



GUIDELINES FOR PROVIDING ADEQUATE CURRENT INFORMATION

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

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

- At the time of initial quotation in public markets;
- At any time corporate insiders or other affiliates of the issuer are offering, buying or selling the issuer's securities in the OTC market;
- During any period when a security is the subject of ongoing promotional activities having the effect of encouraging trading of the issuer's securities in the OTC market;
- At the time securities initially sold in a private placement become freely tradable in the OTC market; or
- At any time the issuer's securities are quoted on OTCQX or included in the Pink Sheets Current Information categories. (*This does not include issuers listed on International OTCQX, as such issuers either (i) have a class of their securities registered with the Securities and Exchange Commission ("SEC") under Section 12(g) of the Exchange Act and are current in their SEC reporting obligations or (ii) are non-U.S. issuers that are exempt from registration pursuant to Exchange Act Rule 12g3-2(b) and make their home country filings available in English to the public via the Pink Sheets News Service*).

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

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

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General Considerations

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

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

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

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

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

Section One: Issuers' Initial Disclosure Obligations

Instructions relating to the preparation of initial disclosure statements:

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

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

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

Part A General Company Information

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

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

**Gulf Ethanol Corporation since July 31, 2006,
formerly known as U.S. Development Corporation, from November 22, 2004;
the original name was Land Investors of America, incorporated on February 26,
2003.**

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

In answering this item, please also provide (i) the telephone and fax number of the issuer's principal executive offices, (ii) if applicable, the URL of each website maintained by or on behalf of the issuer, and (iii) if applicable, the name, phone number, email address, and mailing address of the person responsible for the issuer's investor relations.

**The current address is 1240 Blalock Road, Suite 200, Houston, TX 77055.
William Carmichael- Phone- 713-461-9229 Fax- 713-461-9230**

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

Provide the issuer's jurisdiction(s) of incorporation or jurisdiction(s) of organization (if the issuer is not a corporation) and the date on which it was incorporated or organized.

Oklahoma, 2003.

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

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

*To be included in OTCQX or Pink Sheets' Current Information Category, the issuer's transfer agent *must* be registered under the Exchange Act.

**Transfer Online, Inc.
317 SW Alder Street, 2nd Floor
Portland, OR 97204
Phone: 503-227-2950
The transfer agent is a registered agent under the SEC**

Item V. The nature of the issuer's business.

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

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

The form of organization of the issuer (e.g., corporation, partnership, limited liability company, **Gulf Ethanol is a Corporation**

1. the year that the issuer(or any predecessors) was organized: **We were incorporated in 2003**
2. the issuers fiscal year end date; **December 31**
3. whether the issuer (or predecessor) has been in bankruptcy, receivership or any of the similar proceeding ; **None**
4. any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets; **None**

5. any default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make payments. **No such default**
6. any change of control; **On August 1, 2006, the Company issued 7,220,403 shares of common stock to 5 individuals thereby granting those shareholders the ability to control any event submitted to the shareholders for a vote. In January 2007, the Company sold 20 million shares of common stock to various accredited investors, additionally diluting control of the corporation**
7. any increase in 10% or more of the same class of outstanding equity securities; **On August 1, 2006, the Company issued 7,220,403 shares of common stock.**
8. any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization: **The Board of Directors authorized an issuance of additional stock and declared a special dividend, i.e. a 10 for 1 forward stock split through the use of a special stock dividend and without change to the capital structure of the Corporation by declaring a stock dividend of nine (9) shares of common stock for each share of common stock owned by the shareholders of record on January 17, 2005 as reflected by the stock transfer records of the Corporation.**

The Board of Directors authorized a 1 for 20 reverse stock split without change to the capital structure of the Corporation on July 31, 2006 as reflected by the stock transfer records of the Corporation.

9. any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board; **None**
10. any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.
The Company filed suit on December 29, 2004 in a case titled Land Investors of America, Inc. vs. FJN Worlnet, Stacy Allen Taylor & Don Lucker. The Company settled its case to recover approx. \$270,000 advanced to FJN based upon an acquisition agreement that was later rescinded.

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

1. the issuer's primary and secondary SIC Codes; **6552**

if the issuer has never conducted operations, is in the development stage, or is currently conducting operations; Gulf Ethanol Corp, (a Development Stage Company) ("Gulf Ethanol", the "Company", "we" or "us"), formerly U.S. Development Corporation, and formerly Land Investors of America, was incorporated in the State of Oklahoma on February 26, 2003. Our common stock is traded on the Pink Sheets under the symbol GFET.PK.

Gulf Ethanol is a development stage company and had no operating revenues for the six months ended June 30, 2007. Our business plan consists primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an ethanol plant along the gulf coast of the United States. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from Central and South American sources.

As is discussed in Note 3, our board of directors authorized the issuance of 20 million shares pursuant to our registration under Rule 504 of Regulation D of the Securities Act of 1933. With the change in control of the Company and resulting change in the business plan, we have deemed ourselves a Development Stage Company and will report, until we have significant revenues, as a Development Stage Entity under FASB Statement No. 7 - Accounting and Reporting by Development Stage Enterprises.

NOTE 2 – GOING CONCERN

We do not currently produce any ethanol. We do not expect to operate at a profit, nor have positive cash flows from operations before the completion of our first ethanol plant and we have not yet located the site of our first project. To finance our on-going development, we will need to incur additional indebtedness, issue additional common stock or sell interests in the form of partnerships or joint ventures.

If we are unable to raise the capital required, we may be forced to terminate our operations and liquidate our assets at rates substantially lower than our carrying values.

NOTE 3 – CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock. At December 31, 2006, we had 13,212,932 shares of our capital stock outstanding.

On February 13, 2007, the Company's board of directors authorized the issuance of 20 million shares to ten accredited investors pursuant to Rule 504 of Regulation D of the Securities Act of 1933. These shares were issued in exchange for \$2,000 in cash and are valued at par.

was determined that the cost of revamping the facility would be prohibitive and the plans At June 30, 2007, we had 33,212,932 shares outstanding.

NOTE 4 – OPTIONS AND WARRANTS

The Company has no options or warrants outstanding as of June 30, 2007.

NOTE 5 – SUBSEQUENT EVENTS

On July 31, 2007, our board of directors authorized the issuance of 2 million shares of our common stock to Oxford Funding Corp.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has funded its operations through loans from shareholders and other related parties. At June 30, 2007, the Company issued notes, which are callable by the maker, totaling \$61,500 bearing 6% interest.

Gulf Ethanol is a development stage company and had no operating revenues for the three months ended June 30, 2007. Our activities consist primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an Ethanol plant along the Gulf Coast of the U.S. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from central and South American sources. The process for producing ethanol will employ non-food cellulosic feedstock, primarily sorghum. Southeast Texas is an ideal choice for public and private investment into alternative energy, particularly ethanol. In addition to the infrastructure to support world class refining production, the region also has a vibrant agricultural economy, which can produce, process, and transport the crops efficiently.

On April 19th of 2007 we announced that we had entered into a Letter of Intent to purchase a portion of the GALCO plant located

in the Bayport Industrial District of Houston, TX. Initial evaluations indicated that the facility can be modified to produce ethanol or bio-diesel fuel in volumes up to 30 million gallons per year. However, after further evaluation it to produce ethanol and blend fuels was abandoned in favor of building a new facility. We have also established business relationships and have been in negotiations with ethanol processors in CAFTA/CBI countries and with several suppliers in South America. We are currently in negotiation with a major U.S. University to partner in the development of cellulosic ethanol using sorghum as a non-food feedstock.

The Company does not currently produce ethanol, as its projects are under development. We are in the development stage and were formed to develop ethanol production plants and other related assets. We do not expect to operate at a profit before our first ethanol plant is completely constructed and operational. To finance our ongoing development and capital needs, we will need to incur additional indebtedness, issue additional securities and/or sell interests in or form partnerships or joint ventures to develop our specific projects. Any such transactions may be consummated by Gulf Ethanol or by the particular subsidiaries of Gulf Ethanol that own and are developing the specific ethanol projects. Any such dispositions of interests in the specific projects may result in a deconsolidation of these project subsidiaries from our consolidated financial results and may result in a material decrease of our interest in, and control over, such projects. The Company has presented a non-audited balance sheet. Financial support initially was provided in the form of equity contributions from purchasers of the stock issuance under 504 Reg D rules and from shareholder loans, which are further explained in the financial statements posted separately on the Pink Sheets. There is no assurance that existing financing will be adequate for completion of our first facility, that we will be able to secure additional financing for other projects, or that we will be successful in our efforts to develop, construct and operate one or more ethanol plants. Even if we successfully meet all of these objectives and begin operations, there is no assurance that we will be able to operate profitably. It is currently contemplated that these co-investors, partners or venture partners would generally be industry participants that have an interest in developing ethanol or have had prior involvement in the production and development of ethanol-related projects. Any sale of ownership interests in a project could have an adverse effect on our consolidated financial results and on our ability to control the operations relating to these projects. We expect to produce ethanol from sorghum, and our business will be sensitive to changes in the price of sorghum. The price of sorghum is subject to fluctuations due to unpredictable factors such as weather, total sorghum planted and harvested acreage, changes in national and

global supply and demand, and government programs and policies. We also expect to use natural gas in the ethanol production process at some of our facilities, and our business will be sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, in addition to the threat of hurricanes in the spring, summer and fall. Other natural gas price factors include the U.S. domestic onshore and offshore rig count and the amount of U.S. natural gas in underground storage during both the injection and withdrawal seasons.

