

Alternative Reporting Standard:

Guidelines for Providing Adequate Current Information

Pink OTC Markets encourages all issuers of OTC equity securities to make *adequate current information* available to the public markets. Pink OTC Markets believes that federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws require issuers to provide adequate current public information. With a view to encouraging compliance with these laws, Pink OTC Markets has created these Guidelines for Providing Adequate Current Information ("Guidelines") in order to assist issuers with understanding their disclosure obligations under the Alternative Reporting Standard.¹

Pink OTC Markets believes *adequate current information* **must** be publicly available when an issuer's securities are quoted by a broker-dealer under the following circumstances:

At the time of initial quotation in public markets;

At any time corporate insiders or other affiliates of the issuer are offering, buying or selling the issuer's securities in the OTC market;

During any period when a security is the subject of ongoing promotional activities having the effect of encouraging trading of the issuer's securities in the OTC market;

At the time securities initially sold in a private placement become freely tradable in the OTC market; or

At any time the issuer's securities are quoted on OTCQX or included in the Current Information OTC Market Tier.

Issuers with securities listed on OTCQX International are providing adequate current information because such issuers either (i) have a class of their securities registered with the Securities and Exchange Commission ("SEC") under Section 12(g) of the Exchange Act and are current in their SEC reporting obligations or (ii) are non-U.S. issuers that are exempt from registration pursuant to Exchange Act Rule 12g3-2(b), are current and fully compliant with their obligations there under, and have posted the information required to be made publicly available pursuant to Exchange Act Rule 12g3-2(b), in English via the OTC Disclosure and News Service.

These Guidelines may be amended from time to time, in the sole and absolute discretion of Pink OTC Markets, with or without notice.

Table of Contents

¹ This is not legal advice, and Pink OTC Markets cannot assure anyone that compliance with our disclosure requirements will satisfy any legal requirements.

² For tips, you may wish to consult the SEC's Plain English Handbook, available for free on the SEC's website, at <http://www.sec.gov>.

3 For the purpose of this section a “shell company” means an issuer, other than a business combination related shell company, as defined by Securities Act Rule 405, or an asset-backed issuer, as defined by Item 1101(b) of Regulation AB, that has:

(1) No or nominal operations; and

(2) Either:

(A) No or nominal assets;

(B) Assets consisting solely of cash and cash equivalents; or

(C) Assets consisting of any amount of cash and cash equivalents and nominal other assets.

4 The term “family relationship” means any relationship by blood, marriage or adoption, not more remote than first cousin.

5 “Immediate family members” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

6 Foreign private issuers that have furnished financial statements pursuant to Rule 12g3-2(b) under the Exchange Act can provide those same financial statements as an alternative to U.S. GAAP. For information regarding U.S. GAAP, see <http://cpaclass.com/gaap/gaap-us-01a.htm>.

General

Considerations.....4

Section One: Issuers’ Initial Disclosure Obligations.....5

Part A General Company Information.....5

Item I The exact name of the issuer and its predecessor (if any).....5

Item II The address of the issuer’s principal executive offices.....5

Item III The jurisdiction(s) and date of the issuer’s incorporation or organization.....5

Part B Share Structure.....6

Item IV The exact title and class of securities outstanding.....6

Item V Par or stated value and description of the security.....6

Item VI The number of shares or total amount of the securities outstanding for each class of securities authorized.....6

Part C Business Information.....6

Item VII The name and address of the transfer agent*.....6

Item VIII The nature of the issuer’s business.....7

Item IX The nature of products or services offered.....9

Item X The nature and extent of the issuer’s facilities.....10

Part D Management Structure and Financial Information.....10

Item XI The name of the chief executive officer, members of the board of directors, as well as control persons....10

Item XII Financial information for the issuer’s most recent fiscal period.....14

Item XIII Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.....15

Item XIV Beneficial Owners.....15

Item XV The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:.....15

Item XVI Management’s Discussion and Analysis or Plan of Operation.....16

Part E Issuance History.....20

Item XVII List of securities offerings and shares issued for services in the past two years.....20

Part F Exhibits.....21

Item XVIII Material Contracts.....21

Item XIX Articles of Incorporation and Bylaws.....22

Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers.....22

Item XXI Issuer’s Certifications.....24

Section Two: Issuers’ Continuing Disclosure Obligations.....26

Quarterly Reporting Obligations.....26

Item I Exact name of the issuer and the address of its principal executive offices.....26

Item 2 Shares outstanding.....27

Item 3 Interim financial statements.....27

Item 4 Management’s discussion and analysis or plan of operation.....27

Item 5 Legal proceedings.....27

Item 6 Defaults upon senior securities.....27

Item 7 Other information.....	28
Item 8 Exhibits.....	28
Item 9 Certifications.....	28
<i>Annual Reporting ligations</i>	28
<i>Current Reporting ligations</i>	29
1. Entry into a Material Definitive Agreement.....	29
2. Termination of a Material Definitive Agreement.....	30
3. Completion of Acquisition or Disposition of Assets, Including but not Limited to Mergers.....	30
4. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer.....	31
5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.....	32
6. Costs Associated with Exit or Disposal Activities.....	33
7. Material Impairments.....	33
8. Sales of Equity Securities.....	34
9. Material Modification to Rights of Security Holders.....	34
10. Changes in Issuer's Certifying Accountant.....	34
11. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.....	36
12. Changes in Control of Issuer.....	37
13. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.....	37
14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.....	38
15. Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics.....	38

General Considerations

An issuer preparing a disclosure statement under the Alternative Reporting Standard shall consider the purpose of adequate disclosure. Current and potential investors in the issuer's securities should be provided with all "material" information – the information available to the issuer necessary for the investor to make a sound investment decision. The disclosure should enable an investor of ordinary intelligence and investment skills to understand the issuer's business and prospects.

The disclosure must therefore present the issuer's business plan and include a full and clear picture of the issuer's assets, facilities, properties, investments, management and other resources, as well as a complete description of how they will be used to make profits. The issuer's business plan should clearly describe the competition, regulatory environment and other risks to the issuer's business, as well as the issuer's plans for confronting these challenges.

It is also important for an investor to understand how the issuer raises capital and treats investors. At a minimum, the issuer must describe the ways it has raised capital by issuing shares in the past – to whom and the amount of consideration involved. The investor should also be provided with market information, including the past price history of any transactions in the issuer's shares.

Finally, the disclosure should use plain English.² This means using short sentences, avoiding legal and technical jargon and providing clear descriptions. Your goal, as an issuer should be to give the investor the information you would wish the investor to supply if your positions were reversed. You don't need to be Shakespeare; you must, though, have a

sincere desire to

Section One: Issuers' Initial Disclosure Obligations

Instructions relating to the preparation of initial disclosure statements:

Issuers shall prepare a document that responds to each item and sub-item of the Guidelines with information current as of the issuer's most recent fiscal quarter or year end and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable. The disclosure statement shall be provided in the format set forth below.

Issuers may incorporate by reference financial statements and other exhibits that are either posted elsewhere through the OTC Disclosure and News Service or on SEC's EDGAR system, or are attached to the issuer's disclosure statement, as long as (i) the incorporated documents are current, (ii) the issuer clearly explains where the incorporated documents can be found, and (iii) the issuer provides a clear cross-reference to the specific location where the information requested by any particular item can be found in the incorporated documents.

The initial disclosure statement shall be published through the OTC Disclosure and News Service under the report name of "*Initial Company Information and Disclosure Statement*."

Part A General Company Information

Item I The exact name of the issuer and its predecessor (if any)

There has been no name changes by the company within the last five (5) years; however, the company formally and officially changed its state of registration from the state of Florida to the state of Nevada in December of year 2006.

Item II-the address of the issuer's principal executive offices

The company offices are located at 330 E. Warm Springs Road, Las Vegas, NV 89119. The office manager's name is Stephanie Mosqueda and she can be reached at (702) 309-7051 or at (702) 280-1353 or at stephanie.mosqueda@sctn.com The company's fax # is (702) 974-1025, The company's CEO, Bernard F. McHale can be reached at the office number or at (702) 286-3054 or at bmchale@sctn.com

ITEM III The jurisdiction and the date of the issuer's incorporation and

Part B Share Structure

Item IV The exact title and class of securities outstanding-**Common Stock Only**

I.

Item V Par or stated value and description of the security-**Our Common Stock Par Value is .01 per share**

1. For common equity, describe any dividend, voting and preemption rights.-**No dividend or pre-emptive rights and voting is described as one vote counted for each share voted.**
1. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.-**No preferred stock issued.**
1. Describe any other material rights of common or preferred stockholders-**None**
1. Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer-**None**

Item VI The number of shares or total amount of the securities outstanding for each class of securities authorized.

In answering this item, provide the information below for each class of securities authorized. Please provide this information (i) as of the end of the issuer's most recent fiscal quarter and (ii) as of the end of the issuer's last two fiscal years.

- (i) Period end date; **6-30-2010**
- (ii) Number of shares authorized; **600M**
- (iii) Number of shares outstanding; **580M**
- (iv) Freely tradable shares (public float); **100M**
- (v) Total number of beneficial shareholders;**2**
- (vi) Total number of shareholders of record. **450**

Part C Business Information

Item VII The name and address of the transfer agent*.

