SK3 Group, Inc.
OTC Pink Basic Disclosure
QUARTERLY REPORT FOR MARCH 31, 2014

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

SK3 Group, Inc.

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 448 S Hill Street
Address 2: Suite 405
Address 3: Los Angeles, CA 90013
Phone: 305-423-7144
Email: info@medicalgreens.com
Website(s): www.medicalgreens.com

IR Contact None at present

3) Security Information

Trading Symbol: SKTO

Exact title and class of securities outstanding:

Common stock:

CUSIP: 78440L 10 7
Par or Stated Value: 0.0001
Total shares authorized: 1,250,000,000 as of: 01/01/2014
Total shares outstanding: 827,940.303 as of: 3/31/2014

Preferred stock:

CUSIP: None
Par or Stated Value: 0.0001
Total shares authorized: 5,000,000 as of: 04/01/2014
Total shares outstanding:5,000,000 as of: 3/31/2014

Transfer Agent

Olde Monmouth Stock Transfer
200 Memorial Parkway
Atlantic Heights, NJ 07716
Phone: 732-872-2727

Is the Transfer Agent registered under the Securities Exchange Act: Yes ☒ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

No restrictions other than Rule 144 for unregistered securities

Describe any trading suspension orders issued by the SEC in the past 12 months.
None

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, 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. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

During the past two fiscal years ended December 31, 2011 and 2012, the Company issued a total of 222,059,000 common shares, all as the result of conversions of issued and outstanding convertible promissory notes issued in March 2010 to replace previously existing liabilities of the Company incurred prior to March 2010. The shares were issued as free trading shares under Rule 144(b)(1) as the holding period of the underlying security was more than one year. The shares were issued in January and March 2011, for a total of $222,059 in principal and accrued interest on the underlying debt. As a result, there were a total of 362,060,303 common shares and no preferred shares issued and outstanding as of March 31, 2013.

On March 10, 2013, SK3 Group acquired the assets and business of Medical Greens from I Equity Corp. for the issuance of 5 million shares of Series A Convertible Preferred Stock ("Series A Preferred"). The Series A Preferred has voting power equal to sixty percent (60%) of the total vote of all classes of stock entitled to vote and convertible at any time after one year from the date of issuance into 60% of the resulting common stock outstanding. The Series A Preferred Share certificates have not yet been issued, but will be issued as soon as a new Certificate of Designations (the “New Certificate of Designations”) for the Series A Preferred Shares (replacing and superseding the current Certificate of Designations on file with the Delaware Secretary of State under which no shares of preferred stock were ever issued) is filed with the Delaware Secretary of State. At that time, I Equity Corp. will become the controlling shareholder. No person or entity holds more than 10 percent of the equity of I Equity Corp. Henry Jan is the Chief Executive Officer of I Equity Corp. The securities were issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On May 15, 2013, the holders of 6 convertible promissory notes issued by the Company each elected to convert a portion of the principal due on each note into common shares. Each holder converted $6,897 in principal into stock at a conversion price of $0.0003, on the terms provided in the notes, and each received 22,990,000 common shares, resulting in an increase in the number of shares issued to 499,990,303 shares.

On June 30, 2013, SK3 Group closed an acquisition agreement to acquire 100% of the outstanding shares of BBORL, INC (Berkeley Bio-Organic Research Laboratories), a California Corporation from its four shareholders for 20 million shares of SK3 Group, common stock (5 million shares to each shareholder). The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014. The main concentration of BBORL is consultation with many collectives in the development and production of non-psychoactive cannabinoid medicines, primarily for the treatment of cancer, allowing patients to obtain medically efficacious doses without attendant, and possibly negative, psychoactive consequences. A secondary interest is the development and production of equipment for the manufacture and production of cannabinoid-based medicines. Berkeley Bio has made substantial strides in these areas. The share certificates of SK3 Group issued to the general partner sellers will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On June 30, 2013, the Issuer acquired the assets of an existing, California medical marijuana collective for 5,000,000 shares of common stock, but the share certificates have not yet been issued. The share certificates of SK3 Group issued to the collective will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended. The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014.

On June 30, 2013, the Issuer acquired four unique machines for the extraction and purification of essential oils from cannabis, to aid in the development and production of medicinal products without psychoactive effect, for 15,000,000 shares of common stock, but the share certificates have not yet been issued. The share certificates of SK3 Group issued to the sellers will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended. The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014.

As a result of these issuances, there were 539,990,303 common shares issued and outstanding at June 30, 2013.

During the quarter ended September 30, 2013, a total of 53,000,000 common shares were issued in settlement of threatened litigation and in conversion of two promissory notes previously issued to Crystal Falls Investments. As a result, there were 592,990,303 common shares issued and outstanding at September 30, 2013.

During the quarter ended December 31, 2013, a total of 144,950,000 common shares were issued as a result of promissory note conversions. As a result, there were a total of 737,940,303 common shares issued and outstanding at December 31, 2013.

During the quarter ended March 31, 2014, a total of 130,000,000 common shares were issued in conversion of principal amounts due on outstanding convertible promissory notes. As a result, there were a total of 867,940,303 common shares issued and outstanding at March 31, 2014.

B. Any jurisdictions where the offering was registered or qualified;

NA

C. The number of shares offered;

See above

D. The number of shares sold;

See above

E. The price at which the shares were offered, and the amount actually paid to the issuer;

As noted above, the shares issued during the quarter ended March 31, 2014 were issued for principal note conversions of $39,000.

F. The trading status of the shares;

See above.

The share certificates for certificates not yet issued will be issued in restricted form as the issuance was pursuant to an exemption from registration, unless the Company receives an acceptable legal opinion that the shares may be issued other than in restricted form or the shares are registered;

and

G. 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.

See above. The certificates all will bear the appropriate restrictive legend.

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 ten percent (10%) 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.

See above.

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure &News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. A description of the issuer's business operations;

From March 2010 through October, 2011, the Company was engaged in operations in the healthcare markets, operating through several subsidiaries. In late 2011, the Company changed its business model and rescinded all of its healthcare market acquisitions by October, 2011, at which time new management changed the business direction and began developing the business of providing administrative, financial, legal, accounting and similar services to medical marijuana collectives operating in California. The Company has not been a shell company and has been engaged continuously in active business or business development since prior to March 2010.

The Company continued this development activity throughout 2012, arranging licenses, contracts and services to be provided in the medical marijuana market. In early 2013, the Company announced the first in a series of signed licensing and support agreements with California collectives and established its offices in Los Angeles, CA as well as the acquisition of Medical Greens, including all existing contracts and right to use trademarks held by I Equity Corp., now its controlling shareholder.

Medical Greens ™ provided licensing, management, and logistic services for Medical Marijuana collectives throughout California. In 2013 alone, Medical Greens™ contracted with 15 collectives to provide these services through marketing, management, licensing and service agreements and accrued the fees due under these contracts as income during 2013. Since none of the collectives had generated the expected revenues and operations, and because the Company had not until recently developed its full product and service offering, the Company had previously adopted a conservative practice of charging off a significant portion of the receivables as uncollectible. For the quarter ended March 31, 2014, the Company has suspended any further accruals under the contractual arrangements with 10 of these collectives, pending the further development of their business operations. In the meantime, the Company has focused on acquisitions of related companies with cash flowing operations and, in that regard, has announced that on May 19. 2014, the Company signed a definitive agreement to acquire Paragon Consulting Group ("PCG") for 25,000,000 shares of the Company. Monthly revenues of PCG that will flow to SK3 are estimated to be approximately $1.34 million.

PCG is a multi-faceted consulting firm specializing in breeding, mapping and cataloging unique heirloom and land race medical cannabis genetics, with specific emphasis on developing and implementing sustainable, organic, highly efficient cultivation infrastructures, technologies, methodologies and techniques for the growing medical cannabis industry. PCG is comprised of seasoned medical cannabis growers and operators, botanists, scientists, horticulturists, and researchers that collectively have been consulting primarily in California for over 15 years. PCG has consulted and played a vital role in a private analytical study that charted and genetically isolated key strains for the purpose of data mining and archiving the medicinal benefits of those strains. PCG is aiming to bring its full support of knowledge, expertise, resources and contacts to oversee and help execute the needs of the Company and its clients. PCG is currently working with 33 medical cannabis entities. The services PCG provides range from day to day operations of non-profit retail store fronts, to small to large patient delivery services, to their cultivation counter- part, which includes indoor, outdoor and greenhouse cultivators, and preparing for IP rights acquisition, branding and licensing of genetics in the industry.

