

Dynastar Holdings, Inc.  
Form 8-K/A  
March 18, 2013

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K/A  
(Amendment No. 2)

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): January 17, 2012

DYNASTAR HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Nevada	333-144596	32-0309317
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1311 Herr Lane, Louisville, KY 40222  
(Address of principal executive offices)

502.326.8100  
(Registrant's telephone number, including area code)

c/o Gottbetter & Partners, LLP, 488 Madison  
Avenue, 12th Floor, new York NY 10022  
(Former address and former fiscal year, if changed  
since last report)

Check the appropriate box below if the Form 8-K/A filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Explanatory Note Relating to the Filing of This Amendment No. 2 to the Current Report

This Amendment No. 2 to our Current Report on Form 8-K is being filed, primarily, for the purpose of providing the consolidated audited financial statements of Dynastar Ventures, Inc. as of and for the year ended December 31, 2011 and for the period from May 4, 2010 (inception) through December 31, 2010. The Current Report has also been updated to provide more recent information about the Registrant and its business.

Cautionary Note Regarding Forward-Looking Statements

This Current Report contains forward-looking statements as that term is defined under the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. These forward-looking statements include, but are not limited to, statements relating to the adequacy of our capital to finance our planned operations, market acceptance of our services and product offerings, our ability to attract and retain key personnel, and our ability to protect our intellectual property. In some cases, you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “intends,” “expects,” “plans,” “goals,” “projects,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of these terms or other comparable terminology.

These forward-looking statements are only predictions, are uncertain and involve substantial known and unknown risks, uncertainties and other factors which may cause our (or our industry’s) actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. The “Risk Factors” section of this current report sets forth detailed risks, uncertainties and cautionary statements regarding our business and these forward-looking statements.

We cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these forward-looking statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

Explanatory Note

On October 14, 2011, we changed our corporate name from Medical Design Studios, Inc. to Dynastar Holdings, Inc. (“Dynastar Holdings”). Effective November 2, 2011, our trading symbol was changed from “MEDD.OB” to “DYNA.OB”.

On January 17, 2012, our wholly owned Delaware subsidiary, Dynastar Acquisition Corp. (“Acquisition Corp.”), merged (the “Merger”) with and into Dynastar Ventures, Inc., a Delaware corporation (“Dynastar”). In connection with the Merger, each share of Dynastar common stock, on a fully diluted basis, was converted into the right to receive, one (1) share of our common stock. Dynastar was the surviving corporation of that Merger. As a result of the Merger, Dynastar Holdings acquired the business of Dynastar and will continue the existing business operations of Dynastar, as its wholly owned subsidiary.

Unless the context indicates otherwise, the terms “Dynastar Holdings,” “Company,” “we,” “us” and “our” herein refer to Dynastar Holdings, Inc. and its subsidiaries (including Dynastar Ventures, Inc.), after giving effect to the Merger. References to “Pubco” refer to the public company prior to giving effect to the Merger. References to “Dynastar” refer to Dynastar Ventures, Inc., and its subsidiaries Dynasty Energy, LLC, Hm Energy Consultants, LLC and Four Star Rewrds, LLC (formerly Dynastar Dealz, LLC) each a Delaware limited liability company, both before and after giving effect to the Merger.

This Current Report contains summaries of the material terms of various agreements executed in connection with the transactions described herein. The summaries of these agreements are subject to, and are qualified in their entirety by, reference to these agreements, all of which are incorporated herein by reference.

This Current Report is being filed in connection with a series of transactions consummated by the Company and certain related events and actions taken by the Company.

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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On January 17, 2012, Pubco entered into an Agreement and Plan of Merger and Reorganization with Acquisition Corp. and Dynastar which we refer to in this Current Report as the “Merger Agreement”, and completed the Merger. For a description of the Merger and the material agreements entered into in connection with the Merger, please see the disclosures set forth in Item 2.01 to this Current Report, which disclosures are incorporated into this item by reference.

