

Averion International Corp.
Form DEF 14C
November 17, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

**SCHEDULE 14C
(RULE 14C-101)
SCHEDULE 14C INFORMATION**

**INFORMATION STATEMENT PURSUANT TO
SECTION 14(C) OF THE SECURITIES EXCHANGE ACT OF 1934**

Check the appropriate box:

- Preliminary Information Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2)).
- Definitive Information Statement.

AVERION INTERNATIONAL CORP.
(Name of Registrant As Specified In Its Charter)

Payment of Filing Fee (Check the Appropriate Box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11
 1. Title of each class of securities to which transaction applies:
 2. Aggregate number of securities to which transaction applies:
 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:
 4. Proposed maximum aggregate value of transaction:
 5. Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 1. Amount previously paid:

2. Form, schedule or registration statement No.:
 3. Filing party:
 4. Date filed:
-

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**Averion International Corp.
225 Turnpike Road
Southborough, Massachusetts 01772**

INFORMATION STATEMENT

**NOTICE OF ACTION TAKEN BY
WRITTEN CONSENT OF MAJORITY STOCKHOLDERS**

**WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES
COMMISSION HAS APPROVED OR DISAPPROVED THIS TRANSACTION, PASSED UPON THE
FAIRNESS OR MERITS OF SUCH TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF
THE INFORMATION CONTAINED IN THIS DOCUMENT. ANY REPRESENTATION TO THE
CONTRARY IS UNLAWFUL.**

IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF INFORMATION STATEMENT.

**AS PERMITTED BY RULES PROMULGATED BY THE SEC, WE HAVE ELECTED TO PROVIDE
ACCESS TO THIS INFORMATION STATEMENT BOTH BY SENDING YOU A COPY OF THIS
INFORMATION STATEMENT AND BY NOTIFYING YOU OF THE AVAILABILITY OF THIS
INFORMATION STATEMENT ON THE INTERNET. A COPY OF THIS INFORMATION STATEMENT
IS AVAILABLE TO YOU FREE OF CHARGE AT: [HTTP://WWW.AVERIONINTL.COM/](http://www.averionintl.com/) UNDER THE
HEADING CORPORATE GOVERNANCE.**

THE PROPOSAL ACTED UPON BY WRITTEN CONSENT OF A MAJORITY OF THE STOCKHOLDERS OF THE COMPANY WAS FOR THE APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION, AS AMENDED TO DATE, TO EFFECT THE REVERSE/FORWARD STOCK SPLIT, CONSISTING OF THE REVERSE SPLIT IN A RATIO OF TWENTY THOUSAND FIVE HUNDRED (20,500) SHARES TO ONE (1) SHARE, FOLLOWED IMMEDIATELY THEREAFTER BY THE FORWARD SPLIT, PURSUANT TO WHICH EACH SHARE OF COMMON STOCK OUTSTANDING UPON CONSUMMATION OF THE REVERSE SPLIT WILL BE CONVERTED AT A RATIO OF ONE (1) SHARE TO TWENTY THOUSAND FIVE HUNDRED (20,500) SHARES OF OUR COMMON STOCK.

THESE CORPORATE ACTIONS WILL BE EFFECTED APPROXIMATELY 20 CALENDAR DAYS AFTER THE DATE OF THE INITIAL MAILING OF THIS INFORMATION STATEMENT, OR ON OR ABOUT DECEMBER 14, 2009. WE ARE NOT SOLICITING YOUR PROXY OR CONSENT, BUT ARE FURNISHING THIS INFORMATION STATEMENT TO YOU PURSUANT TO RULE 14C-2 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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General

Averion International Corp. (the **Company**, **we**, **our** or **us**) is providing this Information Statement (the **Information Statement**) to you to inform you that stockholders holding a majority in interest of our voting stock have adopted resolutions by written consent that:

Approve an amendment to our Certificate of Incorporation, as amended to date (the **Certificate of Amendment**), to effect a reverse stock split in a ratio of twenty thousand five hundred (20,500) shares to one (1) share (the **Reverse Split**), followed immediately thereafter by a forward stock split, pursuant to which each share of common stock outstanding upon consummation of the Reverse Split will be converted at a ratio of one (1) share to twenty thousand five hundred (20,500) shares of our common stock (the **Forward Split**, together with the Reverse Split, is referred to in this Information Statement as the **Reverse/Forward Stock Split**).

Stockholders owning fewer than twenty thousand five hundred (20,500) shares of common stock immediately prior to the effective time of the Reverse Split, whose shares of common stock would be converted into less than one (1) share in the Reverse Split, will instead be converted solely into the right to receive a cash payment of One Cent (\$0.01) per share owned by such stockholders immediately prior to the Reverse Split. If a stockholder holds twenty thousand five hundred (20,500) or more shares of common stock immediately prior to the effective time of the Reverse Split, any fractional shares in such account resulting from the Reverse Split will not be cashed out and the total number of shares held by such stockholder will not change as a result of the Reverse/Forward Stock Split.

The intended effect of the Reverse/Forward Stock Split is to reduce the number of holders of our common stock to fewer than three hundred (300) so that we will be eligible to terminate the public registration of our common stock under the Securities Exchange Act of 1934, as amended (the **Exchange Act**). Provided that the Reverse/Forward Stock Split has the intended effect, we will file to deregister our common stock with the Securities and Exchange Commission (the **SEC**) and to terminate the quotation of our common stock on the Over-the-Counter Bulletin Board (the **OTCBB**). At such time, we will no longer be required to file periodic reports with the SEC.

The Forward Split, which will occur immediately following the Reverse Split, is intended to benefit the Company by: (i) restoring continuing stockholders to their original position prior to the Reverse Split; (ii) eliminating the need to replace stock certificates or cash out fractional shares held by continuing stockholders; and (iii) avoiding the need to adjust the exercise price of any awards previously granted under the Company's stock option plans.

We expect the Certificate of Amendment to be filed with the Secretary of State of the State of Delaware approximately twenty (20) calendar days after the date this Information Statement is first mailed to our stockholders and will become effective as of the date set forth therein (the **Effective Date**). As a result of the Reverse/Forward Stock Split, as described in more detail in this Information Statement, stockholders who own fewer than twenty thousand five hundred (20,500) shares of our common stock will have their shares cashed out based upon a price of One Cent (\$0.01) per pre-Reverse Split share.

We have established the close of business on August 27, 2009 as the record date (**Record Date**) related to the foregoing. Therefore, we are mailing this Information Statement to our stockholders of record as of the close of business on the Record Date. We intend to mail this Information Statement to our security holders no later than November 24, 2009.

As soon as practicable after the Effective Date, we will send all stockholders with stock certificates representing the right to receive cash payments a letter of transmittal to be used to transmit common stock certificates to American Stock Transfer & Trust Co. (the **Exchange Agent**). Upon proper completion and execution of the letter of transmittal, and the return of the letter of transmittal and accompanying stock certificate(s) to the Exchange Agent, each

stockholder entitled to receive payment will receive a check for such stockholder's shares. Stockholders should allow for approximately five (5) business days after mailing for the Exchange Agent to receive the letter of transmittal and accompanying stock certificate. The Exchange Agent will send a check for such stockholder's stock within approximately ten (10) business days of receiving

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such letter of transmittal and accompanying stock certificate. In the event we are unable to locate certain stockholders or if a stockholder fails properly to complete, execute and return the letter of transmittal and accompanying stock certificate to the Exchange Agent, any funds payable to such holders pursuant to the Reverse/Forward Stock Split will be held in escrow until a proper claim is made, subject to applicable abandoned property laws.

This Information Statement is being mailed to you for information purposes only. No action is requested or required on your part.

Stockholders Entitled to Vote

Our Board of Directors (the **Board**) declared August 27, 2009, the official Record Date with respect to the foregoing action. Holders of shares of our common stock at the close of business on the Record Date were entitled to vote on the actions set forth above. On the Record Date, we had approximately 639,257,754 shares of common stock issued and outstanding. Each stockholder was entitled to one (1) vote for each share of common stock held by such stockholder.

Results of the Vote

As of the Record Date, holders of a majority of our common stock had executed a written consent in favor of the actions described above. The foregoing action was approved by 453,299,776 shares, or approximately 71% of all shares entitled to vote thereon. This consent satisfies the stockholder approval requirement for the proposed actions.

Information Statement

No action is required by you. As set forth above, we have obtained the required stockholder approval. The accompanying Information Statement is furnished only to inform you of the corporate action described above before it takes effect in accordance with Rule 14c-2 promulgated under the Exchange Act. Pursuant to Rule 14c-2, the foregoing actions will not take effect until a date that is at least twenty (20) calendar days after the date on which this Information Statement has been mailed to you. No other stockholder approval is required.

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FORWARD-LOOKING STATEMENTS

This Information Statement contains forward-looking statements. The words believe, expect, anticipate, estimate, project, intend, plan and similar expressions identify forward-looking statements, which speak only as of the date of this Information Statement. The Information Statement also contains projections under Special Factors-Fairness of the Reverse/Forward Stock Split to Stockholders. These projections are not a guarantee of performance. They involve risks, uncertainties and assumptions. We cannot assure you that the projections will be realized or that the Company's future financial results will not materially vary from the projections. We do not intend to update or revise the projections. These projections are also forward-looking statements. These projections and other forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future events and actual results could differ materially from those made in, contemplated by, or underlying the forward-looking statements. Some of these risks and uncertainties include, but are not limited to, those discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our other documents filed with the SEC. For these reasons, you should not place undue reliance on any forward-looking statements included in this Information Statement. The Company does not assume any obligation to update or correct forward-looking statement to reflect subsequent events or actual results. The safe harbor provisions of the Private Securities Litigations Reform Act of 1995 are not available to statements made in this Information Statement. In addition, the safe harbor provisions of the Private Securities Litigations Reform Act of 1995 referenced in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, which are incorporated by reference into this Information Statement, do not apply to any forward-looking statements that we make in this Information Statement in connection with the Reverse/Forward Stock Split.

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ACTION NO. 1:

REVERSE/FORWARD STOCK SPLIT

The following is a summary of the material terms of the proposed Reverse/Forward Stock Split and the other transactions contemplated in connection with the Reverse/Forward Stock Split.

The remaining information in this Information Statement contains a more detailed description of the terms of the proposed Reverse/Forward Stock Split and related transactions. We encourage you to read carefully the entire Information Statement.

SUMMARY OF TERMS OF REVERSE/FORWARD STOCK SPLIT

Our Board, including all of our independent, non-employee directors, has authorized, and our stockholders have approved, a twenty thousand five hundred (20,500) to one (1) Reverse Split of our common stock, followed immediately thereafter by a one (1) to twenty thousand five hundred (20,500) Forward Split of our common stock. See also the information under the caption **Special Factors** Structure of the Reverse/Forward Stock Split on pages 24-25, **Special Factors** Fairness of the Reverse/Forward Stock Split to Stockholders on pages 26-38 in this Information Statement and **Special Factors** Independent Valuation Report by Third Party Valuation Consultant on pages 29-35 in this Information Statement.

Our Board also formed a special committee comprised of the following independent directors: Alastair McEwan, Robert Tucker and James Powers (the **Special Committee**). The purpose of the Special Committee was to review and, if determined to be fair, recommend to our full Board a Reverse/Forward Stock Split ratio and a price per share to be paid for the shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split.

The Special Committee recommended to the Board and the Board authorized a twenty thousand five hundred (20,500) to one (1) Reverse/Forward Stock Split of our common stock, par value \$0.001 per share, and a price per share of One Cent (\$0.01) to be paid for the shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. Our Board also relied on a third party independent valuation report from Marshall & Stevens, Inc., and/or its affiliates (the **Valuation Consultant**) in determining the fairness of One Cent (\$0.01) per share as a cash payment per pre-Reverse/Forward Stock Split share; provided, however, that neither our Board nor our Special Committee obtained an independent fairness opinion for the Reverse/Forward Stock Split, nor did the Valuation Consultant render an opinion as to the fairness of the Reverse/Forward Stock Split. See also the information under the captions **Special Factors** Reasons for and Purposes of the Reverse/Forward Stock Split on pages 9-11, **Special Factors** Fairness of the Reverse/Forward Stock Split to Stockholders on pages 26-38 in this Information Statement and **Special Factors** Independent Valuation Report by Third Party Valuation Consultant on pages 29-35 in this Information Statement.

Our Board, including all independent, non-employee directors, determined that the Reverse/Forward Stock Split is fair to and in the best interests of all of our nonaffiliated stockholders, including those stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split and those who will retain an equity interest in our Company subsequent to the Reverse/Forward Stock Split. See also the information under the caption **Special Factors** Fairness of the

Reverse/Forward Stock Split to Stockholders on pages 26-38 and Special Factors Procedural Fairness on pages 35-37 in this Information Statement.