PCG is the primary consultant of collectives in California that hold branding agreements with Evergreen Licensing for the purpose of helping build an industry standard brand. Evergreen is the licensing entity for ChongSon Inc which holds the rights for Tommy Chong branded or endorsed products. They also have played a vital role in helping develop designer strains such as Connie Chong OG, Obama OG, Black Berry and many more.

Separately, products currently licensed by SK3 Group exclusively for marketing and sale include the following:

YAK

The YAK line of medical marijuana edibles was developed in 2008. It consists of the “Greenie” cookie, "Haute Chocolate" (an instant chocolate drink), "Mocha-Juana" (an instant chocolate/coffee drink), and "Whole Plant Cannabis Extract Capsules" in Indica, Sativa and High-CBD. There is also a medicated chocolate taffy which is available in Indica, Sativa, Hybrid, and High-CBD. YAK also produces Red Diamond Oil, a super-potent and very high-quality oil that is excellent for strong medicinal needs such as pain relief.

CANNA-LOZ

Canna-Loz™ is a delivery system for large doses of phyto-cannabinoids, as used in the “Simpson” therapy, and a new product line utilizing this delivery system. Canna-Loz™ is a soft lozenge containing 250 mg. of whole-plant cannabis extract oil, with approximately 50% cannabinoids, mainly THC and CBD, but with all of the lesser cannabinoids, as well as the entire array of terpenes and terpenoids.

Known as Organakoil, this extract has been available to patients for two years through the Dharma Care and Hospice Program. Utilizing Canna-Loz™ as the delivery system will make the therapy far easier and more palatable then the current delivery methods. Canna-Loz™ was developed as a delivery system that facilitates so-called “Simpson” therapy in the treatment of serious diseases, without the considerable discomfort of administration in the manner recommended by Mr. Rick Simpson in his “Run From the Cure” video on YouTube http://www.youtube.com/watch?v=0psJhQHk_GI. The standard recommended practice is to rub a “tic-tac”- sized bead of oil on the gums until one gram of oil is consumed daily, a messy and ill-tasting practice, which can leave the mouth and teeth green, and has proven to be difficult for some patients.

The concentrates are prepared using 190 proof ethanol (drinking alcohol) that has been certified organic. This extracting agent is used because it captures the widest spectrum of the medicinal elements found in the cannabis plant and is also the healthiest agent that can be used in this type of extraction.

A patient utilizing “Simpson” therapy can chew four Canna-Loz™ daily and receive the full one-gram dose recommended in “Simpson” therapy. Slices of the Canna-Loz™ can be placed between the gum and cheek for smaller doses, and as a result, the physical act of consuming the medicine is made far more pleasant.

YETI

This is a premium quality pre-roll for pain relief. It is high-quality cannabis flowers which have been impregnated with Red Diamond oil.

DHARMANOL

On July 29, 2013, the Company obtained licenses for several proprietary technologies for the extraction, purification, and creation of medicines consisting of cannabinoids from hemp and marijuana. Cannabinoids are a natural substance with medicinal benefits found in cannabis. The most well-known is tetrahydrocannabinol, or THC. THC is responsible for the physical and mental effects (the "high") associated with smoking marijuana. Other cannabinoids (there are over 60 in a single plant) such as cannabidiol (CBD) have been shown to have substantial medicinal value while producing no noticeable psychoactive effects. Production of medicines utilizing the non-psychoactive cannabinoids is the focus of these technologies. These technologies facilitate the preparation of cannabinoid medicines using techniques that will permit the safe and efficient preparation of several standardized cannabinoid medicines by the collectives that are managed by Medical Greens. Medical Greens will serve as lead consultant to the collectives, providing the technology necessary for the collectives to produce medicinal products from hemp or cannabis, without the psychoactive effects. The medicinal products covered by this license include: High-CBD cannabis tinctures, capsules and edibles, a sublingual spray, and infused vegetable oils. Medical Greens will oversee quality control and provide testing for cannabinoid content and microbiological purity.

On April 3, 2013, SK3 Group had contracted to become the Medical Cannabis Administrator (MCA) for thirteen medical facilities and healthcare providers in Southern California.

On June 30, 2013, SK3 Group closed an acquisition agreement to acquire 100% of the outstanding shares of BBORL, INC (Berkeley Bio-Organic Research Laboratories), a California Corporation from its four shareholders for 20 million shares of SK3 Group, common stock (5 million shares to each shareholder). The main concentration of BBORL is consultation with many collectives in the development and production of non-psychoactive cannabinoid medicines, primarily for the treatment of cancer, allowing patients to obtain medically efficacious doses without attendant, and possibly negative, psychoactive consequences. A secondary interest is the development and production of equipment for the manufacture and production of cannabinoid-based medicines. Berkeley Bio has made substantial strides in these areas.

On June 30, 2013, the Issuer also acquired the assets of an existing California medical marijuana collective for 5,000,000 shares of common stock, including four unique machines for the extraction and purification of essential oils from cannabis, to aid in the development and production of medicinal products without psychoactive effect along with an exclusive right to market and use the machines.

On July 29, 2013, the Company obtained licenses for several proprietary technologies for the extraction, purification, and creation of medicines consisting of cannabinoids from hemp and marijuana. Cannabinoids are a natural substance with medicinal benefits found in cannabis. The most well-known is tetrahydrocannabinol, or THC. THC is responsible for the physical and mental effects (the "high") associated with smoking marijuana. Other cannabinoids (there are over 60 in the plant) such as cannabidiol (CBD) have been shown to have substantial medicinal value while producing no noticeable psychoactive effects. Production of medicines utilizing the non-psychoactive cannabinoids is the focus of these technologies. These technologies facilitate the preparation of cannabinoid medicines using techniques that will permit the safe and efficient preparation of several standardized cannabinoid medicines by the collectives managed by Medical Greens. Medical Greens will serve as lead consultant to the collectives, providing the technology necessary for the collectives to produce medicinal products from hemp or cannabis, without the psychoactive effects. The medicinal products covered by this license include: High-CBD cannabis tinctures, capsules and edibles, a sublingual spray, and infused vegetable oils. Medical Greens will oversee quality control and provide testing for cannabinoid content and microbiological purity.

On August 16, 2013, the Company signed a definitive agreement to acquire Sovereign International, Inc., a full service medical cannabis consulting firm specializing in advising on cultivation techniques. Through a unique cultivation technique, including locating but not tampering with the genetics of the first generation OG Kush strain, Sovereign has played a vital role in building the household strain name "Sovereign OG." Sovereign has perfected this particular strain to have some of the most potent medicinal benefits for a wide range of ailments the symptoms for which research has shown will be alleviated by medical marijuana. Sovereign has worked with over 300 collectives in Southern California with some of the most discerning connoisseurs and a wide range of members that prefer, and are loyal consumers of, the "Sovereign OG" brand. The acquisition has been closed and the results of Sovereign's operations are included in the consolidated financial statements filed with this report.

On October 10, 2013, the Company announced that it has obtained the exclusive license for Dharmanol™ for the State of California. This proprietary technology extracts, stabilizes, and preserves the medicinal cannabinoids found in hemp and marijuana in their non-psychoactive form. This technology allows patients to consume cannabinoid medicine without any of the "high" or "stoned" effects.

On October 17, 2013, announced the development of a new delivery system for large doses of phyto-cannabinoids, as used in the "Simpson" therapy, and a new licensed product line utilizing this delivery system. Medical Greens will now license the Canna-Loz™ products to be available through collectives managed by or partnered with Medical Greens. Canna-Loz™ is a soft lozenge containing 250 mg. of whole-plant cannabis extract oil, with approximately 50%

cannabinoids, mainly THC and CBD, but with all of the lesser cannabinoids, as well as the entire array of terpenes and terpenoids.

On November 25, 2013, the Company announced its newest product, T-Hydrocan™, a new medicinal cannabis product line. A synthetic version of THC, Marinol™ has been available by prescription for many years, and is prescribed to remediate the pain and nausea from cancer and the side effects of radiation and chemotherapy. Interestingly, Marinol™ is routinely prescribed to cancer patients, and those who also have access to similar natural cannabis products greatly prefer the natural products over the synthetic pharmaceuticals. T-Hydrocan™ tablets contain the psychoactive element THC, as well as the complete array of cannabinoids that are naturally present in the cannabis / hemp plant. In addition to the cannabinoids, T-Hydrocan™ tablets contain a steam-distilled extract of cannabis / hemp, containing the natural terpenes and terpenoids which work synergistically with the cannabinoids. Several different versions of T-Hydrocan™ will be offered, adjusting the basic T-Hydrocan™ formula for different applications. T-Hydrocan™ Whole-Plant™ will contain psychoactive, decarboxylated THC, as well as the entire array of related medicinal elements found in the cannabis / hemp plant. T-Hydrocan™ Citrolene™ will contain a healthy dose of the terpene d-Limonene, which attaches to the same receptors as do tranquilizers such as Valium and Xanax, adding a natural relaxing element to the medicine. T-Hydrocan -- CBD™ will add an amount of CBD equal to the THC.

