

VERIDIGM, INC.  
Form 10QSB  
May 21, 2007

OMB APPROVAL

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-QSB**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Veridigm, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

22-3530573

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

17383 Sunset Blvd., Suite B-280, Pacific Palisades, California

90272

(Address of principal executive offices)

(Zip-Code)

Registrant's telephone number, including area code: (860) 805-0701

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [X]** No [ ]

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act.) **[X]** Yes [ ] No

The number of outstanding shares of the registrant's Common Stock, par value \$.0001 per share, was 68,705,989 on March 31, 2007

Transitional Small Business Disclosure format (check one): Yes [ ] **No [X]**



**PART I****ITEM 1. FINANCIAL STATEMENTS**

**VERIDIGM, INC.**  
**(FORMERLY ENOTES SYSTEMS, INC.)**  
**(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**  
(A Development Stage Company)

**Balance Sheets****ASSETS**

|                             | March 31,<br>2007 | December 31,<br>2006 |
|-----------------------------|-------------------|----------------------|
| Current assets:             |                   |                      |
| Cash                        | \$ --             | \$ 56,205            |
| Property and equipment, net | 4,802             | 5,246                |
| Total Assets                | \$ 4,802          | \$ 61,451            |

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

|                            |            |            |
|----------------------------|------------|------------|
| Current liabilities:       |            |            |
| Accounts payable           | \$ 593,017 | \$ 559,422 |
| Due to officer/stockholder | 948,235    | 923,235    |
| Notes payable              | 223,862    | 223,862    |
| Total Current Liabilities  | 1,765,114  | 1,706,519  |

## Contingencies

## Stockholders' deficit :

|  |       |       |
|--|-------|-------|
| Preferred stock; \$.0001 par value; authorized |       |       |
| -  |       |       |
| 10,000,000 shares; issued - none               | --    | --    |
| Common stock; \$.0001 par value; authorized    |       |       |
| -  |       |       |
| 500,000,000 shares; issued and                 |       |       |
| outstanding -                                  |       |       |
| 68,705,989 shares                              | 6,871 | 6,871 |

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|  |              |              |
|--|--------------|--------------|
| Additional paid-in capital                       | 26,892,823   | 26,892,823   |
| Treasury stock, 500 shares at cost               | (1,500)      | (1,500)      |
| Deficit accumulated during the development stage | (28,658,506) | (28,543,262) |
| Total Stockholders' (Deficit)                    | (1,760,312)  | (1,645,068)  |
| Total Liabilities and Stockholders' (Deficit)    | \$ 4,802     | \$ 61,451    |

**VERIDIGM, INC.**  
**(FORMERLY ENOTES SYSTEMS, INC.)**  
**(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**  
(A Development Stage Company)  
**Statements of Operations**

|   | Three<br>Months<br>Ended<br>March 31,<br>2007 | Three<br>Months<br>Ended<br>March 31,<br>2006 | Aug. 7, 1997<br>(Inception)<br>to<br>March 31,<br>2007 |
|---|---|---|--|
| Revenue:  |   |   |  |
| Sales   | \$ --   | \$ --   | \$ 10,840  |
| Cost of sales                                       | --  | --  | 5,662  |
| Gross profit  | --  | --  | 5,178  |
| Interest income                                     | --  | --  | 5,257  |
| <br>Total revenue                                   | <br>--  | <br>--  | <br>10,435   |
| Costs and expenses:                                 |   |   |  |
| Depreciation  | 444   | --  | 211,170  |
| Amortization  | --  | --  | 4,118  |
| Research and development, related<br>party          | --  | --  | 432,256  |
| Officer's compensation                              | 15,000  | --  | 2,255,826  |
| Impairment of investment in related<br>party        | --  | --  | 50,000   |
| Impairment of investment in<br>subsidiaries         | --  | --  | 450,000  |
| Loss on disposition of assets                       | --  | --  | 11,449   |
| Interest expense                                    | 28,147  | 5,992   | 139,124  |
| Interest expense - beneficial conversion<br>feature | --  | --  | 129,658  |
| SEC litigation settlement                           | --  | --  | 20,725,892   |
| General and administrative                          | 71,653  | 5,087   | 4,259,448  |
|   | 115,244                                       | 11,079  | 28,668,941   |
| <br>Net loss  | <br>\$ (115,244)                              | <br>\$ (11,079)                               | <br>\$ (28,658,506)                                    |

|   |    |            |    |           |
|---|----|------------|----|-----------|
| Basic and diluted loss per common share       | \$ | (.00)      | \$ | (.00)     |
| Weighted average common shares<br>outstanding |    | 68,705,989 |    | 6,817,890 |

