health Care Centers of America, Inc. and its subsidiary as of December 31, 1994, 1995 and 1996, and for each of the years then ended, included in such registration statement, when considered in relation to the basic consolidated financial statements, present fairly in all material respects the information shown therein.

/s/ W. Dale McGhie

FROM HCCA
10-SB FILING

W. Dale McGhie, CPA

Reno, Nevada
August 22, 1997

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<TYPE>EX-99.34
<SEQUENCE>35
<DESCRIPTION>(12) (A) SINKOVICH LETTER
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Roy E. Sinkovich
Certified Public Accountant
Doctor of Jurisprudence

Health Care Centers of America, Inc.
100 North Arlington Avenue
Suite 22F
Reno, Nevada 89501

To Whom It May Concern:

I prepared a prior audit report of Health Care Centers of America, Inc. ("the Company"), for the period ending December 31, 1995. Management had reported in the financial statements transactions of various agreements prior to consumation of the agreements. As a result of the contingency status of the contracts, Management adjusted their financial statements to reflect these changes.

Due to Managements decision to revise the financial statements by excluding these varioius contingent contracts, I am withdrawing my audit report for the period ending December 31, 1995. Please accept the audit reports prepared by Mr. W. Dale McGhie for the years ending December 31, 1994 and 1995, plus Mr. W. Dale McGhie's interim report for the period ending September 30, 1996.

Sincerely,

Mr. Roy Sinkovich
Certified Public Accountant

P.O. Box 110726 / Nashville, Tennessee 37211 / Office 615-834-0025 / Fax 615-834-0027

</TEXT>
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HCCA

November 29, 1996

To whom it may concern:

The Board of Directors of Health Care Centers of America, Inc. has requested the withdrawal of the audited financial statements for the period ended December 31, 1995 and the financial report prepared by Mr. Roy Sinkovich dated March 7, 1996, which has been replaced by the financial report of Mr. W. Dale McGhie for the audit of the financial statements for the periods ending Decmeber 31, 1994 and 1995 and for the interim period ending September 30, 1996.

In the financial statements prepared for Mr. Roy Sinkovich for the period ending December 31, 1995, management included in the financial statements transactions of various contract agreements. Management realized that to complete audits of the various entities in a timely manner would have delayed the registration of the filing of the form 10-SB, and therefore, finalization of the various contracts were delayed until after registration of the Company. It is anticipated that the majority of these mergers will be completed during 1997.

Should you be aware of the distribution of additional financial reports dated December 31, 1995 prepared by Mr. Roy Sinkovich, we appreciate your best efforts in assisting us in disseminating this information to those who may have this financial report in their possession.

Sincerely,

/s/ W. Maurice Furlong
President and Chairman of the Board

HEALTH CARE CENTERS OF AMERICA, INC. 510 Renaissance
Drive Oakbrook Terrace, IL 60181

</TEXT>
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METALLURGICAL RESEARCH AND ASSAY LABORATORY
745 SUNSET RD., SUITE 8
HENDERSON, NV 89015
702-565-0074
June 25, 1997

Mr. W. Dale McGhie
1539 Vassar Street
Reno, NV 89502

Dear Mr. McGhie:

In response to your request as to Peoples Mining Company's ability to process dore bars and sell them for more than the cost of making them. It is my opinion, that if HCCA's Peoples Mining can recover approximately 80% of the values, and if they have 800,000 tons of this material as represented, then by using the current prices (3/21/97) of precious and rare earth metals present, they can expect a gross profit.

The plasma furnace will smelt 1/4 ton of ore per hour at a cost of approximately \$700 per hour. Using the metal values given, peoples Mining has \$13,600 per ton of ore. If 80% is recovered to sell in a dore bar to a refinery Peoples can expect to receive \$10,900 per processed ton of ore. The direct cost of recovery should not exceed \$3000 per ton. Peoples should have a gross profit of over \$7900 per treated ton of ore.

The length of time to process 500,000 tons of ore is mostly dependent on Peoples ability to purchase a number of plasma furnaces at a cost of approximately \$500,000 per unit.

Therefore based on the above, it is my opinion that the value of the ore in its current state would be almost \$4,000,000,000.

Sincerely,

[unsigned]

Donald E. Jordan

If you need any additional information please call us at the above number.

Thank you.

Sincerely,

/s/ Donald E. Jordan

Donald E. Jordan

</TEXT>
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 <SEQUENCE>38
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EXHIBIT 12(d)

METALLURGICAL RESEARCH AND ASSAY LABORATORY
 745 SUNSET RD., SUITE 8
 HENDERSON, NV 89015
 702-565-0074

February 9, 1996

Mr. Harrigan

We retrieved and analyzed three samples for you (results shown on separate assay reports #'s 220, 2221, and 2222 dated 2/9/96. These samples were taken over a 7 claim area and identified as B4 foot bank, M14 foot bank, and T prospect hole 200 yards to the north east. These samples, if representative of the 7 claims, have values according to our assays above as follows:

7 claims = 700,000 cubic yards and each cubic yard weighs ca 1.5 ton.
 or 1,050,000 ton/7claims.

The average value/ton for each metal is:

Gold	\$	80
Platinum		700
Rhodium		250
Osmium		1000
Ruthenium		18
Palladium		15
Iridium		180

TOTAL \$2243/ton

\$2243 X 1,050,000 tons =\$ 2,355,150,000.00

Of course these value are just an estimate but from the assays and the area covered we feel that they are a pretty good estimate.

Very truly yours

Donald E. Jordan
 /s/ Donald E. Jordan

<PAGE>

Metallurgical Research and Assay Laboratory
 745 Sunset Road Suite 8
 Henderson, NV 89015
 702-565-0074
 702-564-0726

ASSAY REPORT

ASSAY NUMBER 2220 DATE: 2/9/96

CUSTOMER CRAIG FURLONG

SAMPLE IDENTIFICATION BY ROAD 4 FOOT BANK SAMPLE

Element ppm or ug/g Troy oz/s.ton

Au-Gold 7.0 0.20

Ag-Silver	5.6	0.16
Pt-Platinum	46.4	1.35
Rh-Rhodium	9.0	0.26
Os-Osmeium	50.0	1.46
Ru-Ruthenium	9.1	0.27
Pd-Pladdium	3.7	0.11
Ir-Iridium	71.0	2.07

REGISTERED ASSAYER
 CERTIFICATE NO. 19127
 DONALD E. JORDAN
 /s/ DONALD E. JORDAN
 Date Signed 2/9/96
 ARIZONA, U.S.A.

UNLESS PRIOR ARRANGEMENTS ARE MADE, ALL SAMPLES WILL BE DISCARDED AFTER 30 DAYS. THESE RESULTS ARE BASED ON WELL KNOWN ACCEPTED ANALYTICAL PROCEDURES USED SOLELY ON THE SAMPLE TAKEN BY JORDAN, GRAHAM, AND HERRON. THIS REPORT IS PREPARED EXCLUSIVELY FOR THE CLIENT. NO WARRNTIES AS TO THE REPRODUCIBILITY OR EXTRACTABILITY OF MATERIAL OTHER THAN THE SAMPLE IS GIVEN. DONALD E. JORDAN AND/OR METALLURGICAL RESEARCH AND ASSAY LABORATORY MAKE NO REPRESENTATION EXPRESS OR IMPLIED ON MATERIAL OTHER THAN THAT REPRESENTED BY THE SAMPLE ASSAYED.

NOTE: "#VALUE!" MEANS THAT ELEMENT HAS NOT BEEN ANALYZED FOR THIS REPORT.