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

The Merger and Related Transactions

The Merger

On January 17, 2012, which we refer to as the “Closing Date”, Pubco, Dynastar, and Acquisition Corp. entered into the Merger Agreement and completed the Merger. As a result of the Merger, we acquired the business of Dynastar and will continue the existing business operations of Dynastar as our wholly owned subsidiary. A copy of the Merger Agreement is referenced as Exhibit 2.1 to this Current Report and was filed as an attachment to our Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on January 23, 2012, and is incorporated herein by reference.

On October 6, 2011, Dynastar purchased an aggregate of 271,400,076 (6,742,859 pre-split) shares of Pubco’s restricted common stock from the previous owner for a cash consideration of \$100,000. The 271,400,076 shares purchased by Dynastar represented approximately 94.4% of Pubco’s issued and outstanding common stock as of the purchase date. Dynastar surrendered those shares to Pubco for cancellation concurrent with the closing of the Merger. Prior to the Merger, no material relationship existed between Acquisition Corp. and Dynastar.

Pursuant to the Merger Agreement, on the Closing Date, Acquisition Corp., a wholly owned subsidiary of Dynastar Holdings, merged with and into Dynastar, with Dynastar remaining as the surviving entity. As a result of the Merger, each share of Dynastar common stock outstanding was cancelled and converted into the right to receive one (1) share of our common stock.

Prior to the closing of the Merger, holders of the Series A Convertible Preferred Stock of Dynastar (the “Dynastar Preferred Stock”) agreed (i) that their shares of Dynastar Preferred Stock would automatically convert into shares of Dynastar common stock immediately prior to, and conditional upon, the closing of the Merger at the anti-dilution adjusted conversion price of \$0.20 per share, rather than at the original conversion price of \$0.33 per share, and (ii) to waive certain rights they may have had under the terms of the Dynastar Preferred Stock.

Prior to the closing of the Merger, holders of the Dynastar 10% Secured Convertible Promissory Notes (the “Bridge Notes”) agreed (i) that their Bridge Notes would automatically convert into shares of our common stock upon the closing of the Merger at the anti-dilution adjusted conversion price of \$0.20 per share, rather than at the original conversion price of \$0.40 per share, (ii) that the Dynastar Warrants (defined below) would automatically convert upon the closing of the Merger into our warrants (on terms discussed below) and (iii) to waive certain rights they may have had under the terms of the Dynastar Warrants

With the exception of a \$50,000 deposit paid before the Merger to redeem 151,515 shares of Dynastar Preferred Stock (the “Preferred Redemption”), as of the closing of the Merger, there were no outstanding or authorized options, warrants, rights, agreements or commitments to which Dynastar is a party or which are binding upon Dynastar providing for the issuance or redemption of any of its capital stock.





The Merger Agreement contains customary representations, warranties and covenants of Dynastar Holdings, Dynastar, and, as applicable, Acquisition Corp., for like transactions. Breaches of representations and warranties are secured by indemnification provisions. The Merger Agreement provides for a post-closing adjustment in an aggregate amount of up to 500,000 additional shares of our common stock issuable pro rata to Dynastar's pre-Merger stockholders for any breach of the Merger Agreement by us that is discovered during the two-year period following the closing of the Merger. The Merger Agreement also provides that 5% of the shares of our common stock that Dynastar's pre-Merger stockholders received in the Merger in exchange for their shares of Dynastar are to be held in escrow for any breach of the Merger Agreement by Dynastar that is discovered during the two years following the Merger pursuant to the terms of an Escrow Agreement dated as of January 17, 2012, among the Company, John S. Henderson IV, as indemnification representative, and Gottbetter & Partners, LLP, as Escrow Agent.