Each of ComVest Investment Partners II LLC (**ComVest**), Philip T. Lavin, Ph.D., James H. McGuire, Cecilio Rodriguez and Michael Falk, who have each been deemed a filing person for purposes of Schedule 13E-3, have adopted the analysis and conclusions of the Special Committee and our Board, including the adoption of the analysis and conclusions of our management, regarding the material factors upon which it was determined that the Reverse/Forward Stock Split is procedurally and substantively fair to our unaffiliated stockholders, both to stockholders who will retain an equity interest in the Company and those who will not be continuing stockholders of the Company. See also the

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information under the caption **Special Factors Fairness Determination by ComVest, Philip T. Lavin, Ph.D., James H. McGuire, Cecilio Rodriguez and Michael Falk** on pages 37-38 in this Information Statement.

The Certificate of Amendment requires the approval of the holders of a majority of our outstanding voting securities. The stockholders that voted to approve the Certificate of Amendment and Reverse/Forward Stock Split were ComVest, Philip T. Lavin Ph.D. and Dr. Gene Resnick. All of the members of our Board and the following executive officers: Philip T. Lavin Ph.D. our Vice Chairman and Founder and Dr. Gene Resnick our Chief Medical Officer and Founder, have voted, or caused to be voted, all shares which they directly or indirectly control in favor of the Reverse/Forward Stock Split. Philip T. Lavin, Ph.D. our Executive Chairman, has voting control over 114,918,159 shares of voting stock, representing approximately 17.98% of the outstanding shares of voting stock. Michael Falk, a director, has voting control over 323,829,235 shares of voting stock, representing approximately 50.60% of the outstanding shares of voting stock, the majority of which are held by ComVest Investment Partners II LLC. Although Mr. Falk has voting control over the shares, he disclaims beneficial ownership of these shares. The shares of stock beneficially held by our directors and executive officers represent 71.58% of our total outstanding voting securities. See also the information under the caption **Special Factors Description of the Reverse/Forward Stock Split** on pages 38-40 in this Information Statement.

When the Reverse/Forward Stock Split becomes effective, if you hold at least twenty thousand five hundred (20,500) shares of common stock, the number of shares of common stock that you hold will not change, and you will not be entitled to receive any cash payments. You will not need to take any action, including exchanging or returning any existing stock certificates, which will continue to evidence ownership of the same number of shares as set forth currently on the face of the certificates. See also the information under the caption **Special Factors Description of the Reverse/Forward Stock Split** on pages 38-40 in this Information Statement.

We presently have approximately eight hundred fifty (850) stockholders of record of our common stock, of which approximately seven hundred twenty five (725) stockholders each own fewer than twenty thousand five hundred (20,500) shares. In the aggregate, the shares held by these small holders comprise less than 1% of our outstanding capital stock. When the Reverse/Forward Stock Split is effected, we believe that approximately one hundred twenty five (125) stockholders will remain as holders of our common stock, beneficially owning 100% of the outstanding common stock. Common stockholders, who now beneficially own approximately 99% of the outstanding common stock, will beneficially own 100% of the outstanding common stock after the Reverse/Forward Stock Split. See also the information under the captions **Special Factors Reasons for and Purposes of the Reverse/Forward Stock Split** on pages 9-11 and **Special Factors Conduct of the Company's Business After the Reverse/Forward Stock Split** on page 42 in this Information Statement.

The Reverse/Forward Stock Split will not affect the outstanding stock options, whether exercisable or unexercisable, granted under our option plans and holders of options will, following the Reverse/Forward Stock Split, continue to hold options for the same number of shares of common stock at the same exercise prices and other option terms. See also the information under the caption **Special Factors Effect of the Reverse/Forward Stock Split on Option Holders** on page 18 in this Information Statement.

The Reverse/Forward Stock Split will not affect the outstanding warrants to purchase our common stock and holders of warrants will, following the Reverse/Forward Stock Split, continue to hold warrants to purchase the same number of shares of common stock at the same exercise prices and other warrant terms. See also the information under the caption **Special Factors Effect of the Reverse/Forward Stock Split on Warrant Holders** on page 18 in this Information Statement.

The Reverse/Forward Stock Split is not expected to affect our current business plan or operations, except for the anticipated cost and management time savings associated with the termination of our obligations as a public reporting company. See also the information under the captions Special Factors Effects of the Reverse/Forward Stock Split on pages 15-17, Special Factors Financial Effect and Accounting

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Consequences of the Reverse/Forward Stock Split on pages 18-20 and Special Factors Conduct of the Company's Business After the Reverse/Forward Stock Split on page 42 in this Information Statement.

When the Reverse/Forward Stock Split becomes effective, we will be able to terminate registration of our securities under Section 12(g) of the Exchange Act, suspend our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act, and terminate the quotation of shares of our common stock on the OTCBB. Once we terminate registration of our common stock under Section 12(g) of the Exchange Act, suspend our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act and terminate the quotation of our common stock, we will no longer be obligated to file periodic reports with the SEC or furnish reports to our stockholders. See also the information under the captions Special Factors Reasons for and Purposes of the Reverse/Forward Stock Split on pages 9-11, Special Factors Fairness of the Reverse/Forward Stock Split to Stockholders, on pages 26-38 and Special Factors Termination of Exchange Act Registration on page 36 in this Information Statement.

A stockholder who receives cash in the Reverse/Forward Stock Split (i.e., a stockholder who owns fewer than twenty thousand five hundred (20,500) shares of common stock immediately prior to the Reverse Split), will be treated as having had its shares redeemed by the Company, which will be a taxable transaction for federal income tax purposes. The tax treatment of a redemption of stock is governed by Section 302 of the Internal Revenue Code of 1986, as amended (the **Code**) and, depending on a stockholder's situation, will be taxed as either: (i) a sale or exchange of the redeemed shares, in which case the stockholder will recognize gain or loss equal to the difference between the cash payment and the stockholder's tax basis for the redeemed shares; or (ii) a cash distribution which is treated: (a) first, as a taxable dividend to the extent of the Company's accumulated earnings, (b) then, as a tax-free return of capital to the extent of the stockholder's tax basis in the redeemed shares, and (c) finally, as gain from the sale or exchange of the redeemed shares. For those stockholders who retain our common stock immediately after the completion of the Reverse/Forward Stock Split, you will not recognize any gain or loss with respect to such shares for federal income tax purposes. See also the information under the caption Special Factors Material Federal Income Tax Consequences of the Reverse/Forward Stock Split on pages 20-24 in this Information Statement. You are urged to consult with your own tax advisor regarding the tax consequences of the Reverse/Forward Stock Split in light of your own particular circumstances.

You are not entitled to appraisal rights under either our governance documents or the Delaware General Corporation Law in connection with the Reverse/Forward Stock Split. See also the information under the caption Special Factors Description of the Reverse/Forward Stock Split on pages 38-40 in this Information Statement.

Although the Reverse/Forward Stock Split has been approved by the requisite number of stockholders, our Board reserves the right, in its discretion, to abandon the Reverse/Forward Stock Split prior to the proposed Effective Date if it determines that abandoning the Reverse/Forward Stock Split is in our best interests and those of our stockholders. Our Board believes that it is prudent to recognize that, between the date of this Information Statement and the date that the Reverse/Forward Stock Split will become effective, factual circumstances could possibly change such that it might not be appropriate or desirable to effect the Reverse/Forward Stock Split at that time or on the terms currently proposed, such as if we receive an offer from a third party to acquire the Company that represents a superior offer to our stockholders, if we experience a material change in our business or if litigation is initiated affecting our ability to proceed with the Reverse/Forward Stock Split. In the event our Board decides to abandon the Reverse/Forward Stock Split, we will file a Current Report on Form 8-K and issue a press release announcing the Board's decision. See also the information under the captions Special Factors Financing of the Reverse/Forward Stock Split, on page 41 Special Factors Structure of the Reverse/Forward Stock Split on pages 24-25 and Special Factors Reservation

of Rights on page 38 in this Information Statement.

We have the financial resources to complete the Reverse/Forward Stock Split, the costs of which we anticipate to be approximately \$27,000 (for the cash payment to be paid for the shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split), plus \$135,000 (for legal fees, accounting fees

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and certain other fees incurred in connection with the Reverse/Forward Stock Split). However, if on the date immediately preceding the Effective Date, we believe that the cash required to pay for the Reverse/Forward Stock Split exceeds our reasonable estimate of the amount of cash necessary to consummate the Reverse/Forward Stock Split, our Board reserves the right not to effect the Reverse/Forward Stock Split. If our Board decides to withdraw or modify the Reverse/Forward Stock Split, our Board will notify the stockholders of such decision promptly in accordance with applicable rules and regulations. See also the information under the captions *Special Factors Financing of the Reverse/Forward Stock Split* on page 41 and *Special Factors Reservation of Rights* on page 38 in this Information Statement.

ComVest is the controlling stockholder of the Company. In addition, each of Mr. Falk and Mr. Rodriguez, two of our board members, are affiliates of ComVest. The material facts as to each such director's interest are known to or have been fully disclosed to each of the other members of the Company's Board. For more detailed information concerning any conflict of interest of our Board or any filing person with respect to the Reverse/Forward Stock Split or concerning our relationship with any of our stockholders, please see also information under the caption *Security Ownership of Certain Beneficial Owners and Management* on pages 47-48, *Certain Relationships and Related Transactions* on pages 48-57, *Special Factors-Effects of the Reverse/Forward Stock Split* on pages 15-17 and *Special Factors-Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders* on pages 17-18 in this Information Statement.

In addition, the Reverse/Forward Stock Split will have a nominal effect on the percentage of beneficial ownership of each of our officers, directors and major stockholders, including ComVest our controlling stockholder, Philip T. Lavin, Ph.D., our Vice Chairman and Founder, and Cecilio Rodriguez and Michael Falk, each of whom is a member of our Board and an affiliate of ComVest. For more detailed information concerning the names of our major stockholders who will remain after the Reverse/Forward Stock Split, current relationships between those stockholders and the Company or our affiliates and the number and percentage of post-split outstanding shares that each such stockholder will hold after the Reverse/Forward Stock Split, please see also information under the caption *Security Ownership of Certain Beneficial Owners and Management* on pages 47-48, *Certain Relationships and Related Transactions* on pages 48-57, *Special Factors-Effects of the Reverse/Forward Stock Split* on pages 15-17 and *Special Factors-Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders* on pages 17-18 in this Information Statement.

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QUESTIONS AND ANSWERS ABOUT THE REVERSE/FORWARD STOCK SPLIT

The following questions and answers briefly address certain questions about the Reverse/Forward Stock Split that are not addressed in the Summary of Terms of Reverse/Forward Stock Split. They may not include all the information that is important to you and we urge you to read carefully this entire Information Statement.

Q: What are some of the advantages of the Reverse/Forward Stock Split?

A: Our Board believes that the Reverse/Forward Stock Split will have, among others, the following advantages:

because the number of our stockholders will be less than three hundred (300), we will terminate the registration of our common stock under Section 12(g) of the Exchange Act, suspend our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act and terminate the quotation of our common stock on the OTCBB, which will eliminate the significant tangible and intangible costs of being a public company. Because we would no longer have to incur external auditor fees, consulting and legal fees related to being a public company, including expenses related to compliance, planning, documentation and testing, in preparation for the internal controls audit imposed by Section 404 of the Sarbanes-Oxley Act of 2002 (the **Sarbanes-Oxley Act**), we estimate annual tangible costs savings of approximately \$805,000 (excluding costs to be incurred to comply with the internal control audit requirements of Section 404 of the Sarbanes-Oxley Act) or \$1,210,000 (including costs that we will ultimately be required to incur in order to comply with the internal control audit requirements of Section 404 of the Sarbanes-Oxley Act), in each case before taxes. We may incur annual audit fees as a private company although the costs of such services have yet to be determined;

we will be able to provide greater liquidity for the relatively large number of stockholders holding fewer than twenty thousand five hundred (20,500) shares where liquidity has been limited in the public market;

we will be able to eliminate the obligation to publicly disclose sensitive, competitive business information;

we will be able to achieve the overhead reduction associated with the Reverse/Forward Stock Split without negatively affecting our business operations;

our management will be able to better focus on our business's long-term goals and objectives; and

the Forward Split will allow us to: (i) restore continuing stockholders to their original position prior to the Reverse Split; (ii) eliminate the need to replace stock certificates or cash out fractional shares held by continuing stockholders; and (iii) avoid the need to adjust the exercise price of any awards previously granted under the Company's stock option plans.

See also the information under the captions **Special Factors** **Reasons for and Purposes of the Reverse/Forward Stock Split** on pages 9-11, **Special Factors** **Fairness of the Reverse/Forward Stock Split to Stockholders** on pages 26-38 and **Special Factors** **Procedural Fairness** on pages 35-37 in this Information Statement.

Q: What are some of the disadvantages of the Reverse/Forward Stock Split?