Metallurgical Research and Assay Laboratory
 745 Sunset Road Suite 8
 Henderson, NV 89015
 702-565-0074
 702-564-0726

ASSAY REPORT

ASSAY NUMBER 2221 DATE: 2/9/96

CUSTOMER CRAIG FURLONG

SAMPLE IDENTIFICATION BY ROAD 14 FOOT BANK SAMPLE

Element	ppm or ug/g	Troy oz/s.ton
Au-Gold	7.8	0.20
Ag-Silver	8.4	0.24
Pt-Platinum	54.0	1.57
Rh-Rhodium	15.5	0.45
Os-Osmeium	89.5	2.61
Ru-Ruthenium	8.2	0.24
Pd-Pladdium	3.4	0.16
Ir-Iridium	102.0	2.97

REGISTERED ASSAYER
 CERTIFICATE NO. 19127
 DONALD E. JORDAN
 /s/ DONALD E. JORDAN
 Date Signed 2/9/96

ARIZONA, U.S.A.

UNLESS PRIOR ARRANGEMENTS ARE MADE, ALL SAMPLES WILL BE DISCARDED AFTER 30 DAYS. THESE RESULTS ARE BASED ON WELL KNOWN ACCEPTED ANALYTICAL PROCEDURES USED SOLELY ON THE SAMPLE TAKEN BY JORDAN, GRAHAM, AND HERRON. THIS REPORT IS PREPARED EXCLUSIVELY FOR THE CLIENT. NO WARRNTIES AS TO THE REPRODUCIBILITY OR EXTRACTABILITY OF MATERIAL OTHER THAN THE SAMPLE IS GIVEN. DONALD E. JORDAN AND/OR METALLURGICAL RESEARCH AND ASSAY LABORATORY MAKE NO REPRESENTATION EXPRESS OR IMPLIED ON MATERIAL OTHER THAN THAT REPRESENTED BY THE SAMPLE ASSAYED.

NOTE: "#VALUE!" MEANS THAT ELEMENT HAS NOT BEEN ANALYZED FOR THIS REPORT.

Metallurgical Research and Assay Laboratory
 745 Sunset Road Suite 8
 Henderson, NV 89015
 702-565-0074
 702-564-0726

ASSAY REPORT

ASSAY NUMBER 2222 DATE: 2/9/96

CUSTOMER CRAIG FURLONG

SAMPLE IDENTIFICATION BY ROAD 14 FOOT BANK SAMPLE

Element ppm or ug/g Troy oz/s. ton

Au-Gold	9.8	0.29
Ag-Silver	10.5	0.31
Pt-Platinum	77.0	2.25
Rh-Rhodium	20.4	0.59
Os-Osmeium	121.0	3.53
Ru-Ruthenium	15.6	0.45
Pd-Pladdium	6.6	0.19
Ir-Iridium	131.0	3.82

REGISTERED ASSAYER
 CERTIFICATE NO. 19127
 DONALD E. JORDAN
 /s/ DONALD E. JORDAN
 Date Signed 2/9/96

ARIZONA, U.S.A.

UNLESS PRIOR ARRANGEMENTS ARE MADE, ALL SAMPLES WILL BE DISCARDED AFTER 30 DAYS. THESE RESULTS ARE BASED ON WELL KNOWN ACCEPTED ANALYTICAL PROCEDURES USED SOLELY ON THE SAMPLE TAKEN BY JORDAN, GRAHAM, AND HERRON. THIS REPORT IS PREPARED EXCLUSIVELY FOR THE CLIENT. NO WARRNTIES AS TO THE REPRODUCIBILITY OR EXTRACTABILITY OF MATERIAL OTHER THAN THE SAMPLE IS GIVEN. DONALD E. JORDAN AND/OR METALLURGICAL RESEARCH AND ASSAY LABORATORY MAKE NO REPRESENTATION EXPRESS OR IMPLIED ON MATERIAL OTHER THAN THAT REPRESENTED BY THE SAMPLE ASSAYED.

NOTE: "#VALUE!" MEANS THAT ELEMENT HAS NOT BEEN ANALYZED FOR THIS REPORT.

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METALLURGICAL RESEARCH AND ASSAY LABORATORY
 745 SUNSET RD., SUITE 8
 HENDERSON, NV 89015
 702-565-0074
 June 13, 1997

Dale McGhie
 1539 Vassar Street
 Reno, NV
 89502

Dear Mr. McGhie:

Enclosed ar The assays from the skull valley property that we sampled for Mr. Furlong. Mr. Graham and I were present and observed the taking of the samples. We physically took possession of these samples, brought them to our laboratory, prepared and assayed each sample.

If you need any additional information please call us at the above number.

Thank you.

Sincerely,

/s/ Donald E. Jordan

Donald E. Jordan

<PAGE>

Metallurgical Research and Assay Laboratory

<http://www.sec.gov/Archives/edgar/data/1010474/0000931731-99-000510.txt>

07/28/2000

745 Sunset Road Suite 8
Henderson, NV 89015
702-565-0074
702-564-0726

ASSAY REPORT

ASSAY NUMBER 2972A DATE: 6/12/97

CUSTOMER CRAIG FURLONG

SAMPLE IDENTIFICATION #1 PIT - 90+ FEET

Element	ppm or ug/g	Troy oz/s. ton
Au-Gold	35.2	1.03
Ag-Silver	39.3	1.14
Pt-Platinum	105.5	3.08
Rh-Rhodium	42.5	1.24
Os-Osmeium	670.0	19.54
Ru-Ruthenium	92.5	2.70
Pd-Pladdium	13.9	0.40
Ir-Iridium	251.5	7.34
Fe-Iron	278,000.0	8,108.15
Cu-Copper	312.0	9.10

SULFUR : 0.012 %
S102 : 50.9 %

REGISTERED ASSAYER
CERTIFICATE NO. 19127
DONALD E. JORDAN
/s/ DONALD E. JORDAN
Date Signed 6/12/97
ARIZONA, U.S.A.

UNLESS PRIOR ARRANGEMENTS ARE MADE, ALL SAMPLES WILL BE DISCARDED AFTER 30 DAYS. THESE RESULTS ARE BASED ON WELL KNOWN ACCEPTED ANALYTICAL PROCEDURES USED SOLELY ON THE SAMPLE TAKEN BY JORDAN, GRAHAM, AND HERRON. THIS REPORT IS PREPARED EXCLUSIVELY FOR THE CLIENT. NO WARRNTIES AS TO THE REPRODUCIBILITY OR EXTRACTABILITY OF MATERIAL OTHER THAN THE SAMPLE IS GIVEN. DONALD E. JORDAN AND/OR METALLURGICAL RESEARCH AND ASSAY LABORATORY MAKE NO REPRESENTATION EXPRESS OR IMPLIED ON MATERIAL OTHER THAN THAT REPRESENTED BY THE SAMPLE ASSAYED.

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Metallurgical Research and Assay Laboratory
745 Sunset Road Suite 8
Henderson, NV 89015
702-565-0074
702-564-0726

ASSAY REPORT

ASSAY NUMBER 2972B DATE: 6/12/97

CUSTOMER CRAIG FURLONG

SAMPLE IDENTIFICATION #1 PIT - 90'

Element	ppm or ug/g	Troy oz/s. ton
B-Boron	0.0	0.00
Zn-Zinc	216.0	6.30
Ni-Nickel	475.5	13.87
Mo-Molybdenum	82.5	2.41
Re-Rhenium	4.6	0.13
As-Arsenic	1,270.0	37.04
Sb-Antimony	530.0	15.46
Co-Cobalt	2,850.0	83.12
Mn-Manganese	304.5	8.88
Te-Tellerium	730.0	28.58
Sn-Tin	296.0	8.63
Cr-Chromium	1,955.0	57.02
Pb-Lead	435.0	12.69
Al-Aluminum	15,700.0	457.91
Tl-Thallium	53.0	1.55
Zr-Zirconium	28.3	0.82
Ti-Titanium	8,300.0	242.08
Li-Lithium	0.0	0.00

Cu-Copper	312.0	9.16
W-Tungsten	135.5	3.95
Bi-Bismuth	35.4	1.03

REGISTERED ASSAYER
 CERTIFICATE NO. 19127
 DONALD E. JORDAN
 /s/ DONALD E. JORDAN
 Date Signed 6/12/97
 ARIZONA, U.S.A.