For financial reporting purposes, the Merger represents a capital transaction of Dynastar or a "reverse merger" rather than a business combination, because the sellers of Dynastar controlled the combined company immediately following the completion of the Merger. As such, Dynastar is deemed to be the accounting acquirer in the transaction and, consequently, the transaction is being treated as a recapitalization of Dynastar. Accordingly, the assets and liabilities and the historical operations that will be reflected in Dynastar Holdings' ongoing financial statements will be those of Dynastar and will be recorded at the historical cost basis of Dynastar. Dynastar Holdings' assets, liabilities and results of operations will be consolidated with the assets, liabilities and results of operations of Dynastar after consummation of the Merger. The historical financial statements of Pubco before the Merger will be replaced with the historical financial statements of Dynastar before the Merger in all future filings with the SEC. The Merger is intended to be treated as, and the parties have agreed to take all actions necessary to ensure that the Merger is treated as, a tax-free exchange under Section 368(a) of the Internal Revenue Code of 1986, as amended.

Following the closing of the Merger, our board of directors (sometimes referred to herein as the "Board") consisted of three (3) members. In connection with the foregoing, on the Closing Date, Kenneth Spiegeland, the sole director of Pubco before the Merger, appointed John S. Henderson IV and Jerry Tyler to fill vacancies on the board of directors. Also on the Closing Date, Mr. Spiegeland, the then-sole officer of Pubco, resigned his officer positions and new executive officers designated by Dynastar were appointed.

On January 31, 2012, Sherman Henderson III and Kevin S. Grangier, were appointed to our Board to fill existing vacancies. Mr. Henderson is the father of our CEO, John S. Henderson IV.

On March 18, 2012, Jerry Tyler resigned from our Board.

The officers and directors of the Company as of the Closing Date are identified in this Current Report under the heading "Directors and Executive Officers."

As a result of the Merger, Pubco acquired the business of and will continue the existing business operations of Dynastar, its wholly-owned subsidiary, as a publicly-traded company. Although our intention has been to comply with the information and reporting requirements of the federal securities laws applicable to a reporting company under the Securities Exchange Act of 1934 (the "Exchange Act"), we were not able to file this Amendment No. 2 to our current report on Form 8-K filed with the SEC on January 23, 2012 in a more timely fashion. Additionally, we have not able to file our periodic reports on Form 10-Q for the three quarterly reporting periods ended March 31, June 30 and September 30, 2012. We are currently working to bring our periodic filings current and we expect that we will be able to timely file our annual report on Form 10-K for our fiscal year ended December 31, 2012.

Prior to the Merger, Pubco's Board and shareholders owning a majority of its outstanding common stock adopted the 2011 Equity Incentive Plan (the "2011 Plan"), which became effective on September 20, 2011. The 2011 Plan provides for the issuance of up to 5,000,000 shares of our common stock as incentive awards to be granted to executive

officers, key employees, consultants and directors of the Company.

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## The Offering

Concurrently with the closing of the Merger and in contemplation of the Merger, we completed an initial closing to one investor of a private offering (the “Offering”) of 125,000 units of our securities, at a price of \$0.20 per unit. Each unit consisted of one share of our common stock and a warrant to purchase one-half share of our common stock. The warrants are exercisable for a period of five years at a purchase price of \$0.80 per whole share of our common stock.

The Offering was conducted on a “best efforts” basis with respect to a maximum of 10,000,000 units. In addition, in the event the maximum number of units was sold, the placement agent and the Company had the option to offer an additional 2,500,000 units. The initial closing of the Offering and the closing of the Merger were not conditioned upon each other.

We paid the placement agent in the offering, Gottbetter Capital Markets, LLC, a commission of 10% of the funds raised from investor in the offering. In addition, the placement agent received five-year warrants to purchase a number of shares of our common stock equal to ten percent (10%)<sup>1</sup> of the units sold to investor in the offering. As a result of the foregoing arrangement, at the initial closing of the offering, the placement agent was paid commissions of \$2,500 and was issued broker warrants to purchase 12,500 shares of our common stock at an exercise price of \$0.20 per share.

The forms of the investor warrant and broker warrant issued in the offering are referenced as Exhibits 4.1 and 4.3 to this Current Report and were filed as an attachment to our Form 8K filed on January 23, 2012, and are incorporated herein by reference.

