

GEN RX INC
Form 10-Q
November 12, 2009
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the Quarterly Period ended September 30, 2009

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from to .

Commission file number: 0-24496

GEN/RX, INC.

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

11-2728666
(I.R.S. Employer
Identification No.)

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600 Woodmere Boulevard

Woodmere, New York 11598

(Address of principal executive offices, including zip code)

(516) 569-3800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.004 par value per share

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

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Class
Common Stock, \$0.004 par value per share

Outstanding at November 10, 2009
20,878,711 shares
(including 2,064,966 shares to be issued)

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Table of Contents**PART I****ITEM 1. Financial Statements****GEN/RX, INC.****Condensed Consolidated Statement of Net Assets**

(liquidation basis) (Note 2)

(in thousands, except shares and per share amounts)

	September 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Cash	\$ 30	\$ 30
LIABILITIES		
Obligations	30	30
Commitments and contingencies		
Net assets in liquidation	\$ 0	\$ 0
Net assets in liquidation per common share (based on 20,878,711 common shares outstanding (including 2,064,966 shares to be issued) in 2009 and 2008)	\$ 0	\$ 0

See Notes to Condensed Consolidated Financial Statements

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GEN/RX, INC.

Condensed Consolidated Statement of Changes in Net Assets

(liquidation basis) (Note 2)

(in thousands)

(unaudited)

		July 1, 2009 through September 30, 2009		July 1, 2008 through September 30, 2008		January 1, 2009 through September 30, 2009		January 1, 2008 through September 30, 2008	
Net assets, in liquidation	beginning of period	\$	0	\$	0	\$	0	\$	0
Net assets, in liquidation	end of period	\$	0	\$	0	\$	0	\$	0

See Notes to Condensed Consolidated Financial Statements

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GEN/RX, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1. Financial Statements

In the opinion of management, the accompanying unaudited, condensed, consolidated financial statements contain all adjustments necessary to present fairly the financial status of GEN/Rx, Inc. (the Company) and the changes in its financial status for the interim periods presented. Such financial statements have been condensed in accordance with the applicable regulations of the Securities and Exchange Commission (SEC) and, therefore, do not include all disclosures required by generally accepted accounting principles. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2008 included in the Company's Annual Report on Form 10-K.

The results of operations for the three- and nine-month periods ended September 30, 2009 are not necessarily indicative of the results to be expected for the entire fiscal year.

Note 2. Basis of presentation

The Company presents its financial status and the changes in its financial status on the liquidation basis of accounting. Accordingly, the net assets of the Company are stated at liquidation value, whereby assets are stated at their estimated net realizable values and liabilities, which include estimated liquidation expenses to be incurred through the date of final dissolution of the Company, are stated at their anticipated settlement amounts. The Company has total obligations of approximately \$4.4 million and net assets of \$30,000. Accordingly, the liabilities reflected on the condensed consolidated statement of net assets represent solely the amounts for which the Company has available assets.

As of September 30, 2009, the Company remains indebted to Apotex Corp. (Apotex), the Company's principal stockholder, in the amount of approximately \$4.4 million. In addition, in the three- and nine-month periods ended September 30, 2009, Apotex paid, on behalf of the Company, approximately \$9,000 and \$52,000, respectively, and in the three- and nine-month periods ended September 30, 2008, and approximately \$24,000 and \$58,000 respectively, in each case of expenses, representing primarily legal, accounting and administrative costs which are not reflected on the accompanying financial statements and for which Apotex has agreed not to charge the Company.

Note 3. Recently Adopted Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (the FASB) issued guidance which is included in the codification in FASB Accounting Standards Codification (ASC) 105, Generally Accepted Accounting Principles or collectively known as the Codification. The Codification is considered the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles in the United States except for additional authoritative rules and interpretive releases issued by the SEC. All guidance contained in the Codification carries an equal level of authority. This guidance is effective for financial statements issued for interim and annual periods that ended after September 15, 2009.

Where possible, FASB references have been replaced with ASC references.

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In May 2009, the FASB issued guidance which is included in the Codification in ASC 855, Subsequent Events (ASC 855). ASC 855 establishes general standards for accounting for and disclosure of events that occur after the balance sheet date but before financial statements are available to be issued (Subsequent Events). More specifically, ASC 855 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition in the financial statements, identifies the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements and the disclosures that should be made about events or transactions that occur after the balance sheet date. ASC 855 provides largely the same guidance on subsequent events which previously existed only in auditing literature. The disclosure is required in financial statements for interim and annual periods ending after June 15, 2009. The Company has performed an evaluation of Subsequent Events to November 10, 2009 which is the date the financial statements are being filed.