In answering this item, please also provide the telephone number of the transfer agent, indicate whether or not the transfer agent is registered under the Exchange Act, and state the appropriate regulatory authority of the transfer agent.

*To be included in OTCQX or the Current Information OTC Market Tier, the issuer's transfer agent *must* be registered under the Exchange Act.

Our registrar and transfer agent is Standard Registrar and Transfer Agency, 673 Bluebird N.E., Albuquerque, New Mexico 87128, telephone number (505) 828-2839. She is registered under the Exchange Act and reports directly to the SEC by whom she is inspected on an annual basis to ensure that records are handled in accordance to SEC rules and regulations,.

Item VIII The nature of the issuer's business.

Our products and services are designed to operate in conjunction with a variety of business applications, the largest being the retail payments industry. This industry is comprised of retail merchants and the infrastructure of banks and other financial institutions, and card associations and technology suppliers that enable them to process payment transactions.

We anticipate that our software will be used to support these major business sectors:

- *Technology suppliers provide the centralized systems and services to process the electronic payment transactions. Large issuing banks frequently process their own charge card and electronic payments transactions, while smaller banks and other financial institutions outsource processing. Large processors have established market dominance through consolidation and subsequent economies of scale. Merchants pay fees to the banks for the privilege of accepting credit cards.*
- *B2B and B2C merchants use discounts, points programs, and other incentives to differentiate themselves from their competitors and to increase loyalty in the form of repeat spending. These programs are typically tied to the amount or frequency of customer spending, with the most prominent ones directly tied to a credit or debit card. Additionally, many other industries, such as the hospitality and travel, have programs designed to award points or miles for each dollar spent that can be redeemed for free or upgraded goods or services.*
- *Gift Cards and Stored Value Cards have become very popular worldwide. These offer merchants a reduction in payment processing fees, while offering consumers a convenient means to pay for goods and services. Gift cards in the U.S. alone in 2003 exceeded \$40 billion with 3 billion transactions. In 2003, \$158 billion dollars were loaded onto prepaid instruments in the U.S. during 2003, representing 14% of the \$1.1 trillion total addressable market available for prepaid solutions (Transaction World Magazine, "Prepaid Market Opportunities," Tim Sloane, June 2004). The size of the market for gift cards and stored value cards in the U.S. is growing at the rate of over 300% annually*

(Bain and Company, Faulkner & Gray, April 2004). Additional markets for stored value cards include corporate payroll cards, multi-function university campus cards, resort, and transit cards. The SCTN stored value and gift card product may help to further increase this market by enabling merchants to entice customers with customized bonuses and restrictions, thereby increasing their business.

- Brand marketing and advertising programs can take advantage of e-Illegiance™'s and Loyalty Central™'s ability to process rewards by UPC code to boost brand awareness, sales, and consumer loyalty.
- Entertainment and athletic organizations and venues can use the SCTN loyalty, stored value, and gift card product suite to create compelling rewards programs for fans and participants.

We believe that the retail industry as well as various other segments are in the initial stages of adopting smart cards and wireless devices to replace the magnetic-stripped cards that have existed in the marketplace for nearly 30 years. As this transition occurs, we believe there is an opportunity to market our loyalty program software to the various organizations that comprise the industry. We anticipate the majority of our revenue will come from marketing our software to the organizations that provide the loyalty system infrastructure as an adjunct to the electronic payments process. This includes card manufacturers, point-of-sale, or POS, terminal providers, banks and other financial institutions, third-party payment processors, card associations and other software suppliers. In some cases, we expect that our customers may also include retail merchants or other businesses that wish to sponsor their own loyalty programs.

The electronic payment industry is very mature, and because our software is compatible with existing magnetic-stripped card technology as well as smart cards, we believe our software and intellectual property provide a potential solution for those wishing to migrate from magnetic-strip cards to smart cards or other smart devices in order to grant loyalty rewards and incentives.

The ability of smart cards to store data or value makes them particularly suited to loyalty programs that track and provide incentives to repeat customers. Stored value is more convenient and safer than cash. When combined with a software and hardware system for processing loyalty transactions, the smart cards and other devices provide an opportunity to develop loyalty programs that provide users with immediate, dynamically updated incentives.

In addition to the payments industry, we anticipate significant and increased demand for more powerful and effective smart-card-based loyalty programs in other industries such as gaming, transit, identification, access and health care. We are actively seeking to introduce our intellectual property in these other markets.

We believe that we are able to offer services that fill these needs for all of the aforementioned industry segments.

In describing the issuer's business, please provide the following information:

A. Business Development. Describe the development of the issuer and material events during the last three years so that a potential investor can clearly understand the history and development of the business. If the issuer has not been in business for three years, provide this information for any predecessor company. This business development description must also include:

1. the form of organization of the issuer (e.g., corporation, partnership, limited liability company, etc.); **The company is organized as a corporation**

1. the year that the issuer (or any predecessor) **Was organized in 1996**

1. the issuer's fiscal year end date;

12-31

1. whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding;

No

1. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets;

Phoenix Technology Holding Inc, the SCTN Joint marketing and licensor of the SCTN patented loyalty technology purchased 163,742,180 shares of SCTN stock in year 2007

1. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments; **No**

1. any change of control; **No**

1. any increase of 10% or more of the same class of outstanding equity securities; **No**

1. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization; **No**

1. any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board; and

No

1. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved. **None**

B. Business of Issuer. Describe the issuer's business so a potential investor can clearly understand it. To the extent material to an understanding of the issuer, please also include the following:

1. the issuer's primary and secondary SIC Codes;

if the issuer has never conducted operations, is in the development stage, or is currently conducting operations; **The company is no longer in the development stage because we are currently conducting operations and producing revenue from ongoing customer deployment of our programs that we expect will increase significantly as more of signed contract customer**

1. whether the issuer is or has at any time been a "shell company";³ No, **Not to my knowledge**

Instruction to paragraph B.3 of Item VIII:

If the issuer discloses that it is or has at any time been a shell company, it must also include the following disclosure on the front page of its disclosure statement in boldface, 12 point type:

If the issuer is currently a shell company

No, We have filed with the SEC from year 2000 through year 2006 and are actually working with our accountant to bring our filing current through 6-30-2010

If the issuer was formerly a shell company: **-Never has been a shell company to the best of my knowledge. We have filed with the SEC from year 1998 through year 2006 and am working with our accountant to bring our filing current with the SEC through 6-30-2010**

1. the names of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement; **ANS: SCTN has an exclusive Joint Licensing Agreement with a private company called Phoenix Technology Inc that markets the SCTN patented loyalty technology deployment through its operating system. it will not be included in the financials attached to this disclosure statement as it is a separate company.**

1. the effect of existing or probable governmental regulations on the business-**ANS: Should not affect the company in any way.**

1. an estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers; **ANS: our exclusive private partner, Phoenix Technology Holding Inc not only maintains an ongoing development process and operating system to deploy our technology but also continues to develop and improve that operating system which is the reason why we signed an exclusive twenty (20) year licensing agreement with them to market and deploy our Patented Loyalty Technology. Phoenix is a private company and its financial information will not be included in the SCTN disclosure statement. No Cost has been borne directly by our customers.**

1. costs and effects of compliance with environmental laws (federal, state and local); and **ANS: None for us because SCTN delivers a wireless technology that has no ramification on the environment.**

1. The number of total employees and number of full-time employees. **ANS: SCTN has few employees and has in fact become a patent licensing company with little operational expense because of that exclusive joint licensing agreement that the company signed with Phoenix Technology to handle marketing and deployment for the SCTN products. Phoenix employs a twelve member marketing and development team that are paid monthly by Phoenix**

For issuers engaged in mining, oil and gas production and real estate activities, substantial additional disclosure of the issuer's business is required. Contact Pink OTC Markets for more information-Not applicable to SCTN

Item IX The nature of products or services offered.

In responding to this item, please describe the following so that a potential investor can clearly understand the products and services of the issuer:

A. principal products or services, and their markets; **-we will also be providing you a copy of our power-point presentation of where we believe the company is going.**

Our products and services are designed to operate in conjunction with a variety of business applications, the largest being the retail payments industry. This industry is comprised of retail merchants and the infrastructure of banks and other financial institutions, and card associations and technology suppliers that enable them to process payment transactions.