A: Our Board believes that the Reverse/Forward Stock Split will have, among others, the following disadvantages:

stockholders owning less than twenty thousand five hundred (20,500) shares of common stock will not have an opportunity to liquidate their shares at a time and for a price of their choosing; instead, they will be cashed out and will no longer be a stockholder and will not have the opportunity to participate in or benefit from any future

potential appreciation in our value;

the public market for shares of our common stock, where liquidity has been limited, could be greatly diminished;

stockholders remaining following the Reverse/Forward Stock Split will no longer have readily available to them all of the information regarding our operations and results that is currently available in our filings with the SEC;

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the elimination of our common stock's trading market may result in us having less flexibility in attracting and retaining executives and employees since equity-based incentives (such as stock options) tend not to be as valuable in a private company;

the termination of our Exchange Act registration will make many of the provisions of the Exchange Act, such as certain short-swing profit provisions of Section 16, the proxy solicitation rules under Section 14 and the stock ownership reporting requirements under Section 13, no longer applicable to us;

The Sarbanes-Oxley Act which imposes many additional rules and regulations on public companies that were designed to protect investors will no longer be applicable to us;

we will be less likely to be able to use our shares to acquire other companies; and

it will be more difficult for us to access the public equity markets.

See also the information under the captions "Special Factors - Reasons for and Purposes of the Reverse/Forward Stock Split" on pages 9-11, "Special Factors - Effects of the Reverse/Forward Stock Split" on pages 14-16, "Special Factors - Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders" on page 17-18 and "Special Factors - Fairness of the Reverse/Forward Stock Split to Stockholders" on pages 26-38 in this Information Statement.

Q: What are some of the reasons for terminating the registration of our common stock under the Exchange Act?

A: Our Board believes that we currently derive no material benefit from our public company status. In addition to the related direct financial burden from being a public company, the thin trading market in our common stock has not provided the desired level of liquidity to our stockholders nor provided a meaningful incentive for our key employees. See also the information under the caption "Special Factors - Reasons for and Purposes of the Reverse/Forward Stock Split" on pages 9-11 in this Information Statement.

Q: What are some of the factors that our Board considered in approving the Reverse/Forward Stock Split?

A: Our Board considered several factors in approving the Reverse/Forward Stock Split. Significantly, our Board considered the relative advantages and disadvantages discussed above and under the captions "Special Factors - Reasons for and Purposes of the Reverse/Forward Stock Split" on pages 9-11, "Special Factors - Strategic Alternatives Considered" on page 11, "Special Factors - Background and Timing of the Reverse/Forward Stock Split" on pages 12-15 and "Special Factors - Effects of the Reverse/Forward Stock Split" on pages 15-17 in this Information Statement. Our Board also considered other factors, including:

the financial presentations and analyses of management regarding the Reverse/Forward Stock Split;

the financial presentations and analyses of management and the Special Committee regarding the Reverse/Forward Stock Split and determination of the fair price per pre-Reverse Split share;

the Board's discussions and conclusions about the fairness of the price of One Cent (\$0.01) per pre-Reverse Split share to be paid following the Reverse/Forward Stock Split to unaffiliated stockholders owning fewer than twenty thousand five hundred (20,500) shares;

the recommendation of the Special Committee to the Board regarding the fairness of the Reverse/Forward Stock Split to our stockholders;

the independent valuation report presented by the Valuation Consultant to the Special Committee;

the projected tangible and intangible cost savings to us by terminating our public company status; and

the benefit of the elimination of our obligations to publicly disclose sensitive, competitive business information.

See also the information under the captions Special Factors Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders on

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pages 17-18, Special Factors Fairness of the Reverse/Forward Stock Split to Stockholders on pages 26-38 in this Information Statement and Special Factors Independent Valuation Report by Third Party Valuation Consultant on pages 29-35 in this Information Statement.

Q: How was the cash payment price of One Cent (\$0.01) per pre-Reverse Split share determined?

A: Our Board determined the cash payment price of \$0.01 per share based on the recommendation of the Special Committee. In determining the cash payment price of One Cent (\$0.01) per pre-Reverse Split share, our Board relied on: (i) the financial presentation and analyses of management and the Special Committee regarding the price per pre-Reverse Split share, including, without limitation, management's historical market price analysis and current market price analysis; and (ii) the independent valuation report presented by the Valuation Consultant. See also the information under the caption Special Factors Fairness on the Reverse Stock Split to Stockholder on pages 26-38 in this Information Statement.

Q: What will the procedure and timing be to receive cash payments?

A: When the Reverse/Forward Stock Split becomes effective, if you hold fewer than twenty thousand five hundred (20,500) shares of common stock, you will receive a cash payment of One Cent (\$0.01) per pre-Reverse Split share. We are instructing our Exchange Agent not to cash out a stockholder owning at least twenty thousand five hundred (20,500) shares in the aggregate even if such holder holds such shares in multiple accounts each with less than twenty thousand five hundred (20,500). However, if you are such a stockholder, in order to ensure that you are not cashed out, please take action, or instruct your broker to take action, prior to the Effective Date, to consolidate your positions into one account. As soon as practicable after the Effective Date, you will be notified by the Exchange Agent in a letter of transmittal and asked to surrender your stock certificates to the Exchange Agent. You should allow for approximately five (5) business days after mailing for the Exchange Agent to receive the stock certificates surrendered. Upon receipt of a properly completed letter of transmittal and your stock certificates by the Exchange Agent, you will receive your cash payment within approximately ten (10) business days. You will not receive any interest on the cash payments after the Effective Date. See also the information under the caption Special Factors Description of the Reverse/Forward Stock Split on pages 38-40 and Special Factors Exchange of Certificates for Cash Payment or Shares on pages 40-41 in this Information Statement.

Q: At what prices has the Company's stock traded recently?

A: Our common stock is traded on the OTCBB under the symbol AVER.OB. Prior to September 22, 2006, our common stock was quoted under the symbol ITER.OB. Prior to 2003, there was no trading market in our common stock. We have set forth below our high and low sales price information for the periods indicated, as reported by OTCBB. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions:

	High	Low
2009		
Quarter ended September 30, 2009	\$ 0.01	\$ 0.0052
Quarter ended June 30, 2009	\$ 0.02	\$ 0.005
Quarter ended March 31, 2009	\$ 0.08	\$ 0.02
2008		
Quarter ended December 31, 2008	\$ 0.05	\$ 0.01
Quarter ended September 30, 2008	\$ 0.09	\$ 0.02

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Quarter ended June 30, 2008	\$ 0.14	\$ 0.06
Quarter ended March 31, 2008	\$ 0.13	\$ 0.05
2007		
Quarter ended December 31, 2007	\$ 0.18	\$ 0.07
Quarter ended September 30, 2007	\$ 0.18	\$ 0.11
Quarter ended June 30, 2007	\$ 0.25	\$ 0.09
Quarter ended March 31, 2007	\$ 0.21	\$ 0.12

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We have never paid any dividends on our common stock. We intend to retain our future earnings, if any, and do not anticipate paying cash dividends on our common stock in the foreseeable future. Restrictive debt covenants in our senior secured notes issued in October 2007, November 2007 and June 2008 preclude us from declaring dividends or other distributions on our common stock.

On September 3, 2009, the last trading day prior to the initial announcement of the Reverse/Forward Stock Split, our common stock's closing price per share was \$0.0086. On November 13, 2009, the last practicable trading day prior to the date of this Information Statement, our common stock's closing bid as quoted on the OTCBB was \$0.005.

See also the information under the caption "Special Factors – Fairness of the Reverse/Forward Stock Split to Stockholders" on pages 26-38 in this Information Statement.

SPECIAL FACTORS

Reasons for and Purposes of the Reverse/Forward Stock Split

The primary purpose of the Reverse/Forward Stock Split is to reduce the number of holders of record of our common stock to fewer than three hundred (300), so that we can terminate the registration of our common stock under Section 12(g) of the Exchange Act and suspend our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act. The Reverse/Forward Stock Split is expected to ultimately result in the elimination of the expenses related to our disclosure and reporting requirements under the Exchange Act and the Sarbanes-Oxley Act, and is likely to decrease the administrative expense we incur in servicing a large number of record stockholders who own relatively small numbers of shares. The Reverse/Forward Stock Split is thus expected to enable our management and employees to devote more time and effort to our operations.

Our Board believes that the advantages of remaining public were primarily perceived to be: (i) increased liquidity to existing stockholders, (ii) increased access to equity markets for us to finance our growth, and (iii) the ability to use our capital stock more easily as consideration in acquisition transactions; however, we, and our stockholders, have been generally unable to realize any of these perceived benefits due to our historically low stock price, our small public float and the resulting illiquidity of our stock as well as an absence of any sustained interest from public institutional investors or securities research analysts.

Further, as we have grown with the acquisitions of Averion Inc. and more recently Hesperion AG, a corporation organized under the laws of Switzerland (**Hesperion**), which has historically prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) as opposed to generally accepted accounting principles in the United States (GAAP), our accounting function has become increasingly complex, adding significantly to the accounting costs and financial burden of being a public company.

In addition, the obligation to file a report of our management as to the effectiveness of our internal controls, which is mandated by Section 404 of the Sarbanes-Oxley Act, has become applicable to us, and the obligation to file an attestation report of our independent registered public accounting firm on management's assessment of the Company's internal control over financial reporting will become applicable to us beginning in our fiscal year ending December 31, 2009. These obligations also will add significantly to the costs and financial burden of being a public company.

Our auditor estimates that adding the Section 404 attestation procedures to the annual audit process would cause our annual audit costs to increase approximately \$105,000 per year. We also expect to incur an additional expense of approximately \$175,000 annually in consulting fees and legal fees due to issues related to compliance with Section 404. We would also incur additional expenses annually of approximately \$125,000 to retain additional

personnel to handle the increased obligations resulting from compliance with Section 404. We also estimate that we will have to incur a one-time expense of approximately \$175,000 for documentation and implementation of internal systems relating to preparation for compliance with Section 404, an additional one-time expense of approximately \$350,000 for auditor expenses, and an additional one-time expense of approximately \$150,000 for consulting and legal fees. We avoid these one-time expenses, which we estimate

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to be approximately \$675,000, by ceasing to be a public reporting company and going private now. Further, since we have a limited number of executive personnel, the indirect costs associated with such compliance can also be significant relative to our overall expenses. Although there will be no direct monetary savings with respect to these indirect costs when the Reverse/Forward Stock Split is effected and we cease filing periodic reports with the SEC, the time currently devoted by management to our public company reporting obligations could be devoted to other purposes, such as operational concerns to further our business objectives and the interests of our stockholders.

Additionally, the Sarbanes-Oxley Act makes it difficult for us to attract and retain independent directors without increasing director compensation and obtaining additional directors and officers liability insurance.

Direct costs associated with compliance with the SEC's public reporting requirements include, but are not limited to, auditing fees, consulting fees, legal fees, financial printer fees and miscellaneous clerical and other administrative expenses, such as word processing, conversion to EDGAR, telephone and fax charges associated with the preparation and filing of periodic reports, proxy materials and other reports and statements with the SEC. To comply with the various public company obligations and requirements, we incur an estimated \$805,000 annually (this amount will likely increase to \$1,210,000 once we are required to comply with the auditor attestation of management's assessment of our internal controls obligation mandated by Section 404 of the Sarbanes-Oxley Act) before taxes in related expenses as follows:

Audit and Accounting	\$ 350,000	\$ 350,000
Legal Fees	100,000	100,000
Stockholder Expenses	150,000	150,000
D&O Insurance	80,000	80,000
Internal Control Compliance*	125,000	530,000
Total	\$ 805,000	\$ 1,210,000

* Consists of costs associated with compliance with the Sarbanes-Oxley Act related to establishing and maintaining adequate internal controls and procedures for financial reporting, procedures to enable management to attest as to the effectiveness of these internal controls and our internal review and audit of our financial statements

The estimates set forth above are only estimates. The actual savings that we may realize may be higher or lower than the estimates set forth above. In light of our current size, opportunities and resources, our Board does not believe that such costs are justified. Therefore, our Board believes that it is in our best interests and those of our stockholders to eliminate the administrative, financial and additional accounting burdens associated with being a public company by consummating the Reverse/Forward Stock Split at this time rather than continue to subject us to these burdens.

In certain respects, being a public company has also resulted in us being at a competitive disadvantage with respect to our privately-held competitors. In our Board's view, many of our competitors have a cost advantage in that they do not have the operating expenses associated with being a public company. Furthermore, our competitors, as well as the companies with whom we transact business, can use publicly disclosed information that we file under the Exchange Act to our detriment. Publicly available information about us can be readily analyzed by privately-held competitors and other companies rendering us at a competitive disadvantage in the marketplace. Conversely, we do not have access to similar information with respect to non-public rivals nor can we protect information about our business if we are mandated by federal securities laws to release such information on an annual or quarterly basis.

See also information under the caption **Special Factors Strategic Alternatives Considered** on page 11 in this Information Statement for an additional description of the reasons why our Board approved the Reverse/Forward Stock Split instead of another alternative transaction structure.

The Reverse/Forward Stock Split will terminate the equity interests of approximately seven hundred twenty five (725) record holders of our common stock who each own fewer than twenty thousand five hundred (20,500) shares of our common stock. As a result, the Reverse/Forward Stock Split would provide small stockholders a

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beneficial mechanism to liquidate their equity interest at a fair price for their shares without having to pay brokerage commissions, particularly in light of the limited liquidity available to holders of our common stock.