2. if the issuer is considered a “shell company” pursuant to Securities Act Rule 405; **No**
3. the names of any parent, subsidiary, or affiliate of the issuer, and it’s business purpose, its method of operation, its ownership, and whether its included in the financial statements attached to this disclosure document; **N/A**
4. the effect of exiting or probable governmental regulations on the business; **Congress is actively encouraging greater use of alternative fuel sources in the U.S. Recent legislation working its way through congress would set minimum requirements for the adoption of ethanol as a transportation fuel in the U.S. This legislation, when passed, will provide a basis for increased demand for ethanol in the U.S.**

We and our existing business operations are subject to extensive and frequently changing federal, state and local laws and regulations relating to the protection of the environment. These laws, their underlying regulatory requirements and the enforcement thereof, some of which are described below, impact, or may impact, our existing and proposed business operations by imposing:

- restrictions on our existing business operations and/or the need to install enhanced or additional controls;**
- the need to obtain and comply with permits and authorizations;**
- liability for exceeding applicable permit limits or legal requirements, in certain cases for the remediation of contaminated soil and groundwater at our facilities, contiguous and adjacent properties and other properties owned and/or operated by third parties; and**

specifications for the ethanol we market.

5. an estimate of the amount spent during each of the last two fiscal years on research and developmental activities, and, if applicable the extent to which the cost of such activities are borne directly by customers;

On February 13, 2007 the the Company's Board of Directors approved a new organizational plan designed to streamline costs and enable the Company to focus on the construction and subsequent operation of one or more ethanol production facilities or blending plants or combinations of production and blending facilities. The company reorganized its operations and began to focus on the research and development of ethanol production methods and the possibility of blending ethanol with diesel or gasoline. Since that time the focus of the company has consisted primarily of identifying the best methods of ethanol production, the best feedstock for ethanol production and the best location for a plant. The cost of the research and the ongoing execution of the business plan has to date been completely borne by the company and its investors.

6. costs and effects of compliance with environmental laws(federal, state, and local); and

There are presently no costs associated with compliance and environmental laws because we are not operating a production facility, yet. However, once a property site has been chosen and a manufacturing facility is under development we expect to incur significant costs for environmental permitting and compliance. It is not possible to anticipate or estimate these costs until a property site has been identified and the facility design has been engineered. We continue to study the potential requirements so as to be able to anticipate capital needs.

7. the number of employees and the number of full time employees.

Services of all executive officers, directors and others presently engaged in advancing the business plan of Gulf Ethanol are presently provided under contract. The company presently has no employees.

For issuer's engaged in mining, oil and gas production and real estate activities, substantial additional disclosure of the issuer's business is required. Contact Pink Sheets for more information.

Item VI. The nature of products or services offered.

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

- A. principal products or services, and their markets; We were formed to develop ethanol production plants and other related assets.**
- B. distribution methods of the products or services; None**
- C. status of any publicly announced new product or service; No new products or services have been announced.**

- D. competitive business conditions, the issuer's competitive position in the industry, and methods of competition;

There are approximately 100 domestic ethanol plants currently operating in the US with a combined annual production capacity of approximately 4 billion gallons. Currently, the greatest concentration of domestic ethanol-production occurs in the corn belt states. Historically, most domestic ethanol has been produced by farmer-owned cooperatives as a means to enhance the value of corn. But now, many domestic plants rely on marketing groups such as Ethanol Products, Aventine Renewable Energy, Inc., Renewable Products Marketing Group, and Pacific Ethanol, Inc. to move their product to market.

Those producers who do their own marketing, such as Archer-Daniels-Midland Company (ADM) gain certain cost savings. However, these cost advantages become insignificant when distant coastal customers must be serviced by long overland supply routes. A 2002 study by the Department of Energy regarding ethanol transportation issues noted a cost increase averaging more than 10 cents-per-gallon for ethanol shipped from the Midwest to the East and West Coasts, not to mention the rail delays entailed with rail transport. And rising fuel expenses for rail and truck transporters have only increased these costs further.

The Energy Information Administration estimates that the East Coast and Texas have the greatest immediate need for ethanol. The EIA also notes that East Coast facilities are best suited to bring in product by sea. These factors, coupled with the tight ethanol market, have already "made it more economical for some buyers to import ethanol with full import duty than to bring supplies from the Midwest." Furthermore, the limited rail access in many parts of Texas makes the overland shipping of ethanol to these areas from the Midwest cost prohibitive and the advantage of seagoing delivery even greater.

The West Coast ethanol market, although also accessible by water, is currently dominated by the domestic ethanol marketer Pacific Ethanol Inc. PEI has several West Coast corn-based ethanol plants under construction. Their primary focus is on serving the western states of California, Arizona, Nevada, and Oregon, and they benefit from several large contracts with leading oil companies in that area. But there is enough demand in this region for another marketer, and once in the market, the cost advantages of the product we sell and our shipping methods give us a competitive advantage for the long run. Pacific Ethanol Inc. admits that even after the completion of their Madera plant, while it will be "the largest plant on the west coast...it will still be hugely outpaced by the demand for ethanol in California..."

Thirty-two additional ethanol plants and 6 expansions are under construction in the US with a combined annual capacity of approximately 2 billion gallons. Most of these expansions will

produce ethanol from corn, as do the vast majority of the existing facilities. The product we market has a production cost advantage over the product of these facilities. And shipping by sea is so much cheaper than rail shipment that there is still an advantage even over long ocean distances.

We will establish a place among these dominant marketers because of our lower prices, better distribution methods, and access to large supplies of ethanol. We believe we will consistently offer the market lower pricing because of our less costly product and the delivery-cost advantage of our international supply-chain.

Numerous ethanol plants have been announced as entrepreneurs enter the business. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following risk factors:

1. The effectiveness of the reorganization;
2. Our ability to obtain additional capital to finance our initiatives;
3. The time, cost and ability to construct or complete construction of our first planned ethanol plant;
4. Issues arising in connection with the development and construction of our projects, including those relating to permits, easements, site conditions, workmanship, process engineering, and conflicts of interest;
5. The sale of interests in, or entry into, partnerships or joint ventures with respect to specific projects;
6. Anticipated trends in our financial condition and results of operations;
7. Our ability to distinguish ourselves from our current and future competitors;
8. Changes in or elimination of laws, tariffs, subsidies, trade or other controls or enforcement practices.
9. Changes in weather and general economic conditions;
10. Overcapacity within the ethanol and petroleum production and refining industries;
11. Total United States consumption of gasoline;
12. Availability and costs of products and raw materials, particularly sorghum, natural gas, stainless steel and carbon steel;
13. Labor costs;

14. Fluctuations in petroleum prices;

- E. sources of availability of raw materials and the names of principal suppliers;
We anticipate that the feedstock used for our planned ethanol production facility will be grown within a 50 mile radius of the plant. No sources will be identified or contracted until the final selection of a plant site and facility design are determined.
- F. dependence on one or a few major customers; **N/A**
- G. patents, trademarks, licenses, franchises concessions, loyalty agreements or labor contracts, including their duration; **N/A**
- H. the need for any government approval of principal products or services and the status of any requested government approvals.
Environmental laws and restrictions are mandated at the local, state and federal level. It not possible, at this time, to determine the exact need until the final selection of a plant site and facility design are determined.

Item VII The nature and extent of the issuers 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 issuer's primary corporate offices are located at 1240 Blalock Rd., Suite 200, Houston, Texas. The facilities are leased for a three year term and consist of 3000 feet of general office space.

Part B Share Structure and Issuance History

Item VIII The exact title and class of securities outstanding.

In answering this item, provide the exact title class of each class of outstanding securities. In addition, please provide the CUSIP and trading symbol.

33,212,932 common shares outstanding
40227P107
GFET

Item IX Description of the security

- A. *Par or stated value.* Provide the par or stated value for each class of outstanding securities. **The par value is .001 for all stock**
- B. Common or Preferred stock
1. For Common equity, describe any dividend, voting and preemption rights. **standard voting rights are prescribed by our articles and by-laws**
 2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions. **N/A**
 3. Describe any other material rights of common or preferred stockholders. **N/A**
 4. Describe any provisions in issuer's charter or by laws that would delay, defer or prevent a change in control of the issuer. **None**

Item X. **The number of shares or total amount of the securities outstanding for each class of securities outstanding.**

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

- (i) Period and end date;
- (ii) Number of shares authorized;
- (iii) Number of shares outstanding;
- (iv) Freely tradable shares (public float);
- (v) Total number of beneficial shareholders; and
- (vi) Total number of shareholders of record.

(i) As of 6/30/2007

(ii) 100,000,000

(iii) 33,212,932

(iv) 17,245,024

(v) 7

(vi) 22

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

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer (1) within the two year period ending on the last day of the issuer's most recent fiscal year and (2) since the last day of the issuer's most recent fiscal year.