## Investor Relations Agreement

On December 20, 2011, Dynastar entered into a consulting agreement with Undiscovered Equities, Inc. (“UEI”) pursuant to which UEI agreed to provide certain public relations and financial communications services to Dynastar and us. Under the agreement, Dynastar agreed to cause us to pay UEI a cash fee of up to \$350,000 depending on how many units we sold in the Offering. Additionally, Dynastar agreed that, subject to the closing of the Merger, we would issue to UEI a certain number of restricted shares of our common stock if we sold a certain minimum number of units in the Offering. This agreement with UEI was terminated on April 23, 2012 without any cash fees being required to be paid, or shares of our common stock issued, to UEI.

## Consulting Agreement

On January 17, 2012, we entered into a six month agreement with Navesink Capital Advisors, LLC pursuant to which Navesink agreed to provide to us general advice relating to business development and corporate finance. Pursuant to the terms of the 2012 Navesink Agreement, we issued to Navesink a five year warrant to purchase 2,000,000 shares of our common stock at an exercise price of \$0.20 per share. The shares issued pursuant to this warrant carry “piggy back” registration rights and may be exercised on a cashless basis if the underlying shares are not registered.

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<sup>1</sup> Although we originally agreed to issue to Gottbetter Capital Markets, LLC a broker warrant equal to five percent (5%) of the units sold in the Offering, on October 12, 2012, we amended our agreement with Gottbetter Capital Markets, LLC, retroactively, such that the broker warrant would equal ten percent (10%) of the units sold in the Offering

## The Bridge Financing

In October 2010, Dynastar completed a bridge financing (the “Bridge Note Offering”) involving the sale of its Bridge Notes. The purchasers of the Bridge Notes also received, for each \$0.80 principal amount of the Bridge Notes purchased, a warrant (the “Dynastar Warrants”) to purchase one share of common stock of Dynastar, exercisable for a period of five (5) years, at an exercise price of \$0.80 per share. As of the completion of the Bridge Note Offering, Dynastar had sold Bridge Notes in the aggregate principal amount of \$1,144,985, and had issued to the purchasers of the Bridge Notes Dynastar Warrants to purchase an aggregate of 1,431,231 shares of Dynastar common stock.

Upon the closing of the Merger and following consent of the Bridge Note holders, the entire principal amount of the Bridge Notes was converted into 5,724,925 shares of our common stock and \$51,756 in accrued and unpaid interest on the Bridge Notes was converted into 258,781 shares of our common stock, each at a conversion price of \$0.20 per share. Additionally, the Dynastar Warrants were exchanged for our five-year warrants exercisable for 2,864,463 shares of our common stock, at an exercise price of \$0.80 per whole share. Prior to the consummation of the Merger, holders of the Dynastar Warrants agreed to waive any and all anti-dilution rights they might have had under the terms of the Dynastar Warrants.

The Merger, the Offering and the bridge financing and the related transactions are collectively referred to in this Current Report as the “Transactions.”

## Registration Rights

In connection with the Merger and the Offering, we agreed to file a registration statement registering for resale (i) the shares of our common stock issued in the Offering (including the shares of our common stock underlying the Investor Warrants, but not those underlying any Agent Warrants), (ii) the shares of our common stock issued upon conversion of the Bridge Notes and underlying the Bridge Warrants and (iii) the shares of our common stock issued in the Merger to the holders, prior to the Merger, of the Dynastar Series A Preferred Stock, consistent with the terms and conditions of the registration rights agreement we have entered into with the holders of the registrable shares listed above. We agreed to file the registration statement no later than seventy-five (75) calendar days following the closing of the Merger (the “Filing Deadline”), or April 1, 2012, and use our best efforts to ensure that such registration statement is declared effective within one hundred fifty (150) calendar days of filing with the SEC (the “Effectiveness Deadline”).