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Metallurgical Research and Assay Laboratory
 745 Sunset Road Suite 8
 Henderson, NV 89015
 702-565-0074
 702-564-0726

ASSAY REPORT

ASSAY NUMBER 2972C DATE: 6/12/97
 CUSTOMER CRAIG FURLONG
 SAMPLE IDENTIFICATION #1 PIT - 90'

Element	ppm or ug/g	Troy oz/s. ton
Se-Selenium	165.5	4.83
Ge-Germanium	157.0	4.58
Ga-Gallium	289.5	8.44
Yb-Ytterbium	79.5	2.32
Md-Meodymium	720.0	21.00
Pr-Praseodymium	25.5	0.74
Sn-Sanarium	45.3	1.32
Tm-Thulium	930.0	27.12
Lu-Luteium	31.7	0.92
Dy-Dysprosium	13.6	0.40
Ce-Cerium	323.5	9.44
Er-Erbium	9,300.0	271.24
Tb-Terbium	40.0	1.17
Eu-Europium	405.5	11.83
Ho-Holmium	63.5	1.85
U-Uranium	0.0	0.00
Sc-Scandium	1.4	0.04
Y-Yittrium	10.3	0.30

REGISTERED ASSAYER
 CERTIFICATE NO. 19127
 DONALD E. JORDAN
 /s/ DONALD E. JORDAN
 Date Signed 6/12/97
 ARIZONA, U.S.A.

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<PAGE>

METALLURGICAL RESEARCH AND ASSAY LABORATORY
 745 SUNSET RD., SUITE 8
 HENDERSON, NV 89015
 702-565-0074

6/28/97

Mr. V. Dale McGhie
 Certified Public Accountant
 1539 Vassar Street
 Reno, NV 89502

Re: Auditors request to summarize Peeples Mining Companies ore value.

Dear Mr. McGhie:

It is my opinion, assuming Peeples Mining Company reduces its ore inventory to a dore bar using a plasma furnace, they can recover approximately 80% of the values.

Assuming Peeples Mining Company has in excess of 500,000 tons of material as represented by Paul Mason, the market prices, as of March 21, 1997, for the precious metals present in Peeples ore are as follows:

Gold	\$ 354.00 per oz.
Silver	\$ 5.00 per oz.
Platinum	\$ 395.00 per oz.
Rhodium	\$ 321.00 per oz.
Osmium	\$ 425.00 per oz.
Ruthenium	\$ 12.00 per oz.
Palladium	\$ 145.00 per oz.
Iridium	\$ 425.00 per oz.

Assuming Peeples Mining Company installs 2 furnaces to start with, they will be able to process one half ton of ore, to the dore bar state, every hour.

Assuming Peeples operates their furnaces 24 hours per day - 7 days per week they will be able to process 84 tons of ore to the dore bar state each week. As stated the plasma furnaces will collect approximately 80% of the ores values in the dore bars.

The Assay \$ 2972A I performed on June 12, 1997, shows the Precious Metal values per ton of Peeples ore to be \$13,619.86 present in each ton of ore.

Peeples approximate recovery of 80% of the present values, given Peeples a representative value of \$10,900 per ton of ore (not per ton of dore bars).

The estimated cost per ton of ore to create the dore bars should not exceed \$3,000 per ton of ore.

The [before tax profit] Peeples Mining Co. Will be approximately \$ 7,900.00 per ton of concentrate.

Assuming that Peeples Mining Co. Has an excess of 500,000 tons of this ore as stated above, they can expect their before tax profit would be \$3,950,000,000.00 (three billion nine hundred fifty million dollars).

It's my professional opinion, based on the above, that with just the precious metal values being considered, Peeples Mining Companies inventory of ore is worth well in excess of \$3,000,000,000.00 (three billion dollars).

Sincerely,

/s/ Donald E. Jordan

Donald E. Jordan

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ACCESSION NUMBER: 0000931731-99-000510

CONFORMED SUBMISSION TYPE: 10SB12G/A

PUBLIC DOCUMENT COUNT: 41

FILED AS OF DATE: 19991216

FILER:

COMPANY DATA:

COMPANY CONFORMED NAME:	HEXAGON CONSOLIDATED COMPANIES OF AMERICA INC
CENTRAL INDEX KEY:	0001010474
STANDARD INDUSTRIAL CLASSIFICATION:	SERVICES-MISC HEALTH & ALLIED SERVICES, NEC [8090]
IRS NUMBER:	621210877
STATE OF INCORPORATION:	NV
FISCAL YEAR END:	1231

FILING VALUES:

FORM TYPE:	10SB12G/A
SEC ACT:	
SEC FILE NUMBER:	000-29006
FILM NUMBER:	99775585

BUSINESS ADDRESS:

STREET 1:	100 NORTH ARLINGTON AVENUE
STREET 2:	SUITE 22F
CITY:	RENO
STATE:	NV
ZIP:	89501
BUSINESS PHONE:	7557861461

MAIL ADDRESS:

STREET 1:	100 N ARLINGTON AVE
STREET 2:	STE 22F
CITY:	RENO
STATE:	NV
ZIP:	89501

FORMER COMPANY:

FORMER CONFORMED NAME:	HEALTH CARE CENTERS OF AMERICA INC
DATE OF NAME CHANGE:	19970828

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HCCA

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

FORM 10SB12G/A
(Second Amended)

GENERAL FORM FOR REGISTRATION OF SECURITIES
OF SMALL BUSINESS ISSUERS UNDER SECTION 12(b)
OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file no.0-29006

HEXAGON CONSOLIDATED COMPANIES OF AMERICA, INC.
(FORMERLY HEALTH CARE CENTERS OF AMERICA, INC.)



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U.S. Securities and Exchange Commission

UNITED STATES OF AMERICA before the SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 47473 / March 7, 2003

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 1733 / March 7, 2003

ADMINISTRATIVE PROCEEDING
File No. 3-11057

W. DALE MCGHIE, CPA,

Respondent.

:
: **ORDER INSTITUTING PUBLIC**
: **ADMINISTRATIVE AND CEASE- AND-**
: **DESIST PROCEEDINGS, PURSUANT TO**
: **SECTION 21C OF THE SECURITIES**
: **EXCHANGE ACT OF 1934 AND RULE 102**
: **(e) OF THE COMMISSION'S RULES OF**
: **PRACTICE, MAKING FINDINGS, AND**
: **IMPOSING REMEDIAL SANCTIONS AND A**
: **CEASE-AND- DESIST ORDER**
:

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that public administrative and cease-and-desist proceedings be, and hereby are, instituted against W. Dale McGhie, CPA ("Respondent" or "McGhie") pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") and Rules 102(e)(1)(ii) and (e)(1)(iii) of the Commission's Rules of Practice.¹

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, Respondent consents to the entry of this Order Instituting Public Administrative and Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds² that:

Respondent

1. W. Dale McGhie was for all relevant periods herein and currently is a certified public accountant licensed in Nevada. McGhie served as the auditor of Hexagon Consolidated Companies of America, Inc. ("HCCA") from approximately September 13, 1996, until he was discharged on September 1, 2001. McGhie, 64 years old, is a resident of Reno, Nevada, and is a member of the Nevada Society of certified public accountants.