We intend for the Reverse/Forward Stock Split to treat stockholders holding common stock in street name through a nominee (such as a bank or broker) in the same manner as record holders. Nominees will be instructed to effect the Reverse/Forward Stock Split for their beneficial holders. However, nominees may have different procedures, and stockholders holding shares in street name should contact their nominees directly.

We presently have approximately eight hundred fifty (850) stockholders of record of our common stock, of which approximately seven hundred twenty five (725) each own fewer than twenty thousand five hundred (20,500) shares. In the aggregate, the shares held by these small holders comprise less than 1% of our outstanding capital stock. The administrative burden and cost to us of maintaining records in respect of these numerous small accounts and the associated cost of printing and mailing information to them is, in our Board's view, excessive given our size. These expenditures result in no material benefit to us. The Reverse/Forward Stock Split will enable us to eliminate much of this cost.

When the Reverse/Forward Stock Split is consummated, stockholders owning fewer than twenty thousand five hundred (20,500) shares of our common stock will no longer have any equity interest and will not participate in any future earnings or any increases in the value of our assets or operations. The stockholders that will continue to have an equity interest in the Company after the Reverse/Forward Stock Split will own a security, the liquidity of which will be restricted. The share price offered by us to holders holding fewer than twenty thousand five hundred (20,500) shares of our common stock was recommended to our Board by the Special Committee and was not determined at arm's length. See also information under the caption "Special Factors - Fairness of the Reverse/Forward Stock Split to Stockholders" on pages 26-38 in this Information Statement.

The Reverse/Forward Stock Split will: (i) cause us to cash out shares held by any stockholder holding fewer than twenty thousand five hundred (20,500) pre-Reverse Split shares, (ii) not cash out any shares held by any stockholder holding at least twenty thousand five hundred (20,500) pre-Reverse Split shares of common stock and (iii) change the percentage of common stock held by the remaining stockholders to 100%. However, the Board reserves the right, in its discretion, to abandon the Reverse/Forward Stock Split prior to the proposed Effective Date if it determines that abandoning the Reverse/Forward Stock Split is in the best interests of the Company. If stockholders take actions to: (i) reduce their holdings to under twenty thousand five hundred (20,500) shares; or (ii) increase their holdings to at least twenty thousand five hundred (20,500) shares prior to the proposed Effective Date, the Company may be forced to make further changes to the Reverse/Forward Stock Split ratio or to abandon the Reverse/Forward Stock Split entirely.

Strategic Alternatives Considered

In making the determination to proceed with the Reverse/Forward Stock Split, our Board considered two (2) other strategic alternatives. As discussed below, however, these other alternatives were ultimately rejected because our Board believed that the Reverse/Forward Stock Split would be the most cost effective approach in which to achieve the purposes described above and the alternative that would result in the best outcome for our stockholders. These alternatives were:

Merger. Our Board discussed the possibility of entering into a merger or other strategic business combination with a third party. We engaged Edgemont Advisors (**Edgemont**) as a financial advisor for this purpose. After a significant marketing effort, Edgemont identified only a single potential third party. After preliminary discussions with this third party and without receiving a formal offer, our Board concluded that the terms of the proposed transaction were not in the best interests of the Company, our stockholders or our debt holders.

Maintaining the status quo. Our Board also considered taking no action to reduce the number of our stockholders. However, due to the significant and increasing costs of being a public reporting company, and other considerations described herein, our Board believed that maintaining the status quo would be detrimental to all stockholders. We would continue to incur the expenses of being a public company without realizing the benefits of public company status.

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Background and Timing of the Reverse/Forward Stock Split

In the days leading up to our regularly scheduled Board meeting held on February 27, 2008, ComVest, a holder of a majority of our common stock, indicated that it desired that the Company become private and requested that the Board explore the various alternatives of doing so.

At a regularly scheduled meeting of our Board held on February 27, 2008, the Board discussed the concerns of ComVest regarding the anticipated costs and expenses of maintaining our public company status in light of the recent Hesperion acquisition and the increased disclosure obligations that were becoming applicable to us under Section 404 of the Sarbanes-Oxley Act. The Board generally concurred that a going private transaction might be a desirable strategic alternative if it resulted in material cost savings and was fair to all of the Company's stockholders. The Board then authorized management to consult with the Company's outside counsel, Foley & Lardner LLP, as to various going private alternatives and the mechanics and timing of such a transaction.

Beginning in February, 2008, management and representatives of the Board consulted with Foley & Lardner LLP, to identify the possible going private transaction alternatives, as well as the legal and regulatory process required to complete such a transaction.

At a special meeting of the Board held on March 12, 2008, management and a representative of Foley & Lardner LLP advised the Board with respect to such alternatives as well as the legal and regulatory process required to complete such a transaction. The Board then explored the advantages and disadvantages of each of the following strategic alternatives: (i) a Reverse Split to reduce the number of stockholders to less than 300; and (ii) maintaining the status quo. The Board ultimately decided to pursue a possible going private transaction because our stockholders have been unable to take advantage of the perceived benefits of being a public reporting Company and because it concluded that we would benefit from future cost savings expected to be realized from the termination of our public company status.

In addition, at the special meeting of the Board held on March 12, 2008, in view of possible conflicts of interest involved with effecting the Reverse Split, our Board unanimously decided that it would be advisable to form a Special Committee comprised solely of non-employee, independent directors to analyze the appropriate Reverse Split ratio as well as the price per share to be paid for the shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse Split and to make a recommendation to the full Board as to the appropriate Reverse Split ratio and the price per share to be paid for the shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse/Forward Stock Split. At this meeting, the Special Committee was formed consisting of three (3) independent directors: Alastair McEwan, Robert Tucker, and James Powers. None of the directors serving on the Special Committee is employed by or affiliated with us, Philip T. Lavin, Ph.D., James H. McGuire or Michael Falk.

At the special meeting of the Board held on March 12, 2008, the members of the Special Committee advised management to prepare a financial analysis of the costs and expenses related to our public company reporting responsibilities and the costs of the Reverse Split and related repurchase of shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse Split, assuming a variety of Reverse Split ratios and to perform an analysis supporting a per share price to be paid for the repurchase of such shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse Split.

From March 12, 2008 to March 24, 2008, our management prepared an analysis of the estimated costs and benefits of proceeding with a going private transaction assuming the following potential Reverse Split ratios: 7,500 to 1, 10,000 to 1, 12,500 to 1 and 20,500 to 1. In addition, our management performed a financial analysis to enable it to present to our Special Committee a fair price per share to be paid for shares of our common stock held by stockholders that are

to be cashed out as a result of the Reverse Split.

The Special Committee held a meeting on March 24, 2008, at which a representative of Foley & Lardner LLP was present and available to address the questions and concerns of the Board. Members of management made a presentation related to the costs and benefits of the Reverse Split assuming a variety of Reverse Split ratios as well as a variety of valuation analyses to enable the Special Committee to determine a fair price for the shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse Split.

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The Special Committee asked questions of management related to the assumptions underlying the various valuation analyses. In addition, the Special Committee discussed the desire to effect the Reverse Split at a ratio to ensure that following the transaction and taking into account anticipated future option and warrant exercises, stock certificates that will ultimately be held of record by current beneficial holders, as well as stock sales and transfers, the Company could be reasonably assured that the number of record holders would not increase to 300 which would once again subject the Company to the reporting requirements of the Exchange Act. The Special Committee then instructed management to obtain all the information necessary to form that analysis and to report back to the Special Committee once it had done so.

The Special Committee held a meeting on April 8, 2008, at which a representative of Foley & Lardner LLP was present and available to address the questions and concerns of the Board. At this meeting, management revised its presentation related to an appropriate Reverse Split ratio. In addition, at this meeting, the Special Committee also considered the Reverse/Forward Stock Split structure. The Special Committee asked questions and discussed the advantages and disadvantages of the Reverse/Forward Stock Split structure as compared to the Reverse Split only and ultimately concluded to recommend the Reverse/Forward Stock Split to the Board. The Special Committee determined that it was in the best interests of the Company to effect the Forward Split, at the same ratio as the Reverse Split, immediately following the Reverse Split, for the purposes of: (i) restoring continuing stockholders to their original position prior to the Reverse Split; (ii) eliminating the need to replace stock certificates or cash out fractional shares held by continuing stockholders; and (iii) avoiding the need to adjust the exercise price of any awards previously granted under the Company's stock option plans. The Special Committee then instructed management to obtain additional information related to the holdings of the objecting beneficial owners of the Company's common stock in order to propose a final Reverse/Forward Stock Split ratio. At this meeting, the Special Committee did not discuss any other alternatives other than the Reverse Split and the Reverse/Forward Stock Split.

At a special meeting of the Board held on May 28, 2008, the Board determined that it was in the best interests of the Company and its stockholders to suspend discussion of the Reverse/Forward Stock Split and to take no further action towards completing the Reverse/Forward Stock Split at such time in order to explore a strategy of seeking a potential business combination with a third party and to allow the business time to improve in order to enable the Company and its stockholders to realize the perceived benefits of being a public reporting Company.

On October 31, 2008, the Board engaged Edgemont as the Company's financial advisor to explore a possible merger with or sale of the Company to a third party.

For the remainder of 2008 and during the first and second quarters of 2009, management and the Board, with the assistance of Edgemont, discussed the possibility of entering into a merger with or a sale of the Company to a third party. After a significant marketing effort, Edgemont identified only a single potential third party. After preliminary discussions with this third party and without receiving a formal offer, our Board concluded that the terms of the proposed transaction were not in the best interests of the Company, our stockholders or our debt holders.

Because we did not enter into a business combination transaction with a third party and because we and our stockholders continued to be unable to take advantage of the perceived benefits of being a public reporting Company, in June 2009, ComVest again requested that the Board and the Company analyze a going private transaction as a desirable strategic alternative if it would result in material cost savings and was fair to all of the Company's stockholders and debt holders. At a regularly scheduled meeting of our Board held on June 29, 2009, the Board reconvened the Special Committee to revisit analyzing an appropriate Reverse/Forward Stock Split ratio as well as the price to be paid for shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse/Forward Stock Split and to make a recommendation to the full Board as to the appropriate Reverse/Forward Stock Split ratio and price to be paid for shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse/Forward Stock Split.

On July 14, 2009, the Board terminated Edgemont's engagement as the Company's financial advisor.

At a Special Committee meeting held on July 31, 2009, the Special Committee reconvened to analyze and discuss a going private transaction. A representative from Foley & Larder LLP was present and available

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during the meeting to address the questions and concerns of the Special Committee. After discussion, the Special Committee instructed management to prepare materials to reconfirm that its prior analyses related to the Reverse/Forward Stock Split ratio were still accurate and to re-perform various valuation analyses to assist the Special Committee in determining a price per share to be paid for the shares to be cashed out as a result of the Reverse/Forward Stock Split. At the meeting, the Special Committee also ratified management's engagement of the Valuation Consultant to conduct an independent valuation of the Company's common stock to assist the Special Committee in determining the fairness of the price to be paid for shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse/Forward Stock Split.

From July 31, 2009 through August 24, 2009, management conducted the relevant analyses and assisted the Valuation Consultant in its due diligence investigation of the Company's assets and operations to prepare a third party independent valuation report of the Company.

At a Special Committee meeting held on August 24, 2009, the Valuation Consultant delivered its independent valuation report and an analysis of the valuation methods used in preparing the valuation report. The representatives of the Valuation Consultant informed the Special Committee that, based upon the assumptions and methodologies relied upon in preparing its valuation report, it had concluded that the Company's common stock currently had no value. After the Valuation Consultant's presentation, management made a financial presentation to the Special Committee regarding an appropriate Reverse/Forward Stock Split ratio as well as the price to be paid for shares of our common stock held by stockholders that are to be cashed out as a result of the Reverse/Forward Stock Split. After a full discussion and based on the Valuation Consultant and management's financial reports, the Special Committee adopted management's financial analyses as its own and determined to recommend to the full Board a Reverse/Forward Stock Split ratio of 20,500-to-1, which was the result of calculations intended to determine how many stockholders needed to be cashed out to reduce the number of our stockholders to less than three hundred (300), and a price per pre-Reverse Split share of One Cent (\$0.01) to be paid for each share of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. In doing so, each of the Special Committee members reviewed the information set forth below under Special Factors Fairness of the Reverse/Forward Stock Split on pages 26-38 in this Information Statement. The per share price of One Cent (\$0.01) was selected by the Special Committee because it was within the range of recent historical stock prices of our common stock and was not materially in excess of the value attributed to our common stock by the Valuation Consultant.

At a duly convened meeting of our Board on August 27, 2009, the Special Committee presented its findings and the Valuation Consultant's valuation report to the Board and recommended to the Board that it approve the Reverse/Forward Stock Split ratio of 20,500 to 1 and the pre-Reverse Split price per share of One Cent (\$0.01) to be paid for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. All directors were present at the meeting. Each of Mr. Falk and Mr. Rodriguez is an affiliate of ComVest, and the material facts as to each such director's interest are known to or have been fully disclosed to each of the other members of the Company's Board. In addition, a representative from Foley & Larder LLP was present and available during the meeting to address the questions and concerns of the Board.