If we are late in filing the registration statement or if the registration statement is not declared effective within one hundred fifty (150) days of filing with the SEC, monetary penalties payable by us to each holder of registrable securities will commence to accrue and cumulate at a rate equal to one percent (1.00%) of the purchase price per share paid by such holder for the registrable securities for each full period of 30 days that (i) we are late in filing the registration statement or (ii) the registration statement is late in being declared effective by the SEC (which shall be prorated for any period less than 30 days); provided, however, that in no event shall the aggregate of any such penalties exceed ten percent (10%) of the purchase price per share paid by such holder for the registrable securities. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder’s registrable securities may be sold by such holder under Rule 144 or pursuant to another exemption from registration. Moreover, no such payments shall be due and payable with respect to any registrable securities we are unable to register due to limits imposed by the SEC’s interpretation of Rule 415 under the Securities Act.

We have agreed to maintain the effectiveness of the registration statement through the earlier of second anniversary of the date the registration statement is declared effective by the SEC or until Rule 144 of the Securities Act is available to the holders to allow them to sell all of their registrable securities thereunder. The holders of any registrable securities removed from the registration statement as a result of any Rule 415 or other comments from the SEC shall have “piggyback” registration rights for the shares of common stock or common stock underlying such warrants with

respect to any registration statement filed by us following the effectiveness of the registration statement which would permit the inclusion of these shares.

We will pay all expenses in connection with any registration obligation provided in the registration rights agreement, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of our counsel and of our independent accountants. Each investor will be responsible for its own underwriting discounts and commissions, transfer taxes and the expenses of any attorney or other advisor such investor decides to employ.

According to the terms of the registration rights agreement, because we are late in filing the registration statement, monetary penalties payable by us to each holder of registrable securities have accrued at a rate of one percent (1.00%) of the purchase price per share per month for the maximum period of ten (10) months. We expect to ask each of our investors entitled to these late filing penalty fees to waive their rights to such penalties. We expect to ask all of our holders of registration rights (other than holders solely of “piggy back” registration rights) to become parties to this revised registration rights agreement.

The form of the registration rights agreement is referenced as Exhibit 10.4 to this Current Report and was filed as an attachment to our Form 8K on January 23, 2012 and is incorporated herein by reference.

#### Lock-up Agreements

In connection with the Merger, each of the officers, directors, key employees and certain holders of 10% or more of our common stock after giving effect to the Transactions agreed to “lock-up” and not sell or otherwise transfer or hypothecate any of their shares of our common stock for a term of eighteen (18) months from the Closing Date of the Merger except in certain limited circumstances. We also agreed not to register under the Securities Act the resale of the shares of our common stock received by those officers, directors, key employees and 10% holders in the Merger for a period of two years following the closing of the Merger.

#### Ownership Immediately Following Consummation of the Merger

Immediately after giving effect to the Transactions, including the units sold in the initial closing of the Offering, the conversion of the Bridge Notes and the exchange of the Dynastar Warrants, the issuance of shares of our common stock to the former Dynastar stockholders in the Merger, the cancellation of shares owned by Dynastar, and the broker warrants issued to the placement agent in connection with the Offering, there were issued and outstanding securities of the Company on the closing of the Transactions as follows:

- (i) upon the Closing Date, the stockholders of Dynastar surrendered all of the issued and outstanding shares of Dynastar’s capital stock, assuming the conversion of Dynastar’s outstanding Dynastar Preferred Stock at the as adjusted conversion price of \$0.20 per share, and received, in exchange for such shares, an aggregate of 15,872,000 shares of our common stock (the “Merger Shares”);
- (ii) the pre-merger closing stockholders of Pubco other than Dynastar retained 16,103,541 shares of our common stock;
- (iii) Dynastar surrendered to Pubco for cancellation 271,400,076 shares of our common stock pursuant to a share cancellation agreement dated effective as of January 17, 2012;
- (iv) one investor purchasing units in the Offering received 125,000 shares of our common stock and investor warrants to purchase 62,500 shares of our common stock;
- (v) the Bridge Notes were converted, as to their outstanding principal amount, into an aggregate of 5,724,925 shares of our common stock and as to their accrued interest amount, into an aggregate of 258,781 shares of our common

stock;