We anticipate that our software will be used to support these major business sectors:

- *Technology suppliers provide the centralized systems and services to process the electronic payment transactions. Large issuing banks frequently process their own charge card and electronic payments transactions, while smaller banks and other financial institutions outsource processing. Large processors have established market dominance through consolidation and subsequent economies of scale. Merchants pay fees to the banks for the privilege of accepting credit cards.*
- *B2B and B2C merchants use discounts, points programs, and other incentives to differentiate themselves from their competitors and to increase loyalty in the form of repeat spending. These programs are typically tied to the amount or frequency of customer spending, with the most prominent ones directly tied to a credit or debit card. Additionally, many other industries, such as the hospitality and travel, have programs designed to award points or miles for each dollar spent that can be redeemed for free or upgraded goods or services.*
- **Gift Cards and Stored Value Cards have become very popular worldwide. These offer merchants a reduction in payment processing fees, while offering consumers a convenient means to pay for goods and services. Gift cards in the U.S. alone in 2003 exceeded \$40 billion with 3 billion transactions. In 2003, \$158 billion dollars were loaded onto prepaid instruments in the U.S. during 2003, representing 14% of the \$1.1 trillion total addressable market available for prepaid solutions (Transaction World Magazine, "Prepaid Market Opportunities," Tim Sloane, June 2004). The size of the market for gift cards and stored value cards in the U.S. is growing at the rate of over 300% annually (Bain and Company, Faulkner & Gray, April 2004). Additional markets for stored value cards include corporate payroll cards, multi-function university campus cards, resort, and transit cards. The SCTN stored value and gift card product may help to further increase this market by enabling merchants to entice customers with customized bonuses and restrictions, thereby increasing their business.**
- **Brand marketing and advertising programs can take advantage of e-llegianceTM's and Loyalty Central TM's ability to process rewards by UPC code to boost brand awareness, sales, and consumer loyalty.**

- Entertainment and athletic organizations and venues can use the SCTN loyalty, stored value, and gift card product suite to create compelling rewards programs for fans and participants.

We believe that the retail industry as well as various other segments are in the initial stages of adopting smart cards and wireless devices to replace the magnetic-stripped cards that have existed in the marketplace for nearly 30 years. As this transition occurs, we believe there is an opportunity to market our loyalty program software to the various organizations that comprise the industry. We anticipate the majority of our revenue will come from marketing our software to the organizations that provide the loyalty system infrastructure as an adjunct to the electronic payments process. This includes card manufacturers, point-of-sale, or POS, terminal providers, banks and other financial institutions, third-party payment processors, card associations and other software suppliers. In some cases, we expect that our customers may also include retail merchants or other businesses that wish to sponsor their own loyalty programs.

The electronic payment industry is very mature, and because our software is compatible with existing magnetic-stripped card technology as well as smart cards, we believe our software and intellectual property provide a potential solution for those wishing to migrate from magnetic-strip cards to smart cards or other smart devices in order to grant loyalty rewards and incentives.

The ability of smart cards to store data or value makes them particularly suited to loyalty programs that track and provide incentives to repeat customers. Stored value is more convenient and safer than cash. When combined with a software and hardware system for processing loyalty transactions, the smart cards and other devices provide an opportunity to develop loyalty programs that provide users with immediate, dynamically updated incentives.

In addition to the payments industry, we anticipate significant and increased demand for more powerful and effective smart-card-based loyalty programs in other industries such as gaming, transit, identification, access and health care. We are actively seeking to introduce our intellectual property in these other markets.

We believe that we are able to offer services that fill these needs for all of the aforementioned industry segments.

B. distribution methods of the products or services; Phoenix Technology Inc has already signed several licensing contracts with customers that are already deploying our products in the marketplace which are currently earning revenue for the company. Additional major contract license signings will take place prior to year's end that will lead to additional significant revenues for the company.

C. status of any publicly announced new product or service; **Copies of our press releases will be provided at our web-site location.**

D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition; Our Technology are heads and shoulders above the competition [for example, we have utilize our technology with a licensee of the company called Total Venue Control to deploy the first cashless system in stadiums, festivals and events in the

US-no other company has even come close to achieving anywhere in the world let alone the US-we will provide the press release to you

E. sources and availability of raw materials and the names of principal suppliers; NA-all materials and supplies are provided by Phoenix Technology or by our customers.

F. dependence on one or a few major customers;

G. patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and

Our intellectual property consists of software applications and a system built around our process and methodology patents and includes application software for stored value, gift cards, and loyalty programs that can, but do not need to, reside on cards or other portable electronic devices and the terminals for the processing of payments. We also have a centralized processing system for loyalty program management and accounting that can be used for our own loyalty customers and licensed to other electronic payment processors that offer loyalty programs.

Patents

We have U.S. Patent No. 5806045, issued on September 8, 1998, with prior patent filings dating back to February 1994. Since that time, the patent has also been issued in Australia (Patent No. 703349, October 1999), Mexico (Patent No. 96/03161, November 2000), Japan (Patent No. 3416141, April 2003) and Canada (Patent No. 2182596, April 2004). We refer to these patents collectively as the "patents."

The patents are entitled: "Method and System for Allocating and Redeeming Incentive Credits between a Portable Device and a Base Device," and cover processes or methodologies associated with storing and redeeming loyalty credits and incentives on a portable device and interacting with a base device to calculate the amount of loyalty units to be credited or redeemed.

In December, 2003, Tran-Star processed the first transactions under a license agreement with us, in Mexico.

Trademarks, Copyrights and Trade Secrets

We also rely on the protections afforded our intellectual property under copyright, trademark and trade secret laws. We market or may market products or services under the following trademarks:

- *E-LLEGIANCE(TM) for our smart-card-based loyalty applications;*
- *LOYALTY CENTRAL(TM) for our loyalty program management, transaction processing and accounting centralized processing services;*
- *LOYALTYCENTRAL.COM(TM) for our loyalty program management user interface; and*

- *LOYALTY BY DESIGN(TM) for our loyalty, stored value, and gift card program management; and*
- *SMART BANK(R) for specialized products services for marketing to the financial services and banking industries.*

H. the need for any government approval of principal products or services and the status of any requested government approvals.

None

Item X The nature and extent of the issuer's facilities.

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

1. Las Vegas office-five year lease-\$1,200 per month
2. Data Center leased facilities-Paid by Phoenix at \$4,000 per month for hosting services
3. Airos development facilities-Paid by Phoenix for Settlement of transactions.- approximately \$5,000 to \$10,000 per month

Part D Management Structure and Financial Information

Item XI The name of the chief executive officer, members of the board of directors, as well as control persons.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Officers and Directors. In responding to this item, please provide the following information for each of the issuer's executive officers, directors, general partners and control persons, as of the date of this information statement:

1. Full name: Bernard F. McHale, Randy Thomas and Ronald Christensen
2. Business address: 330 E. Warm Springs Road, Las Vegas, NV 89119

A. Bernard F. McHale has been an investor in the company and held the position of Director, CFO and now CEO with the SCTN Company for the last the (10) years.

B. Randy Thomas has been an investor in the company for ten (10) years and was appointed to a director position as of 15 January, 2010.

C. Ronald Christensen has been an investor in the company for ten (10) years and was appointed to a director position as of January 15 if year 2010.

3. The company will provide you with a more-recent updated list of officers that have just been just appointed to major positions in the company-it will also provide their background and skill set over the last ten (10) years.

1. Compensation by the issuer to the CEO, President and BOD Chairman is \$12,000 per month for the next three (3) years with a \$300,000 bonus based on his performance in increasing company's revenue each year which can be converted into company stock shares as outlined in his consulting and addendums agreement with the company. All others are paid hourly except for the company consultants that are paid based on the contract signing and the amount of revenues these consultants bring into the company.

1. Number and class of the issuer's securities beneficially owned by each such person.
 - A. Bernard F. McHale, CEO, holds approximately 30M shares of SCTN common stock
 - B. Phoenix Technology Holding Inc has approximately 163,172,388 shares of SCTN stock

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None

1. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None

1. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

1. The entry of an order by a self-regulatory organization that permanently or temporarily

barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

C. Disclosure of Family Relationships. Describe any family relationships⁴ among and between the issuer's directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.

None

D. Disclosure of Related Party Transactions. Describe any transaction during the issuer's last two full fiscal years and the current fiscal year or any currently proposed transaction, involving the issuer, in which (i) the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. Disclose the following information regarding the transaction: **None**

1. The name of the related person and the basis on which the person is related to the issuer; **NA**
2. The related person's interest in the transaction; **NA**
3. The approximate dollar value involved in the transaction (in the case of indebtedness, disclose the largest aggregate amount of principal outstanding during the time period for which disclosure is required, the amount thereof outstanding as of the latest practicable date, the amount of principal and interest paid during the time period for which disclosure is required, and the rate or amount of interest payable on the indebtedness); **NA**
4. The approximate dollar value of the related person's interest in the transaction; and
5. Any other information regarding the transaction or the related person in the context of the transaction that is material to investors in light of the circumstances of the particular transaction. **None**

Instruction to paragraph D of Item XI:

1. For the purposes of paragraph D of this Item XI, the term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the issuer's equity securities, immediate family members⁵ of any such person, and any person (other than a tenant or employee) sharing the household of any such person. **None**

