

Title:

Corporate Shells.

Word Count:

565

Summary:

A corporate shell could be likened to a house that had been occupied by a family. Prior to the family moving out it was a home. But now it is just shell, a skeleton, a plain house with nobody in it, but if a family was to purchase the house and move in, it becomes a home.

Keywords:

15c211, reverse merger, direct public offering, regulation d, pink sheets

Article Body:

A corporate shell could be likened to a house that had been occupied by a family. Prior to the family moving out it was a home. But now it is just shell, a skeleton, a plain house with nobody in it, but if a family was to purchase the house and move in, it becomes a home.

Similar, a corporate shell was once the home of an operating company but once the operating company ceases to reside there because of adverse circumstances (bankruptcy or liquidation) all that remains is the shell.

Buying and selling corporate shells has become big business, just a couple of years ago a corporate shell sold for approximately \$150,000.00 today they go for upward of \$500.000.00. Talk about inflation! The increase in price is due to increase scrutiny by the Securities and exchange commission and the demand for shell by Chinese companies seeking to become listed in the United States.

As usual when there is money to be made the vultures appear with their unscrupulous practices. In most cases the shells are own by the same operators who are also acting as consultants to the companies they are helping to become public. This may be a conflict of interest but they are able to hide their ownership well with the help of securities lawyer who may also have a piece of the shell.

The situation described above creates a huge conflict of interest that the regulators have yet to figure out because of the intricacy of the many participant who work in harmony and are able to conceal their actions from the

regulators.

If the consultant indirectly own a shell and is trying to sell it to the company that they are advising, how well is he going to represent the client when it comes to price and the amount of shares that they are to Retain? And how about with assisting the company in performing the proper research on the shareholder list and the history of the shell.

Don't get me wrong there are many honest and well meaning consultants and shell vendors who established the shells for the sole purpose of creating a vehicle for private companies to go public, Just like you have the unscrupulous characters that appear every time there is an opportunity to make money, you also have honest enterprising individual who see an opportunity and take advantage of it.

Once the operating company purchases the corporate shell and merges into it, the owner of the private company receives a majority of the shell corporation stock (usually 90-95%) through a new issue of stock for the private enterprise.

The public corporation will normally change its name to the private company's name and elect a new Board of Directors which will appoint the officers of the company. The public corporation will usually have a base of shareholders sufficient to meet the requirements for listing on the Nasdaq Small Cap Market of Nasdaq Bulletin Board. Although some shell have as few as 35-50 shareholders and are currently listed on Bulletin Board or the NQB pink sheets.

At our company we don't have an inventory of shells nor do we recommend a single vendor, instead we recommend several and after the private company selects a vendor we approach the process as if we were buying the shell for ourselves.

For more information please visit our website:
<http://www.genesiscorporateadvisors.com>