

GEN RX INC  
Form 10-Q  
May 14, 2009  
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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

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**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 March 31, 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.)

**600 Woodmere Boulevard**

**Woodmere, New York 11598**

(Address of principal executive offices, including zip code)

**(516) 569-3800**

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(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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

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.

**Class**  
Common Stock, \$0.004 par value per share

**Outstanding at May 14, 2009**  
20,878,711 shares  
(including 2,064,966 shares to be issued)



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**Caution Regarding Forward-Looking Information**

Certain statements in this report including, without limitation, statements containing the words believes, anticipates, expects, and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks. Uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among other things, international, national and local general economic and market conditions; demographic changes; the ability of the Company to obtain, sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate businesses; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions and other factors referenced in this and other reports.

Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

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(liquidation basis) (Note 2)  
(in thousands, except shares and per share amounts)

	March 31, 2009 (unaudited)	December 31, 2008
<b>ASSETS</b>		
Cash	\$ 30	\$ 30
<b>LIABILITIES</b>		
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)	\$ 0.00	\$ 0.00

*See Notes to Financial Statements*

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**GEN/RX, INC.**

**Condensed Consolidated Statement of Changes in Net Assets**

(liquidation basis) (Note 2)  
 (in thousands)  
 (unaudited)

		<b>January 1, 2009 through March 31, 2009</b>	<b>January 1, 2008 through March 31, 2008</b>	
Net assets, in liquidation	beginning of period	\$	0	\$ 0
Net assets in liquidation	end of period	\$	0	\$ 0

*See Notes to Financial Statements*

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**GEN/RX, INC.**

**Notes to Financial Statements**

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 position of the Company and its results of operations and cash flows 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 months ended March 31, 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 March 31, 2009, the Company remains indebted to Apotex in the amount of approximately \$4.4 million. In addition, in each of the periods ended March 31, 2009 and 2008, Apotex paid, on behalf of the Company, approximately \$5,500 and \$25,000, respectively, of expenses, representing primarily legal, accounting and administrative costs which are not reflected on the accompanying financial statements and from which Apotex has agreed not to charge the Company.



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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 June 30, 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., 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 been 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 three months ended March 31, 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 months ended March 31, 2009 and March 31, 2008 because there were no operations in 2009 and 2008.

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**Liquidity and Capital Resources**

At March 31, 2009, 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.

**Off-Balance Sheet Arrangements**

As of March 31, 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 March 31, 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 4T. 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 March 31, 2009 to provide reasonable assurance that information required to be summarized and reported within the time periods specified in

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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 Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control 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 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 March 31, 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: May 14, 2009

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

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- 32 Section 1350 Certification