2. For the purposes of paragraph D of this Item XI, a "transaction" includes, but is not limited to, any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships. **None**
3. The "amount involved in the transaction" shall be computed by determining the dollar value of the amount involved in the transaction in question, which shall include: **None**
 - a. In the case of any lease or other transaction providing for periodic payments or installments, the aggregate amount of all periodic payments or installments due on or after the beginning of the issuer's last fiscal year, including any required or optional payments due during or at the conclusion of the lease or other transaction providing for periodic payments or installments; and **None**
 - b. In the case of indebtedness, the largest aggregate amount of all indebtedness outstanding at any time since the beginning of the issuer's last fiscal year and all amounts of interest payable on it during the last fiscal year. **None**
4. In the case of a transaction involving indebtedness:
 - a. The following items of indebtedness may be excluded from the calculation of the amount of indebtedness and need not be disclosed: amounts due from the related person for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments and for other transactions in the ordinary course of business; and
 - b. Disclosure need not be provided of any indebtedness transaction for beneficial owners of more than five percent (5%) of any class of the issuer's equity securities or such person's family members.
5. Disclosure of an employment relationship or transaction involving an executive officer and any related compensation solely resulting from that employment relationship or transaction need not be provided. Disclosure of compensation to a director also need not be provided.
6. A person who has a position or relationship with a firm, corporation, or other entity that engages in a transaction with the issuer shall not be deemed to have an indirect material interest for purposes of paragraph D of this Item XI where:
 - a. The interest arises only:
 - i. From such person's position as a director of another

corporation or organization that is a party to the transaction; or

ii. From the direct or indirect ownership by such person and all other related persons, in the aggregate, of less than a ten percent (10%) equity interest in another entity (other than a partnership) which is a party to the transaction; or

iii. From both such position and ownership; or

b. The interest arises only from such person's position as a limited partner in a partnership in which the person and all other related persons have an interest of less than ten percent (10%), and the person is not a general partner of and does not hold another position in the partnership.

7. Disclosure need not be provided pursuant to paragraph D of this Item XI if:

- a. The transaction is one where the rates or charges involved in the transaction are determined by competitive bids, or the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
- b. The transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; or
- c. The interest of the related person arises solely from the ownership of a class of equity securities of the issuer and all holders of that class of equity securities of the issuer received the same benefit on a pro rata basis.

8. Include information for any material underwriting discounts and commissions upon the sale of securities by the issuer where any of the specified persons was or is to be a principal underwriter or is a controlling person or member of a firm that was or is to be a principal underwriter.

E. Disclosure of Conflicts of Interest. Describe any conflicts of interest. Describe the circumstances, parties involved and mitigating factors for any executive officer or director with competing professional or personal interests. There is no conflict of interest disclosure None

Item XII Financial information for the issuer's most recent fiscal period.

Instruction to Item XII: The issuer shall post the financial statements required by this Item XII through the OTC Disclosure and News Service under the appropriate report name for the applicable period end. (If the financial statements relate to a fiscal year end, publish it as an "Annual Report," or if the financial statements relate to a quarter end, publish it as a

"Quarterly Report" or "Interim Report") **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (i) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (ii) clearly explain where the incorporated documents can be found, and (iii) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

The issuer shall provide the following financial statements for the most recent fiscal period (whether fiscal quarter or fiscal year). 2nd Quarter through June 30th of year 2010

1) **balance sheet; as of 6-30-2010**

2) **statement of income; as of 6-30-2010**

3) statement of cash flows; **Cash Flow Neutral-will increase significantly prior to end of year based on signed contracts waiting to be deployed.**

4) statement of changes in stockholders' equity; **None**

5) financial notes; and **Being prepared.**

6) audit letter, if audited **To be completed prior to end of year**

The financial statements requested pursuant to this item shall be prepared in accordance with generally accepted accounting principles (GAAP)⁶ by persons with sufficient financial skills.

Information contained in annual financial statements will not be considered current more than 90 days after the end of the issuer's fiscal year immediately following the fiscal year for which such statement are provided, or with respect to quarterly financial statements, more than 45 days after the end of the quarter immediately following the quarter for which such statements are provided.

Item XIII Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Please provide the financial statements described in Item XII above for the issuer's two preceding fiscal years.

Instruction to Item XIII: The issuer shall either (i) attach the financial statements required by this Item XIII to its initial disclosure statement or (ii) post such financial statements through the OTC Disclosure and News Service as a separate report under the name of *"Annual Report"* for the applicable fiscal year end. **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (x) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (y) clearly explain where the incorporated documents can be found, and (z) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

Item XIV Beneficial Owners.

Provide a list of the name, address and shareholdings of all persons beneficially owning more than five percent (5%) of any class of the issuer's equity securities.

To the extent not otherwise disclosed, if any of the above shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Item XV The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

Investment Banker- **None**

1. Counsel **Joseph Diamond is our corporate legal counsel as well as an accountant that oversees the independent auditors that handle the company's accounting function. His telephone number is (818) 774-1835**

1. Accountant or Auditor - the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.

Public Relations Consultant(s)

1. Investor Relations Consultant
1. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement - the information shall include the telephone number and email address of each advisor. **We will provide that information with our presentation that will be sent to you along with this document.**

Item XVI Management's Discussion and Analysis or Plan of Operation.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

We will be presenting the management discussion and analysis or plan of operation under separate cover; however we do caution our readers that important facts

and factors described in this Management's Discussion and Analysis of Financial Condition or Plan of Operation and elsewhere in this document or under separate cover sometimes have affected, and in the future could affect, our actual results, and could cause our actual results during 2010 and beyond to differ materially from those expressed in any forward looking statement made by us or on our behalf..

We have the ability to Issue Common Stock to Obtain Funding

We are authorize to issue up to 600M.million shares of common stock. As of December 31, 2009, we had approximately 593M million shares outstanding and an 200 million shares issuable upon the conversion of stock options, convertible debt and Promissory Note Debt. There is a possibility that , we may need to increase the authorized capitalization in order to ensure that financing can still be available to us.

Our board of directors, whose authorization is required in order to issue common stock and other securities exercisable or convertible into common stock, authorized the transactions that may result in issuance obligations of our authorized capitalization. In some instances, the board may need to approved the issuance of securities exercisable or convertible into common stock in order to obtain much needed funding or services, including options and conversion rights granted to executive officers and directors, at times when we were unable to obtain funding from other sources, with the plan and intent to approve an increase in our authorized capitalization and submit such proposal to the stockholders for approval, subject to compliance with applicable regulatory requirements, before such securities were converted to common stock.

After becoming current and compliant in our filings, we plan to submit to the stockholders for their consideration and approval a plan to increase our authorized capitalization, so that we will be able to meet our contractual obligations and provide sufficient shares to be able to continue to rely on the sale of equity securities or securities convertible into equity securities to obtain additional financing that we require. Stockholders owning stock options, convertible debt and deferred compensation that would benefit from such an increase in capitalization may own sufficient shares to approve such a proposal without the consent of any other stockholders.

Results of Operations

SCTN in no longer a development stage company but a company that is receiving revenues from current operations

Net Loss [1/10/05]

Capital Resources

We do not currently have any material commitments for capital expenditures other than those expenditures incurred in the ordinary course of business; that is

receiving revenues from current operation; however, we will continue to need substantial amounts of working capital to fund the growth of our business, we expect to continue to experience some negative operating cash flows in the immediate future. This estimate is a forward-looking statement that involves risks and uncertainties. We will need to raise additional capital in the future to meet our ongoing operating and cash flow requirements. We may not be able to find additional financing on favorable terms or at all. If we raise additional funds through the issuance of securities, these securities may have rights, preferences or privileges senior to those of our common stock, and our stockholders may experience additional dilution to their equity ownership; however, we can truthfully state we do have recurring revenue from operations and believe that we will achieve profitability in the not too distant future as long as we continue to sign contracts that produce revenues for the company.

We are generating revenues from operations and do anticipate an increase in generating revenues; however, we are unsure of how and when these revenues will increase. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

To date, we have funded our programs through investors and third parties.

Contingencies

As discussed above, we would be unable to issue all of the common stock that we are contractually obligated to issue if all persons holding stock options, convertible debt and deferred compensation were to exercise their rights, in which case such persons may seek to compel us to purchase outstanding common stock in the open market or otherwise in order to deliver shares in accordance with our obligations or may seek money damages or other relief from us. We do not have the financial resources to either purchase stock from others to fulfill our obligations or to pay damages. In addition, we believe that the persons holding stock options, convertible debt and deferred compensation to whom we may become obligated to issue additional shares of common stock, including David J. Simon and Bernard F. McHale, executive officers, directors and principal stockholders, may beneficially own a sufficient number of shares to approve such a proposal without the consent of any other stockholders.

Impact of Recently Issued Accounting Standards

In November 2006, the FASB issued Interpretation No. 45, "Guarantor's Accounting and In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities", ("FIN No. 46"). This interpretation of Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statements", provides guidance for identifying a controlling interest in a variable interest entity ("VIE") established by means other than voting interests. FIN No. 46 also requires consolidation of a VIE by an enterprise that holds such a controlling interest. In December 2003, the FASB completed its deliberations regarding the proposed modification of FIN No. 46 and

issued Interpretation No. 46(R), "Consolidation of Variable Interest Entities – an Interpretation of ARB No. 51" ("FIN No. 46(R)"). The decisions reached included a deferral of the effective date and provisions for additional scope exceptions for certain types of variable interests. Application of FIN No. 46(R) is required in financial statements of public entities that have interests in VIEs or potential VIEs commonly referred to as special-purpose entities for periods ending after December 15 2003. Application by public small business issuer's entities is required in all interim and annual financial statements for periods ending after December 15, 2004.