The list shall include all offerings of securities, whether private or public, and shall indicate:

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

The list shall also include all shares or any other securities or options to acquire such securities issued for services in the past two fiscal years and any interim periods, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

With respect to private offerings or securities, the list shall also indicate the identity of the persons who purchased securities in such private offering; *provided, however*, that in each event that any such person is an entity, the list shall also indicate (a) the identity of each natural person beneficially owning, directly or indirectly, more than five percent (5%) of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identity of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

(i) On August 1, 2006 the Board authorized the company to issue on a "post split basis" 7,260,403 shares of common stock of the company to the officers and employees of the company in a private placement.

(ii) the shares were not registered

(iii) 7,260,403

(iv) the shares were to be compensation for service to the company

(v) Par value

(vi) the shares can not be traded until the time limits and restrictions established by Rule 144 have been satisfied

(vii) Restricted under rule 144

1. 2,005,403 Restricted common stock

2. IBIS Energy, LLC

3. Management Services

1. 1,585,000 shares restricted common stock
2. David Mordekhay
3. Management Services

1. 1,585,000 shares restricted common stock
2. Carly Long
3. Management Services

1. 1,585,000 shares restricted common stock
2. Oren Mizrahi
3. Management Services

1. 500,000 shares restricted common stock
2. Mark Schiller
3. Management Services

(i) On November 7, 2006 the Board authorized the company to issue 400,000 shares of stock in a private placement.

(ii) The shares were not registered

(iii) 400,000

(iv) 400,000

(v) \$.50 and \$200,000.00

(vi) The shares were restricted

(vii) The shares remain restricted

1. 250,000 Restricted common stock
2. IBIS Energy, LLC

1. 150,000 shares restricted common stock
2. Firemark Capital, LLC

(i) On February 13, 2007 the Board authorized the company to issue 20 million shares under Securities Act 504, Reg. D

(ii) The shares were not registered

(iii) 20,000,000

(iv) 20,000,000

(v) \$0.0001

(vi) The shares were unrestricted

(vii) the shares can not be traded until the time limits and restrictions established by Rule 144 have been satisfied

1. 2,000,000 shares
2. Cloud Management

1. 2,000,000 shares
2. National Health Alliance, Inc.

1. 2,000,000 shares
2. Oxford Funding Corp.

1. 2,000,000 shares
2. Galleria Securities Corp.

1. 2,000,000 shares
2. The Internet Business Factory, Inc.

1. 2,000,000 shares
2. Hepplewhite Corporation

1. 2,000,000 shares
2. Tejas Capital, Inc.

1. 2,000,000 shares
2. Accelerator Partners, Inc.

1. 2,000,000
2. Valores Fund, L.P.

1. 2,000,000

2. Brazos Capital, Inc

(i) On July 31, 2007 the Board authorized the company to issue 2 million shares

(ii) The shares were not registered

(iii) 2,000,000

(iv) 2,000,000

(v) The shares were issued in contract for services to be rendered

(vi) The shares were restricted under Rule 144

(vii) The shares were restricted under Rule 144

1. 2,000,000

2. Oxford Funding Corp.

Part C Management and Control Structure

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

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

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

1. Full name;
2. Business address
3. Employment history (which must list all previous employers for the past 5 years, positions held, responsibilities and employment dates);
4. Board membership and other affiliations;
5. Compensation by the issuer; and
6. Number and class of the issuer's securities beneficially owned by each such person.

1. John Thomas Cloud

2. 1240 Blalock Road Suite 200 Houston, TX 77055

3. Mr. Cloud has 40 years of experience in a broad career in banking, insurance, ranching, and the oil and gas business. Mr. Cloud remains the portfolio manager of Galleria Securities, a private equity fund active in oil and gas investment and will serve as the Chairman and CEO of Gulf Ethanol Corporation. From 1995 through 1997 Mr. Cloud was the Chairman of North American Insurance. In 1979 until 1991 Mr. Cloud guided Oxford Funding as it's Chairman and developed it into one of the largest mortgage banking companies in America. Mr. Cloud also successfully lead the Bankers Investment Building Corporation as their Chairman from 1970 to 1989. Mr. Cloud is also a proud member of the American Quarter Horse Association and regularly shows horses trained on his ranch. He has significant experience in arranging and negotiating partnerships, joint ventures, strategic alliances, venture capital, and major contracts. He has held senior management positions in public companies and brings extensive experience in capital management, mergers, acquisitions, and investment banking to the Gulf Ethanol Corporation.

4. No other Board memberships or Executive Officer positions

5. No compensation has yet been determined by the Board

6. 6,000,000

1. William A. Carmichael

2. 1240 Blalock Road Suite 200 Houston, TX 77055

3. Bill Carmichael was elected to the Board as VP of Operations and Corporate Secretary. Mr. Carmichael is an experienced business development executive with a strong background in public company administration. Prior to joining Gulf

Ethanol Corporation Mr. Carmichael served in various capacities with the American Enterprise Development Corporation. From its inception, in June of 2000 to the present, Mr. Carmichael has served at different times as Chief Operations Officer, Director, Secretary of the Board, and as Chairman of the Compensation Committee. Mr. Carmichael has also served as Chief Operations Officer and Director of Cyber Law Reporter, Inc., a public company that recently completed a reverse merger with Exousia Advanced Materials. Mr. Carmichael also presently serves on the Board of Directors of LipidLabs, Inc. and Oxford Funding Corp (a Wyoming corporation). In 1998 Mr. Carmichael served for a short time as the Director of Marketing for iExalt, Inc. before founding MannaBeach.com and The American Song and Book Company, Inc. Mr. Carmichael has earned a Certificate of Professionalism as a member of the National Association of Corporate Directors. Mr. Carmichael brings extensive experience in public company management and administration.

4. Mr. Carmichael also presently serves on the Board of Directors of LipidLabs, Inc. and Oxford Funding Corp (a Wyoming corporation), the American Enterprise Development Corporation.

5. Mr Carmichael is compensated under contract, not as an employee.

6. none

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 the defendant in a pending criminal proceeding(excluding traffic violations and other minor offenses);
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 persons involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, The Commodity Future 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, or suspended, or vacated; or
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. Disclosure of Certain Relationships. Describe any relationships existing among and between the issuer's officers, directors and shareholders.

To the extent not otherwise disclosed, describe all relationships and affiliations among and between the shareholders and the issuer, and its predecessors, its present and prior officers and directors, and other shareholders.

None

- D. Disclosure of Conflicts of Interest. Describe any related party transactions or conflicts of interests. Provide a description of the circumstances, parties involved and mitigating factors for any related party transactions or executive officer or director with competing professional or personal interests.

None

Item XIII Beneficial Owners.

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

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

Firemark Capital, LLC
Darrel Uselton
1947 Sparrow Ridge Road
Katy, TX 77450
4,407,400 common shares
Registered Agent - unknown

Brazos Capital, LLC
Jack Uselton
367 Fawn Road
Livingston, TX 77351
Richmond, TX 77469
2,000,000 common shares
Registered Agent - unknown

IBIS Energy
Jack Uselton
615 Flaghoist Lane
Houston, TX 77351
4,755,403 common shares
Registered Agent - unknown

**National Health Alliance, Inc.
Thomas John Cloud
7302 Rustling oaks
Richmond, TX 77469
2,000,000 common shares
Registered Agent - unknown**

**Oxford Funding Corp.
John Thomas Cloud
160 Wimberly Ranch Drive
Wimberly, TX 78676
2,000,000 common shares
Registered Agent – John Thomas Cloud
3200 Southwest Frwy, Ste. 2220
Houston, TX 77027**

**Tejas Capital, Inc.
Jack Uselton
367 Fawn Road
Livingston, TX 77351
2,000,000 common shares
Registered Agent - unknown**

**Valores Fund, L.P.
Darel Uselton
1029 Highway 6 North, Suite 650-276
Houston, TX 77079
2,000,000 common shares
Registered Agent – unknown**

NOTE: Subsequent event. On July 17, 2007 the Board of Directors, after becoming aware of an investigation of Darrel and jack Uselton for securities related matters, resolved that the Company and all officers and directors should sever all business relationships with Darrell Uselton, Jack Uselton and any entities controlled by the Uselton's. In order to separate the company from the Useltons all of the shares held by the Uselton's or their entities were subsequently purchased by Galleria Asset Management, Inc. The President of Galleria Asset Management, Inc. is John Thomas Cloud and is located at 160 Wimberly Ranch Drive, Wimberly, TX 78676. The registered is William A. Carmichael.

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

1. Investment Banker
2. Promoters

3. Counsel
4. Accountant or Auditor- the information shall clearly (i) describe if an outside accountant provides audit or review services, (ii) state the work done by the outside accountant and (iii) describe the responsibilities of the accountant and the responsibilities of the management (i.e. who audits, prepares or reviews the issuer's financial statements, etc.). The information shall include the accountant's phone number, and email address and a description of the accountant's licensing and qualifications to perform such duties on behalf of the issuer.
5. Public relations Consultant(s)
6. Investor Relations Consultant
7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure documentation – the information shall include the telephone number and email address of each advisor.