Our Board reviewed the Special Committee's findings and recommendations, as well as management's pricing analysis and study of the Reverse/Forward Stock Split. Our Board then asked the Special Committee and management questions and received answers regarding the Reverse/Forward Stock Split, the Reverse/Forward Stock Split ratio and the per pre-Reverse Split share price to be paid for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. After consideration and discussion, the Board adopted the financial analyses of management as its own and adopted the Special Committee's recommendation regarding the Reverse/Forward Stock Split ratio and the price to be paid for

shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split.

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At this meeting, our Board also determined that the purpose of the Reverse/Forward Stock Split was to reduce the number of our stockholders to below 300, thereby permitting us to proceed with the termination of our public reporting obligations and to continue future operations as a private company and thereby relieving us of the substantial costs, administrative burdens and certain competitive disadvantages associated with our operating as a public reporting company. In addition, the Board concluded that the advantages of the Reverse/Forward Stock Split to our unaffiliated stockholders (both those being cashed out and those remaining as stockholders after the Reverse/Forward Stock Split) outweighed the disadvantages, and that the Reverse/Forward Stock Split was substantively and procedurally fair and in the best interests of both us and our unaffiliated stockholders. The Board also determined that it would be in the Company's best interests to effect the Forward Split, at the same ratio as the Reverse Split immediately following the Reverse Split, for the purposes of: (i) restoring continuing stockholders to their original position prior to the Reverse Split; (ii) eliminating the need to replace stock certificates or cash out fractional shares held by continuing stockholders; and (iii) avoiding the need to adjust the exercise price of any awards previously granted under the Company's stock option plans or warrants previously issued by us.

The Board then approved the Reverse/Forward Stock Split and the filing of the Certificate of Amendment with the Secretary of State of the State of Delaware, subject to the filing of any and all necessary documentation with the SEC, including this definitive Information Statement and related Schedule 13E-3.

Effects of the Reverse/Forward Stock Split

The Reverse/Forward Stock Split will reduce the number of record stockholders of our common stock from approximately eight hundred fifty (850) to approximately one hundred twenty five (125).

Termination of the registration of our common stock Section 12(g) of the Exchange Act and suspension of our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act would substantially reduce the information required to be furnished by us to our stockholders and to the SEC. Additionally, certain provisions of the Exchange Act would no longer apply, such as the short-swing profit recovery provisions of Section 16(b).

For a total expenditure by us of approximately \$135,000 in transaction costs (including legal, accounting and other fees and costs) and approximately \$27,000 in purchase costs for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split, we will realize an estimated minimum of \$805,000 (this number will likely increase to \$1,210,000 once we are obligated to comply with the requirement to file our outside auditors attestation as to management's report as to the effectiveness of our internal controls mandated by Section 404 of the Sarbanes-Oxley Act) in cost savings on an annual basis by terminating our public company status. We intend to apply for termination of the registration of our common stock under Section 12(g) of the Exchange Act and suspension of our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act as soon as practicable following completion of the Reverse/Forward Stock Split. However, our Board reserves the right, in its discretion, to abandon the Reverse/Forward Stock Split prior to the proposed Effective Date if it determines that abandoning the Reverse/Forward Stock Split is in our best interests and those of our stockholders.

The effect of the Reverse/Forward Stock Split on each stockholder will depend on the number of shares that such stockholder owns, as summarized in the table below. See also information under the caption "Special Factors - Structure of the Reverse/Forward Stock Split" on pages 24-25 in this Information Statement for additional information with respect to the effect of the Reverse/Forward Stock Split on each stockholder.

Decrease in book value. Because the Company is paying non-remaining stockholders more than the current book value per share, the book value per share for remaining stockholders will decrease after the Reverse/Forward Stock Split. The total cost to the Company, including expenses, of effecting the Reverse/Forward Stock Split is expected to

be approximately \$162,000. Our net book value was approximately \$4.0 million, or \$0.0063 per share at June 30, 2009. As a result of the Reverse/Forward Stock Split, the book value per share of common stock will be decreased by 4.5% to \$0.0066 per share on a pro forma basis.

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As a result of the Reverse/Forward Stock Split, the interest in our net book value and net earnings (or losses) by affiliated parties will be increased by approximately 0.6%. This includes the benefit of our future earnings or increases to our value. Affiliated parties will bear a higher risk of our future losses or decreases to our value. The effect of the Reverse/Forward Stock Split will be to increase the ownership interest of affiliated parties from approximately 71.6% (after giving effect to the exercise of all of the affiliates' outstanding options and warrants) to 71.9%.

Stockholders Before Completion of the Reverse/Forward Stock Split

Net Effect After Completion of the Reverse/Forward Stock Split

Registered stockholders holding twenty thousand five hundred (20,500) or more shares of common stock.

The percentage of beneficial ownership of each of the remaining stockholders of the Company will be slightly increased. Based on an assumed cash-out of approximately 2,700,000 shares, the aggregate percentage ownership of all stockholders remaining after the Reverse/Forward Stock Split will increase by less than 1%.

Registered stockholders holding fewer than twenty thousand five hundred (20,500) shares of common stock.

Each share will be converted into the right to receive cash at a price of One Cent (\$0.01) per pre-Reverse Split share.

Stockholders holding common stock in street name through a nominee (such as a bank or broker).

We intend for the Reverse/Forward Stock Split to treat stockholders holding common stock in street name through a nominee (such as a bank or broker) in the same manner as stockholders whose shares are registered on the books of the Company in their own names. Nominees will be instructed to effect the Reverse/Forward Stock Split for their beneficial holders. However, nominees may have different procedures and stockholders holding shares in street name are urged to contact their nominees. A stockholder holding fewer than twenty thousand five hundred (20,500) shares of common stock in street name who wants to receive cash in the Reverse/Forward Stock Split should instruct his, her or its nominee to transfer such stockholder's shares into a record account in such stockholder's name prior to the Effective Date to ensure that such stockholder will be considered a holder of record prior to the Effective Date of the Reverse/Forward Stock Split. A stockholder holding fewer than twenty thousand five hundred (20,500) shares of Common Stock in street name through a nominee who does not transfer such stockholder's shares into a record account prior to the Effective Date may not have his, her or its shares cashed out as a result of the Reverse/Forward Stock Split. For instance, a stockholder's shares may not be cashed out if such stockholder's nominee is a record holder of an aggregate of twenty thousand five hundred (20,500) or more shares of common stock, holds shares for multiple stockholders in street name and does not provide such

beneficial ownership positions to the Exchange Agent prior to the Effective Date.

All of our affiliated stockholders and a number of our unaffiliated stockholders will remain stockholders after the Reverse/Forward Stock Split by virtue of the size of their holdings. Nevertheless, we believe that the Reverse/Forward Stock Split is substantively and procedurally fair to our unaffiliated stockholders who are entitled to receive a cash payment of One Cent (\$0.01) per pre-Reverse Split share. Each member of our

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Board, including all independent directors, approved the Reverse/Forward Stock Split based on the recommendation of our Special Committee as to the Reverse/Forward Stock Split ratio and the price to be paid for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. In addition, in making this determination, we considered other factors such as the substantive features and procedural safeguards of the Reverse/Forward Stock Split, the fact that all unaffiliated stockholders will have the option to remain stockholders (by purchasing additional shares prior to the Effective Date), the fairness of the price offered to all stockholders based on current and historical stock prices, our net book value and the Valuation Consultant's valuation report.

Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders

Stockholders owning fewer than twenty thousand five hundred (20,500) shares of our common stock immediately prior to the effective time of the Reverse/Forward Stock Split will, after the Reverse/Forward Stock Split takes place, no longer have any equity interest in us and therefore will not participate in our future potential earnings or growth. It is estimated that all but approximately one hundred twenty five (125) stockholders of record of our common stock will be fully cashed out in the Reverse/Forward Stock Split. It will not be possible for cashed out stockholders to re-acquire an equity interest in us unless they purchase an interest from the remaining stockholders.

The Reverse/Forward Stock Split will require stockholders who own less than twenty thousand five hundred (20,500) shares of our common stock to involuntarily surrender their shares for cash. These stockholders will not have the ability to continue to hold their shares. The ownership interest of certain stockholders will be terminated as a result of the Reverse/Forward Stock Split, but our Board concluded that the completion of the Reverse/Forward Stock Split will be an overall benefit to these stockholders because of the liquidity provided by the transaction at a fair price to such stockholders.

The Reverse/Forward Stock Split will have a nominal effect on the percentage of beneficial ownership of each of our officers, directors and major stockholders, including Philip T. Lavin, Ph.D., ComVest and Michael Falk. See also information under the caption "Security Ownership of Certain Beneficial Owners and Management" on pages 47-48 in this Information Statement.

Potential disadvantages to our stockholders who will remain as stockholders after the Reverse/Forward Stock Split include decreased access to information and decreased liquidity as a result of the termination of the quotation of our common stock on the OTCBB. Upon consummation of the Reverse/Forward Stock Split, stockholders may no longer have the alternative of selling their shares of our common stock in the public market, and there may be no effective trading market for our common stock. Any stockholder desiring to sell his or her shares may have a difficult time finding a buyer. This illiquidity may reduce the price a buyer is willing to pay for shares of our common stock. We anticipate that the public market for shares of our common stock will be substantially reduced or eliminated altogether. Following the Reverse/Forward Stock Split, our common stock will no longer be quoted on the OTCBB, which is a quotation service that displays real time quotes, last sales price and volume information for over-the-counter securities. For this reason, stockholders will experience a loss of liquidity after the Reverse/Forward Stock Split and may be required to hold their shares of common stock for an indefinite period of time. We do not have any present plans to sell our assets or enter into any other transaction that would provide liquidity for our shares. However, we may explore from time to time various methods to provide liquidity to stockholders.

When the Reverse/Forward Stock Split is effected, we intend to terminate the registration of our common stock under Section 12(g) of the Exchange Act and suspend our duty to file periodic reports pursuant to Section 15(d) of the Exchange Act. As a result of the termination and suspension, we will no longer be subject to the periodic reporting requirements or the proxy rules of the Exchange Act. Upon terminating our public reporting, we will no longer file,

among other things, annual or quarterly reports with the SEC. We will no longer be subject to the provisions of the Sarbanes-Oxley Act or the liability provisions of the Exchange Act. In addition, our officers will no longer be required to certify the accuracy of our financial statements. Updated information regarding our business, results of operations and financial condition, like the information that is

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currently available to the general public and our investors, will not be available once we terminate our public reporting.

Effect of the Reverse/Forward Stock Split on Option Holders

Regardless of whether an outstanding stock option provides a right to purchase less than, equal to or greater than twenty thousand five hundred (20,500) shares, the number of shares underlying each such outstanding stock option, granted under our 2005 Equity Incentive Plan (the **Plan**), will not change as a result of the Reverse/Forward Stock Split. Our Compensation Committee, as administrator of the Plan, has determined that no adjustment to the outstanding stock options is necessary or appropriate in connection with the Reverse/Forward Stock Split. Because of the symmetry of the one (1) to twenty thousand five hundred (20,500) Reverse Split and the twenty thousand five hundred (20,500) to one (1) Forward Split, our Board has determined, based on recommendation from the Compensation Committee, that the Reverse/Forward Stock Split will not cause dilution or enlargement of the benefits intended by the Company to be made available under the Plan or with respect to any outstanding stock options.

Effect of the Reverse/Forward Stock Split on Warrant Holders

Regardless of whether an outstanding warrant provides a right to purchase less than, equal to or greater than twenty thousand five hundred (20,500) shares, the number of shares underlying each such outstanding warrant, will not change as a result of the Reverse/Forward Stock Split. The Board has determined that no adjustment to the outstanding warrants is necessary or appropriate in connection with the Reverse/Forward Stock Split. Because of the symmetry of the one (1) to twenty thousand five hundred (20,500) Reverse Split and the twenty thousand five hundred (20,500) to one (1) Forward Split, our Board has determined that the Reverse/Forward Stock Split will not cause dilution or enlargement of the benefits intended by the Company with respect to any outstanding warrants.

Financial Effect and Accounting Consequences of the Reverse/Forward Stock Split

Completion of the Reverse/Forward Stock Split will require approximately \$162,000, which includes \$135,000 for legal, accounting and other fees and costs related to the transaction and approximately \$27,000 in purchase costs for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split. The payments to holders of fewer than twenty thousand five hundred (20,500) shares of our common stock will be paid out of our working capital. See also the information under the caption **Special Factors Financing of the Reverse/Forward Stock Split** on page 41 in this Information Statement.

Based upon analysis of the share ownership distribution among our stockholders, our Board chose to limit the scope of the Reverse/Forward Stock Split to twenty thousand five hundred (20,500) to one (1) because this was an efficient way to reduce the number of our record holders to below three hundred (300) requiring us to pay to stockholders being cashed pursuant to the Reverse/Forward Stock Split, an aggregate of, approximately, \$27,000.