In April 2003, the FASB issued Statement of Financial Accounting Standard, SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under Statement 133. This Statement is effective for contracts entered into or modified after September 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. The guidance should be applied prospectively.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity". SFAS No. 150 establishes standards for classification and measurement in the statement of financial position of certain financial instruments with characteristics of both liabilities and equity. It requires classification of a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and, otherwise, is effective at the beginning of the first interim period beginning after June 15, 2003.

In May 2009, the consensus on EITF Issue No. 01-08, "Determining Whether an Arrangement Contains a Lease," was issued. The guidance in the consensus applies to the purchase or sale of goods and services under various types of contracts, including outsourcing arrangements. Based on the criteria in the consensus, both parties to an arrangement are required to determine whether the arrangement includes a lease within the scope of SFAS No. 13, "Accounting for Leases." The new requirement applies prospectively to new or modified arrangements for reporting periods beginning after May 28, 2009. Accordingly, as of December 1, 200, the company accounted for new or modified arrangements based on this guidance. Adoption of this standard did not have an impact on the Company's financial statements.

In December 2000, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities which was originally issued in January 2003. FIN 46 or revised provides guidance on the consolidation of certain entities when control exists through other entities created after January 31, 2003. The Company does not hold a variable interest in any enterprise. Accordingly, the Company does not expect the provisions of FIN 46 to have a material effect on future interim or annual financial statements.

On December 18, 2003 the SEC issued Staff Accounting Bulletin No. 104, Revenue Recognition ("SAB 104"), which supersedes SAB 101, Revenue Recognition in Financial Statements. SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple element revenue arrangements, which was superseded as a result of the issuance of EITF 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. The adoption of SAB 104 did not have a material impact the Company's financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment, which is an amendment to SFAS No. 123, Accounting for Stock-Based Compensation and supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees. This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board (APB) No. 25, Accounting for Stock Issued to Employees (APB 25) and requires such transactions to be accounted for using a fair-valued-based method, with the resulting cost recognized in the Company's financial statements. This new standard is effective for annual periods beginning after June 15, 2005. The Company has not awarded or granted any share-based compensation to date and, therefore, the adoption of this standard is not expected to have any effect on the Company's financial position or results of operations until such time as share-based compensation is granted.

In December 2004, the FASB issued SFAS No. 153, Exchange of Non-monetary Assets. SFAS No. 153 amends APB Opinion No. 29, Accounting for Non-monetary Transactions, to eliminate the exception for non-monetary exchanges of similar productive assets. The Company will be required to apply this statement to non-monetary exchanges after December 31, 2005. The adoption of this standard is not expected to have a material effect on the Company's financial position or results of operations.

Management has not yet determined the effect of the adoption of any of these pronouncements on the Company's consolidated financial statements.

Application of Critical Accounting Policies

Research and development expenses consist primarily of compensation, benefits and related expenses for personnel engaged in research and development activities, outside contract and consulting expenses, material and supplies and personnel costs to maintain our technology.

General and administrative expenses consist of compensation, benefits and related expenses for personnel engaged in general management, finance and administrative positions. They also include expenses for financial advisory, legal and accounting fees, advisory board expenses, insurance and other expenses.

Sales and marketing expenses consist of compensation, benefits and related expenses for personnel engaged in sales, marketing, and related business development activities. These expenses also include consultants, printing of promotional materials, travel and general corporate expenses.

The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes ("SFAS No. 109"). SFAS No. 109 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities, and for the expected future tax benefit to be derived primarily from tax loss carry forwards. The Company has established a valuation allowance related to the benefits of net operating losses for which utilization in future periods is uncertain. The Company believes it is more likely than not that the Company will not realize the benefits of these deductible differences in the near future and therefore a full valuation allowance of approximately \$21,400,000 is provided **on financial statement.**

As of December 31, 2000, the Company has approximately \$20,000,000 of federal net operating losses available to offset future taxable income, which if not utilized will expire in 2022. No provision for income taxes has been recorded in the financial statements as a result of continued losses. Any benefit for income taxes as a result of utilization of net operating losses may be limited as a result of change in control.

Instructions to Item XVI

All other issuers shall provide the information in paragraphs B and C of this item.

The discussion and analysis shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Issuers are not required to supply forward-looking information. This is distinguished from presently known data that will impact upon future operating results, such as known future increases in costs of labor or materials. This latter data may be required to be disclosed.

A. Plan of Operation.

1. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as:
 - i. a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;

- ii. a summary of any product research and development that the issuer will perform for the term of the plan;
- iii. any expected purchase or sale of plant and significant equipment; and
- iv. any expected significant changes in the number of employees.

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

1. *Full fiscal years.* Discuss the issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the issuer. If material, the issuer should disclose the following:

- i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the issuer's short-term or long-term liquidity;
- ii. Internal and external sources of liquidity;
- iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures;
- iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;
- v. Any significant elements of income or loss that do not arise from the issuer's continuing operations;
- vi. The causes for any material changes from period to period in one or more line items of the issuer's financial statements; and
- vii. Any seasonal aspects that had a material effect on the financial condition or results of operation.

2. *Interim Periods.* Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of

operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

C. Off-Balance Sheet Arrangements.

1. In a separately-captioned section, discuss the issuer's off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors. The disclosure shall include the items specified in paragraphs C(1)(i), (ii), (iii) and (iv) of this Item XVI to the extent necessary to an understanding of such arrangements and effect and shall also include such other information that the issuer believes is necessary for such an understanding.

- i. The nature and business purpose to the issuer of such off-balance sheet arrangements;
- ii. The importance to the issuer of such off-balance sheet arrangements in respect of its liquidity, capital resources, market risk support, credit risk support or other benefits;
- iii. The amounts of revenues, expenses and cash flows of the issuer arising from such arrangements; the nature and amounts of any interests retained, securities issued and other indebtedness incurred by the issuer in connection with such arrangements; and the nature and amounts of any other obligations or liabilities (including contingent obligations or liabilities) of the issuer arising from such arrangements that are or are reasonably likely to become material and the triggering events or circumstances that could cause them to arise; and
- iv. Any known event, demand, commitment, trend or uncertainty that will result in or is reasonably likely to result in the termination, or material reduction in availability to the issuer, of its off-balance sheet arrangements that provide material benefits to it, and the course of action that the issuer has taken or proposes to take in response to any such circumstances.

2. As used in paragraph C of this Item XVI, the term off-balance sheet arrangement means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the issuer is a party, under which the issuer has:

- i. Any obligation under a guarantee contract that has any of the characteristics identified in paragraph 3 of FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others (November 2002) ("FIN 45"), as may be modified or supplemented, and that is not excluded from the initial recognition and measurement provisions of FIN 45 pursuant to paragraphs 6 or 7 of that Interpretation;
- ii. A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to such entity for such assets;
- iii. Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the issuer's own stock and classified in stockholders' equity in the issuer's statement of financial position, and therefore

excluded from the scope of FASB Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (June 1998), pursuant to paragraph 11(a) of that Statement, as may be modified or supplemented; or

iv. Any obligation, including a contingent obligation, arising out of a variable interest (as referenced in FASB Interpretation No. 46, Consolidation of Variable Interest Entities (January 2003), as may be modified or supplemented) in an unconsolidated entity that is held by, and material to, the issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and development services with, the issuer.

Instructions to paragraph C of Item XVI

i. No obligation to make disclosure under paragraph C of this Item XVI shall arise in respect of an off-balance sheet arrangement until a definitive agreement that is unconditionally binding or subject only to customary closing conditions exists or, if there is no such agreement, when settlement of the transaction occurs.

ii. Issuers should aggregate off-balance sheet arrangements in groups or categories that provide material information in an efficient and understandable manner and should avoid repetition and disclosure of immaterial information. Effects that are common or similar with respect to a number of off-balance sheet arrangements must be analyzed in the aggregate to the extent the aggregation increases understanding. Distinctions in arrangements and their effects must be discussed to the extent the information is material, but the discussion should avoid repetition and disclosure of immaterial information.

iii. For purposes of paragraph C of this Item XVI only, contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

iv. Generally, the disclosure required by paragraph C of this Item XVI shall cover the most recent fiscal year. However, the discussion should address changes from the previous year where such discussion is necessary to an understanding of the disclosure.

In satisfying the requirements of paragraph C of this Item XVI, the discussion of off-balance sheet arrangements need not repeat information provided in the footnotes to the financial statements, provided that such discussion clearly cross-references to specific information in the relevant footnotes and integrates the substance of the footnotes into such discussion in a manner designed to inform readers of the significance of the information that is not included within the body of such discussion.

Part E Issuance History

Item XVII List of securities offerings and shares issued for services in the past two years.