1. None

2. None

**3. Jack Vaughan
1240 Blalock Road suite 150
Houston, TX 77055
(713) 772-2934**

**4. Randall Newton, CPA
3 Riverway, Ste. 1200
Houston, TX 77056-1928
(832) 358-2000**

**Provides preparation of Financial Statements and
Bookkeeping on a contract basis
based upon information provided by the company**

**5. Ballyhoo
14781 Memorial Dr, Ste 559
Houston, Texas 77079
281.438.7500**

**6. Ballyhoo
14781 Memorial Dr, Ste 559
Houston, Texas 77079
281.438.7500**

7. None

Part D Financial Information

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

The issuer shall provide the following financial statements for the most recent fiscal period (whether fiscal quarter or fiscal year)

- 1) Balance sheet;
- 2) Statement of income;
- 3) Statement of cash flows;
- 4) Statement of changes in stockholders' equity
- 5) Financial notes; and
- 6) Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with generally accepted accounting principles (GAAP)³ by persons with sufficient financial skills.

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

Instruction to Item XV: The issuer shall post the financial statements required by this Item XV on the Pink Sheets News Service under the appropriate report name for the applicable period end. (If the financial statements relate to a fiscal year end, publish it as an "Annual Report," or if the financial statements relate to a quarter end, publish it as a "Quarterly Report" or "Interim Report") **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (i) provide a list in the disclosure statement describing the financial statements that are incorporated by reference, (ii) clearly explain where the incorporated documents can be found, and (iii) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

Financial Statements (Unaudited)

**For the Period of Re-Entry Into the Development Stage (January 1, 2007) through
June 30, 2007**

**GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)**

**BALANCE SHEETS AS OF JUNE 30, 2007 AND DECEMBER 31, 2006
(Unaudited)**

	June 30, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	16,442	54,524
Loan receivable, net of allowance o \$148,604 and \$135,302 at June 30, 2007 and December 31, 2006, respectively	-	13,302
TOTAL CURRENT ASSETS	16,442	67,826
TOTAL ASSETS	\$ 16,442	\$ 67,826
LIABILITIES		
Accounts payable	22,165	14,985
Loans from related parties	62,950	-
TOTAL CURRENT LIABILITIES	85,115	14,985
TOTAL LIABILITIES	85,115	14,985
SHAREHOLDERS' DEFICIT		
Common stock, par value \$0.0001, authorized 100 million, 33,212,93 and 13,212,932 issued and outstanding at June 30, 2007 and December 31, 2006, respectively	3,321	6,805
Additional paid in capital	212,445	206,961
Deficit accumulated during the development phase	(284,439)	(160,925)
TOTAL SHAREHOLDERS' DEFICIT	(68,673)	52,841
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 16,442	\$ 67,826

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.

A DEVELOPMENT STAGE ENTERPRISE

(Formerly U.S. Development Corp.)

**STATEMENTS OF OPERATIONS FOR THE PERIOD FROM RE-ENTERING THE
DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007**

(unaudited)

**6 Months Ended June 30, 2007 3 Months Ended June 30, 2007 Re-entering the
Development Stage to June 30, 2007**

Revenues	-	-	-
General and administrative expenses	110,213	51,604	51,604
Bad debt expense	13,302	-	-
Net operating loss	(123,515)	(51,604)	(51,604)
NET LOSS	(123,515)	(51,604)	(123,515)
Weighted average shares outstanding	28,351,054	28,351,054	33,212,932
Basic and fully diluted loss per share	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENTS OF CASH FLOWS FOR THE PERIOD FROM RE-ENTERING THE
DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007
(unaudited)

6 Months Ended June 30, 2007 From Re entering the Development Stage (Jan 1, 2007) to June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss (123,515) (123,515)
Adjustments to reconcile net loss to net cash used by operating activities:

Bad debt expense 13,302 13,302
Accounts payable 3,381 3,381

Net cash used by operating activities (106,832)
(106,832)

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided/(used) by investing activities -
-

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loans from related parties 66,750
66,750
Common stock issued for cash 2,000 2,000

Net cash provided by financing activities	68,750	
68,750		
NET INCREASE IN CASH	(38,082)	(38,082)
Cash at beginning of period	54,524	54,524
Cash at end of period	16,442	16,442

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENT OF SHAREHOLDERS' DEFICIT FROM RE-ENTERING THE
DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007
(unaudited)

	Common Stock			
Date	No. of Shares	At Par Value	Additional Paid In Capital	Deficit
Accum'd During the Development Stage		Total		
Balances, December 31, 2006		13,212,932	6,805	206,961
(160,925)	52,841			
Adjustment to 12/31/06 par value		-	(5,484)	5,484
Shares issued for cash 02/13/07		20,000,000	2,000	-
2,000				
	-	-	-	-
Net loss		(123,515)	(123,515)	
Balances, June 30, 2007		33,212,932	3,321	212,445
(284,440)	(68,674)			

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
NOTES TO INTERIM FINANCIAL STATEMENTS, JUNE 30, 2007

(unaudited)

NOTE 1 – NATURE OF BUSINESS

Gulf Ethanol Corp, (a Development Stage Company) (“Gulf Ethanol”, the “Company”, “we” or “us”), formerly U.S. Development Corporation, and formerly Land Investors of America, was incorporated in the State of Oklahoma on February 26, 2003. Our common stock is traded on the Pink Sheets under the symbol GFET.PK.

Gulf Ethanol is a development stage company and had no operating revenues for the six months ended June 30, 2007. Our business plan consists primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an ethanol plant along the gulf coast of the United States. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from Central and South American sources.

As is discussed in Note 3, our board of directors authorized the issuance of 20 million shares pursuant to our registration under Rule 504 of Regulation D of the Securities Act of 1933. With the change in control of the Company and resulting change in the business plan, we have deemed ourselves a Development Stage Company and will report, until we have significant revenues, as a Development Stage Entity under FASB Statement No. 7 - Accounting and Reporting by Development Stage Enterprises.

NOTE 2 – GOING CONCERN

We do not currently produce any ethanol. We do not expect to operate at a profit, nor have positive cash flows from operations before the completion of our first ethanol plant and we have not yet located the site of our first project. To finance our on-going development, we will need to incur additional indebtedness, issue additional common stock or sell interests in the form of partnerships or joint ventures.

If we are unable to raise the capital required, we may be forced to terminate our operations and liquidate our assets at rates substantially lower than our carrying values.

NOTE 3 – CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock. At December 31, 2006, we had 13,212,932 shares of our capital stock outstanding.

On February 13, 2007, the Company’s board of directors authorized the issuance of 20 million shares to ten accredited investors pursuant to Rule 504 of Regulation D of the Securities Act of 1933. These shares were issued in exchange for \$2,000 in cash and are valued at par.

At June 30, 2007, we had 33,212,932 shares outstanding.

NOTE 4 – OPTIONS AND WARRANTS

The Company has no options or warrants outstanding as of June 30, 2007.

NOTE 5 – SUBSEQUENT EVENTS

On July 31, 2007, our board of directors authorized the issuance of 2 million shares of our common stock to Oxford Funding Corp.

On August 14, 2007, we signed a letter of intent to purchase the site for our first ethanol plant and paid a \$10,000 earnest money fee. However, upon due our performance of diligence on the site, we discovered several factors making it unsuitable for the purpose. We have engaged Grub and Ellis Company (NYSE: GBE) to aid in locating a suitable construction site.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has funded its operations through loans from shareholders and other related parties. At June 30, 2007, the Company issued notes, which are callable by the maker, totaling \$61,500 bearing 6% interest.

SIGNATURES

In connection with the this Quarterly Report of Gulf Ethanol Corp. , an Okalahoma corporation (the “Company”), for the quarter ended June 30, 2007, as filed with the Securities and Exchange Commission (the “Report”), William A. Carmichel, VP Operations and Corporate Secretary, does hereby certify that the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Gulf Ethanol Corp.

By: //s// William A. Carmichael
August 30, 2007

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

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

Instruction to Item XVI: The issuer shall either (i) attach the financial statements required by this Item XVI to its initial disclosure statement or (ii) post such financial statements on the Pink Sheets News Service as a separate report under the name of “Annual Report” for the applicable fiscal year end. **The issuer must state in its disclosure statement that such financial statements are incorporated by reference.** The issuer must also (x) provide a

list in the disclosure statement describing the financial statements that are incorporated by reference, (y) clearly explain where the incorporated documents can be found, and (z) provide a clear cross-reference to the specific location where the information requested by this Item can be found in the incorporated documents.

All such financial statements are listed as separate documents on the Pink Sheets at Pinksheets.com

3

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

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

Instructions to Item XVII

Issuers that have not had revenues from operations in each of the last two fiscal years, or the last fiscal year and any interim period in the current fiscal year for which financial statements are furnished in the disclosure document, shall provide the information in paragraphs A and C of this item. All other issuers shall provide the information in paragraphs B and C of this item.

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

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

A. Plan of Operation.

1. Describe the issuer's plan of operation for the next twelve months. This description should include such matters as:
 - i. A discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months.
 - ii. A summary of any product research and development that the issuer will perform the term of the plan;
 - iii. Any expected purchase or sale of plant and significant equipment ;and
 - iv. Any expected significant changes in the number of employees.

Notes are included with the current financial statements filed separately on the Pink Sheets.