Other Relevant Entity

2. HCCA is a Nevada corporation located in Reno, Nevada. HCCA's common stock is registered pursuant to Section 12(g) of the Exchange Act. Its common stock was quoted on the OTC Bulletin Board until it was designated ineligible to be quoted on February 24, 2000, for failing to comply with the NASD's "eligible securities" criteria (Rule 6530).

3. The U.S. District Court for the Middle District of Tennessee enjoined HCCA's predecessor from violating Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act") and Section 10(b) and Rule 10b-5 of the Exchange Act in January 1989. In March 1994, the Commissioner of Commerce and Insurance for Tennessee ordered two predecessors of HCCA to cease and desist violating various state securities laws, including its anti-fraud provisions. In December 1994, the State of South Carolina ordered two of HCCA's predecessors to cease and desist violating various state securities laws, including its anti-fraud provisions.

Improper Accounting: Recognition of Arizona Ore Inventory

4. On or about August 24, 1995, HCCA issued 100 million shares of stock to acquire a company whose only significant asset was a sublease. HCCA claimed that the sublease provided ownership to 500,000 tons of ore inventory located in Arizona. HCCA recorded the ore as an asset on its books and valued it at \$200 million. This valuation was a departure from generally accepted accounting principles ("GAAP"). HCCA never owned the ore. Moreover, the ore consisted of waste tailings and there was no reasonable basis to believe that minerals could be economically extracted from such ore. HCCA should have recorded and valued this asset at zero in order to conform with GAAP.

5. Recording this asset as set forth above materially misstated the financial statements that appeared in, *inter alia*, HCCA's December 1997 Form 10-KSB, December 1998 Form 10-KSB and December 1999 amendment thereto, March 1997 report on Form 10-QSB, and the August 1997 and December 1999 amendments to HCCA's December 1996 Form 10-SB. McGhie issued unqualified audit opinions that were included in the Forms 10-KSB and amendment thereto and in the two amended Forms 10-SB, and his unqualified review report was included in the March 1997 Form 10-QSB.

Improper Accounting: Recognition of California Mining Claims

6. On or about February 6, 1997, HCCA acquired 17 mining claims, located in California, in exchange for 375 million shares of HCCA stock. HCCA acquired the claims from a company managed by HCCA's chief executive officer. This related company acquired the claims in 1996 in exchange for HCCA stock worth approximately \$275,000. HCCA recorded the claims it acquired from the related company at \$69,375,000. This valuation was a departure from GAAP. There was no reasonable basis to believe that any economically recoverable mineral reserves existed at the site. Indeed, evidence existed showing that there were no economically recoverable reserves located on this property. HCCA should have recorded and valued this asset at zero in order to conform with GAAP.

7. Recording this asset as set forth above materially misstated the financial statements that appeared in, *inter alia*, HCCA's March 1997 Form 10-QSB, December 1997 and December 1998 Forms 10-KSB, and the December 1999 amendment to HCCA's December 1996 Form 10-SB. McGhie issued audit opinions that were included in the Forms 10-SB and 10-KSB, and his unqualified review report was included in the March 1997 Form 10-QSB.

Improper Accounting: Recognition of Advertising Credits

8. On or about June 26, 1996, HCCA purportedly acquired \$100 million of television advertising credits in exchange for 40 million shares of HCCA stock. HCCA recorded and valued these credits at \$50 million, or 50% of their face value. However, the credits were of no use to HCCA and had no apparent market for resale or trade purposes. Recording these credits in excess of the seller's historical cost basis of zero was a departure from GAAP.

9. Recording this asset as set forth above materially misstated the financial statements that appeared in, inter alia, HCCA's December 1996 Form 10-SB and December 1996 Form 10-KSB. McGhie issued unqualified audit opinions that were included in these filings.

Improper Accounting: Recognition of Real Estate

10. From August 1997 through December 1999, HCCA reported in various filings that it owned certain real estate. HCCA recorded and valued these assets at approximately \$49 million. Reporting these assets with any value was a departure from GAAP because the acquisitions were never consummated.

11. Recording this asset as set forth above materially misstated the financial statements that appeared in, inter alia, HCCA's December 1997 and December 1998 Forms 10-KSB, March 1997 report on Form 10-QSB, and the August 1997 and December 1999 amendments to the December 1996 Form 10-SB. McGhie issued unqualified audit opinions that were included in the Forms 10-SB and 10-KSB, and his unqualified review report was included in the March 1997 Form 10-QSB.

Improper Accounting: Recognition of Notes Receivable

12. From 1996 through 1999, HCCA reported that it held two note receivables. The first note obligated a Mexican corporation to pay HCCA \$215,000 plus interest, and the second note obligated two individuals to pay HCCA \$45,000 plus interest. HCCA recorded and valued these notes at \$260,000. Recording these notes as such was a departure from GAAP because HCCA lacked a reasonable basis for believing that the notes were collectible; in fact, HCCA never collected a single payment on the notes. Although both notes were in default at the time HCCA filed its Form 10-SB in December 1996, HCCA continued to report these notes at their full value in subsequent reports rather than assigning a value of zero.

13. Recording these assets as set forth above materially misstated the financial statements that appeared in, inter alia, HCCA's December 1996 Form 10-SB and both amendments thereto, December 1996 and December 1997 Form 10-KSB, December 1998 Form 10-KSB and the amendment thereto, and March 1997 report on Form 10-QSB. McGhie issued unqualified audit opinions that were included in the Forms 10-SB and 10-KSB, and his unqualified review report was included in the March 1997 Form 10-QSB.

Audit and Review Deficiencies

14. McGhie violated generally accepted auditing standards ("GAAS") by failing to: (1) exercise due professional care in the performance of his audits and in the preparation of his audit opinions (see AU §230, Due Professional Care in the Performance of Work); (2) properly plan his audits (see AU §311, Planning and Supervision); (3) maintain a healthy degree of skepticism during his audits (see AU §316, Consideration of Fraud in a Financial Statement Audit); (4) obtain sufficient competent evidential matter (see AU §326, Evidential Matter); and (5) issue audit opinions that complied with the reporting standards of GAAS (see AU §§410, Adherence to GAAP, §411, The Meaning of "Present Fairly in Conformity With GAAP").

15. McGhie audited and/or reviewed HCCA's false and misleading financial statements that misstated the value of certain assets. The reporting of the Arizona and California mineral properties, advertising credits, real estate, and notes receivable assets, either individually or combined, caused HCCA's financial statements to be overstated in various filings made with the Commission. McGhie failed to conduct any meaningful audit or review procedures when examining these transactions. McGhie failed to create and use audit programs to properly plan his audits as required by GAAS. McGhie also violated GAAS when he failed to obtain competent evidence to verify the existence and legitimacy of these assets. Instead, he relied upon oral representations from HCCA's management and/or outside parties who lacked the expertise to make such representations. During his audits and review, there were ample "red flags" which should have alerted McGhie that none of these assets should have been recognized. On other occasions, he failed to obtain any valid support to justify the recording of the assets, including verifying whether HCCA had legal title to the real estate.

16. McGhie issued independent audit reports that were included in HCCA's 1996 Form 10-SB and two amendments thereto, 1996, 1997 and 1998 Forms 10-KSB, and an amendment to the 1998 Form 10-KSB. McGhie's unqualified audit opinions falsely stated that he had conducted his audit in accordance with GAAS and that HCCA's financial statements had been prepared in conformity with GAAP.