On December 5, 2013, the Company announced that it will begin rolling out the Janes Card™ (www.janescard.com) in January 2014. The Janes Card™ is a universal loyalty-based card along with a payment solution for members for medical cannabis collectives and dispensaries throughout California. The card will have an upscale look and feel, and will be distributed by the Company directly as well as through collectives/dispensaries and doctors' offices throughout the state. Customers will be able to update their Janes Card™ account online or through a dedicated telephone number, much as they are currently able to do with more traditional credit card and loyalty programs. The Company expects a nationwide rollout sometime in the first half of 2014. Similarly, the Company's previously announced Simple PrePay program should also be rolled out nationwide sometime in the first half of 2014.

Subsequent to December 31, 2013, I Equity Corp has transferred all the licensing rights of Dharmanol, Yak Capsules, Yeti Honeybud Oilers, Organakoil, Red Diamond Oil, and other products, trademarks, formulations, and trade secrets that are licensed to SK3 Group's wholesale managed collectives, to Medical Greens. The transfer includes all of the intellectual property resulting from research conducted by Berkeley Bio Organic Research Laboratory including current and continuing research includes research into mixed phyto-cannabinoid carboxylates, decarboxylation processes, and cannabidiol (CBD) extraction methods. The prior transfer of some of these rights to another company, bearing the ticker AVNE, was later called off.

The Company currently operates as a holding and service company providing administrative, financial, legal, HR and similar services to its subsidiary and its California medical marijuana collective clients, either directly or through contracted agents.

Pending merger

On April 4, 2014, the Company entered into a definitive Agreement and Plan of Merger (the "Agreement") among and between Alternative Energy Partners, Inc. ("AEGY"), SK3 Group, Inc. and AEGY-SK3 Acquisition Corp. Prior to the entry into the Agreement, The Company and AEGY had entered into an agreement under which AEGY was providing on-line billing and payment services to collectives managed by SK3. AEGY is a publicly traded, fully reporting Florida corporation (OTC BB AEGY). AEGY-SK3 Acquisition Corp. ("Acquisition Corp.") is a newly formed Colorado corporation created as the merger entity into which The Company and AEGY will merge, and which will be the surviving entity in the merger.

Under the terms of the Agreement, the Company and AEGY will merge into Acquisition Corp., Acquisition Corp. will change its corporate name to a new corporate name to be selected by the Boards of Directors of the Company and AEGY, Acquisition Corp. will assume the continuing SEC filing obligations of the Company, Acquisition Corp. will file a registration statement with the SEC for the shares to be issued by it n the merger, and Acquisition Corp. will obtain or apply for new CUSIP numbers, a new trading symbol for its common stock and authorization from the Depository Trust Company for electronic trading of its common shares.
The Agreement provides that Acquisition Corp. will issue one new preferred share for each two preferred shares of each of the Company and AEGY currently issued and outstanding, and will also issue a fixed number of shares, still to be determined) of its common stock, which will be allocated to the common shareholders of the Company and SK AEGY at closing of the merger. There are currently 5 million shares of the Company issued and outstanding as Series A Voting Convertible Preferred Shares, and 5 million shares of AEGY issued and outstanding as Series A Voting Convertible Preferred Shares.

Acquisition Corp. will issue a fixed total number of shares of its common stock to the shareholders of the Company and AEGY common stock issued and outstanding at the closing of the Merger. If less than 100 percent of the outstanding common shares of the Company or AEGY are not exchanged in the Merger, due to the exercise of available dissenters' rights under either Florida or Delaware law, as applicable, then the fixed number of shares of Acquisition Corp. to be issued in the Merger will be reduced proportionately. Once the total number of common shares of Acquisition Corp. to be issued in the Merger has been determined, that total number will then be allocated to the common shareholders of each of the Company and AEGY based on the respective total market capitalizations of the Company and AEGY on the effective date in proportion to the total combined market capitalizations of the Company and AEGY on the same date. The common shares so allocated then will be distributed to the shareholders of each of the Company and AEGY (other than any shareholders exercising their dissenters' rights) based on each shareholder's proportionate ownership of the common stock of each company.

For purposes of the allocation formula, the market capitalization of each of the Company and AEGY will be determined by multiplying the number of fully diluted shares of common stock of each of the Company and AEGY outstanding at the effective date, by the volume weighted average closing market price for the common stock of each of the Company and AEGY for the five (5) trading days immediately prior to the effective date. In determining the number of shares held by each shareholder of SK3, the common shares of AEGY currently held by SK3 will be treated as held proportionately by the shareholders of SK3 at the effective date.

As part of the Merger, Acquisition Corp. will file a registration statement with the SEC to register the shares of common and preferred stock to be issued by it in the Merger to the shareholders of the Company and AEGY. An audit of the financial statements of SK3 for the two prior fiscal years and to date has been initiated and the registration statement will be filed by Acquisition Corp. as soon as the audit has been completed. The date of filing the registration statement with the SEC by Acquisition Corp. will be treated as the record date for purposes of determining the shareholders of the Company and AEGY entitled to participate in the Merger.

The Company has recently engaged an independent public Accounting firm to conduct an audit of its financial affairs so that the registration statement can be prepared and submitted to the SEC for its review and comments, so that the merger can then be closed. The merger remains active, on track, and planned, and likely will be concluded before the end of next quarter.

Business Plan Overview/The Future

With state laws rapidly becoming accepting, and with US public opinion now showing over a majority of Americans believing marijuana use should be decriminalized, one of the fastest growing industries in the US is in the provisions of goods and services related to medical, and in some states recreational, marijuana use.

The Company is building its assets organically as well as acquiring going concerns in the space. We are starting in California, and intend to grow nationwide, with the appropriate legal structures to avoid federal liability and ensure legal compliance nationwide.

Collective/Dispensary Consulting Advice

The customer experience for purchasing marijuana is varied, and at times disconcerting to the consumer. Almost always, the customer is greeted by a security guard in a space that is often not inviting, and the shopping experience varies from place to place, both in terms of service and in terms of inventory. We aim to change that by signing exclusive management and consulting agreements with collectives in our network that will allow us to manage the collectives to a common setup, with common inventory our sales representatives provide. For this service, we charge the collective owners a monthly fee that is based on a base amount, but increases based on sales.

Delivery

Customers who seek home or office delivery of product now face a considerable barrier—current delivery services often lack professional staff, time and quality of delivery standards, and considerably variable inventory options. We are managing a website, led by one of the founders of industry leading www.weedmaps.com, that will take our network's in-store experience to the delivery areas. Currently we are active in Southern California in this regard and our service is actively promoted on www.weedmaps.com, on the cutting edge "Getting Doug with High" show on Youtube.com, and through our local, on-site, guerrilla, and street team marketing efforts in our delivery areas. Consistent product choice, and timely delivery, by professionals will revolutionize this area of the industry and create another option for our network's customers. For the convenience of this service, our customers will be charged a premium delivery fee.

Payment Systems

Anyone who frequents a dispensary knows that making a credit card purchase is nearly impossible, leaving the business to be cash only. This can create considerable on site risk of theft and robbery for dispensaries, and leaves them open to accounting and tax scrutiny from regulators later. In our experience, the vast majority of dispensaries seek to operate legally, within the bounds of the law. By providing a payment system that avoids current legal and regulatory boundaries that are faced by domestic credit card transactions, including through the use of offshore credit card facilities and prepaid gift cards that can be loaded up online and on-site, we believe we are facilitating consumers' purchase of products in a desirable manner. We will collect a transaction fee on each transaction that is based on our payment system.

Licensed Products

Through acquisitions, we have been able to acquire the rights to license a number of technologies used in the production of high grade products, as well as the right to license others to manufacture high grade products already with distribution and a following in the market. We have detailed these products above and in our press releases. We continue to develop these technologies.