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer (1) within the two-year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year. **There have been no change in total shares outstanding from 6-30-2008 through 6-30-2010**

The list shall include all offerings of securities, whether private or public, and shall indicate: **As stated in the above paragraph within that time period**

- (i) The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);
- (ii) Any jurisdictions where the offering was registered or qualified;
- (iii) The number of shares offered; **NA**
- (iv) The number of shares sold;
- (v) The price at which the shares were offered, and the amount actually paid to the issuer;
- (vi) The trading status of the shares; and **NA**
- (vii) Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act. **NA**

The list shall also include all shares or any other securities or options to acquire such securities issued for services in the past two fiscal years and any interim periods, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. **CEO, Bernard F. McHale is the only party that is entitled to convert his salary and loans to the company into SCTN stock shares in accordance with the terms and conditions of his contract and addendum agreements with the company.**

With respect to private offerings of securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in the event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than five percent (5%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity. **CEO of the company, Bernard F. McHale will be in control of more than 5% of the company stock upon conversion of not only monies loaned to the company by him but for the accrued fees owe to him by the company as well.**

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item XVIII Material Contracts-.None

- A. Every material contract, not made in the ordinary course of business that will be

performed after the disclosure statement is posted through the OTC Disclosure and News Service or was entered into not more than two years before such posting. Also include the following contracts: **NA**

- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure statement, or the Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price; **NA**
- 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements; **NA**
- 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or **NA**
- 4) Any material lease under which a part of the property described in the disclosure statement is held by the issuer.

B. Any management contract or any compensatory plan, contract or arrangement, including but not limited to plans relating to options, warrants or rights, pension, retirement or deferred compensation or bonus, incentive or profit sharing (or if not set forth in any formal document, a written description thereof) in which any director or any executive officer of the issuer participates shall be deemed material and shall be included; and any other management contract or any other compensatory plan, contract, or arrangement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance.

C. The following management contracts or compensatory plans need not be included:

- 1) Ordinary purchase and sales agency agreements;
- 2) Agreements with managers of stores in a chain organization or similar organization;
- 3) Contracts providing for labor or salesmen's bonuses or payments to a class of security holders, as such; and
- 4) Any compensatory plan that is available to employees, officers or directors generally and provides for the same method of allocation of benefits between management and non-management participants

Item XIX Articles of Incorporation and Bylaws.

- A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed, a complete copy of the articles of incorporation or certificate of organization as amended shall be filed. **Has already been filed in the 10K report submitted to the SEC in year 2006 concerning the changes of transferring the SCTN corporate structure from the state of Florida to the state of Nevada.**

Item 3. Articles of Incorporation and Bylaws

- 3.01 Articles of Incorporation of Apple Tree Capital Corp., filed October 4, 1996
- 3.02 Articles of Amendment to Apple Tree Capital Corp. (name change to Schimatic Technologies, Inc.) filed November 13, 1998
- 3.03 Articles of Amendment to Schimatic Technologies, Inc. (name change to SCHIMATIC Cash Transactions Network.com, Inc.) filed January 15, 1999
- 3.04 Bylaws of SCHIMATIC Cash Transactions Network.com, Inc. dated January 15, 1999
- 3.05 Articles of Amendment to Articles of Incorporation of SCHIMATIC Cash Transactions Network.com, Inc. dated June 30, 1999, filed June 26, 2000

(1) Incorporated by reference in Amendment No. 3 to Form 10-SB/A filed on September 10, 2001.

(2) Incorporated by reference in Amendment No. 2 to Form 10-SB/A filed on April 13, 2000.

(3) Incorporated by reference in Form 10-KSB for year ended December 31, 2000, filed October 15, 2001.

(4) Incorporated by reference in Amendment No. 5 to Form 10-SB/A filed on February 14, 2002.

B. A complete copy of the issuer's bylaws. Whenever amendments to the bylaws are filed, a complete copy of the bylaws as amended shall be filed.

Item XX Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

A. In the following tabular format, provide the information specified in paragraph (B) of this Item XX with respect to any purchase made by or on behalf of the issuer or any "Affiliated Purchaser" (as defined in paragraph (C) of this Item XX) of shares or other units of any class of the issuer's equity securities.

ISSUER PURCHASES OF EQUITY SECURITIES				
Period	Column (a) Total Number of Shares (or Units) Purchased	Column (b) Average Price Paid per Share (or Unit)	Column (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Column (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (identify beginning and ending dates)	None			
Month #2 (identify beginning and ending dates)	None			
Month #3 (identify beginning and ending dates)	None			
Total	None			

B. The table shall include the following information for each class or series of securities for each month included in the period covered by the report:

1. The total number of shares (or units) purchased (Column (a)). Include in this column all issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Briefly disclose, by footnote to the table, the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction (e.g., whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).
2. The average price paid per share (or unit) (Column (b)).
3. The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (Column (c)). **NONE**
4. The maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (Column (d)). *Instructions to paragraphs (B)(3)*

and (B)(4) of this Item XX:

- a. In the table, disclose this information in the aggregate for all plans or programs publicly announced.
- b. By footnote to the table, indicate:
 - i. The date each plan or program was announced;
 - ii. The dollar amount (or share or unit amount) approved;
 - iii. The expiration date (if any) of each plan or program;
 - iv. Each plan or program that has expired during the period covered by the table; and
 - v. Each plan or program the issuer has determined to terminate prior to expiration, or under which the issuer does not intend to make further purchases.

C. For purposes of this Item XX, "Affiliated Purchaser" means:

1. A person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities; or
2. An affiliate who, directly or indirectly, controls the issuer's purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; *provided, however*, that "Affiliated Purchaser" shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the issuer or for its account, and shall not include an officer or director of the issuer solely by reason of that officer or director's participation in the decision to authorize purchases by or on behalf of the issuer.

Item XXI Issuer's Certifications.

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Bernard McHale, certify that: 1. I have reviewed this quarterly disclosure statement of Schimatic Technologies Inc., dba: Smart Chip Technologies, LLC; 2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and 3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date:


Bernard McHale, CEO

Section Two: Issuers' Continuing Disclosure Obligations

Issuers are considered to have adequate current information publicly available to the extent such information is updated to reflect new developments after the publication of the initial issuer disclosure statement. In general, an issuer shall provide updates to the most recent balance sheet, income statement and statement of cash flows, as required under Item XII above, as well as disclose changes in any other of the above disclosure items no later than 45 days after the end of any fiscal quarter ("Quarterly Updates") and 90 days after the end of any fiscal year ("Annual Updates"). Issuers shall also provide updates ("Current Updates") within 10 business days in the event that any of the information contained in the disclosure statement (including information contained in any prior Update) has become materially inaccurate or incomplete, or upon the occurrence of certain events described under the Current Reporting Obligations section. The specific requirements for Quarterly, Annual and Current Updates are set forth below.

Insiders, affiliates and control persons of issuers shall be aware that Rule 144 under the Securities Act requires that adequate current information be publicly available if they wish to sell any of their securities in the public secondary markets.

Quarterly Reporting Obligations

In order to be considered as having adequate current information publicly available, issuers must publish Quarterly Updates to their disclosure statements through the OTC Disclosure and News Service, no later than 45 days after the end of each fiscal quarter. Quarterly Updates should contain responses to the following items, and should follow the format below.

Instruction relating to the preparation of Quarterly Updates:

Issuers shall prepare a document that responds to each item and sub-item below and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable.

Quarterly Updates should be published under the report name of "*Quarterly Report*" or "*Interim Report*" for the appropriate fiscal quarter end.

Item I Exact name of the issuer and the address of its principal executive offices.

In answering this item, the issuer shall provide the information required by Items I and II of the requirements for initial disclosure statements in Section One of these Guidelines.

Item 2 Shares outstanding.

In answering this item, the issuer shall provide the information required by Item VI of Section One of these Guidelines with respect to the fiscal quarter end.

Item 3 Interim financial statements.

The issuer shall include financial statements for the most recent fiscal quarter, which quarterly financial statements shall meet the requirements of Item XII of Section One of these Guidelines, provided, however, that "*Instruction to Item XII*" contained in Section One of these Guidelines should not be followed; instead, issuers should follow the Instruction set forth below rather than the Instruction contained in Item XII.

Instruction to Item 3: The interim financial statements required by this Item 3 may either be included in the text of the Quarterly Update under the heading of Item 3 or attached at the end of the Quarterly Update. If attached at the end of the Quarterly Update, the disclosure under this Item 3 must (i) state that the interim financial statements are attached at the end of this Quarterly Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by this Item 3 can be found.

Item 4 Management's discussion and analysis or plan of operation.

The issuer shall provide the information required by Item XVI of Section One of these Guidelines.

Item 5 Legal proceedings.

The issuer shall provide the information required by Item VIII(a)(11) of Section One of these Guidelines, to the extent not already disclosed in a prior disclosure statement.

Item 6 Defaults upon senior securities.

If there has been any material default in the payment of principal, interest, a sinking or purchase fund installment, or any other material default not cured within 30 days, with respect to any indebtedness of the issuer exceeding 5% of the total assets of the issuer, (i) identify the indebtedness and (ii) state the nature of the default, the amount of the default and the total arrearage as of a recent date.