Gulf Ethanol Corp, (a Development Stage Company) (“Gulf Ethanol”, the “Company”, “we” or “us”), formerly U.S. Development Corporation, and formerly Land Investors of America, was incorporated in the State of Oklahoma on February 26, 2003. Our common stock is traded on the Pink Sheets under the symbol GFET.PK.

Gulf Ethanol is a development stage company and had no operating revenues for the six months ended June 30, 2007. Our business plan consists primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an ethanol plant along the gulf coast of the United States. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from Central and South American sources.

As is discussed in Note 3, our board of directors authorized the issuance of 20 million shares pursuant to our registration under Rule 504 of Regulation D of the Securities Act of 1933. With the change in control of the Company and resulting change in the business plan, we have deemed ourselves a Development Stage Company and will report, until we have significant revenues, as a Development Stage Entity under FASB Statement No. 7 - Accounting and Reporting by Development Stage Enterprises.

NOTE 2 – GOING CONCERN

We do not currently produce any ethanol. We do not expect to operate at a profit, nor have positive cash flows from operations before the completion of our first ethanol plant and we have not yet located the site of our first project. To finance our on-going development, we will need to incur additional indebtedness, issue additional common stock or sell interests in the form of partnerships or joint ventures.

If we are unable to raise the capital required, we may be forced to terminate our operations and liquidate our assets at rates substantially lower than our carrying values.

NOTE 3 – CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock. At December 31, 2006, we had 13,212,932 shares of our capital stock outstanding.

On February 13, 2007, the Company’s board of directors authorized the issuance of 20 million shares to ten accredited investors pursuant to Rule 504 of Regulation D of the Securities Act of 1933. These shares were issued in exchange for \$2,000 in cash and are valued at par.

At June 30, 2007, we had 33,212,932 shares outstanding.

NOTE 4 – OPTIONS AND WARRANTS

The Company has no options or warrants outstanding as of June 30, 2007.

NOTE 5 – SUBSEQUENT EVENTS

On July 31, 2007, our board of directors authorized the issuance of 2 million shares of our common stock to Oxford Funding Corp.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has funded its operations through loans from shareholders and other related parties. At June 30, 2007, the Company issued notes, which are callable by the maker, totaling \$61,500 bearing 6% interest.

Gulf Ethanol is a development stage company and had no operating revenues for the three months ended June 30, 2007. Our activities consist primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an Ethanol plant along the Gulf Coast of the U.S. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from central and South American sources. The process for producing ethanol will employ non-food cellulosic feedstock, primarily sorghum. Southeast Texas is an ideal choice for public and private investment into alternative energy, particularly ethanol. In addition to the infrastructure to support world class refining production, the region also has a vibrant agricultural economy, which can produce, process, and transport the crops efficiently.

On April 19th of 2007 we announced that we had entered into a Letter of Intent to purchase a portion of the GALCO plant located in the Bayport Industrial District of Houston, TX. Initial evaluations indicated that the facility can be modified to produce ethanol or bio-diesel fuel in volumes up to 30 million gallons per year. However, after further evaluation it was determined that the cost of revamping the facility would be prohibitive and the plans to produce ethanol and blend fuels was abandoned in favor of building a new facility.

We have also established business relationships and have been in negotiations with ethanol processors in CAFTA/CBI countries and with several suppliers in South America. We are currently in negotiation with a major U.S. University to

existing financing will be adequate for completion of our first facility, that we will be able to secure additional financing for other projects, or that we will be

successful in our partner in the development of cellulosic ethanol using sorghum as a non-food feedstock.

The Company does not currently produce ethanol, as its projects are under development. We are in the development stage and were formed to develop ethanol production plants and other related assets. We do not expect to operate at a profit before our first ethanol plant is completely constructed and operational. To finance our ongoing development and capital needs, we will need to incur additional indebtedness, issue additional securities and/or sell interests in or form partnerships or joint ventures to develop our specific projects. Any such transactions may be consummated by Gulf Ethanol or by the particular subsidiaries of Gulf Ethanol that own and are developing the specific ethanol projects. Any such dispositions of interests in the specific projects may result in a deconsolidation of these project subsidiaries from our consolidated financial results and may result in a material decrease of our interest in, and control over, such projects. The Company has presented a non-audited balance sheet. Financial support initially was provided in the form of equity contributions from purchasers of the stock issuance under 504 Reg D rules and from shareholder loans, which are further explained in the financial statements posted separately on the Pink Sheets. There is no assurance that efforts to develop, construct and operate one or more ethanol plants. Even if we successfully meet all of these objectives and begin operations, there is no assurance that we will be able to operate profitably. It is currently contemplated that these co-investors, partners or venture partners would generally be industry participants that have an interest in developing ethanol or have had prior involvement in the production and development of ethanol-related projects. Any sale of ownership interests in a project could have an adverse effect on our consolidated financial results and on our ability to control the operations relating to these projects. We expect to produce ethanol from sorghum, and our business will be sensitive to changes in the price of sorghum. The price of sorghum is subject to fluctuations due to unpredictable factors such as weather, total sorghum planted and harvested acreage, changes in national and global supply and demand, and government programs and policies. We also expect to use natural gas in the ethanol production process at some of our facilities, and our business will be sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, in addition to the threat of hurricanes in the spring, summer and fall. Other natural gas price factors include the U.S. domestic onshore and offshore rig count and the amount of U.S. natural gas in underground storage during both the injection and withdrawal seasons.

Numerous ethanol plants have been announced as entrepreneurs enter the business. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be

inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following risk factors:

1. The effectiveness of the reorganization;
2. Our ability to obtain additional capital to finance our initiatives;
3. The time, cost and ability to construct or complete construction of our first ethanol plant;
4. Issues arising in connection with the development and construction of our projects, including those relating to permits, easements, site conditions, workmanship, process engineering, and conflicts of interest;
5. The sale of interests in, or entry into, partnerships or joint ventures with respect to specific projects;
6. Anticipated trends in our financial condition and results of operations;
7. Our ability to distinguish ourselves from our current and future competitors;
8. Changes in or elimination of laws, tariffs, subsidies, trade or other controls or enforcement practices.
9. Changes in weather and general economic conditions;
10. Overcapacity within the ethanol and petroleum production and refining industries;
11. Total United States consumption of gasoline;
12. Availability and costs of products and raw materials, particularly sorghum, natural gas, stainless steel and carbon steel;
13. Labor costs;
14. Fluctuations in petroleum prices;

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

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

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

agricultural economy, which can produce, process, and transport the crops
Notes are included with the current financial statements filed seperately on the Pink Sheets.

Additional Notes to the Financial Statements are listed seperately on the Pink Sheets with the current Financial Reports.

Gulf Ethanol is a development stage company and had no operating revenues for the three months ended June 30,2007. Our activities consist primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an Ethanol plant along the Gulf Coast of the U.S. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from central and South American sources. The process for producing ethanol will employ non-food cellulosic feedstock, primarily sorghum. Southeast Texas is an ideal choice for public and private investment into alternative energy, particularly ethanol. In addition to the infrastructure to support world class refining production, the region also has a vibrant efficiently.

On April 19th of 2007 we announced that we had entered into a Letter of Intent to purchase a portion of the GALCO plant located in the Bayport Industrial District of Houston, TX. Initial evaluations indicated that the facility can be modified to produce ethanol or bio-diesel fuel in volumes up to 30 million gallons per year. However, after further evaluation it was

determined that the cost of revamping the facility would be prohibitive and the plans to produce ethanol and blend fuels was abandoned in favor of building a new facility.

We have also established business relationships and have been in negotiations with ethanol processors in CAFTA/CBI countries and with several suppliers in South America. We are currently in negotiation with a major U.S. University to partner in the development of cellulosic ethanol using sorghum as a non-food feedstock.

The Company does not currently produce ethanol, as its projects are under development. We are in the development stage and were formed to develop ethanol production plants and other related assets. We do not expect to operate at a profit before our first ethanol plant is completely constructed and operational. To finance our ongoing development and capital needs, we will need to incur additional indebtedness, issue additional securities and/or sell interests in or form partnerships or joint ventures to develop our specific projects. Any such transactions may be consummated by Gulf Ethanol or by the particular subsidiaries of Gulf Ethanol that own and are developing the specific ethanol projects. Any such dispositions of interests in the specific projects may result in a deconsolidation of these project subsidiaries from our consolidated financial results and may result in a material decrease of our interest in, and control over, such projects. The Company has presented a non-audited balance sheet. Financial support initially was provided in the form of equity contributions from purchasers of the stock issuance under 504 Reg D rules and from shareholder loans, which are further explained in the financial statements posted separately on the Pink Sheets. There is no assurance that existing financing will be adequate for completion of our first facility, that we will be able to secure additional financing for other projects, or that we will be successful in our efforts to develop, construct and operate one or more ethanol plants. Even if we successfully meet all of these objectives and begin operations, there is no assurance that we will be able to operate profitably. It is currently contemplated that these co-investors, partners or venture partners would generally be industry participants that have an interest in developing ethanol or have had prior involvement in the production and development of ethanol-related projects. Any sale of ownership interests in a project could have an adverse effect on our consolidated financial results and on our ability to control the operations relating to these projects. We expect to produce ethanol from sorghum, and our business will be sensitive to changes in the price of sorghum. The price of sorghum is subject to fluctuations due to unpredictable factors such as weather, total sorghum planted and harvested acreage, changes in national and global supply and demand, and government programs and policies. We also expect to use natural gas in the ethanol production process at some of our facilities, and our business will be sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, in addition to the threat of hurricanes in the spring,

summer and fall. Other natural gas price factors include the U.S. domestic onshore and offshore rig count and the amount of U.S. natural gas in underground storage during both the injection and withdrawal seasons.