Areas of Targeted Growth/Expansion

Areas where the Company is actively seeking partnerships or acquisitions to diversify and enhance its revenue streams include but are not limited to the following:

-Product Testing/Certification (there is a growing need for products to be tested for what is in them, for their THC and CBD content, and to confirm what is not in them, such as pesticides and foreign matter, to confirm for consumers they are getting what they have paid for and we seek to be the gold standard for such product testing/certification)

-Lifestyle Products (the medical and other marijuana lifestyle is a fast growing segment for consumer products, including smoking accessories, marijuana delivery products (vaporizers (disposable and otherwise)), clothing, apparel, etc. and we intend to become the leader in this area)

-Online and Print Publications (other than High Times magazine, which has a very niche following in the recreational marijuana community, there are no significant national print or online focused publications that unite the medical marijuana and recreational community; we are actively exploring partnerships to build this business)

-Los Angeles Acquisitions (we are pursuing post-ICO collectives that are facing shutdown to be able to acquire their patient lists and other assets that will assist us in managing the existing collectives in our network as well as allow us to enhance the patient base for the delivery service, payment system, and other businesses in which we are engaged.

-This list is not exhaustive but illustrative and we intend to explore other opportunities now that the Company has matured and the industry has “shaken out” since its early days.

B. Date and State (or Jurisdiction) of Incorporation:

SK3 Group, Inc. was incorporated in Delaware on January 14, 2000 as Slabsdirect.com, Inc. and changed its corporate name to CTT International Collectives, Inc. on January 7, 2005, and again changed its corporate name to SK3 Group, Inc. on May 14, 2007. It maintains its principal offices in Los Angeles.

C. The issuer’s primary and secondary SIC Codes: 100, 8741

D. The issuer’s fiscal year end date: December 31

E. Principal products or services, and their markets:

Management advisory, licensing and marketing services for medical marijuana collectives in California.

7) Describe 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.

The Company leases virtual office space in Miami, FL from a commercial provider, which includes telephone services, for a small monthly fee and also maintains an office in Los Angeles, CA. The subsidiary, Medical Greens, Inc., has secured approximately 50 acres of farmland in California for sublease to its contracted collectives for their use in growing medical marijuana.

8) Officers, Directors, and 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. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Director and President

1. Full Name: Artemus Mayor

2. Business Address: 3579 E Foothill Blvd #228, Pasadena, CA 91107

3. Employment History (include previous employers for the past 5 years, positions held, responsibilities and employment dates):

-

SK3 Group, Inc, President, Secretary, Director, October 2011 - Present

Healthcare of Today, Inc, VP of Marketing, June 2008-October 2011

4. Board memberships and other affiliations:

None

5. Compensation by the Issuer:

During the year ended December 31, 2103, Mr. Mayor was paid $ 16,700 as a consultant. Three ere no payments in the quarter ended March 31, 2014

6. Number and class of the Issuer's securities beneficially owned:

.

None currently, but stock grants will be provided.

Director

1. Full Name: David Hoye

2. Business Address: 1474 University Ave, Suite 97, Berkeley, CA 94702

1. Employment History (include previous employers for the past 5 years, positions held, responsibilities and employment dates):

-

Berkeley Bio Organic Research Laboratories, Founder, 2012-Present
Dharma Patients Collective, Founder, 2008-Present

4. Board memberships and other affiliations:

None.

5. Compensations by the Issuer:

General Counsel and EVP:

2. Full Name: Jeffrey Benz

3. Business Address: 12021 Wilshire Boulevard, Suite 256, Los Angeles, CA 90025

Benz Law Group and Benz ADR, Attorney, Arbitrator, Mediator, 2009-2013

Golden Spear, LLC, Chief Operating Officer and General Counsel, 2009-2010

AVP, Inc, Chief Operating Officer and General Counsel, 2008

3. Board memberships and other affiliations:

None other than professional association boards

4. Compensation by the Issuer:

None individually, but a total of $ 73,000 in compensation has been paid to Mr. Benz' law firm for services during the quarter ended December 31, 2013.

5. Number and class of the Issuer's securities beneficially owned:

.

None currently, but stock grants will be provided.

CONTROL PERSONS:

According to a current shareholder list of the Company, there are no shareholders holding more than 5 percent of the outstanding common stock of the Company. The voting preferred stock issued to I Equity Corp. with the acquisition of Medical Greens represents 60 percent voting control of the Company. Mr. Henry Jan is CEO of I Equity Corp. but there are no major (10 percent or more) shareholders of that company.

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

2. 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

3. 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

4. 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. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial 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.

As of March 31, 2014, the Company is not aware of any person or entity controlling more than 10 percent of its outstanding common stock, directly or indirectly. In March 2013, the Company acquired Medical Greens, and its existing business, as sets and contracts, in exchange for 5 million shares of Series A Convertible Preferred Stock (the "Series A Preferred Shares") which carries 60 percent of the total vote of all classes of stock entitled to vote and is convertible at any time after one year from the date of issue into 60 percent of the resulting common stock outstanding. The Series A Preferred Share certificates have not yet been issued, but will be issued as soon as a new certificate designations (the "New Certificate Designations") for the Series A Preferred Shares (replacing and superseding the current Certificate of Designations on file with the Delaware Secretary of State under which no shares of preferred stock were ever issued) is filed with the Delaware Secretary of State, which is expected to be by May 31, 2014. At that time, I Equity Corp. will be the controlling shareholder. Henry Jan is the Chief Executive Officer of I Equity Corp.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Accountant or Auditor

Anton & Chia, LLP, Newport Beach, CA

Investor Relations Consultant

None

Other Advisor:

Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.

None.

10) Issuer Certification

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, Artemus Mayor certify that:

1. I have reviewed this Quarterly Disclosure Statement of SK3 Group, Inc.;

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.

May 23, 2014

/s/ Artemus Mayor [Signature]
Artemus Mayor
President

SK3 Group, Inc.
Consolidated Balance Sheets
(Unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current Assets		
Cash	$ 290,954	$ 153,309
Receivables, net	14,912,069	27,437,813
Total Current Assets	15,203,023	27,591,122
Fixed Assets		
Equipment, net	243,750	243,750
Total Fixed Assets	243,750	243,750
Other Assets		
Intellectual property	455,000	455,000
Contracts, net	89,167	90,000
Trademark licensing, net	55,664	56,184
Total Other Assets	599,831	601,184
Total Assets	$ 16,046,604	$ 28,436,056
Liabilities & Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 498,039	$ 857,085
Notes payable	1,070,466	553,018
Accrued interest	85,757	58,918
Due to third party	55,782	-
Reserve for income taxes	-	1,279,507
Total Current Liabilities	1,710,044	2,748,528
Long term Liabilities		
Notes payable	60,000	60,000
Total Liabilities	1,770,044	2,808,528
Stockholder's Equity (Deficit)		
Common Stock, $0.0001 par value, 1,250,000,000 and 750,000,000 shares authorized, 867,940,303 and 737,940,303 shares issued and outstanding	86,795	73,794
Preferred stock, $0.0001 par value, 5,000,000 shares authorized and outstanding	500	500
Additional paid in capital	2,351,517	2,292,460
Retained earnings	11,837,749	23,260,774
Total Equity	14,276,560	25,627,528
Total Liabilities and Stockholders' Equity	$ 16,046,604	$ 28,436,056

SK3 Group, Inc.
Consolidated Statements of Operations
(Unaudited)

	For the quarter ended March 31, 2014	2013
Revenues	$ 492,424	$ 5,096,700
Cost of Sales	81,535	-
Gross Margin	410,888	5,096,700
General & Administrative		
Amortization	4,061	-
Depreciation	9,750	-
Consulting fees	367,655	150,000
Bad debts	12,525,743	-
Professional fees	73,000	-
Other general and administrative	179,715	2,815
Gain on extinguishment of liabilities	-	-
Total Expenses	13,159,924	152,815
Net income before other income (expense)	(12,749,036)	4,943,885
Settlement expense	-	-
Interest expense	26,839	14,756
Total other expense	26,839	14,756
Net income (loss) before income taxes	(12,775,874)	4,929,129
Income tax expense	-	-
Net Profit (Loss)	$ (12,775,874)	$ 4,929,129

SK3 Group, Inc.
Consolidated Statement of Cash Flows

	For the year ended March 31, 2014	2013
OPERATING ACTIVITIES		
Net Income	$ (12,775,874)	$ 4,929,129
Adjustments to reconcile net income to net cash used by operations:		
Depreciation expense	9,750	-
Amortization of intangibles	4,061	-
Bad debt expense	12,525,743	-
Changes in certain operating assets and liabilities:		
(Increase) accounts receivable	-	(5,096,700)
Interest accrued on notes payable	26,839	14,756
Increase in accounts payable	270,954	152,815
Net cash used in operating activities	61,473	-
INVESTING ACTIVITIES		
Investment in contracts	-	(100,000)
Investment in trademarks	-	(62,427)
Net cash used by investing activities	-	(162,427)
FINANCING ACTIVITIES		
Related party advances	76,172	162,427
Net cash provided by financing activities	76,172	162,427
Net increase in cash	137,645	-
Cash, beginning of period	153,309	-
Cash, end of period	$ 290,954	$ -

Note 1 Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for financial information presentation. It is management's opinion that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation.