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The impact of the Reverse/Forward Stock Split on: (i) the weighted average shares outstanding; (ii) the earnings per share (iii) the shares of common stock issued and outstanding; and (iv) the net book value per share for the years ended December 31, 2007 and December 31, 2008 and for the three and six months ended June 30, 2008 and June 30, 2009 are set forth in the tables below (In millions, except per share amounts).

	Year Ending December 31,					
	2008			2007		
	As Reported	Adjustments(1)	As Adjusted	As Reported	Adjustments(1)	As Adjusted
Income Statement Data:						
Net sales	\$ 66.3	\$	\$ 66.3	\$ 34.8	\$	\$ 34.8
Loss from Operations	31.8		31.8	2.2		2.2
Net loss	37.4		37.4	5.3		5.3
Net Loss Available to Common Shareholders	37.4		37.4	5.3		5.3
Basic & Diluted weighted average shares outstanding	630.4	2.7	627.7	519.4	2.7	516.7
Basic & Diluted net loss per share	\$ 0.06	\$ 0.00	\$ 0.06	\$ 0.01	\$ 0.00	\$ 0.01

	As of December 31,					
	2008			2007		
	As Reported	Adjustments(1)	As Adjusted	As Reported	Adjustments(1)	As Adjusted
Balance Sheet Data						
Total Stockholders Equity (Deficit)	\$ (0.8)	\$ 0.0	\$ (0.8)	\$ 34.9	\$ 0.0	\$ 34.9
Common Shares issued and outstanding	634.97	2.70	632.27	625.6	2.7	622.9
Book Value per share (Deficit)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.00	\$ 0.06
Ratio of Earnings to Fixed Charges(2)						

(1) Reflects the impact of the Reverse/Forward Stock Split.

(2) The ratio of earnings to fixed charges are not meaningful since earnings available for fixed charges is negative. The shortfall in the earnings available for fixed charges to achieve a ratio of earnings to fixed charges of 1.00 amounted to approximately \$38.7 million and \$3.6 million for the periods ended December 31, 2008 and 2007, respectively.

	For the Three(3) Months Ending June 30,					
	2009			2008		
	As Reported	Adjustments(1)	As Adjusted	As Reported	Adjustments(1)	As Adjusted

Income Statement Data:

Net sales	\$	15.9	\$		\$	159	\$	18.7	\$		\$	18.7
Income (Loss) from Operations		1.2				1.2		1.0				1.0
Net Income (loss)		(1.2)				(1.2)		(0.6)				(0.6)
Net Income (Loss) Available to Common Shareholders		(1.2)				(1.2)		(0.6)				(0.6)
Basic & Diluted weighted average shares outstanding		639.26		2.70		636.56		625.80		2.70		623.10
Basic & Diluted net income (loss) per share	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00	\$	0.00

(1) Reflects the impact of the Reverse/Forward Stock Split.

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	For the Six(6) Months Ending June 30,					
	2009			2008		
	As Reported	Adjustments(1)	As Adjusted	As Reported	Adjustments(1)	As Adjusted
Income Statement Data:						
Net sales	\$ 31.6	\$	\$ 31.6	\$ 34.4	\$	\$ 34.4
Income from Operations	1.9		1.9			
Net loss	(2.1)		(2.1)	(3.3)		(3.3)
Net Loss Available to Common Shareholders	(2.1)		(2.1)	(3.3)		(3.3)
Basic & Diluted weighted average shares outstanding	639.23	2.70	636.53	625.72	2.70	623.02
Basic & Diluted net loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.01

	As of June 30,					
	2009			2008		
	As Reported	Adjustments(1)	As Adjusted	As Reported	Adjustments(1)	As Adjusted
Balance Sheet Data						
Total Stockholders Equity (Deficit)	\$ (2.5)	\$ 0.0	\$ (2.5)	\$ 32.5	\$ 0.0	\$ 32.5
Common Shares issued and outstanding	639.26	2.70	636.56	635.02	2.70	632.32
Book Value per share (Deficit)	\$ 0	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.00	\$ 0.05
Ratio of Earnings to Fixed Charges(2)	0.49	0.00	0.49	0.13	0.00	0.13

(1) Reflects the impact of the Reverse/Forward Stock Split.

(2) The shortfall in the earnings available for fixed charges to achieve a ratio of earnings to fixed charges of 1.00 amounted to approximately \$1.9 million and \$3.3 million for the 6 month periods ended June 30, 2009 and 2008, respectively.

Material Federal Income Tax Consequences of the Reverse/Forward Stock Split

The following is a summary of the material United States federal income tax consequences of the Reverse/Forward Stock Split, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in United States federal income tax consequences different from those set forth below. We have not sought any ruling from the Internal Revenue Service (the **IRS**) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This summary also does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction. In addition, this discussion does not address tax considerations applicable to a stockholder's particular circumstances or to stockholders that may be subject to special tax rules, including, without limitation:

banks, insurance companies or other financial institutions;

persons subject to the alternative minimum tax;

tax-exempt organizations;

dealers in securities or currencies;

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traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

persons that own, or are deemed to own, more than five percent (5%) of our Company (except to the extent specifically set forth below);

certain former citizens or long-term residents of the United States;

persons who hold our common stock as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction; or

persons deemed to sell our common stock under the constructive sale provisions of the Code.

In addition, if a partnership holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships which hold our common stock and partners in such partnerships should consult their tax advisors with respect to the United States federal income and other tax consequences of the Reverse/Forward Stock Split.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE REVERSE/FORWARD STOCK SPLIT OR THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE UNITED STATES FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, FOREIGN OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Averion International Corp.

We will not recognize taxable income, gain or loss in connection with the Reverse/Forward Stock Split. At December 31, 2008, we have federal and state net operating loss (NOL) carry forwards of approximately \$13.5 million, which may be available to reduce future income tax liabilities, and which expire at various dates through 2028. Under Section 382 of the Code, the utilization of net operating loss carry forwards is limited under the change in stock ownership rules of the Code. As a result of the proposed ownership changes, the surviving company and the remaining stockholders will be beneficiaries of these net operating loss carry-forwards. Future ownership changes could limit the utilization of any net operating loss carry forwards and the ability to benefit from them is predicated on our ability to produce net income prior to the expiration of these benefits. Due to the uncertainty of future income estimates, it is likely that these net operating loss carry forwards will not be fully utilized.

Stockholders

The federal income tax consequences of the Reverse/Forward Stock Split for our stockholders will differ depending on the number of shares of pre-Reverse Split common stock owned and, in some cases, constructively owned by such stockholders. As set forth in more detail below, stockholders who own at least twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock will retain their shares and will not recognize any gain, loss or dividend income as a result of the Reverse/Forward Stock Split. Stockholders who own fewer than twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock will receive cash, the treatment of which will depend on whether the constructive ownership rules described below are applicable. If such constructive ownership rules do not apply, a stockholder who owns fewer than twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock generally will recognize gain or loss upon the sale or exchange of the pre-Reverse Split common stock.

If such constructive ownership rules apply, the stockholder may be required to treat any cash received as a dividend distribution rather than as gain or loss from a sale or exchange, as more fully described below. The differences in tax consequences to the stockholders do not depend on whether a stockholder is an affiliate of the Company, has voted to approve the Reverse/Forward Stock Split or is an unaffiliated stockholder. With respect to the Company, as described above, the Company will not recognize any income, gain or loss in connection with the Reverse/Forward Stock Split. Neither the differences in tax consequences between stockholders who hold

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at least twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock and stockholders who own fewer than twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock nor the differences in tax consequences between the stockholders and the Company were reasons for the Company to undertake the Reverse/Forward Stock Split in this form at this time.

Stockholders Who Receive Shares of Post-Reverse/Forward Stock Split Common Stock

A stockholder who retains shares of post-Reverse/Forward Stock Split common stock in the transaction (i.e., a stockholder who owns at least twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock) will not recognize gain or loss or dividend income as a result of the Reverse/Forward Stock Split, and the tax basis (as adjusted for the Reverse/Forward Stock Split) and holding period of such stockholder in shares of pre-Reverse Split common stock will carry over as the tax basis and holding period of such stockholder's shares of post-Reverse/Forward Stock Split common stock.

Stockholders Who Receive Cash

A stockholder who receives cash in the Reverse/Forward Stock Split (i.e., a stockholder that owns fewer than twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock) will be treated as having such shares redeemed in a taxable transaction governed by Section 302 of the Code and, depending on a stockholder's situation, the transaction will be taxed as either:

a sale or exchange of the redeemed shares, in which case the stockholder will recognize gain or loss equal to the difference between the cash payment and the stockholder's tax basis for the redeemed shares; or

a cash distribution which is treated: (i) first, as a taxable dividend to the extent of allocable earnings and profits, if any; (ii) second, as a tax-free return of capital to the extent of the stockholder's tax basis in the redeemed shares; and (iii) finally, as gain from the sale or exchange of the redeemed shares.

Amounts treated as gain or loss from the sale or exchange of redeemed shares will be capital gain or loss. Capital gain or loss recognized will be long-term if the stockholder's holding period with respect to the common stock surrendered is more than one year at the time of the Reverse/Forward Stock Split. A corporate taxpayer (other than an S corporation) may be allowed a dividends received deduction subject to applicable limitations and other special rules. If the stockholder is an individual, long-term capital gain and dividend income should generally be subject to United States federal income tax at a maximum rate of 10%. In general, dividends are taxed at ordinary income rates. However, stockholders may qualify for a 15% federal income tax rate on any cash received in the Reverse/Forward Stock Split that is treated as a dividend as described above, if: (i) the stockholder is an individual or other non-corporate stockholder, (ii) the stockholder has held the common stock with respect to which the dividend was received for more than 60 days during the 120-day period beginning 60 days before the Reverse/Forward Stock Split, as determined under the Code, and (iii) the stockholder was not obligated during such period (pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. Stockholders should consult with their own tax advisors regarding their eligibility for such lower tax rates on dividend income.

The deductibility of capital loss is subject to limitations. In general, capital losses of individuals and other non-corporate taxpayers may be used to offset other capital gains for the taxable year, plus up to \$3,000 of the taxpayer's ordinary income for such year. In general, the unused portion of such loss may be carried forward indefinitely but may not be carried back. Corporations are only permitted to apply capital losses against capital gains and have a limited period to which such losses can be carried back or forward.

Under Section 302 of the Code, a redemption of shares from a stockholder as part of the Reverse/Forward Stock Split will be treated as a sale or exchange of the redeemed shares if:

the Reverse/Forward Stock Split results in a complete termination of such stockholder's interest in the Company;

the receipt of cash is substantially disproportionate with respect to the stockholder; or

the receipt of cash is not essentially equivalent to a dividend with respect to the stockholder.

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These three tests are applied by taking into account not only shares that a stockholder actually owns, but also shares that the stockholder constructively owns pursuant to Section 318 of the Code. Under the constructive ownership rules of Section 318 of the Code, a stockholder is deemed to constructively own shares owned by certain related individuals and entities in which the stockholder has an interest in addition to shares directly owned by the stockholder. For example, an individual stockholder is considered to own shares owned by or for his or her spouse and his or her children, grandchildren and parents (*family attribution*). In addition, a stockholder is considered to own a proportionate number of shares owned by estates or certain trusts in which the stockholder has a beneficial interest, by partnerships in which the stockholder is a partner, and by corporations in which 50% or more in value of the stock is owned directly or indirectly by or for such stockholder. Similarly, shares directly or indirectly owned by beneficiaries of estates of certain trusts, by partners of partnerships and, under certain circumstances, by stockholders of corporations may be considered owned by these entities (*entity attribution*). A stockholder is also deemed to own shares which the stockholder has the right to acquire by exercise of an option or by conversion or exchange of a security. Constructively owned shares may be reattributed to another taxpayer. For example, shares attributed to one taxpayer as a result of entity attribution may be attributed from that taxpayer to another taxpayer through family attribution.

A stockholder who receives cash in the Reverse/Forward Stock Split (i.e., owns fewer than twenty thousand five hundred (20,500) shares of pre-Reverse Split common stock) and does not constructively own any shares of post-Reverse/Forward Stock Split common stock will have his or her interest in the Company completely terminated by the Reverse/Forward Stock Split and will therefore receive sale or exchange treatment on his or her pre-Reverse Split common stock. That is, such a stockholder will recognize gain or loss equal to the difference between the cash payment and the stockholder's tax basis for his or her shares of pre-Reverse Split common stock.

A stockholder who receives cash in the Reverse/Forward Stock Split and would only constructively own shares of post-Reverse/Forward Stock Split common stock as a result of family attribution may be able to avoid constructive ownership of the shares of post-Reverse/Forward Stock Split common stock by waiving family attribution and, thus, be treated as having had his or her interest in the Company completely terminated by the Reverse/Forward Stock Split. Among other things, waiving family attribution requires: (i) that the stockholder have no interest in the Company (including as an officer, director, employee or stockholder) other than an interest as a creditor and does not acquire such an interest during the ten-year period immediately following the Reverse/Forward Stock Split other than stock acquired by bequest or inheritance; and (ii) including an election to waive family attribution in the stockholder's tax return for the year in which the Reverse/Forward Stock Split occurs.