If any material arrearage in the payment of dividends has occurred or if there has been any other material delinquency not cured within 30 days, with respect to any class of preferred stock of the issuer, give the title of the class and state the nature of the arrearage or delinquency. In the case of a default in the payment of dividends, state the amount and the total arrearage as of a recent date.

The issuer need not respond to this item with respect to any class of securities all of which is held by, or for the account of, the issuer or its totally held subsidiaries. Issuers need not repeat information that has been previously disclosed in a prior disclosure statement, although the issuer shall provide updates regarding previously reported defaults.

Item 7 Other information.

The issuer shall include here responses to any items that the issuer would be required include in a Current Update. See the Current Update section below regarding the information required to be in a Current Update.

Item 8 Exhibits.

The issuer shall either describe or attached any exhibits that are required under Items XVIII and XIX of Section One, and which have not already been described or attached in any prior disclosure statement, except that the issuer must describe or attach any amendments to any previously described or attached exhibits.

Item 9 Certifications.

The issuer shall include current certifications, meeting the requirements contained in Item XXI of Section One, relating to the Quarterly Update.

Annual Reporting Obligations

In order to be considered as having adequate current information publicly available, issuers must also publish Annual Updates to their initial disclosure statements through the OTC Disclosure and News Service, no later than 90 days after the end of each fiscal year.

Instruction relating to the preparation of Annual Updates:

Issuers shall prepare a document that responds to each item and sub-item of Section One of the Guidelines and shall include in its response to a particular item (i) whether a particular item is not applicable or unavailable and (ii) the reason it is not applicable or unavailable. Each Annual Update must contain complete responses to all of the items required by Section One of these Guidelines, even if no changes have occurred since the last Annual Update.

Annual Updates should be published under the report name of “*Annual Report*” for the appropriate fiscal year end.

Specific Note relating to Annual Updates: The “*Instruction to Item XII*” contained in Section One of these Guidelines should not be followed with respect to Annual Updates; instead issuers should follow the instruction set forth below.

Instructions to Item XII: The fiscal year-end financial statements required by Item XII may either be included in text of the Annual Update under the heading of Item XII or attached at the end of the Annual Update. If attached at the end of the Annual Update, the disclosure under Item XII must (i) state that the fiscal year-end financial statements are attached at the end of this Annual Update, (ii) contain a list describing the financial statements that are attached and (iii) contain a clear cross-reference to the specific location where the information requested by Item XII can be found.

Current Reporting Obligations

Important: The following is a description of events that may be material to the issuer and its securities and that shall be made publicly available by the issuer. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public.

If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a press release within 4 business days following their occurrence, and posting such press release through the OTC Disclosure and News Service:

1. Entry into a Material Definitive Agreement-yes located on company and Pink Sheets web-site.

(a) If the issuer has entered into a material definitive agreement not made in the ordinary course of business of the issuer, or into any amendment of such agreement that is material to the issuer, the issuer shall disclose the following information:

(1) the date on which the agreement was entered into or amended, the identity of the parties to the agreement or amendment and a brief description of any material relationship between the issuer or its affiliates and any of the parties, other than in respect of the material definitive agreement or amendment; and

(2) a brief description of the terms and conditions of the agreement or amendment that are material to the issuer.

(b) A "material definitive agreement" means an agreement that provides for obligations that are material to and enforceable against the issuer, or rights that are material to the issuer and enforceable by the issuer against one or more other parties to the agreement, in each case whether or not subject to conditions.

2. Termination of a Material Definitive Agreement-None.

(a) If a material definitive agreement which was not made in the ordinary course of business of the issuer and to which the issuer is a party is terminated otherwise than by expiration of the agreement on its stated termination date, or as a result of all parties completing their obligations under such agreement, and such termination of the agreement is material to the issuer, the issuer shall disclose the following information:

(1) the date of the termination of the material definitive agreement, the identity of the parties to the agreement and a brief description of any material relationship between the issuer or its affiliates and any of the parties other than in respect of the material definitive agreement;

(2) a brief description of the terms and conditions of the agreement that are material to the issuer;

(3) a brief description of the material circumstances surrounding the termination; and

(4) any material early termination penalties incurred by the issuer.

3. Completion of Acquisition or Disposition of Assets, Including but not Limited to Mergers-None.

If the issuer or any of its majority-owned subsidiaries has completed the acquisition or disposition of a significant amount of assets, otherwise than in the ordinary course of business, the issuer shall disclose the following information:

(a) the date of completion of the transaction;

(b) a brief description of the assets involved;

(c) the identity of the person(s) from whom the assets were acquired or to whom they were sold and the nature of any material relationship, other than in respect of the transaction, between such person(s) and the issuer or any of its affiliates, or any director or officer of the issuer, or any associate of any such director or officer;

(d) the nature and amount of consideration given or received for the assets and, if any material relationship is disclosed pursuant to paragraph 3(c) above, the formula or principle followed in determining the amount of such consideration;

(e) if the transaction being reported is an acquisition and if any material relationship is disclosed pursuant to paragraph 3(c) above, the source(s) of the funds used; and

(f) if the issuer was a shell company, as that term is defined in paragraph 3 of Item VIII.B of these Guidelines, immediately before the transaction, the information that would be required if the issuer were fulfilling its Initial Disclosure Obligations pursuant to Section One of these Guidelines, with such information reflecting the issuer and its securities upon consummation of the transaction.

The term "acquisition" includes every purchase, acquisition by lease, exchange, merger, consolidation, succession or other acquisition, except that the term does not include the construction or development of property by or for the issuer or its subsidiaries or the acquisition of materials for such purpose.

The term "disposition" includes every sale, disposition by lease, exchange, merger, consolidation, mortgage, assignment or hypothecation of assets, whether for the benefit of creditors or otherwise, abandonment, destruction, or other disposition.

4. Creation of a Direct Financial Obligation on or an Obligation under an Off-Balance Sheet Arrangement of an Issuer. The company did not and has not created any type of direct financial obligation to the issuer.

(a) If the issuer becomes obligated on a direct financial obligation that is material to the issuer, the issuer shall disclose the following information: **None or NA**

(1) the date on which the issuer becomes obligated on the direct financial obligation and a brief description of the transaction or agreement creating the obligation; **None or NA**

(2) the amount of the obligation, including the terms of its payment and, if applicable, a brief description of the material terms under which it may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties; and **None or NA**

(3) a brief description of the other terms and conditions of the transaction or agreement that are material to the issuer. **None or NA**

(b) If the issuer becomes directly or contingently liable for an obligation that is material to the issuer arising out of an off-balance sheet arrangement, the issuer shall disclose the following information: **None or NA**

(1) the date on which the issuer becomes directly or contingently liable on the obligation and a brief description of the transaction or agreement creating the arrangement and obligation; **None or NA**

(2) a brief description of the nature and amount of the obligation of the issuer under the arrangement, including the material terms whereby it may become a direct obligation, if applicable, or may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties-**None or NA**;

(3) the maximum potential amount of future payments (undiscounted) that the issuer may be required to make, if different; and **None or NA**

(4) a brief description of the other terms and conditions of the obligation or arrangement that are material to the issuer.

5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement. None

(a) If a triggering event causing the increase or acceleration of a direct financial obligation of the issuer occurs and the consequences of the event are material to the issuer, the issuer shall disclose the following information: **None or NA**

(1) the date of the triggering event and a brief description of the agreement or transaction under which the direct financial obligation was created and is increased or accelerated;

(2) a brief description of the triggering event; None or NAo accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the direct financial obligation.

(b) If a triggering event occurs causing an obligation of the issuer under an off-balance sheet arrangement to increase or be accelerated, or causing a contingent obligation of the issuer under an off-balance sheet arrangement to become a direct financial obligation of the issuer, and the consequences of the event are material to the issuer, the issuer shall disclose the following information: None or NA

(1) the date of the triggering event and a brief description of the off-balance sheet arrangement;

(2) a brief description of the triggering event;

(3) the nature and amount of the obligation, as increased if applicable, and the terms of payment or acceleration that apply; and

(4) any other material obligations of the issuer that may arise, increase, be accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the obligation under the off-balance sheet arrangement or its becoming a direct financial obligation of the issuer.

(c) A "triggering event" is an event, including an event of default, event of acceleration or similar event, as a result of which a direct financial obligation of the issuer or an obligation of the issuer arising under an off-balance sheet arrangement is increased or becomes accelerated or as a result of which a contingent obligation of the issuer arising out of an off-balance sheet arrangement becomes a direct financial obligation of the issuer.

6. Costs Associated with Exit or Disposal Activities-None .

If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, commits the issuer to an exit or disposal plan, or otherwise disposes of a long-lived asset or terminates employees under a plan of termination described in paragraph 8 of the Financial Accounting Standards Board's *Statement of Financial Accounting Standards No. 146*, "Accounting for Costs Associated with Exit or Disposal Activities", under which material charges will be incurred under generally accepted accounting principles applicable to the issuer, the issuer shall disclose the following information:

(a) the date of the commitment to the course of action and a description of the course of action, including the facts and circumstances leading to the expected action and the expected completion date;

(b) for each major type of cost associated with the course of action (for example, one-time termination benefits, contract termination costs and other associated costs), an estimate of the total amount or range of amounts expected to be incurred in connection with the action;

(c) an estimate of the total amount or range of amounts expected to be incurred in connection with the action; and

(d) the issuer's estimate of the amount or range of amounts of the charge that will result in future cash expenditures.