**VERIDIGM, INC.****(FORMERLY ENOTES SYSTEMS, INC.)****(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Statements of Changes in Stockholders' Equity****For the Period August 7, 1997 (Inception) to March 31, 2007**

|   | Common Stock |        | Additional         | Treasury Stock |        | Deficit   |
|---|--------------|--------|--------------------|----------------|--------|---|
|   | Shares       | Amount | Paid-in<br>Capital | Shares         | Amount | Accumulated<br>During the<br>Development<br>Stage |
| Balances,<br>August 7, 1997<br>(inception)  | -            | \$ -   | \$ -               | -              | \$ -   | \$ -  |
| Common<br>stock issued for<br>services<br>and costs<br>advanced,<br>valued at<br>\$.0001 per<br>share | 2,000,000    | 200    | -                  | -              | -      | -   |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.15 per share                               | 200,000      | 20     | 29,980             | -              | -      | -   |
| Net loss for<br>the period  |              |        |                    |                |        | (61,404)  |
| Balances,<br>December 31,<br>1997   | 2,200,000    | 220    | 29,980             | -              | -      | (61,404)  |
| Sale of<br>common stock<br>(\$.4156 per   | 204,500      | 20     | 84,965             | -              | -      | -   |



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|  |           |     |           |     |         |  |           |
|--|-----------|-----|-----------|-----|---------|--|-----------|
| share)   |           |     |           |     |         |  |           |
| Net loss   |           |     |           |     |         |  | (95,211)  |
| Balances,<br>December 31,<br>1998  | 2,404,500 | 240 | 114,945   | -   | -       |  | (156,615) |
| Sale of<br>common stock<br>(\$.7622 per<br>share)                            | 1,098,505 | 110 | 837,160   | -   | -       |  | -         |
| Services<br>contributed by<br>the<br>president<br>of the<br>Company          | -         | -   | 60,000    | -   | -       |  | -         |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.81 per share      | 333,333   | 33  | 269,967   | -   | -       |  | -         |
| Net loss   |           |     |           |     |         |  | (785,366) |
| Balances,<br>December 31,<br>1999  | 3,836,338 | 383 | 1,282,072 | -   | -       |  | (941,981) |
| Sale of<br>common stock<br>(\$1.25 per<br>share)                             | 25,000    | 3   | 31,247    | -   | -       |  | -         |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.11 per share      | 1,466,667 | 147 | 157,353   | -   | -       |  | -         |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.5312 per<br>share | 623,367   | 62  | 331,071   | -   | -       |  | -         |
| Purchase of<br>treasury stock  | -         | -   | -         | 500 | (1,500) |  | -         |
| Net loss   |           |     |           |     |         |  | (897,368) |

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Balances,  
December 31,  
2000

5,951,372

595

1,801,743

500

(1,500)

(1,839,349)

4

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**VERIDIGM, INC.****(FORMERLY ENOTES SYSTEMS, INC.)****(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)****(A Development Stage Company)****Statements of Changes in Stockholders' Equity****For the Period August 7, 1997 (Inception) to March 31, 2007**