Numerous ethanol plants have been announced as entrepreneurs enter the business. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following risk factors:

1. The effectiveness of the reorganization;
 2. Our ability to obtain additional capital to finance our initiatives;
 3. The time, cost and ability to construct or complete construction of our first ethanol plant;
 4. Issues arising in connection with the development and construction of our projects, including those relating to permits, easements, site conditions, workmanship, process engineering, and conflicts of interest;
 5. The sale of interests in, or entry into, partnerships or joint ventures with respect to specific projects;
 6. Anticipated trends in our financial condition and results of operations;
 7. Our ability to distinguish ourselves from our current and future competitors;
 8. Changes in or elimination of laws, tariffs, subsidies, trade or other controls or enforcement practices.
 9. Changes in weather and general economic conditions;
 10. Overcapacity within the ethanol and petroleum production and refining industries;
 11. Total United States consumption of gasoline;
 12. Availability and costs of products and raw materials, particularly sorghum, natural gas, stainless steel and carbon steel;
 13. Labor costs;
 14. Fluctuations in petroleum prices;
2. *Interim Periods.* Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since

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

See notes to the current financial statements filed separately on the Pink Sheets.

C. Off-Balance Sheet Arrangements.

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

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

None

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

- i. Any obligation under a guarantee contract that has any of the characteristics identified in paragraph 3 of FASB Interpretation No. 45,

Guarantor's Accounting and Disclosure Requirements for Guarantees of Indebtedness of Others (November 2002) ("FIN45"), as may be modified or supplemented, and that is not excluded from the initial recognition and measurement provisions of FIN 45 pursuant to paragraphs 6 or 7 of that Interpretation;

- ii. A retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as a credit, liquidity or market risk support to such entity for such assets;
- iii. Any obligation, including a contingent obligation, under a contract that would be accounted for as a derivative instrument, except that it is both indexed to the issuer's own stock and classified in stockholders' equity in the issuer's statement of financial position, and therefore excluded from the scope of FASB Statement of Financial Accounting Standards No.133, Accounting for Derivative Instruments and Hedging Activities (June 1998), pursuant to paragraph 11(a) of that Statement, as may be modified or supplemented; or
- iv. Any obligation, including a contingent obligation, arising out of a variable interest (as referenced in FASB Interpretation No. 46, Consolidation of Variable Interest Entities(January 2003), as may be modified or supplemented) in an unconsolidated entity that is held by, and material to, the issuer, where such entity provides financing, liquidity, market risk or credit risk support to, or engages in leasing, hedging or research and developmental services with the issuer.

None

Instructions to paragraph C of Item XVII

- i. No obligation to make disclosure under a paragraph C of this item XVII shall arise in respect of an off- balance sheet arrangement until a definitive agreement that is unconditionally binding or subject only to customary closing conditions exists or, if there is no such agreement, when settlement of the transaction occurs.
- ii. Issuers should aggregate off-balance sheet arrangements in groups or categories that provide material information in an efficient and understandable manner and should avoid repetition and disclosure of immaterial information. Effects that are common are similar with respect to a number of off-balance sheet arrangements must be analyzed in the aggregate to the extent the aggregation increases understanding. Distinctions in arrangements and their effects must be discussed to the extent the information is material, but the discussion should avoid repetition and disclosure of immaterial information.
- iii. For purposes of paragraph C of this Item XVII only, contingent liabilities arising out of litigation, arbitration or regulatory actions are not considered to be off-balance sheet arrangements.

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

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

None

Part E Exhibits

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

Item XVII Material Contracts.

- A. Every material contract, not made in the ordinary course of business, that will be performed after the disclosure document is posted on the Pink Sheets News Service or was entered into not more than two years before such posting. Also include the following contracts:
- 1) Any contract to which directors, officers, promoters, voting trustees, security holders named in the disclosure document or Designated Advisor for Disclosure are parties other than contracts involving only the purchase or sale of current assets having a determinable market price, at such market price;
 - 2) Any contract upon which the issuer's business is substantially dependent, including but not limited to contracts with principal customers, principal suppliers, and franchise agreements ;
 - 3) Any contract for the purchase or sale of any property, plant or equipment for consideration exceeding 15 percent of such assets of the issuer; or
 - 4) Any material lease under which a part of the property described in the disclosure document is held by the issuer.

None

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

be included; and any other management contract or any other compensatory plan, contract or agreement in which any other executive officer of the issuer participates shall be filed unless immaterial in amount or significance.

William A. Carmichael is compensated under contract as a management consultant for services rendered as Vice President of Operations and as a Director on the Board.

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

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

N/A

Item XIX Articles of Incorporation and Bylaws.

A. A complete copy of the issuer's articles of incorporation or in the event that the issuer is not a corporation, the issuer's certificate of organization. Whenever amendments to the articles of incorporation or certificate of organization are filed a complete copy of the articles of incorporation or certificate of organization as amended shall be filed.

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

Item XX Issuer's Certifications.

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

The certifications shall follow the format below:

I, [identify the certifying individual], certify that:

1. I have reviewed this [specify either annual or quarterly disclosure statement] of [identity issuer];

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 a light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement ; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date:

[Signature]

[Title]

Part F Miscellaneous

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

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

ISSUER PURCHASES OF EQUITY SECURTIES				
Period	Column (a) Total Number of Shares (or Units) Purchased	Column (b) Average Price Paid per Share (or unit)	Column (c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Column (d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
Month #1 (identify beginning and ending dates)	N/A	N/A	N/A	N/A

Month #2 (identify beginning and ending dates)	N/A	N/A	N/A	N/A
Month #3 (identify beginning and ending dates)	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

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

1. The total number of shares (or units) purchased (Column (a)). Include in this column all issuer repurchases, including those made pursuant to publicly announced plans or programs and those not made pursuant to publicly announced plans or programs. Briefly disclose, by footnote to the table, the number of shares purchased other than through a publicly announced plan or program and the nature of the transaction (e.g., whether the purchases were made in open-market transactions, tender offers, in satisfaction of the company's obligations upon exercise of outstanding put options issued by the company, or other transactions).
2. The average price paid per share (or unit) (Column (b)).
3. The total number of shares (or units) purchased as part of publicly announced repurchase plans or programs (Column (c)).
4. The maximum number (or appropriate dollar value) of shares (or units) that may yet be purchased under the plans or programs (Column (d)).

Instructions to paragraphs (B)(3) and (B)(4) of this Item XXI:

- a. In the table, disclose this information in the aggregate for all plans or programs publicly announced.
- b. By footnote to the table, indicate :
 - i. The date of each plan or program was announced;
 - ii. The dollar amount (or share or unit amount) approved;
 - iii. The expiration date (if any) of each plan or program;

- iv. Each plan or program that has expired during the period covered by the table; and
- v. Each plan or program the issuer has determined to terminate prior to expiration, or under which the issuer does not intend to make further purchases.

C. For purposes of this Item, “Affiliated Purchaser” means:

1. A person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuers securities; or
2. An affiliate who, directly or indirectly controls the issuer’s purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; *provided however* , that “Affiliated Purchaser” shall not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the issuer or for its account, and shall not include an officer nor director’s participation in the decision to authorize purchases by or on behalf of the issuer.

Section Two: Issuers’ Continuing Disclosure Obligations

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

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

Quarterly Reporting Obligations

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

Instruction relating to the preparation of Quarterly Updates:

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

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

Item 1 Exact name of the issuer and the address of its principal executive offices.

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

**Gulf Ethanol Corporation
1240 Blalock Road, Suite 200
Houston, TX 77055**

Item 2 Shares Outstanding.