Note 2 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

SK3 Group, Inc. was incorporated in Delaware on January 14, 2000 as Slabsdirect.com, Inc. and changed its corporate name to CTT International Distributors, Inc. on January 7, 2005, and again changed its corporate name to SK3 Group, Inc. on May 14, 2007. The Company established its offices in Miami, Florida in early 2013. In October, 2013, the Company relocated its headquarters to Los Angeles, CA, but retained the Miami office to provide administrative support.

On March 10, 2013, SK3 Group, Inc purchased the assets of Medical Greens from I Equity Corp for 5,000,000 shares of Convertible Preferred Stock of SKTO representing 60% voting interest, voting with other classes, and convertible into 60% of the resulting common stock at the time of conversion. Subsequently, SK3 Group changed its business model to focus purely in the medical marijuana space and intends to change its corporate name to Medical Greens, Inc..

During the quarter ended March 31, 2013, the Company entered into licensing, marketing and administrative management agreements with 11 separate medical marijuana collectives in California. The Company also has signed agreements to act as Medical Cannabis Administrator for 13 healthcare facilities in California and entered into a lease-purchase arrangement for Over 40 acres of land in Southern California for sub-lease to collectives for their growing operations. Subsequently, the Company has signed administrative management agreements with an additional 4 collectives in California.

On March 25, 2013, I Equity Corp. issued a $3,000,000 unsecured revolving line of credit to SK3 Group.

On April 3, 2013, SK3 Group contracted to become the Medical Cannabis Administrator (MCA) for thirteen medical facilities and healthcare providers in Southern California.

On May 21, 2013, SK3 Group signed an agreement with Alternative Energy Partners, Inc ("AEGY") for the latter to become the exclusive online and phone application marketing platform for the collectives managed by SK3 Group. AEGY agreed to issue 100,000,000 common shares of AEGY to purchase this exclusive right as soon as it has amended its Articles of Incorporation to authorize the shares and as soon as it has filed a registration statement for the shares with the SEC. As part of the agreement, AEGY agreed to register the shares under the Securities and Exchange Act of 1934 (the "ACT"), which will then be distributed to the shareholders of the Company who are shareholders of record when the registration statement is filed. The shares have not yet been issued by AEGY.

Medical Greens ™ provided licensing, management, and logistic services for Medical Marijuana collectives throughout California. In 2013 alone, Medical Greens™ contracted with 15 collectives to provide these services through marketing, management, licensing and service agreements and accrued the fees due under these contracts as income during 2013. Since none of the collectives had generated the expected revenues and operations, and because the Company had not until recently developed its full product and service offering, the Company had previously adopted a conservative practice of charging off a significant portion of the receivables as uncollectible. For the quarter ended March 31, 2014, the Company has suspended any further accruals under the contractual arrangements with 10 of these collectives, pending the further development of their business operations. In the meantime, the Company has focused on acquisitions of related companies with cash flowing operations and, in that regard, has announced that on May 19. 2014, the Company signed a definitive agreement to acquire Paragon Consulting Group ("PCG") for 25,000,000 shares of the Company. Monthly revenues of PCG that will flow to SK3 are estimated to be approximately $1.34 million.

PCG is a multi-faceted consulting firm specializing in breeding, mapping and cataloging unique heirloom and land race medical cannabis genetics, with specific emphasis on developing and implementing sustainable, organic, highly efficient cultivation infrastructures, technologies, methodologies and techniques for the growing medical cannabis industry. PCG is comprised of seasoned medical cannabis growers and operators, botanists, scientists, horticulturists, and researchers that collectively have been consulting primarily in California for over 15 years. PCG has consulted and played a vital role in a private analytical study that charted and genetically isolated key strains for the purpose of data mining and archiving the medicinal benefits of those strains. PCG is aiming to bring its full support of knowledge, expertise, resources and contacts to oversee and help execute the needs of the Company and its clients. PCG is currently working with 33 medical cannabis entities. The services PCG provides range from day to day operations of non-profit retail store fronts, to small to large patient delivery services, to their cultivation counter- part, which includes indoor, outdoor and greenhouse cultivators, and preparing for IP rights acquisition, branding and licensing of genetics in the industry.

PCG is the primary consultant of collectives in California that hold branding agreements with Evergreen Licensing for the purpose of helping build an industry standard brand. Evergreen is the licensing entity for ChongSon Inc which holds the rights for Tommy Chong branded or endorsed products. They also have played a vital role in helping develop designer strains such as Connie Chong OG, Obama OG, Black Berry and many more.

Separately, products currently licensed by SK3 Group exclusively for marketing and sale include the following:

YAK

The YAK line of medical marijuana edibles was developed in 2008. It consists of the “Greenie” cookie, "Haute Chocolate" (an instant chocolate drink), "Mocha-Juana" (an instant chocolate/coffee drink), and "Whole Plant Cannabis Extract Capsules" in Indica, Sativa and High-CBD. There is also a medicated chocolate taffy which is available in Indica, Sativa, Hybrid, and High-CBD. YAK also produces Red Diamond Oil, a super-potent and very high-quality oil that is excellent for strong medicinal needs such as pain relief.

CANNA-LOZ

Canna-Loz™ is a delivery system for large doses of phyto-cannabinoids, as used in the “Simpson” therapy, and a new product line utilizing this delivery system. Canna-Loz™ is a soft lozenge containing 250 mg. of whole-plant cannabis extract oil, with approximately 50% cannabinoids, mainly THC and CBD, but with all of the lesser cannabinoids, as well as the entire array of terpenes and terpenoids.

Known as Organakoil, this extract has been available to patients for two years through the Dharma Care and Hospice Program. Utilizing Canna-Loz™ as the delivery system will make the therapy far easier and more palatable then the current delivery methods. Canna-Loz™ was developed as a delivery system that facilitates so-called “Simpson” therapy in the treatment of serious diseases, without the considerable discomfort of administration in the manner recommended by Mr. Rick Simpson in his “Run From the Cure” video on YouTube http://www.youtube.com/watch?v=0psJhQHk_GI. The standard recommended practice is to rub a “tic-tac”- sized bead of oil on the gums until one gram of oil is consumed daily, a messy and ill-tasting practice, which can leave the mouth and teeth green, and has proven to be difficult for some patients.

The concentrates are prepared using 190 proof ethanol (drinking alcohol) that has been certified organic. This extracting agent is used because it captures the widest spectrum of the medicinal elements found in the cannabis plant and is also the healthiest agent that can be used in this type of extraction.

A patient utilizing "Simpson" therapy can chew four Canna-Loz™ daily and receive the full one-gram dose recommended in "Simpson" therapy. Slices of the Canna-Loz™ can be placed between the gum and cheek for smaller doses, and as a result, the physical act of consuming the medicine is made far more pleasant.

YETI

This is a premium quality pre-roll for pain relief. It is high-quality cannabis flowers which have been impregnated with Red Diamond oil.

DHARMANOL

On July 29, 2013, the Company obtained licenses for several proprietary technologies for the extraction, purification, and creation of medicines consisting of cannabinoids from hemp and marijuana. Cannabinoids are a natural substance with medicinal benefits found in cannabis. The most well-known is tetrahydrocannabinol, or THC. THC is responsible for the physical and mental effects (the "high") associated with smoking marijuana. Other cannabinoids (there are over 60 in a single plant) such as cannabidiol (CBD) have been shown to have substantial medicinal value while producing no noticeable psychoactive effects. Production of medicines utilizing the non-psychoactive cannabinoids is the focus of these technologies. These technologies facilitate the preparation of cannabinoid medicines using techniques that will permit the safe and efficient preparation of several standardized cannabinoid medicines by the collectives that are managed by Medical Greens. Medical Greens will serve as lead consultant to the collectives, providing the technology necessary for the collectives to produce medicinal products from hemp or cannabis, without the psychoactive effects. The medicinal products covered by this license include: High-CBD cannabis tinctures, capsules and edibles, a sublingual spray, and infused vegetable oils. Medical Greens will oversee quality control and provide testing for cannabinoid content and microbiological purity.