17. Similarly, HCCA's March 1997 Form 10-QSB included McGhie's review report. This report falsely represented that McGhie's review was done "in accordance with standards established

by the American Institute of Certified Public Accountants" and that McGhie was "not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles." McGhie failed to make adequate inquiries and to conduct adequate analytical reviews, as required by standards established by the American Institute of Certified Public Accountants ("AICPA") (see AR §100.23-31, Compilation and Review of Financial Statements, Review of Financial Statements). Moreover, McGhie was aware of HCCA's departures from GAAP regarding its recording of the mineral properties, real estate and notes receivable, as required by GAAS (see AU §722.32, Interim Financial Information, Modification of the Accountant's Review Report) and the AICPA (see AR §100.32-41, Compilation and Review of Financial Statements).

Violations

18. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit a person, in connection with the purchase or sale of a security, from making an untrue statement of a material fact or from omitting to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading. To violate Section 10 (b) or Rule 10b-5, a defendant must act with scienter, Aaron v. SEC, 446 U.S. 680, 695, 701-02 (1980), which the Supreme Court has defined as "a mental state embracing intent to deceive, manipulate, or defraud," Ernst & Ernst v. Hochfelder, 425 U.S. 185, 193 n.12 (1976).

19. McGhie willfully violated Section 10(b) and Rule 10b-5 thereunder by issuing audit reports that were included in HCCA's Forms 10-SB and 10-KSB that falsely represented that his audits were performed in accordance with GAAS and that HCCA's financial statements conformed with GAAP. McGhie also issued a review report that was included in HCCA's March 1997 Form 10-QSB. The review report falsely represented that the review was done in accordance with AICPA standards and that McGhie was unaware of any material modifications that needed to be made to the accompanying financial statements in order for them to conform with GAAP. An auditor can be held to have violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by preparing and certifying false financial statements, Anixter v. Home-Stake Production, 77 F.3d 1215, 1225-27 (10th Cir. 1996), or by issuing a false audit report, McGann v. Ernst & Young, 102 F.3d 390, 397 (9th Cir. 1996).

20. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers with securities registered under Section 12 of the Exchange Act to file quarterly and annual reports with the Commission and to keep this information current. The obligation to file such reports embodies the requirement that they be true and correct. See, e.g., SEC v. Savoy Indus., Inc., 587 F.2d 1149, 1165 (D.C. Cir. 1978), cert. denied, 440 U.S. 913 (1979).

21. McGhie willfully aided and abetted and caused HCCA's violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder through his issuance of false and misleading audit reports and a review report that were included in the quarterly and annual reports filed by HCCA with the Commission. The quarterly and annual reports overstated HCCA's assets from 119% to 95,920%.

22. Based on the foregoing, the Commission finds that McGhie engaged in improper professional conduct pursuant to Rule 102(e)(1)(ii) of the Commission's Rules of Practice.

23. Based on the foregoing, the Commission finds that McGhie (a) willfully violated Section 10 (b) of the Exchange Act and Rule 10b-5 promulgated thereunder; and (b) willfully aided and abetted and caused HCCA's violations of Section 13(a) of the Exchange Act, and Rules 13a-1 and 13a-13 promulgated thereunder.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent McGhie's Offer.

Accordingly, IT IS HERBY ORDERED effective immediately, that:

A. McGhie shall cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder; and from causing any violations and any future violations of Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 promulgated thereunder.

B. McGhie is denied the privilege of appearing or practicing before the Commission as an accountant.

By the Commission.

Jonathan G. Katz
Secretary

Footnotes

¹ Rule 102(e)(1)(ii) provides, in relevant part, that:

The Commission may deny, temporarily or permanently, the privilege of appearing or practicing before it any person who is found to have engaged in improper professional conduct.

Rule 102(e)(1)(iii) provides, in relevant part, that:

The Commission may deny, temporarily or permanently, the privilege of appearing or practicing before it any person who is found...to have willfully violated, or willfully aided and abetted the violation of any provision of the Federal securities laws or the rules or regulations thereunder.

² The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

<http://www.sec.gov/litigation/admin/34-47473.htm>

[Home](#) | [Previous Page](#)

Modified: 05/07/2003

(Name of Small Business Issuer in Its Charter)

Nevada

62-1210877

(State or Other Jurisdiction of
Incorporation or Organization)(I.R.S. Employer
Identification No.)100 North Arlington (ste. 22F)
Reno, Nevada

89501

(Address of Principal Executive Officer)

(Zip Code)

(702) 786-1461

(Issuer's Telephone Number)

Securities registered under Section 12(b) of the Exchange Act:
None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$.001 per share

(Title of Class)

1

<PAGE>

DOCUMENTS INCORPORATED BY REFERENCE

Documents incorporated by reference: None

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	PART I	
Item 1	Description of Business	3
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PART I

Item 1. Description of Business.

Much of the discussion contained in this Item 1 is "forward looking", as that term is identified in, or contemplated by, Section 27A of the Securities Act and Section 21E of the Exchange Act. Actual results may materially differ from projections. Information concerning factors that could cause actual results to differ materially is set forth in this Item 1 and in Items 2 and 3 below. For a complete understanding of such factors, this entire document, including the financial statements and their accompanying notes, should be read in its entirety.

Historical Overview of the Company

Hexagon Consolidated Companies of America, Inc., a Nevada corporation (the "Company"), was incorporated in Montana in October 1967. The Company's executive offices are located at 100 North Arlington (suite 22F), Reno, Nevada.

Originally known as Cadgie Taylor Co., the Company merged with Carleton Enterprises, Ltd., a Nevada corporation, in 1984. Later that year, it changed its name to SCN, Ltd., and effected a share exchange with Star-Com Network, Inc., another Nevada corporation. In 1985, the Company filed for bankruptcy under Chapter 11 of the United States Bankruptcy Code. In September 1993, the bankruptcy proceedings were dismissed.

Upon emerging from such bankruptcy proceedings, the Company changed its name to Health Care Centers of America, Inc., reflecting its intention to develop a network of multi-disciplinary health care centers. A plan was formulated whereby the Company would acquire health care practices in exchange for shares of the Company's stock, the value of such shares to be supported by other assets acquired for stock. Pursuant to such plan, the Company has acquired or agreed to acquire assets in mining, real estate, entertainment, education, and health care.

Many of the stock exchange agreements into which the Company entered for such acquisitions provided that the other party to the agreement had the right to annul or void the agreement if a registration statement registering the Company's stock under Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act") did not become effective within a specified period of time (in most cases 18 months following the date of the agreement). Many of such agreements or oral understandings supplementing such agreements also provided that the assets, liabilities, and income of the target entities would not inure

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to the benefit of the Company until the Company's Exchange Act registration became effective.

In December 1996, the Company filed a registration statement under Section 12(g) of the Exchange Act which became effective February 4, 1997. With certain exceptions hereinafter discussed, the time limitations for such registration have been waived, and such acquisitions are deemed to have become effective.

While the Company planned and continues to plan to go into health care, at the present time most of its assets and activities relate to other industries, primarily mining/processing of precious metals and entertainment.

On July 7, 1999 the Board of Directors of the Company unanimously adopted a resolution to change the name the Company from Health Care Centers of America, Inc. to Hexagon Consolidated Companies of America, Inc. to better reflect the diversification of the Company's business. On August 31, 1999 the appropriate amendment to the Articles of Incorporation were filed with the office of the Nevada Secretary of State.

The Company is in the development stage and has not had any revenues during the last five years, during which there has been a substantial expenditure of funds. The Company's future success is dependent on its ability to obtain funding for processing its precious metals concentrate. The Company anticipates obtaining such funding by exploiting the commercial value, by sale or otherwise, directly or through joint ventures, of some of its ore concentrates, its

television time credits, its medical waste disposal units, and/or contractual interests in certain real estate (see Part I, Item 2 "Plan of Operations"). The Company has no contracts for such commercialization, and its real estate is the subject of litigation with former owners; accordingly, there can be no assurance that the Company will be successful in selling or commercializing any such assets (see Part II, Item 2 "Legal Proceedings").