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

33,212,932 common shares outstanding

Item 3 Interim financial statements

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

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

**Financial Statements
(Unaudited)**

**For the Period of Re-Entry Into the Development Stage (January 1, 2007) through
June 30, 2007**

**GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE**

(Formerly U.S. Development Corp.)
BALANCE SHEETS AS OF JUNE 30, 2007 AND DECEMBER 31, 2006
(Unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	16,442	54,524
Loan receivable, net of allowance of \$148,604 and \$135,302 at June 30, 2007 and December 31, 2006, respectively	-	13,302
TOTAL CURRENT ASSETS	16,442	67,826
TOTAL ASSETS	\$ 16,442	\$ 67,826
LIABILITIES		
Accounts payable	22,165	14,985
Loans from related parties	62,950	-
TOTAL CURRENT LIABILITIES	85,115	14,985
TOTAL LIABILITIES	85,115	14,985
SHAREHOLDERS' DEFICIT		
Common stock, par value \$0.0001, authorized 100 million, 33,212,932 and 13,212,932 issued and outstanding at June 30, 2007 and December 31, 2006, respectively	3,321	6,805
Additional paid in capital	212,445	206,961
Deficit accumulated during the development phase	(284,439)	(160,925)
TOTAL SHAREHOLDERS' DEFICIT	(68,673)	52,841
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 16,442	\$ 67,826

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
**STATEMENTS OF OPERATIONS FOR THE PERIOD FROM RE-ENTERING
THE DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007**

(unaudited)

	6 Months Ended June 30, 2007	3 Months Ended June 30, 2007	Re-entering the Development Stage to June 30,
2007			
Revenues	-	-	-
General and administrative expenses	110,213	51,604	110,213
Bad debt expense 13,302	13,302	-	
Net operating loss (123,515)	(123,515)	(51,604)	
NET LOSS	(123,515)	(51,604)	(123,515)
Weighted average shares outstanding 28,351,054	28,351,054	33,212,932	
Basic and fully diluted loss per share	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENTS OF CASH FLOWS FOR THE PERIOD FROM RE-ENTERING THE
DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007
(unaudited)**

	6 Months Ended June 30, 2007	From Re entering the Development Stage (Jan 1, 2007) to June 30, 2007
CASH FLOWS FROM		

OPERATING ACTIVITIES		
Net Loss	(123,515)	(123,515)
Adjustments to reconcile net loss to net cash used by operating activities:		
Bad debt expense	13,302	13,302
Accounts payable	3,381	3,381
Net cash used by operating activities	(106,832)	(106,832)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash provided/(used) by investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans from related parties	66,750	
Common stock issued for cash	2,000	2,000
Net cash provided by financing activities	68,750	
NET INCREASE IN CASH	(38,082)	(38,082)
Cash at beginning of period	54,524	54,524
Cash at end of period	16,442	16,442

The accompanying notes are an integral part of these financial statements.

GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
STATEMENT OF SHAREHOLDERS' DEFICIT FROM RE-ENTERING THE DEVELOPMENT STAGE (JANUARY 1, 2007) TO JUNE 30, 2007
(unaudited)

Common Stock

Deficit

	Date	No. of Shares	At Par Value	Additional Paid In Capital	Accum'd During the Development Stage	Total
Balances, December 31, 2006		13,212,932	6,805	206,961	(160,925)	52,841
-						
Adjustment to 12/31/06 par value			(5,484)	5,484		
Shares issued for cash	02/13/07	20,000,000	2,000			
2,000						
				-		-
				-		-
Net loss					(123,515)	
(123,515)						
Balances, June 30, 200		33,212,932	3,321	212,445	(284,440)	(68,674)

The accompanying notes are an integral part of these financial statements.

**GULF ETHANOL CORP.
A DEVELOPMENT STAGE ENTERPRISE
(Formerly U.S. Development Corp.)
NOTES TO INTERIM FINANCIAL STATEMENTS, JUNE 30, 2007
(unaudited)**

NOTE 1 – NATURE OF BUSINESS

Gulf Ethanol Corp, (a Development Stage Company) (“Gulf Ethanol”, the “Company”, “we” or “us”), formerly U.S. Development Corporation, and formerly Land Investors of America, was incorporated in the State of Oklahoma on February 26, 2003. Our common stock is traded on the Pink Sheets under the symbol GFET.PK.

Gulf Ethanol is a development stage company and had no operating revenues for the six months ended June 30, 2007. Our business plan consists primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an ethanol plant along the gulf coast of the United States. In addition, we expect to work with international producers to explore the

importation of ethanol or feed-stocks for ethanol production from Central and South American sources.

As is discussed in Note 3, our board of directors authorized the issuance of 20 million shares pursuant to our registration under Rule 504 of Regulation D of the Securities Act of 1933. With the change in control of the Company and resulting change in the business plan, we have deemed ourselves a Development Stage Company and will report, until we have significant revenues, as a Development Stage Entity under FASB Statement No. 7 - Accounting and Reporting by Development Stage Enterprises.

NOTE 2 – GOING CONCERN

We do not currently produce any ethanol. We do not expect to operate at a profit, nor have positive cash flows from operations before the completion of our first ethanol plant and we have not yet located the site of our first project. To finance our on-going development, we will need to incur additional indebtedness, issue additional common stock or sell interests in the form of partnerships or joint ventures.

If we are unable to raise the capital required, we may be forced to terminate our operations and liquidate our assets at rates substantially lower than our carrying values.

NOTE 3 – CAPITAL STOCK

The Company is authorized to issue 100 million shares of common stock. At December 31, 2006, we had 13,212,932 shares of our capital stock outstanding.

On February 13, 2007, the Company's board of directors authorized the issuance of 20 million shares to ten accredited investors pursuant to Rule 504 of Regulation D of the Securities Act of 1933. These shares were issued in exchange for \$2,000 in cash and are valued at par.

At June 30, 2007, we had 33,212,932 shares outstanding.

NOTE 4 – OPTIONS AND WARRANTS

The Company has no options or warrants outstanding as of June 30, 2007.

NOTE 5 – SUBSEQUENT EVENTS

On July 31, 2007, our board of directors authorized the issuance of 2 million shares of our common stock to Oxford Funding Corp.

On August 14, 2007, we signed a letter of intent to purchase the site for our first ethanol plant and paid a \$10,000 earnest money fee. However, upon due our performance of diligence on the site, we discovered several factors making it unsuitable for the purpose. We have engaged Grub and Ellis Company (NYSE: GBE) to aid in locating a suitable construction site.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Company has funded its operations through loans from shareholders and other related parties. At June 30, 2007, the Company issued notes, which are callable by the maker, totaling \$61,500 bearing 6% interest.

SIGNATURES

In connection with the this Quarterly Report of Gulf Ethanol Corp. , an Okalahoma corporation (the “Company”), for the quarter ended June 30, 2007, as filed with the Securities and Exchange Commission (the “Report”), William A Carmichael, VP Operations and corporate Secretary, does hereby certify that the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Gulf Ethanol Corp.

**By: //s// William A Carmichael
August 30, 2007**

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

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

Notes are included with the current financial statements filed seperately on the Pink Sheets.

Gulf Ethanol is a development stage company and had no operating revenues for the three months ended June 30,2007. Our activities consist primarily of developing and constructing ethanol manufacturing facilities. We are in the process of selecting a site for the development of an Ethanol plant along the Gulf Coast of the U.S. In addition, we expect to work with international producers to explore the importation of ethanol or feed-stocks for ethanol production from central and South American sources. The process for producing ethanol will employ non-food cellulosic feedstock, primarily sorghum. Southeast Texas is an ideal choice for public and private investment into alternative energy, particularly ethanol. In addition to the infrastructure to support world class refining production, the region also has a vibrant agricultural economy, which can produce, process, and transport the crops efficiently.

On April 19th of 2007 we announced that we had entered into a Letter of Intent to purchase a portion of the GALCO plant located in the Bayport Industrial District of Houston, TX. Initial evaluations indicated that the facility can be modified to produce ethanol or bio-diesel fuel in volumes up to 30 million gallons per year. However, after further evaluation it was determined that the cost of revamping the facility would be prohibitive and the plans to produce ethanol and blend fuels was abandoned in favor of building a new facility.

We have also established business relationships and have been in negotiations with ethanol processors in CAFTA/CBI countries and with several suppliers in South

America. We are currently in negotiation with a major U.S. University to partner in the development of cellulosic ethanol using sorghum as a non-food feedstock.

The Company does not currently produce ethanol, as its projects are under development. We are in the development stage and were formed to develop ethanol production plants and other related assets. We do not expect to operate at a profit before our first ethanol plant is completely constructed and operational. To finance our ongoing development and capital needs, we will need to incur additional indebtedness, issue additional securities and/or sell interests in or form partnerships or joint ventures to develop our specific projects. Any such transactions may be consummated by Gulf Ethanol or by the particular subsidiaries of Gulf Ethanol that own and are developing the specific ethanol projects. Any such dispositions of interests in the specific projects may result in a deconsolidation of these project subsidiaries from our consolidated financial results and may result in a material decrease of our interest in, and control over, such projects. The Company has presented a non-audited balance sheet. Financial support initially was provided in the form of equity contributions from purchasers of the stock issuance under 504 Reg D rules and from shareholder loans, which are further explained in the financial statements posted separately on the Pink Sheets. There is no assurance that existing financing will be adequate for completion of our first facility, that we will be able to secure additional financing for other projects, or that we will be successful in our efforts to develop, construct and operate one or more ethanol plants. Even if we successfully meet all of these objectives and begin operations, there is no assurance that we will be able to operate profitably. It is currently contemplated that these co-investors, partners or venture partners would generally be industry participants that have an interest in developing ethanol or have had prior involvement in the production and development of ethanol-related projects. Any sale of ownership interests in a project could have an adverse effect on our consolidated financial results and on our ability to control the operations relating to these projects. We expect to produce ethanol from sorghum, and our business will be sensitive to changes in the price of sorghum. The price of sorghum is subject to fluctuations due to unpredictable factors such as weather, total sorghum planted and harvested acreage, changes in national and global supply and demand, and government programs and policies. We also expect to use natural gas in the ethanol production process at some of our facilities, and our business will be sensitive to changes in the price of natural gas. The price of natural gas is influenced by such weather factors as extreme heat or cold in the summer and winter, in addition to the threat of hurricanes in the spring, summer and fall. Other natural gas price factors include the U.S. domestic onshore and offshore rig count and the amount of U.S. natural gas in underground storage during both the injection and withdrawal seasons. Numerous ethanol plants have been announced as entrepreneurs enter the business. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may

cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following risk factors:

1. The effectiveness of the reorganization;
2. Our ability to obtain additional capital to finance our initiatives;
3. The time, cost and ability to construct or complete construction of our first ethanol plant;
4. Issues arising in connection with the development and construction of our projects, including those relating to permits, easements, site conditions, workmanship, process engineering, and conflicts of interest;
5. The sale of interests in, or entry into, partnerships or joint ventures with respect to specific projects;
6. Anticipated trends in our financial condition and results of operations;
7. Our ability to distinguish ourselves from our current and future competitors;
8. Changes in or elimination of laws, tariffs, subsidies, trade or other controls or enforcement practices.
9. Changes in weather and general economic conditions;
10. Overcapacity within the ethanol and petroleum production and refining industries;
11. Total United States consumption of gasoline;
12. Availability and costs of products and raw materials, particularly sorghum, natural gas, stainless steel and carbon steel;
13. Labor costs;
14. Fluctuations in petroleum prices;

Item 5 Legal Proceedings.