Note: The statements in these footnotes have not been evaluated or approved by the FDA. The products and statements referenced in this document are not intended to diagnose, treat, cure, or prevent any disease.

On August 16, 2013, the Company signed a definitive agreement to acquire Sovereign International, Inc., a full-service medical cannabis consulting firm specializing in advising on cultivation techniques. Through a unique cultivation technique, including locating but not tampering with the genetics of the first generation OG Kush strain, Sovereign has played a vital role in building the household strain name "Sovereign OG." Sovereign has perfected this particular strain to have some of the most potent medicinal benefits for a wide range of ailments the symptoms for which research has shown will be alleviated by medical marijuana. Sovereign has worked with over 300 collectives in Southern California with some of the most discerning connoisseurs and a wide range of members that prefer, and are loyal consumers of, the "Sovereign OG" brand.

On June 30, 2013, SK3 Group closed an acquisition agreement to acquire 100% of the assets of BBORL, INC (Berkeley Bio-Organic Research Laboratories), a California Corporation for 20 million shares of SK3 Group, common stock, valued at the closing market price of $0.0182 on the closing date, or a total of $364,000. The main concentration of BBORL is consultation with many collectives in the development and production of non-psychoactive cannabinoid medicines, primarily for the treatment of cancer, allowing patients to obtain medically efficacious doses without attendant, and possibly negative, psychoactive consequences. A secondary interest is the development and production of equipment for the manufacture and production of cannabinoid-based medicines. Berkeley Bio has made substantial strides in these areas. The principal assets acquired consisted of the intellectual property and knowhow developed by BBORL, Inc. through its former operations. BBORL, Inc. remains an independent company but provides research and development services to the Company in the medical marijuana filed on an exclusive basis.

On June 30, 2013, the Company also acquired the assets of an existing California medical marijuana collective for 5,000,000 shares of common stock valued at the closing market price of $0.0182 on the closing date, or a total of $91,000, and also acquired four unique machines for the extraction and purification of essential oils from cannabis, to aid in the development and production of medicinal products without psychoactive effect, along with the right to use the machines, for an additional 15,000,000 shares valued at the closing market price of $0.0182 on the closing date, or a total of $273,000.

SK3 Group also has secured an aggregate of over 50 acres of real estate in California to manage state-of-the-art growing facilities for medicinal cannabis.

The Company currently operates as a holding and service company, providing administrative, financial, legal, human resources and similar services to collectives located in California under the Medical Greens™ trademark and intellectual property.

Risks and Uncertainties

The Company operates in an industry that is very competitive, highly regulated and subject to rapid technological change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks associated with a development stage company, including the potential risk of business failure.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. A significant estimate in 2013 and 2012 included a valuation allowance for deferred taxes assets arising from net operating losses incurred since inception.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ materially from estimates.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. At March 31, 2014, the Company and its subsidiaries had $290,954 in cash and equivalents.

The Company minimizes its credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. At March 31, 2014, there were no balances that exceeded the federally insured limit.

Earnings per Share

In accordance with accounting guidance now codified as FASB ASC Topic 260, *"Earnings per Share,"* Basic earnings per share ("EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock options or warrants, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock options or warrants), and convertible debt or convertible preferred stock, using the if-converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive.

Share Based Payments

Generally, all forms of share-based payments, including stock option grants, restricted stock grants and stock appreciation rights, are measured at their fair value on the awards' grant date, and based on the estimated number of awards that are ultimately expected to vest. Share-based payment awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable. The expense resulting from share-based payments are recorded as a component of general and administrative expense.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and, if impaired, at fair value. They are amortized in accordance with the relevant income stream or by using the straight line method over their useful lives from the time they are first available for use. The estimated useful lives vary according to the specific asset but are typically:

1 to 12 years for customer contracts and relationships;

3 to 8 years for capitalized software;

3 to 10 years for patents, trademarks and licenses; and

3 to 8 years for capitalized development currently being amortized.

Intangible assets which are not yet being amortized are subject to annual impairment reviews.

During the quarter ended March 31, 2014, the Company only operated in one segment; therefore, segment information has not been presented.

Fair Value of Financial Instruments

The carrying amounts of the Company's short-term financial instruments, including accounts payable and accrued liabilities, approximate fair value due to the relatively short period to maturity for these instruments.

Reclassifications

Certain amounts from the prior period financial statements have been reclassified to conform to current period presentation.

Fair Value Measurement

The fair value of the Company's financial assets and liabilities reflects the Company's estimate of amounts that it would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from sources independent from the Company) and to minimize the use of unobservable inputs (the Company's assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.

Level 3: Unobservable inputs based on the Company's assessment of the assumptions that market participants would use in pricing the asset or liability.

Recent Accounting Pronouncements

The Company continually assesses any new accounting pronouncements to determine their applicability to the Company. Where it is determined that a new accounting pronouncement affects the Company’s financial reporting, the Company undertakes a study to determine the consequence of the change to its financial statements and assures that there are proper controls in place to ascertain that the Company’s financials properly reflect the change. There were no recently issued accounting pronouncements during the quarter impacting the company’s business.

Note 3 Convertible Notes and Other Liabilities

At December 31, 2011, the Company had accounts payable of $148,671, of which $144,400 was due to CFOs to Go, Inc. under a consulting agreement dated March 1, 2010, which was terminated September 30, 2011, and of which an additional $4,271 was due to the Company’s transfer agent. On December 30, 2011, the balance due to CFOs to Go, Inc. was converted into a convertible promissory note, in the amount of $144,400, due March 31, 2014. In January, 2013, CFOs to Go, Inc. merged with and into Matriarch Management, Inc. and Matriarch thereafter assigned the note balance to six unrelated parties, with six new notes in the principal amounts of $24,067 each issued to replace the old note. In May, 2013, each of the six holders elected to convert $6,897 in principal of each note into 22,990,000 common shares. Subsequently, through the quarter ended March 31, 2014, each of the note holders has converted different amounts of principal into common stock. The principal balance due on the six notes at March 31, 2014 is $35,466.

Effective May 1, 2012, the Company entered into a Consulting Agreement with I Equity Corp. under which I Equity Corp. agreed to undertake the research and business development necessary to implement the new business of the Company already under development. The Consulting Agreement provides for a monthly fee of $50,000 and a total of $450,000 in fees had been accrued as of December 31, 2012. The accrued amount was converted into a promissory note in the same amount on December 31, 2012 convertible into common stock at the election of the holder. Through the quarter ended March 31, 2014, a total $57,375 in principal of the note was transferred to unrelated third parties, leaving a balance due on the original note held by I Equity at $392,625. On January 1, 2014, an additional $600,000 in accrued consulting amounts payable to I Equity Corp. was converted into a promissory note in that amount, which remains outstanding. I Equity Corp. is now the controlling shareholder of the Company.

The portions of the original I Equity note transferred to three unrelated parties, were re-issued as convertible notes in the amounts of $15,000, $30,000 and $12,375. During the quarter ended

March 31, 2014, $9,000 of the $30,000 note was converted into common stock, leaving a balance due of $21,000 on that note; and $6,000 of the $12,375 note was also converted into common stock, leaving a balance due of $6,375 on that note.

As of March 31, 2014, a total of $1,070,466 in short term convertible notes remained outstanding, on which a total of $83,437 had accrued as interest. In addition, two notes in the amount of $30,000 each, dated October 1, 2013 and January 1, 2014, payable for consulting services previously rendered, remained outstanding as long-term liabilities, on which a total of $2,236 in interest had accrued as of March 31, 2014.

Note 4 Subsidiaries and Subsequent Events.

In March 2013, SK3 Group acquired the assets and business of Medical Greens from I Equity Corp. for the issuance of 5 million shares of Series A Convertible Preferred Stock having voting power equal to 60 percent of the total vote of all classes of stock entitled to vote and convertible at any time after one year from the date of issue into 60 percent of the resulting common stock outstanding. As of September 30, 2013, the Series A Preferred certificate had not been issued because the Statement of Rights and Preferences had not yet been filed in Delaware. The Statement of Rights and Preferences is expected to be filed by November 15, 2013, at which time the share certificate will be issued. The shares themselves are reflected in the books of the Company.