As of September 30, 1999, the Company did not have any employees, its business being managed by its officers and directors.

Current Business (including lines of business acquired subsequent to December 31, 1996)

A. Precious Metals Concentrate, Mining and Processing

1. Description of the business

The Company owns a substantial deposit of ore concentrate located approximately 40 miles from Prescott, Arizona, which management believes, on the basis of assays by an independent consultant, is substantially in excess of

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500,000 tons. Tests by an independent firm including a registered assayer and analytical chemist indicate that such concentrate contains commercial quantities of precious metals and rare earths. (See Part I, Item 3 "Description of Property".)

Through its wholly owned subsidiary, Peeples Mining Co. ("Peeples Mining"), the Company also owns mineral rights in Arizona, California and Nevada.

Peeples Mining has recently commenced processing the Company's concentrate. The development of its other mining properties will begin as soon as financing permits. It is intended that Peeples Mining will process such concentrate to the next stage of concentration known as dore bars. Dore bars are produced by liquefying the concentrate and pouring the solution into a mold; as the material cools, the metals separate, with the heaviest falling to the bottom. Dore bars can be sold for a higher price than concentrate.

Peeples Mining does not presently have the equipment for producing dore bars. Management is currently studying alternative refining methods to determine the appropriate machinery and equipment to buy, but the Company may require financing for such purchase. The Company does not anticipate obtaining the equipment necessary to refine its concentrate or dore bars into bullion; rather it intends to produce and sell dore bars to smelters which have such equipment.

Peeples Mining has certain facilities and equipment for leaching, testing, extracting free milling gold and melting the free milling gold into "common gold bars", but new equipment will be required to process the concentrated ores from the Company's properties into dore bars. After the concentrated ore is processed into dore bars, Peeples will begin concentrating head ore. Peeples Mining is capable of processing approximately 25 tons of head ore per hour from its Arizona property, bringing it to a first stage of concentration. As is being done with the concentrated ore inventory, free milling gold will be removed, and the remaining concentrate will be further concentrated and/or separated by a mechanical process. This concentrated ore will then be refined into dore bars.

The Company (or its subsidiary, Peeples Mining) also has mineral rights in lands in Arizona and Nevada, and subsequent to December 31, 1996, acquired an additional mining property in California. (See Part I, Item 3 "Description of Property".)

Peeples Mining LLC ("Peeples LLC"), which was organized in 1981 as an Arizona limited liability company, was acquired by the Company in 1994. Peeples LLC was actively engaged in mining activities from 1988 to 1994. The Company

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also acquired F&H Mining, Inc., a Nevada corporation ("F&H Mining") in 1994. F&H Mining was organized in 1984, and was active working the property at Mesquite, Nevada, until 1991. In February 1997, the assets of Peeples LLC and F&H Mining

were transferred to Peeples Mining, a newly formed Nevada corporation of which the Company is the sole stockholder.

On April 30, 1998, Peeples Mining entered into a joint venture agreement with Hidden Splendor Smelting Co., a Nevada corporation (hereinafter "HSS"), for the purpose of processing approximately 500,000 tons of the Peeples Mining concentrated ore inventory located near Skull Valley, Arizona. The agreement provides that HSS has the right to acquire a twenty percent (20%) interest in the net revenues realized as a result of the sale of the processed inventory. In return, HSS shall provide, among other things, the proper permits for processing (including smelting operations, etc.) of the ore inventory, assistance with the processing operations and the necessary machinery, equipment, laboratory facilities and structures for the initial period of the processing operations. The term of the agreement is eight (8) years from the effective date (ie. from April 30, 1998) and for so long as it takes to process and sell the inventory.

On behalf of the Company and as a showing of good faith, Mr. Maurice W. Furlong, Chairman and President, personally transferred 1,000,000 shares of common stock on June 28, 1999 to HSS. As of this date, HSS has procured the appropriate permits, however, no processing activity has taken place.

Peeples Mining does not presently have any employees.

For a further discussion, see Item 2, "Management's Discussion and Analysis or Plan of Operation", below.

2. Terms of Acquisition

The Company entered into the agreement to acquire all the issued and outstanding stock of F&H Mining in March 1994. At that time, F&H Mining was a corporation organized under the laws of the Island of Nevis. Under the agreement, the Company agreed to acquire all of F&H Mining's issued and outstanding stock in exchange for 12,000,000 (12,000 after given effect of reverse split) shares of the Company's stock. Maurice Furlong, the Company's president, had been a consultant to F&H. Mr. Furlong's son, Craig Furlong was president of F&H. Consummation of the acquisition of F&H Mining was contingent on effectiveness of the Company's Exchange Act registration statement, which was originally filed in December of 1996.

In June 1994, the Company entered into the agreement to acquire all the interests in Peeples LLC. Under the agreement, the Company issued 20,000,000 (20,000 after given effect of reverse split) shares of the Company's stock to the members of Peeples LLC, and through Peeples LLC acquired the mineral rights

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to 377.11 acres near Prescott, Arizona pursuant to a mineral lease with the State of Arizona. The lease expires on May 1, 2003. In August 1995, the Company issued an additional 100,000,000 (100,000 after given effect of reverse split) shares to Zarzion, Ltd., for ore concentrate which Zarzion, Ltd. had purchased from Peeples LLC. Consummation of the acquisition of Peeples LLC was contingent on effectiveness of the Company's Exchange Act registration statement. Company's ore concentrate, however, is owned outright, free and clear of any contingencies.

In August 1996, the Company agreed with the former members of Peeples LLC and the former shareholders of F&H Mining that any income realized from the operations of F&H and Peeples was not to inure to the benefit of the Company until such time as its Exchange Act registration became effective. In fact, there were no revenues between the time the acquisition agreements were entered into and the time the Company's Exchange Act registration became effective in February 1997. Provisions in the acquisition agreements for F&H and Peeples granting the former stockholders of those companies the right to annul the sale of such companies under certain circumstances, including the Company's failure to complete a secondary offering of its securities within a prescribed time frame, have lapsed.

In February 1997, the Company acquired 17 lode claims on 340 acres of land in California. (See Part I, Item 3 "Description of Property".) The Company believes it will be eligible to apply for title to such property following a period of exploitation. These claims were acquired from Zarzion, Ltd. (see Part I, Item 7 "Certain Relationships and Related Transactions") in exchange for 375,000,000 (375,000 after given effect of reverse split) shares of the Company's common stock.

3. Risks attendant on mining and processing minerals

The value of the Company's concentrate depends on the amount of metals contained in such ore, and on the cost and difficulty of refining. While the Company believes that there are significant quantities of precious metals in such concentrate, the market price of such metals and the cost of extraction and refining are yet to be determined. Management is of the opinion that the cost of extraction and mining should not exceed 50% of the value if indicated quantities of precious metals are present in its concentrate.

Analyzing samples gathered by itself with direct current plasma ("DCP") equipment which measures each element present, Metallurgical Research & Assay Laboratory (Henderson, Nevada), a firm including Donald Jordan, a registered assayer and analytical chemist, estimated the value of precious metals in the Company's ore concentrate to be in excess of \$3 billion. Such analysis reflects Mr. Jordan's independent judgment, and is not a representation of management.

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His samplings were taken without supervision, and there can be no assurance that his samplings are representative of the entire inventory, nor can there be any assurance that his estimates of the cost of processing such ores are or will be accurate when effected. Mr. Jordan's valuation was based on the price of metals in March 1997; the price of gold has declined since that time, and there can be no assurance that such decline or future declines will not have a materially adverse effect on the value of the metals believed to be contained in such ore.