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- (vi) the Dynastar Warrants were exchanged into our warrants to purchase an aggregate of 2,862,462 shares of our common stock;
- (vii) Robert R. Mohr, the then-Chief Financial Officer of Dynastar and designated Chief Financial Officer of Pubco, exchanged an option exercisable for 450,000 Dynastar shares of common stock for an option under the 2011 Plan exercisable for 450,000 shares of our common stock and received an additional option under the 2011 Plan exercisable for 500,000 shares of our common stock; and John S. Henderson IV, Chief Executive Officer of Dynastar and designated Chief Executive Officer of Pubco received an option exercisable for 1,000,000 shares of our common stock under the 2011 Plan;
- (viii) the placement agent received agent warrants to purchase 6,250 shares<sup>2</sup> of our common stock; and
- (ix) Acquisition Corp. merged with and into Dynastar, with Dynastar remaining as the surviving entity.

<sup>2</sup> And was subsequently issued warrants to purchase an additional 6,250 shares of our common stock following the amendment of our placement agent agreement relating to the Offering

#### Accounting Treatment; Change of Control

The Merger is being accounted for as a “reverse merger,” and Dynastar is deemed to be the acquirer in the reverse merger for accounting purposes. Consequently, the assets and liabilities and the historical operations of the Company that will be reflected in the financial statements prior to the Merger will be those of Dynastar, and the consolidated financial statements of the Company after completion of the Merger will include the assets and liabilities of Dynastar, historical operations of Dynastar and operations of Dynastar from the Closing Date of the Merger.

Except as described in the previous paragraphs, no arrangements or understandings exist among present or former controlling stockholders with respect to the election of members of the Company’s board of directors and, to our knowledge, no other arrangements exist that might result in a change of control of the Company. Further, as a result of the issuance of the shares of common stock pursuant to the Merger, a change in control of the Company occurred as of the date of consummation of the Merger.

#### Subsequent Events

##### The Offering

Subsequent to the Closing Date, the size of the Offering was increased to a maximum of 3,000,000 units with an over-allotment option of an additional 750,000 units. We conducted additional closings of the Offering on February 24, 2012, May 15, 2012, August 1, 2012, September 28, 2012, October 23, 2012, December 14, 2012, January 8, 2013, January 18, 2013 and February 6, 2013. Investors in these closings purchased 125,000, 2,500,000, 250,000, 250,000, 1,250,000, 500,000, 375,000, 500,000 and 125,000 units, respectively, for a total gross cash consideration for these closings of \$1,175,000 and an aggregate gross consideration from all the closings of \$1,200,000. We paid Gottbetter Capital Markets, Inc. a cash commission on the additional sales of \$112,500 and issued to Gottbetter Capital Markets, Inc. five-year broker warrants to purchase 575,000 shares of our common stock at an exercise price of \$0.20 per share. Aggregate cash commissions paid to date to Gottbetter Capital Markets, LLC total \$115,000 with aggregate warrants issuable for 587,500 common shares.



### The Sale of a 10% Convertible Note

On March 13, 2012, we completed the sale of a convertible promissory for cash consideration of \$25,000. This note bears interest at 10%, and was due to be repaid on September 11, 2012. On September 11, 2012, we and the holder agreed to extend the maturity date to December 31, 2013. At the election of the holder, the principal and accrued interest on this note may be converted into units of the Offering. If the holder does not elect to convert the principal and interest into units of the Offering, at maturity, the interest shall be paid in shares of our common stock. The conversion price shall be based upon the volume weighted average price of our common stock as reported by Bloomberg L.P. for the ten trading days preceding but not including the relevant payment date, or (b) if no such pricing is available, a number determined in good faith by our board of directors to be the fair market value of our common stock at the payment date.