The Company also acquired all of the intellectual property and knowhow of BBORL, Inc., including existing products, research and development, and all of the operating business of an existing medical collective, which is managed through the Company. The Company has incorporated SK3 Services, Inc. as a wholly-owned subsidiary to undertake this management function.

On August 16, 2013, the Company signed a definitive agreement to acquire Sovereign International, Inc., a full-service medical cannabis consulting firm specializing in advising on cultivation techniques. Through a unique cultivation technique, including locating but not tampering with the genetics of the first generation OG Kush strain, Sovereign has played a vital role in building the household strain name "Sovereign OG." Sovereign has perfected this particular strain to have some of the most potent medicinal benefits for a wide range of ailments the symptoms for which research has shown will be alleviated by medical marijuana. Sovereign has worked with over 300 collectives in Southern California with some of the most discerning connoisseurs and a wide range of members that prefer, and are loyal consumers of, the "Sovereign OG" brand. Sovereign now operates as a subsidiary of the Company.

On October 10, 2013, the Company announced that it has obtained the exclusive license for Dharmanol™ for the State of California. This proprietary technology extracts, stabilizes, and preserves the medicinal cannabinoids found in hemp and marijuana in their non-psychoactive form. This technology allows patients to consume cannabinoid medicine without any of the "high" or "stoned" effects.

On October 17, 2013, announced the development of a new delivery system for large doses of phyto-cannabinoids, as used in the "Simpson" therapy, and a new licensed product line utilizing this delivery system. Medical Greens will now license the Canna-Loz™ products to be available through collectives managed by or partnered with Medical Greens. Canna-Loz™ is a soft lozenge containing 250 mg. of whole-plant cannabis extract oil, with approximately 50% cannabinoids, mainly THC and CBD, but with all of the lesser cannabinoids, as well as the entire array of terpenes and terpenoids.

On November 25, 2013, the Company announced its newest product, T-Hydrocan™, a new medicinal cannabis product line. A synthetic version of THC, Marinol™ has been available by prescription for many years, and is prescribed to remediate the pain and nausea from cancer and the side effects of radiation and chemotherapy. Interestingly, Marinol™ is routinely prescribed to cancer patients, and those who also have access to similar natural cannabis products greatly prefer the natural products over the synthetic pharmaceuticals. T-Hydrocan™ tablets contain the psychoactive element THC, as well as the complete array of cannabinoids that are naturally present in the cannabis / hemp plant. In addition to the cannabinoids, T-Hydrocan™ tablets contain a steam-distilled extract of cannabis / hemp, containing the natural terpenes and terpenoids which work synergistically with the cannabinoids. Several different versions of T-Hydrocan™ will be offered, adjusting the basic T-Hydrocan™ formula for different applications. T-Hydrocan™ Whole-Plant™ will contain psychoactive, decarboxylated THC, as well as the entire array of related medicinal elements found in the cannabis / hemp plant. T-Hydrocan™ Citrolene™ will contain a healthy dose of the terpene d-Limonene, which attaches to the same receptors as do tranquilizers such as Valium and Xanax, adding a natural relaxing element to the medicine. T-Hydrocan -- CBD™ will add an amount of CBD equal to the THC.

On December 5, 2013, the Company announced that it will begin rolling out the Janes Card™ (www.janescard.com) in January 2014. The Janes Card™ is a universal loyalty-based card along with a payment solution for members for medical cannabis collectives and dispensaries throughout California. The card will have an upscale look and feel, and will be distributed by the Company directly as well as through collectives/dispensaries and doctors' offices throughout the state. Customers will be able to update their Janes Card™ account online or through a dedicated telephone number, much as they are currently able to do with more traditional credit card and loyalty programs. The Company expects a nationwide rollout sometime in the first half of 2014. Similarly, the Company's previously announced Simple PrePay program should also be rolled out nationwide sometime in the first half of 2014.

Subsequent to December 31, 2013, I Equity Corp has transferred all the licensing rights of Dharmanol, Yak Capsules, Yeti Honeybud Oilers, Organakoil, Red Diamond Oil, and other products, trademarks, formulations, and trade secrets that are licensed to SK3 Group's wholesale managed collectives, to Medical Greens. The transfer includes all of the intellectual property resulting from research conducted by Berkeley Bio Organic Research Laboratory including current and continuing research includes research into mixed phyto-cannabinoid carboxylates, decarboxylation processes, and cannabidiol (CBD) extraction methods. The prior transfer of some of these rights to another company, bearing the ticker AVNE, was later called off.

The Company currently operates as a holding and service company providing administrative, financial, legal, HR and similar services to its subsidiary and its California medical marijuana collective clients, either directly or through contracted agents.

Note 5 Stockholders' Equity (Deficit)

During the past two fiscal years ended December 31, 2011 and 2012, the Company issued a total of 222,059,000 common shares, all as the result of conversions of issued and outstanding convertible promissory notes issued in March 2010 to replace previously existing liabilities of the Company incurred prior to March 2010. The shares were issued as free trading shares under Rule 144(b)(1) as the holding period of the underlying security was more than one year. The shares were issued in January and March 2011, for a total of $222,059 in principal and accrued interest on the underlying debt. As a result, there were a total of 362,060,303 common shares and no preferred shares issued and outstanding as of March 31, 2013.

On March 10, 2013, SK3 Group acquired the assets and business of Medical Greens from I Equity Corp. for the issuance of 5 million shares of Series A Convertible Preferred Stock ("Series A Preferred"). The Series A Preferred has voting power equal to sixty percent (60%) of the total vote of all classes of stock entitled to vote and convertible at any time after one year from the date of issuance into 60% of the resulting common stock outstanding. The Series A Preferred Share certificates have not yet been issued, but will be issued as soon as a new Certificate of Designations (the "New Certificate of Designations") for the Series A Preferred Shares (replacing and superseding the current Certificate of Designations on file with the Delaware Secretary of State under which no shares of preferred stock were ever issued) is filed with the Delaware Secretary of State. At that time, I Equity Corp. will become the controlling shareholder. No person or entity holds more than 10 percent of the equity of I Equity Corp. Henry Jan is the Chief Executive Officer of I Equity Corp. The securities were issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On May 15, 2013, the holders of 6 convertible promissory notes issued by the Company each elected to convert a portion of the principal due on each note into common shares. Each holder converted $6,897 in principal into stock at a conversion price of $0.0003, on the terms provided in the notes, and each received 22,990,000 common shares, resulting in an increase in the number of shares issued to 499,990,303 shares.

On June 30, 2013, SK3 Group closed an acquisition agreement to acquire 100% of the outstanding shares of BBORL, INC (Berkeley Bio-Organic Research Laboratories), a

California Corporation from its four shareholders for 20 million shares of SK3 Group, common stock (5 million shares to each shareholder). The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014. The main concentration of BBORL is consultation with many collectives in the development and production of non-psychoactive cannabinoid medicines, primarily for the treatment of cancer, allowing patients to obtain medically efficacious doses without attendant, and possibly negative, psychoactive consequences. A secondary interest is the development and production of equipment for the manufacture and production of cannabinoid-based medicines. Berkeley Bio has made substantial strides in these areas. The share certificates of SK3 Group issued to the general partner sellers will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended.

On June 30, 2013, the Issuer acquired the assets of an existing, California medical marijuana collective for 5,000,000 shares of common stock, but the share certificates have not yet been issued. The share certificates of SK3 Group issued to the collective will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended. The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014.

On June 30, 2013, the Issuer acquired four unique machines for the extraction and purification of essential oils from cannabis, to aid in the development and production of medicinal products without psychoactive effect, for 15,000,000 shares of common stock, but the share certificates have not yet been issued. The share certificates of SK3 Group issued to the sellers will be issued as restricted securities and will contain a legend stating that the shares have not been registered under the Securities Act of 1933, as amended. The securities are being issued in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933, as amended. The share certificates have not yet been issued, but the shares are included in the issued and outstanding shares at December 31, 2013 and March 31, 2014.

As a result of these issuances, there were 539,990,303 common shares issued and outstanding at June 30, 2013.

During the quarter ended September 30, 2013, a total of 53,000,000 common shares were issued in settlement of threatened litigation and in conversion of two promissory notes previously issued to Crystal Falls Investments. As a result, there were 592,990,303 common shares issued and outstanding at September 30, 2013.

During the quarter ended December 31, 2013, a total of 144,950,000 common shares were issued as a result of promissory note conversions. As a result, there were a total of

737,940,303 common shares issued and outstanding at December 31, 2013.