No assurances can be given that a desirable level of recovery will be realized from Peeples Mining's ore. Estimates may require revision based on actual production experience. Market price fluctuations of precious metals, as well as increased production costs or reduced recovery rates, may drastically affect the value of the Company's ore reserves, and may render reserves containing relatively low grades of mineralization uneconomic to exploit.

Exploration and mining activities are highly speculative in nature, involve many risks, and are frequently nonproductive. There can be no assurance that the Company's mining activities will be successful. In the event minerals are recoverable, it may take a number of years from the initial phases until production is possible, during which time the economic feasibility of production may change. As pertains to all the Company's mining interests, substantial expenditures may be required to establish proven and probable ore reserves through drilling, to determine metallurgical processes to extract the metals from the ore, and in the case of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the Company will be able successfully to exploit its mineral properties.

The business of mining and processing precious metals is subject to a number of significant hazards, including environmental hazards, thefts and other losses, industrial accidents, and labor disputes. Mining is also subject to the risks of encountering unusual or unexpected geological formations, cave-ins, flooding, rock falls, periodic interruptions due to inclement or hazardous weather conditions, and other acts of God. Such risks could result in damage to or destruction of mining properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses, and possible legal liability. The Company will obtain insurance against risks that are typical in the operation of its business and in amounts which management believes to be reasonable, but no assurance can be given that such insurance will continue to be available, that it will be available at economically acceptable premiums, or that it will be adequate to cover any liability.

There can be no assurance that the test results obtained by the Company for certain of its properties by independent assayers will prove to be accurate for the entire property.

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4. Regulation of mining and mineral processing

The Company's exploration, mining, and refining activities will be subject to extensive state and federal laws and regulations governing prospecting, developing, production, export, taxes, labor standards, occupational health, waste disposal, protection and remediation of the environment, protection of endangered and protected species, mine safety, toxic substances, and other matters. Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste

products occurring as a result of mineral exploration, production, and processing. The Company may in the future be subject to clean-up liability under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and comparable state laws which establish clean-up liability for the release of hazardous and toxic substances for property owners and operators. In the context of environmental permitting, including the approval of reclamation plans, the Company must comply with applicable standards, laws, and regulations, which may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. It is possible that costs and delays associated with compliance with such laws, regulations and permits could become such that the Company would not proceed with the operation or development of a mine or other project, or inauguration of a processing facility.

Amendments to current laws and relations governing operations and activities of mining companies and companies processing metals or more stringent implementation thereof are actively considered from time to time and could have an adverse impact on the Company and its operations.

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B. Entertainment

1. Description of the Business

In April 1995, the Company entered into an agreement to acquire all the outstanding stock of Nashville Music Consultants, Inc. ("NMC"), a Tennessee corporation organized in 1993, and such acquisition became effective in February 1997. In June 1996 NMC changed its name to Nashville Music Group, Inc. ("NMG"). NMG engages in screening, advising, developing, publishing, and managing singers and songwriters. Revenues come from consulting fees, registration fees, tuition, publishing royalties, and management commissions. The original agreement to acquire NMG concerned only publishing activities. Since the date of the agreement and since the effective date of the Company's registration statement, NMG has expanded its operations not intended to be part of the original agreement with NMG, to include other areas. On September 1, 1998 the Company and NMG agreed to amend the agreement so that it conformed to the intent of the parties. As a result of this agreement, a new Nevada corporation will be formed and named "Music Alley, Inc" ("MAI"). The effective date of the amendment to the stock exchange agreement with NMG was July 1, 1997. This entity will be a wholly owned subsidiary of the Company, the assets of which are the publishing rights to approximately 400 songs, of which approximately 200 have recorded as demonstration tapes. MAI and NMG have no further connection. The Company believes that NMG may continue to operate in areas other than country music publishing, however, repeated communication attempts with the president of NMG, Mr. Alcy Baggott, have been unsuccessful. MAI is to receive referrals from NMG of songwriters who are considered to have outstanding potential. These individuals are to be offered a contract with MAI. However, due to the lack of communication with NMG, the probability of such referrals actually happening is highly uncertain.

The management of MAI shall be conducted by the officers of HCCA. Mr. Baggott, the president of NMG, was to have continued in the same capacity with MAI. However, it is the Companies' position that he has constructively abandoned that position in that he has failed to communicate with the Company after repeated requests by management. Therefore, the Company shall assume this responsibility.

On August 2nd, 1984 and November 1, 1984, the Company, under its predecessor name of SCN, Ltd. entered into an agreement with Jey Productions, Inc. ("JEY"), a Nevada corporation and Bullett Productions, Inc. ("BULLETT"), a Tennessee corporation, respectively, to purchase certain "master recordings" ("Masters"). These Masters contained approximately 10 songs per album.

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The Masters contain recordings of songs by various artists and encompass music genre from country and western, jazz, popular, gospel, dixie, rock and roll and classical. The songs involved were recorded in the 1950's through the 1980's. The original artist contract for the songs of the various artists and the original Masters are in the possession of the Company.

In 1985, the Masters were the subject of a license agreement with the record specialty division of Columbia Broadcast Systems, Inc. ("CBS"). The Company is to receive a royalty payment from the marketing of these songs.

Other entities have copies of these Masters and have either licensed or

sold them for use by others. This has been done without the Companies authority. As a result, CBS has not paid any royalties and is holding them in an escrow account until it has been determined to whom they shall be paid.

On May 20, 1996 the Company entered into an agreement with Artists Limited, L.L.C. ("Artists") for the purpose of seeking the collection of any and all past due royalties. The term of the agreement is 5 years from the date it was signed (ie., 5 years from May 20, 1996). The agreement provides that Artists shall receive an amount equal to 40% of all monies collected on behalf on the Company and Artists would not be liable for any costs incurred in the collection of monies for the Company. A subsequent oral amendment to the agreement provided that Artists would receive 55% of the amount collected and would be responsible for all costs incurred in the collection process.

Artists is currently gathering data from the Company to support the claim for the unpaid royalties. They have also entered into preliminary negotiations for collection of the royalties. However, the complexities involved in the process, including, but not limited to, the dispute as to ownership of the Masters, the time that has passed and establishing ownership of the Masters through the appropriate chain of title. Therefore, there can be no assurances that the Company will ever be successful in obtaining any royalties, whether they be past or present.

2. Terms of Acquisition

The Company entered into the agreement to acquire NMC in April 1995. Under the agreement, the Company agreed to acquire all the issued and outstanding shares of NMG's stock in exchange for 4,000,000 (4,000 after given effect of reverse split) shares of the Company's stock. Consummation of the transaction was contingent on effectiveness of the Company's Exchange Act registration statement, so that the acquisition was not consummated until February 1997.

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Pursuant to the acquisition agreement, 51% of the outstanding stock of NMG is to be placed in a voting trust with Ally Cat Music, Inc., a company wholly owned by Mr. Baggott, for a term of 10 years, renewable for 10 years, and the Company is enjoined from interference with Ally Cat Music, Inc.'s management of NMC. The Company also agreed to use its best efforts to provide \$500,000 of financing for NMC. This obligation was fulfilled on behalf of the Company by its president and chairman, Maurice W. Furlong. Also under the agreement, the Company is entitled to an annual "management fee" in an amount equal to 9% of NMC's gross revenues. Since the effective date of the the stock exchange agreement and the above referenced amendment to the stock exchange agreement the Company has received no management fee.