### Resignation of our Chief Financial Officer

On May 31, 2012, Robert Mohr resigned from his positions as our Chief Executive Officer and Secretary. Mr. Mohr's resignation did not arise from any disagreements with us on any matter relating to our operations, policies or practices. In connection with his resignation, we paid Mr. Mohr severance compensation of \$51,542. Additionally, with respect to his option to purchase 450,000 shares of our common stock, we agreed that the unvested portion of this option would immediately vest and that he would be entitled to retain this entire option for 450,000 shares for the remainder of its original term, ten years. The additional option to purchase 500,000 shares of our common stock that we had granted to Mr. Mohr was immediately forfeited upon Mr. Mohr's resignation.

### ConnectionPlus® Asset Acquisition

On November 27, we completed our acquisition from uBuy2Give, Inc. ("uB2G") of uB2G's ConnectionPlus software assets. The ConnectionPlus assets consist of a suite of software applications including a toolbar application, a shopping mall application, reporting portal and related functional components that, taken together, enable online shoppers to receive cash back rebates on their internet retail purchases. As the purchase price for these assets, we agreed to issue to uB2G 9,559,862 restricted shares of our common stock, 4,779,931 of which were delivered to uB2G following the closing of the acquisition and the remaining 4,779,931 shares are being held in escrow by Gottbetter and Partners, LLP, to be released to uB2G if the ConnectionPlus platform implemented by us is able to process at least 150,000 transactions by December 31, 2013. If the ConnectionPlus platform is not able to meet this transaction processing test by December 31, 2013, we will not be obligated to deliver the remaining 4,779,931 shares to uB2G and those shares will be returned to our treasury for cancellation. All of these shares carry "piggy back" registration rights. If the ConnectionPlus platform cannot process the required number of transactions by December 31, 2013, uB2G may reacquire the ConnectionPlus assets by returning to us the 4,779,931 shares delivered to uB2G following the closing. This transaction is discussed in further detail elsewhere in this Current Report.

## DESCRIPTION OF BUSINESS

### Overview

Through our wholly owned subsidiary Dynastar, we are principally a sales and network marketing company operating across web based applications over the internet. We bring consumers to merchants by offering goods and services in ways that leverage the trends in social networking, and the strengths of relationships through affinity marketing, and that are leveraged through entrepreneurial motivations of an independent sales representative organization. Dynastar is creating a new way for online store partners to attract customers who will purchase their goods and services. We provide consumers with savings and help them to conveniently shop for goods and services at many well-known online stores on the web.

Through our “proprietary” applications our business model brings to existing online retailers motivated consumers. Our consumers are motivated to join and purchase from these online stores, because of either a rebate, which will save them money, or an opportunity to give back, through a commission being paid directly to his/her chosen Affiliate Organization.

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Our independent sales reps are motivated to drive more and more consumers to the merchants, thus increasing their earnings and ours.

Traditionally, online retailers are not able to market to specific customers often spending their marketing dollars on inefficient marketing expenditures (search engine ads, etc.) the effect of which may be inefficient. However, our online model is expected to provide online retailers with consumer buyers that have already expressed a near term desire to purchase.

All the while, we earn a fee on each and every transaction that flows through our network.

We organized Dynastar in 2010, and in 2011 began operations through the purchase and operation of the assets of My Affordable Energy, Inc., a direct seller of residential and commercial electricity and gas in which we utilize independent sales and marketing representatives as sales agent to market energy on behalf of independent energy providers in certain deregulated states.

Our independent representatives recruit and enroll consumers who purchase electricity from providers other than the local incumbent utility. In running this business, we came to appreciate the potential economic benefits of developing our own “network” and the benefits and entrepreneurial motivations of doing this through a highly motivated and incentivized independent force of sales and marketing representatives.

We started our energy business in Texas and New York, with expectations to expand quickly to other states. However, we concluded in 2012 that the pace of states passing legislation to deregulate and “open” their energy consumers to our markets was slower than expected and capital constraints within the company limited our opportunity to grow the business.

We then began to explore other market models and products that we might develop internally or acquire through acquisition in order to expand our business in new directions.