A stockholder who receives cash in the Reverse/Forward Stock Split and immediately after the Reverse/Forward Stock Split constructively owns shares of post-Reverse/Forward Stock Split common stock must compare: (i) his, her or its percentage ownership immediately before the Reverse/Forward Stock Split (i.e., the number of voting shares actually or constructively owned by him, her or it immediately before the Reverse/Forward Stock Split divided by the number of voting shares outstanding immediately before the Reverse/Forward Stock Split) with (ii) his, her or its percentage ownership immediately after the Reverse/Forward Stock Split (i.e., the number of voting shares constructively owned by his, her or it immediately after the Reverse/Forward Stock Split divided by the number of voting shares outstanding immediately after the Reverse/Forward Stock Split).

If the stockholder's post-Reverse/Forward Stock Split ownership percentage is less than 80% of the stockholder's pre-Reverse/Forward Stock Split ownership percentage, the receipt of cash is substantially disproportionate with respect to the stockholder, and the stockholder will, therefore, receive sale or exchange treatment on the portion of his, her or its shares of pre-Reverse Split common stock exchanged for cash.

If the receipt of cash by a stockholder fails to constitute an exchange under the substantially disproportionate test or the complete termination test, the receipt of cash may constitute an exchange under the not essentially equivalent to a dividend test. The receipt of cash by a stockholder will be not

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essentially equivalent to a dividend if the transaction results in a meaningful reduction of the stockholder's proportionate interest in the Company. If: (i) the stockholder exercises no control over the affairs of the Company (e.g., is not an officer, director or high ranking employee), (ii) the stockholder's relative stock interest in the Company is minimal, and (iii) the stockholder's post-Reverse/Forward Stock Split ownership percentage is less than the stockholder's pre-Reverse/Forward Stock Split ownership percentage, the receipt of cash will generally not be essentially equivalent to a dividend with respect to the stockholder and the stockholder will, therefore, receive sale or exchange treatment on the portion of his, her or its shares of pre-Reverse Split common stock exchanged for cash in lieu of fractional shares.

In all other cases, cash received by a stockholder who immediately after the Reverse/Forward Stock Split constructively owns shares of post-Reverse/Forward Stock Split common stock will be treated: (i) first, as a taxable dividend to the extent of allocable current or accumulated earnings and profits, if any; (ii) second, as a tax-free return of capital to the extent of the stockholder's tax basis in the redeemed shares; and (iii) finally, as gain from the sale or exchange of the redeemed shares.

Backup Tax Withholding

We are required to furnish to the holders of common stock, other than corporations and other exempt holders, and to the IRS, information with respect to dividends paid on the common stock.

You may be subject to backup withholding at the rate of 28% with respect to proceeds received from a disposition of the shares of common stock. Certain holders (including, among others, corporations and certain tax-exempt organizations) are generally not subject to backup withholding. You will be subject to backup withholding if you are not otherwise exempt and you: (a) fail to furnish your taxpayer identification number (**TIN**), which, for an individual, is ordinarily his or her social security number; (b) furnish an incorrect TIN; (c) are notified by the IRS that you have failed to properly report payments of interest or dividends; or (d) fail to certify, under penalties of perjury, that you have furnished a correct TIN and that the IRS has not notified you that you are subject to backup withholding. Backup withholding is not an additional tax but, rather, is a method of tax collection. You generally will be entitled to credit any amounts withheld under the backup withholding rules against your United States federal income tax liability provided that the required information is furnished to the IRS in a timely manner.

Structure of the Reverse/Forward Stock Split

The Reverse/Forward Stock Split includes both the Reverse Split and Forward Split of our common stock. The Reverse Split is expected to occur on the Effective Date, which will be approximately 20 calendar days following the date this Information Statement is first mailed to our stockholders and the Forward Split is expected to occur immediately thereafter. Although the Reverse/Forward Stock Split has been approved by the requisite number of stockholders, the Board reserves the right, in its discretion, to abandon the Reverse/Forward Stock Split prior to the proposed Effective Date if it determines that abandoning the Reverse/Forward Stock Split is in the best interests of the Company. Our Board believes that it is prudent to recognize that, between the date of this Information Statement and the date that the Reverse/Forward Stock Split will become effective, factual circumstances could possibly change such that it might not be appropriate or desirable to effect the Reverse/Forward Stock Split at that time or on the terms currently proposed, such as if we receive an offer from a third party to acquire the Company that represents a superior offer to our stockholders, if we experience a material change in our business or if litigation is initiated affecting our ability to proceed with the Reverse/Forward Stock Split. In the event our Board decides to abandon the Reverse/Forward Stock Split, we will file a Current Report on Form 8-K and issue a press release announcing the Board's decision.

The Reverse/Forward Stock Split will not impact any holders of outstanding stock options or warrants to purchase shares of our common stock.

Upon consummation of the Reverse Split, each registered stockholder on the Effective Date will receive one (1) share of common stock for each twenty thousand five hundred (20,500) shares of common stock held in his, her or its account immediately prior to the effective time of the Reverse Split. In connection with the Reverse Split, the Company shall not issue fractional shares to holders of less than twenty thousand five

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hundred (20,500) shares of common stock. Any registered stockholder who holds fewer than twenty thousand five hundred (20,500) shares of common stock in his, her or its account immediately prior to the effective time of the Reverse Split will receive a cash payment of One Cent (\$0.01) per pre-Reverse Split share instead of fractional shares. If a registered stockholder holds at least twenty thousand five hundred (20,500) shares of common stock in his, her or its account, any fractional share in such account immediately after the Reverse Split will not be cashed out after the Reverse Split but will be subject to the Forward Split such that the total number of shares held by such holder will not change as a result of the Reverse/Forward Stock Split. Such holders will not need to exchange or return any existing stock certificates, which will continue to evidence ownership of the same number of shares as set forth currently on the face of the certificates.

Immediately following the Reverse Split, in connection with the Forward Split, each share of common stock then issued and outstanding, including fractional shares of common stock then held by holders who held twenty thousand five hundred (20,500) or more shares of common stock immediately prior to the Reverse Split, shall, without any further action on the part of the Company or any stockholder, be reclassified as and converted into shares of common stock at a ratio of one (1) to twenty thousand five hundred (20,500), such that each such stockholder shall hold at the effective time of the Forward Split the same number of shares of common stock that such stockholder held immediately prior to the Reverse Split.

The determination of the one (1) to twenty thousand five hundred (20,500) Reverse/Forward Stock Split ratio was based on the Company's intention to reduce the number of record stockholders remaining after the Reverse Split to fewer than 300, in light of the Company's intention to terminate its registration with the SEC. The Reverse/Forward Stock Split ratio was determined in order to ensure that following the transaction and taking into account anticipated future option and warrant exercises, stock certificates that will ultimately be held of record by current beneficial holders, as well as stock sales and transfers, the Company could be reasonably assured that the number of record holders would not increase to 300 which would once again subject the Company to the reporting requirements of the Exchange Act.

The resulting estimated cost to cash out these shares was determined to be reasonable in light of the expected benefits from the Reverse/Forward Stock Split. The Company has reserved the right not to proceed with the Reverse/Forward Stock Split in the event that it determines that abandoning the Reverse/Forward Stock Split would be in the best interests of the Company. If stockholders take actions to: (i) reduce their holdings to under twenty thousand five hundred (20,500) shares; or (ii) increase their holdings to at least twenty thousand five hundred (20,500) shares prior to the proposed Effective Date, the Company may be forced to make further changes to the Reverse/Forward Stock Split ratio or to abandon the Reverse/Forward Stock Split entirely.

We intend for the Reverse/Forward Stock Split to treat stockholders holding common stock in street name through a nominee (such as a bank or broker) in the same manner as stockholders whose shares are registered in their names, and nominees will be instructed to effect the Reverse/Forward Stock Split for their beneficial holders. However, nominees may have different procedures, and stockholders holding shares in street name should contact their nominees. A stockholder holding fewer than twenty thousand five hundred (20,500) shares of common stock in street name who wants to receive cash in the Reverse/Forward Stock Split should instruct his, her or its nominee to transfer such stockholder's shares into a record account in such stockholder's name prior to the Effective Date to ensure that such stockholder will be considered a holder of record prior to the Effective Date of the Reverse/Forward Stock Split. A stockholder holding fewer than twenty thousand five hundred (20,500) shares of common stock in street name through a nominee who does not transfer such stockholder's shares into a record account prior to the Effective Date may not have his, her or its shares cashed out in connection with the Reverse/Forward Stock Split. For instance, a stockholder's shares may not be cashed out if such stockholder's nominee is a record holder of an aggregate of twenty thousand five hundred (20,500) or more shares of common stock, holds shares for multiple stockholders in street name and does not provide such beneficial ownership positions prior to the Effective Date to the Exchange

Agent.

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Fairness of the Reverse/Forward Stock Split to Stockholders

Our Special Committee and our Board conducted a separate analysis as to the fairness of this transaction to unaffiliated stockholders owning shares being cashed out pursuant to the Reverse Split and those who will retain an equity interest in us subsequent to the consummation of the Reverse/Forward Stock Split. Our Board also relied on the Valuation Consultant's valuation report, a copy of which is attached as **Appendix A** to this Information Statement. Our Board determined that the Reverse/Forward Stock Split, including the proposed cash payment of One Cent (\$0.01) per pre-reverse split shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split, is substantively fair, from a financial point of view, to all of our unaffiliated stockholders, including those whose shares will be cashed out and those who will be continuing as our stockholders. We have never repurchased our common stock, and therefore the Board did not consider the prices at which we had previously repurchased our shares of common stock. Our Board did not consider our liquidation value because it determined that it had no relevance in light of the fact that we will remain as a continuing business and the Reverse/Forward Stock Split will not result in a change of control of the Company. In addition, management, our Board and the Special Committee adopted the Valuation Consultant's Discounted Cash Flow Analysis, which included a going concern analysis.

The discussion below summarizes the material factors, both positive and negative, considered by our Board in reaching its fairness determinations, in addition to the detailed discussion in this Information Statement under the captions **Special Factors - Reasons for and Purposes of the Reverse/Forward Stock Split** on pages 9-11, **Special Factors - Strategic Alternatives Considered** on page 11, **Special Factors - Background and Timing of the Reverse/Forward Stock Split** on pages 12-15, **Special Factors - Effects of the Reverse/Forward Stock Split** on pages 15-17, **Special Factors - Potential Disadvantages of the Reverse/Forward Stock Split to Stockholders; Accretion in Ownership and Control of Certain Stockholders** on pages 17-18 and **Special Factors - Procedural Fairness** on pages 35-37 of this Information Statement.

All of the members of our Board, and the following executive officers: Philip T. Lavin, Ph.D. and Dr. Gene Resnick, who own or control directly or indirectly, shares of common stock have voted their shares, or caused all such controlled shares to be voted, in favor of the Reverse/Forward Stock Split. The stockholders that voted to approve the Certificate of Amendment and Reverse/Forward Stock Split were ComVest, Philip T. Lavin, Ph.D. and Dr. Gene Resnick. In addition, our Board approved the Reverse/Forward Stock Split and related transactions.

Substantive Fairness

In determining the substantive fairness of the Reverse/Forward Stock Split to unaffiliated stockholders, our Special Committee and our Board considered, among others, the following factors: (i) an analysis of the current market price of our common stock as quoted on the OTCBB, (ii) an analysis of historical market prices of our common stock as quoted on the OTCBB, and (iii) the Valuation Consultant's valuation report, which included a discounted cash flow analysis, an equity trading comparables analysis and a comparable transactions analysis. Each of our Special Committee and our Board reviewed and discussed the analyses of management and the Valuation Consultant's valuation report, asked management and Special Committee members questions with respect thereto, and ultimately adopted such analyses and its conclusions as their own.

For those unaffiliated stockholders holding at least twenty thousand five hundred (20,500) shares who would remain as stockholders after the Reverse/Forward Stock Split, the Special Committee and our Board found that although they would experience a reduction in liquidity of their shares, the value of their shares may increase as a result of our anticipated reduced annual general and administrative expenses associated with being a non-reporting company. In addition, our Board concluded that the Reverse/Forward Stock Split is fair to the stockholders who would remain our stockholders after the transaction because the price per share to be paid for shares for those stockholders being cashed

out is within the range of our common equity price per

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share based on an analysis of our current stock price and recent historical stock prices and not materially in excess of the value attributable to our common stock in the Valuation Consultant's report.