During the quarter ended March 31, 2014, a total of 130,000,000 common shares were issued in conversion of principal amounts due on outstanding convertible promissory notes. As a result, there were a total of 867,940,303 common shares issued and outstanding at March 31, 2014.

There were 1,250,000,000 common shares, par value $0.001, and 5,000,000 preferred shares, par value $0.001, authorized at March 31, 2014.

Note 6. Reserve for uncollectible accounts.

Management has determined that it is appropriate to establish a reserve for the potential inability to collect on the accounts receivable of the Company arising from the licensing and marketing fees due to the Company under the existing agreements with the now 18 independent collectives. While management still feels that these invoices will be collected in the future, it has decided, as a matter of policy, to reserve against 100 percent of all invoices more than 180 days past due, and for 60 percent of all invoices more than 90 days past due. No additional receivables have been accrued in the quarter ended March 31, 2014.

Note 7. Subsequent Events.

Pending Merger:

On April 4, 2014, the Company entered into a definitive Agreement and Plan of Merger (the "Agreement") among and between Alternative Energy Partners, Inc. ("AEGY"), SK3 Group, Inc. and AEGY-SK3 Acquisition Corp. Prior to the entry into the Agreement, The Company and AEGY had entered into an agreement under which AEGY was providing on-line billing and payment services to collectives managed by SK3. AEGY is a publicly traded, fully reporting Florida corporation (OTC BB AEGY). AEGY-SK3 Acquisition Corp. ("Acquisition Corp.") is a newly formed Colorado corporation created as the merger entity into which The Company and AEGY will merge, and which will be the surviving entity in the merger.

Under the terms of the Agreement, the Company and AEGY will merge into Acquisition Corp., Acquisition Corp. will change its corporate name to a new corporate name to be selected by the Boards of Directors of the Company and AEGY, Acquisition Corp. will assume the continuing SEC filing obligations of the Company, Acquisition Corp. will file a registration statement with the SEC for the shares to be issued by it n the merger, and Acquisition Corp. will obtain or apply for new CUSIP numbers, a new trading symbol for its common stock and authorization from the Depository Trust Company for electronic trading of its common shares.
The Agreement provides that Acquisition Corp. will issue one new preferred share for each two preferred shares of each of the Company and AEGY currently issued and outstanding, and will also issue a fixed number of shares, still to be determined) of its common stock, which will be allocated to the common shareholders of the Company and SK AEGY at closing of the merger.

There are currently 5 million shares of the Company issued and outstanding as Series A Voting Convertible Preferred Shares, and 5 million shares of AEGY issued and outstanding as Series A Voting Convertible Preferred Shares.

Acquisition Corp. will issue a fixed total number of shares of its common stock to the shareholders of the Company and AEGY common stock issued and outstanding at the closing of the Merger. If less than 100 percent of the outstanding common shares of the Company or AEGY are not exchanged in the Merger, due to the exercise of available dissenters' rights under either Florida or Delaware law, as applicable, then the fixed number of shares of Acquisition Corp. to be issued in the Merger will be reduced proportionately. Once the total number of common shares of Acquisition Corp. to be issued in the Merger has been determined, that total number will then be allocated to the common shareholders of each of the Company and AEGY based on the respective total market capitalizations of the Company and AEGY on the effective date in proportion to the total combined market capitalizations of the Company and AEGY on the same date. The common shares so allocated then will be distributed to the shareholders of each of the Company and AEGY (other than any shareholders exercising their dissenters' rights) based on each shareholder's proportionate ownership of the common stock of each company.

For purposes of the allocation formula, the market capitalization of each of the Company and AEGY will be determined by multiplying the number of fully diluted shares of common stock of each of the Company and AEGY outstanding at the effective date, by the volume weighted average closing market price for the common stock of each of the Company and AEGY for the five (5) trading days immediately prior to the effective date. In determining the number of shares held by each shareholder of SK3, the common shares of AEGY currently held by SK3 will be treated as held proportionately by the shareholders of SK3 at the effective date.

As part of the Merger, Acquisition Corp. will file a registration statement with the SEC to register the shares of common and preferred stock to be issued by it in the Merger to the shareholders of the Company and AEGY. An audit of the financial statements of SK3 for the two prior fiscal years and to date has been initiated and the registration statement will be filed by Acquisition Corp. as soon as the audit has been completed. The date of filing the registration statement with the SEC by Acquisition Corp. will be treated as the record date for purposes of determining the shareholders of the Company and AEGY entitled to participate in the Merger.

The Company has recently engaged an independent public Accounting firm to conduct an audit of its financial affairs so that the registration statement can be prepared and submitted to the SEC for its review and comments, so that the merger can then be closed. The merger remains active, on track, and planned, and likely will be concluded before the end of next quarter.

Business Plan Overview/The Future

With state laws rapidly becoming accepting, and with US public opinion now showing over a majority of Americans believing marijuana use should be decriminalized, one of the fastest growing industries in the US is in the provisions of goods and services related to medical, and in some states recreational, marijuana use.

The Company is building its assets organically as well as acquiring going concerns in the space. We are starting in California, and intend to grow nationwide, with the appropriate legal structures to avoid federal liability and ensure legal compliance nationwide.

Collective/Dispensary Consulting Advice

The customer experience for purchasing marijuana is varied, and at times disconcerting to the consumer. Almost always, the customer is greeted by a security guard in a space that is often not inviting, and the shopping experience varies from place to place, both in terms of service and in terms of inventory. We aim to change that by signing exclusive management and consulting agreements with collectives in our network that will allow us to manage the collectives to a common setup, with common inventory our sales representatives provide. For this service, we charge the collective owners a monthly fee that is based on a base amount, but increases based on sales.

Delivery

Customers who seek home or office delivery of product now face a considerable barrier—current delivery services often lack professional staff, time and quality of delivery standards, and considerably variable inventory options. We are managing a website, led by one of the founders of industry leading www.weedmaps.com, that will take our network's in-store experience to the delivery areas. Currently we are active in Southern California in this regard and our service is actively promoted on www.weedmaps.com, on the cutting edge "Getting Doug with High" show on Youtube.com, and through our local, on-site, guerrilla, and street team marketing efforts in our delivery areas. Consistent product choice, and timely delivery, by professionals will revolutionize this area of the industry and create another option for our network's customers. For the convenience of this service, our customers will be charged a premium delivery fee.

Payment Systems

Anyone who frequents a dispensary knows that making a credit card purchase is nearly impossible, leaving the business to be cash only. This can create considerable on site risk of theft and robbery for dispensaries, and leaves them open to accounting and tax scrutiny from regulators later. In our experience, the vast majority of dispensaries seek to operate legally, within the bounds of the law. By providing a payment system that avoids current legal and regulatory boundaries that are faced by domestic credit card transactions, including through the use of offshore credit card facilities and prepaid gift cards that can be loaded up online and on-site, we believe we are facilitating consumers' purchase of products in a desirable manner. We will collect a transaction fee on each transaction that is based on our payment system.

Licensed Products

Through acquisitions, we have been able to acquire the rights to license a number of technologies used in the production of high grade products, as well as the right to license others to manufacture high grade products already with distribution and a following in the market. We have detailed these products above and in our press releases. We continue to develop these technologies.

Areas of Targeted Growth/Expansion

Areas where the Company is actively seeking partnerships or acquisitions to diversify and enhance its revenue streams include but are not limited to the following:

-Product Testing/Certification (there is a growing need for products to be tested for what is in them, for their THC and CBD content, and to confirm what is not in them, such as pesticides and foreign matter, to confirm for consumers they are getting what they have paid for and we seek to be the gold standard for such product testing/certification)

-Lifestyle Products (the medical and other marijuana lifestyle is a fast growing segment for consumer products, including smoking accessories, marijuana delivery products (vaporizers (disposable and otherwise)), clothing, apparel, etc. and we intend to become the leader in this area)

-Online and Print Publications (other than High Times magazine, which has a very niche following in the recreational marijuana community, there are no significant national print or online focused publications that unite the medical marijuana and recreational community; we are actively exploring partnerships to build this business)

-Los Angeles Acquisitions (we are pursuing post-ICO collectives that are facing shutdown to be able to acquire their patient lists and other assets that will assist us in managing the existing collectives in our network as well as allow us to enhance the patient base for the delivery service, payment system, and other businesses in which we are engaged.

-This list is not exhaustive but illustrative and we intend to explore other opportunities now that the Company has matured and the industry has "shaken out" since its early days.