To this end, on July 23, 2012, we entered into a binding letter of intent with uBuy2Give, Inc. (“uB2G”) to acquire the ConnectionPlus® suite of software assets. We expect that this acquisition will help us increase brand awareness, improve customer loyalty, and enhance our online capabilities and, most importantly, enable us to effectively grow our business.

On November 27, 2012, we completed the acquisition of the uB2G’s ConnectionsPlus assets.

#### Purchase of the Assets of uB2G

The ConnectionPlus assets consist of a suite of software applications including a toolbar application, a shopping mall application, a reporting portal and the related functional components that, taken together, enable online shoppers to receive cash back rebates on their internet retail purchases.

Pursuant to the terms of the ConnectionPlus Asset Purchase Agreement, consideration consisted of the issuance to uB2G of 9,559,862 restricted shares of our common stock of which 4,779,931 of the shares were delivered to uB2G promptly after the closing and the remaining 4,779,931 shares will be held in escrow, and released to uB2G if the ConnectionPlus platform implemented by us is able to process at least one hundred fifty thousand (150,000) transactions by December 31, 2013. If the ConnectionPlus platform is not able to process this number of transactions by December 31, 2013, we will not be obligated to deliver the remaining 4,779,931 shares to uB2G and those shares will be returned to our treasury for cancellation. All of the shares issued to uB2G carry “piggy back” registration rights.



In the event that the ConnectionPlus platform is not able to process the required number of transactions by December 31, 2013, uB2G may reacquire the ConnectionPlus assets by returning to us the 4,779,931 shares delivered to uB2G following the closing.

On August 2, 2012, we provided uB2G with a loan in the principal amount of \$50,000, which loan was evidenced by a 10% senior subordinated promissory note due on November 2, 2012. Upon the closing of the purchase of the ConnectionPlus assets on November 27, 2012, this note plus accrued interest was forgiven in full and cancelled.

The sale of the ConnectionPlus assets was approved by a majority of the equity investors in uB2G. Additionally, as a condition to the closing of the ConnectionPlus purchase, all but one of the uB2G secured lenders agreed to approve the asset sale and terminate their security interests in the ConnectionPlus assets and, in lieu of their liens on the ConnectionPlus assets, to take a security interest in our shares issued to uB2G which have been pledged to them by uB2G. With respect to the one secured lender of uB2G who did not release its security interest in the ConnectionPlus assets to whom uB2G issued promissory notes in the aggregate principal amount of \$30,000, this uB2G lender retains its security interest in the ConnectionPlus assets that we now own.

In support of our acquiring the ConnectionPlus assets, effective as of November 27, 2012, we entered into consulting agreements with John Higgins, the former President of uB2G, Jed Trosper, the former Chief Executive Officer of uB2G, and a former employee to uB2G. Pursuant to these agreements, in exchange for their assistance with our implementation and integration of the ConnectionPlus assets, we agreed (i) to pay Mr. Higgins a cash fee of \$75,000 for six months of consulting services and to grant options to purchase up to 400,000 shares of our common stock, (ii) to grant Mr. Trosper options to acquire up to 1,000,000 shares of our common stock and (iii) to grant the employee options to purchase up to 100,000 shares of our common stock as discussed below. One half of these option grants will be cancelled if the ConnectionPlus assets are not able to meet the required transaction processing test by December 31, 2013. These options are exercisable for ten years at an exercise price of \$0.20 per share.

Pursuant to his agreement, Mr. Higgins may assist the Company in marketing the ConnectionPlus platform and will receive a cash commission on any successful sales.

In connection with the marketing of the ConnectionPlus platform we have entered into marketing agreements with four companies that have agreed to assist us with business development in exchange for a commission based upon performance.

With the consummation of the Connection Plus purchase, we believe that we are now positioned to become an effective player in the online network marketing business.

#### Our Business

Our network marketing, sales, and technology business enables consumers to use various applications to earn cash back and/or financially support their chosen affinity group, charity, school, association or faith-based organization.