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ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

GEN/Rx, Inc. (GEN/Rx or the Company) effectively ceased operations on or about March 31, 1996.

The Company was originally incorporated as American Veterinary Products, Inc. under the laws of the State of Colorado in 1976. In January 1988, American Veterinary Products, Inc. was acquired by Transmed Express, Inc. (Transmed), a publicly held company incorporated under the laws of the State of New York, in a stock-for-stock transaction. In March 1993, American Veterinary Products, Inc. changed its name to GEN/Rx, Inc.

GEN/Rx was a holding company which, through its subsidiaries, was in the business of developing, manufacturing and distributing generic injectable drugs. GEN/Rx had three wholly-owned subsidiaries: AUSA, Inc. (AUSA), which was sold in June 1996 to the Company's principal stockholder and principal creditor, Apotex Corp. (formerly known as Apotex USA, Inc.; Apotex); American Veterinary Products, Inc. (AVP), which discontinued operations in December 1995; and Collins Laboratories, Inc. (Collins), which has been inactive since its inception.

The Company experienced significant operating losses since its inception resulting in a deficit equity position. The Company has not engaged in substantive business activity for more than ten years and we have no plans to engage in any substantive business activity in the foreseeable future. The Company continues to consider various business alternatives relating to the Company including, without limitation, commencing new business operations, seeking a purchaser or business combination for the Company and dissolution of the Company.

The commencement of any business endeavor will be preceded by the consideration and adoption of a business plan by our Board of Directors. Due to the limited current and proposed business activities of the Company described herein, it is classified as a blank check company. The Securities and Exchange Commission and many states have enacted statutes, rules and regulations limiting the sale of securities of blank check companies. Management does not intend to undertake any efforts to cause a market to develop in the Company's securities until such time as the Company has successfully developed and implemented a business plan. We are unable to predict at this time when and if it may actually participate in any specific business endeavor.

With respect to the Company's financial information set forth in this Quarterly Report on Form 10-Q for the nine months ended September 30, 2009, the financial statements are presented on a liquidation basis. The Company has not conducted any business operations since the sale of its wholly-owned subsidiary, AUSA, on June 30, 1996. All activities of the Company after such date related principally to the liquidation of the AVP assets by the receiver and the sale of AVP's Fort Collins manufacturing plant. All of the operations of AVP and AUSA are treated as discontinued operations. No comparison is made in this report for the three- and nine-month periods ended September 30, 2009 and September 30, 2008 because there were no operations in 2009 and 2008.

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Liquidity and Capital Resources

At September 30, 2009 and at present, the Company has cash of \$30,000 and liabilities in the nature of long-term debt to Apotex of approximately \$4.4 million and lacks the liquidity to carry on any business activities. The Company has virtually no assets and no capital resources. Effective June 30, 1996, the Company ceased all business operations upon the sale of AUSA to Apotex.

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Off-Balance Sheet Arrangements

As of September 30, 2009, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K promulgated under the Securities Act of 1934, as amended.

Contractual Obligations and Commitments

As of September 30, 2009, we did not have any contractual obligations or commitments other than our outstanding debt described under Overview above.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices and other market-driven rates or prices. We are not presently engaged in any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules, regulations and related forms and that such information is accumulated to allow timely decisions regarding required disclosure. Our sole officer and director conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based on this evaluation, our sole officer, acting principal executive officer and acting principal financial officer, concluded that our disclosure controls and procedures were not effective as of September 30, 2009 to provide reasonable assurance that information required to be summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is not currently a party to any legal proceedings. However, the Company is indebted to Apotex in the amount of approximately \$4.4 million and has previously had a receiver appointed for its subsidiary, AVP. See Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations of Part I above and Item 3. Defaults Upon Senior Securities below.

As a result of the failure to timely file reports under the Exchange Act relating to the Company since the Company's cessation of operations in 1996, the Securities and Exchange Commission may, in its discretion, institute one or more actions against the Company and/or its officers and directors (and former officers and directors) seeking monetary or other penalties that may be imposed under the Exchange Act. Any such penalties could have a material adverse effect on the Company. The Company has filed all delinquent reports and is currently in compliance with its periodic filing obligations.

ITEM 3. Defaults Upon Senior Securities

The Company has been in default on its indebtedness in favor of Apotex since 1996. The entire amount of indebtedness is due and payable. At September 30, 2009, the Company was indebted to Apotex in the amount of approximately \$4.4 million.

ITEM 6. Exhibits

Exhibits

31	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certification

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GEN/Rx, Inc.

Date: November 10, 2009

By: /s/ Jack Margaretten
Jack Margaretten
Acting President and Chief Executive Officer,
Chief Financial Officer and Sole Director

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31	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certification