The agreement provides that the transaction may be canceled if the Company's stock ceases to be "listed or traded on the NASDAQ Stock Exchange." The effect of this condition is not clear, since the Company's shares have never been listed on NASDAQ, but it is not impossible that such condition could some day be invoked to disassociate NMC from the Company. The agreement also indicates that NMC's stockholders can void the agreement if the transaction turns out not to be a tax free transaction under federal tax laws. While the Company has not obtained an opinion of counsel with respect to this matter, management believes that the exchange of shares is indeed a tax free transaction under the Internal Revenue Code.

The amendment to the agreement provides that MAI shall be incorporated as a wholly owned subsidiary of the Company. MAI currently has approximately 400 songs NMG represented and warranted that its publishing division owns, free and clear, approximately 400 songs, 200 of which have been recorded as demonstration tapes.

The Company has yet to receive confirmation that the above has been accomplished. Therefore, the Company shall form a wholly owned subsidiary under the laws of the State of Nevada to be named Music Alley, Inc. This subsidiary shall hold title to the above referenced songs.

Neither Mr. Baggott nor NMG has yet to transfer or assign the songwriter or artist contracts to the Company. In light of Mr. Baggott's previous lack of cooperation, there can be no guarantee that he will comply with the agreement, as amended. Should he continue to fail to comply with the amended agreement, the Company may be required to seek legal action to assure NMG's compliance.

On August 2, 1984, the Company (under its predecessor name of SCN, LTD.)

entered into an agreement with JEY to purchase certain Masters in consideration.

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of 400 shares of the capital stock of the Company (then SCN, Ltd.). In addition, the Company agreed to pay JEY a royalty of 1 cent per song for each song sold, whether in an album, single, tape, video or other form of production.

As discussed above, the Company has received no royalties from the sale or licensing of any song in the Masters. Further more, JEY no longer exists as a corporate entity and the Company has received no notification of any successor entity. In the event that the Company is successful in collecting royalties or selling any songs, it may be obligated to pay a royalty per the agreement.

On November 1, 1984, the Company (under its predecessor name of SCN, Ltd.) entered into an agreement with BULLETT to purchase certain Masters in consideration of 700 shares of capital stock of the Company (then SCN, Ltd.). In addition, the Company agreed to pay BULLETT a royalty of 1 cent per song for sold, whether in an album, single, tape, video, or other form of production.

As discussed above, the Company has received no royalties from the sale or licensing of any songs which were the subject of this agreement. Furthermore, BULLETT no longer exists as a corporate entity and the Company has received no notification of any successor entity. In the event that the Company is successful in collecting royalties or selling any songs, it may be obligated to pay a royalty per the agreement.

3. Competition and Regulation

Management is keenly aware of other entities offering similar services and the competition in the music publishing industry is quite intense. There can be no assurance that MAI's strategy of providing songs to various record producers and artists will withstand competition from more established entities. Also, there can be no assurance that Company will ever be able to collect royalties relating to the Masters. Or that the Company will ever be able to license or sell the Masters in the future.

Federal and state laws relating to intellectual property have an extensive impact upon the song writing, music publication, and music recording segments of the entertainment industry. The industry is such that it is highly susceptible to the unauthorized reproduction of previously published material. The Company's ability to protect itself from the unauthorized reproduction of works generated by its songwriters, along with its ability to protect its publishing rights, will be influenced by federal and state copyright, trademark, and service mark laws.

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C. Medical Waste Decontamination Units

1. Description of Business

The Company owns 24 medical waste decontamination units manufactured by a Japanese manufacturer which owns a patent on the units' fume scrubber. Known as MedAway-1, each unit is designed to decontaminate and physically alter up to five cubic feet of medical waste, such as bags, blood lines, syringes, sharps, petri dishes, curettes, and similar items of waste generated by hospitals and doctors' offices. The units use a dry heat process, including a patented combination of resistance and "far infrared" quartz heating elements, with a proprietary condenser filtration system that obviates the need for external venting. The units are mobile and self contained. No special wiring, ventilating, or plumbing is needed, nor are building permits required. The units heat the waste load to a temperature at which most viruses are rendered inactive within five minutes. After treatment, waste is considered non-infectious. As the waste load is heated in the unit, the plastics melt, encapsulating the sharps and reducing volume by a factor of as much as ten. The units operate silently without shredding, grinding, compacting, steaming or chemically treating the waste, and are approved by Underwriters Laboratory ("UL").

The Company intends to lease its units, through MedAway International, Inc., a newly created Nevada corporation, which is a wholly owned subsidiary of the Company, ("MedAway Nevada") to hospitals, clinics, doctors' offices, and nursing homes. Between 1993 and acquisition of such units by the Company, four similar units were sold by the company from which the Company purchased its units, MedAway International Inc., a Delaware corporation, ("MedAway Delaware") and management believes such units are operating satisfactorily. MedAway Delaware has no affiliation with the Company nor its wholly owned subsidiary,

MedAway Nevada. Management is in the process of formulating a marketing plan and securing liability insurance, but no units have been leased to date.

The Company intends to contract with third-parties to maintain and repair the units. The Company does not yet have any employees in MedAway Nevada.

2. Terms of Acquisition

The Company acquired its units together with other assets of MedAway Delaware, in June 1996, in exchange for \$2,000,000 worth of the Company's common stock, which management determined to be 2,066,115 (2,067 after given effect of reverse split) shares at the time of the transaction. All of such shares have been issued to MedAway Delaware stockholders.

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Among MedAway Delaware's assets was the exclusive right to market and distribute such units in North America, the Caribbean, and Taiwan. Assignment of such right to the Company, however, requires the manufacturer's consent, which will be requested at such time as the Company has the financial resources to put into effect a full-scale marketing plan. The manufacturer's consent is not required for leasing the 24 units the Company acquired from MedAway Delaware.

3. Competition

Competition for MedAway-1 units currently comes principally from incineration and chemical processing, over which management believes the MedAway-1 unit has significant advantages. Incineration requires cumbersome equipment and permitting, while chemical treatment requires additional disposal arrangements for the residue after treatment. Other systems for treating medical waste are generally more costly. Many utilize grinders and shredders, some treat infected materials with toxic chemicals, and other systems require special power and external venting of emissions. Venting emissions generally involves state and/or federal environmental compliance and permitting issues. In addition, such alternative methods generally generate an end product, disposal of which creates its own environmental compliance issues.

If the Company fails to obtain the manufacturer's consent to acquiring MedAway Delaware's distribution rights, however, the manufacturer may be able to sell its units in the United States in competition with the Company, directly or through another distributor. There can be no assurance, moreover, that competitors with a stronger financial base than that of the Company will not develop alternative processes for the decontamination of medical waste.

4. Regulation

The treatment and disposal of medical waste is subject to federal, state and local regulation, as is the disposal of fumes and other residue created in the treatment of such waste. Approximately 10 states do not have mandatory legal requirements for such equipment; of the approximately 40 states which do, the Company believes that its units comply with requirements in at least 26.

There is a possibility, however, that new regulations may be adopted at the state or federal level, as by amendments to the Medical Waste Tracking Act, which would restrict the disposal of materials such as the end product which remains after treatment in the MedAway-1 units. Such regulations could have a negative impact on the market for such units.

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D. Television Advertising

1. Description of the Business

The Company owns 20 television time credit certificates issued by American Independent Network, Inc. ("AIN"). Each certificate represents that AIN will provide the bearer commercial air time valued at \$5,000,000, calculated at going rates, on AIN's national television network, subject to time availability or agreement on a time plan. At the time the bearer chooses to use the air time, a cash fee of 4% of the value of the air time to be used must be paid to AIN.

Such certificates contain no restrictions as to transfer ability, assignment or sale. The Company does not intend to engage in the business of marketing television advertising time as such, but it may from time to time market and sell a portion of the advertising time from these television time credit certificates, as well as utilize such time for its own enterprises. In due course, management plans to use such commercial air time in its marketing of