7. Material Impairments-None.

If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, concludes that a material charge for impairment to one or more of its assets, including, without limitation, impairments of securities or goodwill, is required under generally accepted accounting principles applicable to the issuer, the issuer shall disclose the following information:

(a) the date of the conclusion that a material charge is required and a description of the impaired asset or assets and the facts and circumstances leading to the conclusion that the charge for impairment is required;

(b) the issuer's estimate of the amount or range of amounts of the impairment charge; and

(c) the issuer's estimate of the amount or range of amounts of the impairment charge that will result in future cash expenditures.

8. Sales of Equity Securities-NA.

If the issuer sells equity securities in a transaction that has not been previously described in any prior disclosure statement, the issuer shall provide the information required by Item XVII of Section One of these Guidelines with respect to any such securities offering(s).

9. Material Modification to Rights of Security Holders-NA.

(a) If the constituent instruments defining the rights of the holders of any class of securities of the issuer have been materially modified, the issuer shall disclose the date of such modification and the title of the class of securities involved and briefly describe the general effect of such modification upon the rights of holders of such securities.

(b) If the rights evidenced by any class of securities have been materially limited or qualified by the issuance or modification of any other class of securities by the issuer, the issuer shall briefly disclose the date of such issuance or modification and the general effect of such issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

10. Changes in Issuer's Certifying Accountant.-NA

(a) If an independent accountant who was previously engaged as the principal accountant to audit the issuer's financial statements, or an independent accountant upon whom the principal accountant expressed reliance in its report regarding a significant subsidiary, resigns (or indicates that it declines to stand for re-appointment after completion of the current audit) or is dismissed, the issuer shall state:

(1) Whether the former accountant resigned, declined to stand for re-election or was dismissed and the date of such resignation, refusal to stand for re-election or dismissal;

(2) Whether the accountant's report on the financial statements for either of the past two years contained an adverse opinion or disclaimer of opinion, or was modified as to uncertainty, audit scope, or accounting principles, and also describe the nature of each such adverse opinion, disclaimer of opinion or modification;

(3) Whether the decision to change accountants was recommended or approved by the board of directors or an audit or similar committee of the board of directors; and

(4) (A) Whether there were any disagreements with the former accountant, whether or not resolved, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the former accountant's satisfaction, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its report; or

(B) if applicable, whether the former accountant advised the issuer that:

(1) Internal controls necessary to develop reliable financial statements did not exist;

(2) Information has come to the attention of the former accountant which made the accountant unwilling to rely on management's representations, or unwilling to be associated with the financial statements prepared by management; or

(3) The scope of the audit shall be expanded significantly, or information has come to the accountant's attention that the accountant has concluded will, or if further investigated may, materially impact the fairness or reliability of a previously issued audit report or the underlying financial statements, or the financial statements issued or to be issued covering the fiscal period(s) subsequent to the date of the most recent audited financial statements (including information that might preclude the issuance of an unqualified audit report), and the issue was not resolved to the accountant's satisfaction prior to its resignation or dismissal; and

(C) The subject matter of each such disagreement or event identified in response to paragraph (4)(A) above;

(D) Whether any committee of the board of directors, or the board of directors, discussed the subject matter of the disagreement with the former accountant; and

(E) Whether the issuer has authorized the former accountant to respond fully to the inquiries of the successor accountant concerning the subject matter of each of such disagreements or events and, if not, describe the nature of and reason for any limitation.

(b) If a new accountant has been engaged as either the principal accountant to audit the issuer's financial statements or as the auditor of a significant subsidiary and on whom the principal accountant is expected to express reliance in its report, the issuer shall identify the new accountant. If the conditions in paragraphs (b)(1) through (b)(3) below exist, the issuer shall describe the nature of the disagreement or event and the effect on the financial statements if the method of the former accountants had been followed (unless that method ceases to be generally accepted because of authoritative standards or interpretations issued after the disagreement or event):

(1) In connection with a change in accountants subject to paragraph (b) above, there was any disagreement or event as described in paragraph (a)(4)(A) above;

(2) During the fiscal year in which the change in accountants took place or during the later fiscal year, there have been any transactions or events similar to those involved in such disagreement or event; and

(3) Such transactions or events were material and were accounted for or disclosed in a manner different from that which the former accountants would have likely concluded was required.

11. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

(a) If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, concludes that any previously issued financial statements covering the last three fiscal years or interim periods since the end of the last fiscal year shall no longer be relied upon because of an error in such financial statements as addressed in Accounting Principles Board Opinion No. 20, as may be modified, supplemented or succeeded, the issuer shall disclose the following information:

(1) the date of the conclusion regarding the non-reliance and an identification of the financial statements and years or periods covered that shall no longer be relied upon;

(2) a brief description of the facts underlying the conclusion to the extent known to the issuer at the time of filing; and

(3) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the issuer's independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

(b) If the issuer is advised by, or receives notice from, its independent accountant that disclosure shall be made or action shall be taken to prevent future reliance on a previously issued audit report or completed interim review related to previously issued financial statements, the issuer shall disclose the following information:

(1) the date on which the issuer was so advised or notified;

(2) identification of the financial statements that shall no longer be relied upon;

(3) a brief description of the information provided by the accountant; and

(4) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

12. Changes in Control of Issuer.

(a) If, to the knowledge of the issuer's board of directors, a committee of the board of directors or authorized officer or officers of the issuer, a change in control of the issuer has occurred, the issuer shall furnish the following information:

- (1) the identity of the person(s) who acquired such control;
- (2) the date and a description of the transaction(s) which resulted in the change in control;
- (3) the basis of the control, including the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person(s) who acquired control;
- (4) the amount of the consideration used by such person(s);
- (5) the source(s) of funds used by such person(s); and
- (6) if the issuer was a shell company, as that term is defined in paragraph 3 of Item VIII.B of these Guidelines, immediately before the change in control, the information that would be required if the issuer were fulfilling its Initial Disclosure Obligations pursuant to Section One of these Guidelines, with such information reflecting the issuer and its securities upon consummation of the change in control.

13. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

The previous CEO, President and Board Chairman, Miki Radivojsa, of the SCTN Company voluntarily resigned from all positions in the company on 1-4-2010 citing that being the CEO of both the public company as well as being the CEO of his private technology development company might possibly create a perception of a conflict of interest with public company investors-so, he voluntarily initiated his resignation from all positions in the public company to avoid any conflict of interest perception; however, he has continue to provide his technology knowledge and expertise and service to the company as needed. I was the SCTN Company's CFO and held a director position in the company for the last ten (10) years at the time of Radivojsa's resignation from the company. I was then appointed to the position of CEO, President and Board Chairman by the directors of the company on 1-15-2010.

(a) If a director has resigned or refuses to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a

disagreement with the issuer, known to an executive officer of the issuer on any matter relating to the issuer's operations, policies or practices, or if a director has been removed for cause from the board of directors, the issuer shall disclose the following information:

- (1) the date of such resignation, refusal to stand for re-election or removal;
 - (2) any positions held by the director on any committee of the board of directors at the time of the director's resignation, refusal to stand for re-election or removal; and
 - (3) a brief description of the circumstances representing the disagreement that the issuer believes caused, in whole or in part, the director's resignation, refusal to stand for re-election or removal.
- (b) If the issuer's principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or any person performing similar functions retires, resigns or is terminated from that position, or if a director retires, resigns, is removed, or refuses to stand for re-election (except in circumstances described in paragraph (a) above), the issuer shall disclose the fact that the event has occurred and the date of the event.
- (c) If the issuer appoints a new principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or person performing similar functions, the issuer shall disclose the following information with respect to the newly appointed officer:
- (1) the name and position of the newly appointed officer and the date of the appointment;
 - (2) the information described in Item XI above; and
 - (3) a brief description of the material terms of any employment agreement between the issuer and that officer.

14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year-None.

(a) If an issuer amends (i) its articles of incorporation or in the event that the issuer is not a corporation, its certificate of organization, or (ii) its bylaws, the issuer shall disclose the following information:

- (1) the effective date of the amendment; and
 - (2) a description of the provision adopted or changed by amendment and, if applicable, the previous provision.
- (b) If the issuer decides to change its fiscal year, the issuer shall disclose the date of such decision and the date of the new fiscal year end.

15. Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics.

(a) The issuer shall briefly describe the date and nature of any amendment to a provision of the issuer's code of ethics that applies to the issuer's principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions.

(b) If the issuer has granted a waiver, including an implicit waiver, from a provision of the code of ethics to an officer or person described in paragraph 15(a) above, the issuer shall briefly describe the nature of the waiver, the name of the person to whom the waiver was granted, and the date of the waiver.