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

None

Item 6 Defaults upon senior securities.

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

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

The issuer need not respond to this item with respect to any class of securities all of which is held by, or for the account of, the issuer or its totally held subsidiaries. Issuers need not

repeat information that has been previously disclosed in a prior disclosure statement, although the issuer shall provide updates regarding previously reported defaults.

None

Item 7 Other Information.

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

None

Item 8 Exhibits.

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

None

Item 9 Certifications.

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

Annual Reporting Obligations

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

Instruction relating to the preparation of Annual Updates:

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

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

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

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

Current Reporting Obligations

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

If not included in the issuers previous disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a press release within 10 business days following their occurrence, an posting such press release in the Pink sheets News Service:

1. Entry into a Material Definitive Agreement.

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

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

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

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

2. Termination of a Material Definitive Agreement.

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

their obligations under such agreement, and such termination of the agreement is material to the issuer, the issuer shall disclose the following information:

- (1) the date of the termination of the material definitive agreement, the identity of the parties to the agreement and a brief description of any material relationship between the issuer or its affiliates and any of the parties other than in respect of the material definitive agreement;
- (2) a brief description of the terms and conditions of the agreement that are material to the issuer;
- (3) a brief description of the material circumstances surrounding the termination; and
- (4) any material early termination penalties incurred by the issuer.

3. Completion of Acquisition or Disposition of Assets.

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

- (a) the date of completion of the transaction;
- (b) a brief description of the assets involved;
- (c) the identity of the person(s) from whom the assets were acquired or to whom they were sold and the nature of any material relationship, other than in respect of the transaction, between such person(s) and the issuer or any of its affiliates, or any director or officer of the issuer, or any associate of any such director or officer;
- (d) the nature and amount of consideration given or received for the assets and, if any material relationship is disclosed pursuant to paragraph 3(c) above, the formula or principle followed in determining the amount of such consideration; and
- (e) if the transaction being reported is an acquisition and if any material relationship is disclosed pursuant to paragraph 3(c) above, the source(s) of the funds used.

4. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer.

(a) If the issuer becomes obligated on a direct financial obligation that is material to the issuer, the issuer shall disclose the following information:

- (1) the date on which the issuer becomes obligated on the direct financial obligation and a brief description of the transaction or agreement creating the obligation;
- (2) the amount of the obligation, including the terms of its payment and, if applicable, a brief description of the material terms under which it may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties; and

(3) a brief description of the other terms and conditions of the transaction or agreement that are material to the issuer.

(b) If the issuer becomes directly or contingently liable for an obligation that is material to the issuer arising out of an off-balance sheet arrangement, the issuer shall disclose the following information:

(1) the date on which the issuer becomes directly or contingently liable on the obligation and a brief description of the transaction or agreement creating the arrangement and obligation;

(2) a brief description of the nature and amount of the obligation of the issuer under the arrangement, including the material terms whereby it may become a direct obligation, if applicable, or may be accelerated or increased and the nature of any recourse provisions that would enable the issuer to recover from third parties;

(3) the maximum potential amount of future payments (undiscounted) that the issuer may be required to make, if different; and

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

5. Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement.

(a) If a triggering event causing the increase or acceleration of a direct financial obligation of the issuer occurs and the consequences of the event are material to the issuer, the issuer shall disclose the following information:

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

(2) a brief description of the triggering event;

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

(4) any other material obligations of the issuer that may arise, increase, be accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the direct financial obligation.

(b) If a triggering event occurs causing an obligation of the issuer under an off-balance sheet arrangement to increase or be accelerated, or causing a contingent obligation of the issuer under an off-balance sheet arrangement to become a direct financial obligation of the issuer, and the consequences of the event are material to the issuer, the issuer shall disclose the following information:

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

- (2) a brief description of the triggering event;
- (3) the nature and amount of the obligation, as increased if applicable, and the terms of payment or acceleration that apply; and
- (4) any other material obligations of the issuer that may arise, increase, be accelerated or become direct financial obligations as a result of the triggering event or the increase or acceleration of the obligation under the off-balance sheet arrangement or its becoming a direct financial obligation of the issuer.

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

6. Costs Associated with Exit or Disposal Activities.

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

- (a) the date of the commitment to the course of action and a description of the course of action, including the facts and circumstances leading to the expected action and the expected completion date;
- (b) for each major type of cost associated with the course of action (for example, one-time termination benefits, contract termination costs and other associated costs), an estimate of the total amount or range of amounts expected to be incurred in connection with the action;
- (c) an estimate of the total amount or range of amounts expected to be incurred in connection with the action; and
- (d) the issuer's estimate of the amount or range of amounts of the charge that will result in future cash expenditures.

7. Material Impairments.

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

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

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

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

8. Sales of Equity Securities.

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

9. Material Modification to Rights of Security Holders.

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

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

10. Changes in Issuer's Certifying Accountant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) If the issuer's board of directors, a committee of the board of directors or the officer or officers of the issuer authorized to take such action if board action is not required, concludes that any previously issued financial statements covering the last three fiscal years or interim periods since the end of the last fiscal year shall no longer be relied upon because of an

error in such financial statements as addressed in Accounting Principles Board Opinion No. 20, as may be modified, supplemented or succeeded, the issuer shall disclose the following information:

- (1) the date of the conclusion regarding the non-reliance and an identification of the financial statements and years or periods covered that shall no longer be relied upon;
- (2) a brief description of the facts underlying the conclusion to the extent known to the issuer at the time of filing; and
- (3) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the issuer's independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

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

- (1) the date on which the issuer was so advised or notified;
- (2) identification of the financial statements that shall no longer be relied upon;
- (3) a brief description of the information provided by the accountant; and
- (4) a statement of whether the audit committee, or the board of directors in the absence of an audit committee, or authorized officer or officers, discussed with the independent accountant the matters disclosed in the press release issued pursuant to this paragraph 11.

12. Changes in Control of Issuer.

- (a) If, to the knowledge of the issuer's board of directors, a committee of the board of directors or authorized officer or officers of the issuer, a change in control of the issuer has occurred, the issuer shall furnish the following information:
 - (1) the identity of the person(s) who acquired such control;
 - (2) the date and a description of the transaction(s) which resulted in the change in control;
 - (3) the basis of the control, including the percentage of voting securities of the issuer now beneficially owned directly or indirectly by the person(s) who acquired control;
 - (4) the amount of the consideration used by such person(s); and

- (5) the source(s) of funds used by such person(s).

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

(a) If a director has resigned or refuses to stand for re-election to the board of directors since the date of the last annual meeting of shareholders because of a disagreement with the issuer, known to an executive officer of the issuer on any matter relating to the issuer's operations, policies or practices, or if a director has been removed for cause from the board of directors, the issuer shall disclose the following information:

- (1) the date of such resignation, refusal to stand for re-election or removal;

- (2) any positions held by the director on any committee of the board of directors at the time of the director's resignation, refusal to stand for re-election or removal; and

- (3) a brief description of the circumstances representing the disagreement that the issuer believes caused, in whole or in part, the director's resignation, refusal to stand for re-election or removal.

(b) If the issuer's principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or any person performing similar functions retires, resigns or is terminated from that position, or if a director retires, resigns, is removed, or refuses to stand for re-election (except in circumstances described in paragraph (a) above), the issuer shall disclose the fact that the event has occurred and the date of the event.

(c) If the issuer appoints a new principal executive officer, president, principal financial officer, principal accounting officer, principal operating officer or person performing

similar functions, the issuer shall disclose the following information with respect to the newly appointed officer:

- (1) the name and position of the newly appointed officer and the date of the appointment;
- (2) the information described in Item XI above; and
- (3) a brief description of the material terms of any employment agreement between the issuer and that officer.

14. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

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

- (1) the effective date of the amendment; and
- (2) a description of the provision adopted or changed by amendment and, if applicable, the previous provision.

(b) If the issuer decides to change its fiscal year, the issuer shall disclose the date of such decision and the date of the new fiscal year end.

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

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

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