For those unaffiliated stockholders holding less than twenty thousand five hundred (20,500) shares and that would be cashed out, the Special Committee and our Board determined that the proposed cash payment of One Cent (\$0.01) per pre-Reverse Split share is substantively fair from a financial point of view. In considering whether the cash payment of One Cent (\$0.01) per pre-Reverse Split share payable to unaffiliated stockholders whose shares would be cashed out in connection with the Reverse Split is substantively fair from a financial point of view, the Special Committee and our Board considered, among other things, the following factors:

The price of One Cent (\$0.01) to be paid for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split is within the range of recent historical prices of our common stock and slightly in excess of the value attributed to our common stock in the Valuation Consultant's Report;

The market price of a share of our common stock as of the date of the Special Committee's determination of the price to be paid for shares of our common stock held by stockholders holding less than twenty thousand five hundred (20,500) shares that are to be cashed out as a result of the Reverse/Forward Stock Split as quoted on the over-the-counter bulletin board, which was \$0.008, with relatively low volumes of shares traded, and that the offer of One Cent (\$0.01) per pre-reverse split share allows stockholders holding less than twenty thousand five hundred (20,500) shares to be cashed out at a slight premium to the value attributed to our shares in the Valuation Consultant's report; and

Our Board also reviewed and considered the following additional factors in determining the fairness of the Reverse/Forward Stock Split to our unaffiliated stockholders:

We have never received any offer for the merger or consolidation of our Company with or into any other company, or the sale or transfer of all or substantially all of our assets to another company, or a purchase of the company's securities by a third party that would involve a change of control of our Company. Although we entered into preliminary discussions with a single third party regarding a possible business combination, these preliminary discussions never resulted in a structure of the transaction, the amount of consideration to be paid in the transaction or the form such consideration would take. As a result, our Board was never presented with an offer that it could accept or reject prior to the termination of such discussions.

The Reverse/Forward Stock Split will not materially change the rights, preferences or limitations of unaffiliated stockholders who will retain an interest in us subsequent to the consummation of the Reverse/Forward Stock Split.

Unaffiliated stockholders who continue to hold an equity interest in us following the Reverse/Forward Stock Split will not have readily available to them all of the information regarding our operations and results that is currently available to them in our filings with the SEC.

Financial Analysis Performed by Management

The following paragraphs summarize the financial analyses performed by management to assist the Special Committee and our Board in determining the price to be paid in lieu of issuing fractional shares resulting from the Reverse/Forward Stock Split.

Management relied on both financial and non-financial information in performing its analysis. Management also assumed that the Reverse/Forward Stock Split would be consummated substantially in accordance with the terms as generally set forth in this Information Statement.

Management also relied on the fact that our smaller unaffiliated stockholders may elect to remain stockholders by acquiring sufficient shares so that they hold at least twenty thousand five hundred (20,500) shares of common stock in their account immediately prior to the Reverse/Forward Stock Split. Management considers the structure of the Reverse/Forward Stock Split to be fair to all unaffiliated stockholders because it

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allows them to control the decision of whether to remain a stockholder following the Reverse/Forward Stock Split or to receive the cash consideration offered in connection with the Reverse/Forward Stock Split. However, because the average daily trading volume of our common stock is low, you may not be able to acquire a sufficient number of shares prior to the Effective Date.

Management's financial analyses is based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of their analyses. The estimates contained in management's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by such analyses. The analyses described below include forward-looking statements and projections and were based upon a variety of assumptions, including our ability to achieve strategic goals, objectives and targets over the applicable periods. These assumptions involve judgments with respect to future economic, competitive and regulatory conditions, financial market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Many important factors, in addition to those discussed elsewhere in this information statement and in our filings with the SEC, could cause our results to differ materially from those expressed or implied by the forward-looking statements. These factors include our competitive environment, economic and other market conditions in which we operate and matters affecting business generally, all of which are difficult to predict and many of which are beyond our control. Accordingly, we cannot assure you that the projections and assumptions on which our management based its financial analyses are in fact indicative of our future performance or that actual results will not differ materially from such projections.

Management conducted two (2) separate analyses, each of which is summarized below:

Historical Market Price Analysis. Management utilized a historical stock price analysis to review our stock performance and provide context to the price to be paid in the Reverse/Forward Stock Split. In addition, management reviewed the liquidity of our shares in the public trading markets and the daily closing market price and trading volume of our shares for the 30, 60, and 90 day periods prior to August 27, 2009. Management noted that from May 29, 2009 to August 27, 2009, the high closing price of our common stock was \$0.02 and the low closing price of our common stock during this period was \$0.0051. Management also noted the closing prices of our common stock for various dates as summarized in the table below:

	Closing Price
August 27, 2009	\$ 0.01
30 days prior (July 28, 2009)	\$ 0.006
60 days prior (June 28, 2009)	\$ 0.01
90 days prior (May 29, 2009)	\$ 0.0188

Additionally, the average daily trading volume of our common stock for the 30, 60, and 90 day periods prior to August 27, 2009 were approximately 105,800, 105,000, and 211,000 shares, respectively. As there has not been a market for large share transactions in our common stock, given our financial condition, any large transaction would likely result in significantly lower trading prices than the historical prices noted above. Although our high sales price for a share of our common stock exceeded One Cent (\$0.01) at times during the first and second quarters of 2009, our high sales price for a share of our common stock did not exceed One Cent (\$0.01) for the 90 days prior to the initial announcement of the Reverse/Forward Stock Split. As a result, and together with the analysis of our Valuation Consultant that our common stock has no value, our Special Committee and Board concluded that the value represented by the share price of One Cent (\$0.01) per pre-Reverse Split share, was fair particularly given our low

historical trading volume and current financial condition. In addition, management concluded that any stockholder having shares cashed out as a result of the Reverse Split would achieve liquidity without incurring brokerage costs and that, with extremely limited liquidity in the public market for our common stock, only a small portion of our unaffiliated stockholders would have been able to attain the bid prices before the stock price decreased measurably.

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Current Market Price Analysis. On September 3, 2009, the last trading day prior to the initial announcement of the Reverse/Forward Stock Split, the Company's common stock closing price per share was \$0.0086. Our Special Committee and Board determined that the value represented by the recommended share price of One Cent (\$0.01) per pre-Reverse Split share is within the range of recent historical prices of our common stock and slightly in excess of the value attributed to our common stock in the Valuation Consultant's Report.

Independent Valuation Report by Third Party Valuation Consultant

The Special Committee considered a number of alternative investment banking firms and valuation experts to conduct a third party valuation of the Company. Based upon the relative qualifications and reputations, the length of time to complete the engagement, the costs of each of the firms and the recommendation of management, the Special Committee authorized the engagement of the Valuation Consultant. Established in 1932, the Valuation Consultant is a full service valuation consulting firm specializing in enterprise valuations. The Valuation Consultant has approximately 100 employees, serving clients on a national basis from its offices in New York, Los Angeles, Chicago, Philadelphia, St Louis and Tampa. In the first six months of 2009 alone, the Valuation Consultant has advised clients with respect to assets having a cost basis of more than \$5 billion.

On July 31, 2009, the Special Committee ratified management's engagement of the Valuation Consultant to provide a report to the Special Committee with respect to an independent valuation report of the Company. We did not give the Valuation Consultant any instructions on how to prepare their report or the conclusions in their report, nor did we impose any limitations on the Valuation Consultant in preparing their report. On or about July 27, 2009, the Valuation Consultant was engaged by the Company to provide an independent valuation of the total equity of the Company on a controlling interest basis in connection with a possible going private transaction. In September 2008, the Valuation Consultant was previously engaged by the Company to value the Company's common equity as of October 31, 2007, for tax and planning purposes. Except for that assignment, no other material relationship exists or has existed within the past two (2) years between the Valuation Consultant and the Company prior to this transaction. Pursuant to an engagement letter dated July 27, 2009, the Valuation Consultant will be paid fees of \$25,000 for its valuation report. An additional fee of \$10,000 will be paid for the use of the valuation report in this Information Statement. Our engagement letter with the Valuation Consultant includes other terms and provisions customary for an advisory assignment such as this one, including an indemnification by the Company as well as reimbursement of out of pocket expenses. Such fees and expenses are not contingent upon the successful completion of the Reverse/Forward Stock Split. Below is a summary of the Valuation Consultant's valuation report. The full text of the valuation report is attached as **Appendix A** to this Information Statement. Such valuation report was the only presentation, discussion, or report held with or presented by the Valuation Consultant, whether oral or written, to the Board and/or Special Committee.

The Valuation Consultant:

Reviewed a draft of our Information Statement.

Reviewed certain agreements and contracts related to our business.

Reviewed and analyzed certain publicly available financial and other data with respect to us.

Conducted discussions with members of our senior management and reviewed certain of our financial forecasts with respect to our business prospects and financial outlook.

Reviewed current and historical market prices and trading activity of our common stock.

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Reviewed the financial terms, to the extent publicly available, of selected precedent transactions which the Valuation Consultant deemed generally comparable to the Reverse/Forward Stock Split.

Performed a valuation to arrive at the fair market value of our common stock.

The Valuation Consultant also considered such factors as it deemed relevant, including, but not limited to:

The timing of our financial requirements; and

Our historical financial and operating characteristics.

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In rendering its report, the Valuation Consultant considered such other information and conducted such other financial studies, analyses and investigations as it deemed appropriate under the circumstances. In connection with the review, the Valuation Consultant relied upon and assumed the accuracy and completeness of the financial and other information publicly available or furnished to it by us or otherwise reviewed by it. The Valuation Consultant did not independently verify the accuracy or completeness of such information, nor did the Valuation Consultant make or obtain any independent evaluations or appraisals of any of our properties, assets or liabilities (contingent or otherwise). In addition, neither the Company nor the Special Committee authorized the Valuation Consultant to solicit any indications of interest from any third party with respect to the purchase of all or a part of our business. With respect to our financial projections, the Valuation Consultant assumed that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of our management as to our future financial performance, and the Valuation Consultant expressed no opinion with respect to such forecasts or the assumptions on which they were based. The report of the Valuation Consultant was necessarily based upon financial, economic, market and other conditions as they existed and could be evaluated as of the date of the report.

The Valuation Consultant expressed no view as to, and its report did not address, the relative merits of the Reverse/Forward Stock Split as compared to any alternative business strategies that might exist for us or the effect of any transaction in which we might engage. No opinion was expressed as to the substantive fairness of the Reverse/Forward Stock Split. No fairness opinion was requested by the Company. The Valuation Consultant did not express any opinion as to the prices or price ranges at which our common stock has traded or may trade in the future. The Valuation Consultant was not asked to and did not recommend the specific consideration payable in the Reverse/Forward Stock Split. The share consideration was determined by our Special Committee. No limitations were imposed by us on the Valuation Consultant with respect to the investigations made or procedures followed by it in rendering its opinion.

In preparing its report, the Valuation Consultant performed a variety of financial and comparative analyses. The summary of these analyses is not a complete description of them. The preparation of a valuation report is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a valuation report is difficult to summarize. Accordingly, the Valuation Consultant believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

In its analyses, the Valuation Consultant considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of its report. Many of these factors are beyond our control. No company, transaction or business used in those analyses as a comparison is identical to us or the Reverse/Forward Stock Split, nor is an evaluation of those analyses entirely mathematical; rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions being analyzed.

The estimates contained in the Valuation Consultant's analyses and the valuation resulting from any particular analysis do not reflect actual values or future results or values. Those values may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of our business or securities do not purport to be appraisals or to reflect the prices at which our business or securities actually may be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

The Valuation Consultant report and analyses were only one of several factors considered by our Special Committee in its evaluation of the Reverse/Forward Stock Split and should not be viewed as determinative of the views of our Special Committee, Board or management with respect to the share consideration to be paid to those stockholders being cashed out if the Reverse/Forward Stock Split is consummated, or with respect to the Reverse/Forward Stock Split generally.

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In performing its analyses, the Valuation Consultant relied on the income approach applying the discounted cash flow method, as well as on the market approach applying an equity trading comparable analysis and a comparable transactions analysis. The Valuation Consultant also considered both internal and external factors that influence our value. Internal factors include, among other things, our revenue concentration and organizational and financial structure. External factors include, among other things, the overall U.S. economy and the current state of the healthcare industry.

The Income Approach Applying the Discounted Cash Flow Method The Valuation Consultant received financial projections from our management and discussed the assumptions inherent in the projections with our management in the context of the current and expected conditions in our industry and the financial position of the Company. The Valuation Consultant calculated our projected free cash flows to equity holders for the fiscal years ending December 31, 2009 through December 31, 2018 and applied a cost of equity capital-based discount rate to estimate the value of our common equity. Below is a summary of our management's projections which were used to calculate our free cash flows to equity holders:

	Fiscal Years Ending December 31,					
	2011	2012	2013	2014	2015	2016
	\$ 76,605,880	\$ 82,734,350	\$ 89,353,098	\$ 96,501,346	\$ 104,221,453	\$ 112,559,170
	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
	42,898,991	44,477,674	48,035,888	51,878,759	56,029,060	60,511,385
	33,706,888	38,256,676	41,317,210	44,622,587	48,192,394	52,047,785
	44.0%	46.2%	46.2%	46.2%	46.2%	46.2%
	25,122,744	27,132,564	29,303,169	31,647,422	34,179,216	36,913,553
	8,584,144	11,124,112	12,014,041	12,975,165	14,013,178	15,134,232
	11.2%	13.4%	13.4%	13.4%	13.4%	13.4%
	2,360,200	2,931,138	3,626,867	2,914,747	3,503,885	4,120,309
	895,805	886,638	822,948	609,373	262,083	140,000