|   | Common Stock |        | Additional         | Treasury Stock |         | Deficit   |
|---|--------------|--------|--------------------|----------------|---------|---|
|   | Shares       | Amount | Paid-in<br>Capital | Shares         | Amount  | Accumulated<br>During the<br>Development<br>Stage |
| Common stock issued for services, valued at \$.12 per share                   | 6,959,708    | 696    | 858,080            | -              | -       | -   |
| Sale of common stock (\$.017 per share)                                       | 1,087,976    | 109    | 17,891             | -              | -       | -   |
| Common stock issued in acquisition of subsidiaries, valued at \$.50 per share | 900,000      | 90     | 449,910            | -              | -       | -   |
| Net loss  |              |        |                    |                |         | (1,878,498)                                       |
| Balances, December 31, 2001   | 14,899,056   | 1,490  | 3,127,624          | 500            | (1,500) | (3,717,847)                                       |
| Sale of common stock (\$.012 per share)                                       | 10,746,826   | 1,074  | 122,878            | -              | -       | -   |

|   |            |       |           |     |         |             |
|---|------------|-------|-----------|-----|---------|-------------|
| Common<br>stock issued for<br>services,<br>valued at<br>\$.03 per share                             | 32,928,174 | 3,293 | 1,123,851 | -   | -       | -           |
| Net loss  |            |       |           |     |         | (1,857,167) |
| <b>RESTATED<br/>FROM THIS<br/>POINT<br/>FORWARD</b>   |            |       |           |     |         |             |
| Balances,<br>December 31,<br>2002   | 2,928,704  | 293   | 4,379,917 | 500 | (1,500) | (5,575,014) |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.001 per share                            | 850,000    | 85    | 16,915    | -   | -       | -           |
| Common<br>stock issued as<br>repayment of<br>related<br>party debt<br>valued at<br>\$.001 per share | 1,150,000  | 115   | 22,885    | -   | -       | -           |
| Net loss  |            |       |           |     |         | (126,307)   |
| Balances,<br>December 31,<br>2003   | 4,928,704  | 493   | 4,419,717 | 500 | (1,500) | (5,701,321) |
| Common<br>stock issued for<br>services,<br>valued at<br>\$.0001 per share                           | 625,000    | 63    | 1,188     | -   | -       | -           |
| Net loss  |            |       |           |     |         | (105,037)   |
| Balances,<br>December 31,<br>2004   | 5,553,704  | 555   | 4,420,905 | 500 | (1,500) | (5,806,358) |



**VERIDIGM, INC.****(FORMERLY ENOTES SYSTEMS, INC.)****(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Statements of Changes in Stockholders' Equity****For the Period August 7, 1997 (Inception) to March 31, 2007**

|  | Common Stock |        | Additional         | Treasury Stock |         | Deficit   |
|--|--------------|--------|--------------------|----------------|---------|---|
|  | Shares       | Amount | Paid-in<br>Capital | Shares         | Amount  | Accumulated<br>During the<br>Development<br>Stage |
| Common stock issued for services, valued at \$.0001 per share        | 625,000      | 63     | 1,188              | -              | -       | -   |
| Common stock issued as repayment of debt, valued at \$.003 per share | 1,500,000    | 150    | 9,650              | -              | -       | -   |
| Common stock retired   | (2,475,819)  | (248)  | 247                | -              | -       | -   |
| Additional shares due to stock split                                 | 6            |        |                    | -              | -       | -   |
| Net loss   |              |        |                    |                |         | (55,512)  |
| Balances, December 31, 2005  | 5,202,891    | 520    | 4,431,990          | 500            | (1,500) | (5,861,870)                                       |
| Common stock issued as repayment of debt, valued at \$.02 per share  | 2,850,000    | 285    | 56,715             | -              | -       | -   |
| Common stock issued as repayment of debt, valued at \$.019 per share | 37,633,098   | 3,764  | 720,522            | -              | -       | -   |

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|   |            |          |               |     |            |                 |
|---|------------|----------|---------------|-----|------------|-----------------|
| Beneficial conversion feature                               | -          | -        | 20,725,892    | -   | -          | -               |
| Common stock issued in acquisition of                       |            |          |               |     |            |                 |
| eNotes Systems, Inc., valued at \$.0001                     | 20,000,000 | 2,000    | (2,000)       | -   | -          | -               |
| Common stock issued for services, valued at \$.30 per share | 1,020,000  | 102      | 299,904       | -   | -          | -               |
| Common stock issued for services, valued at \$.33 per share | 2,000,000  | 200      | 659,800       | -   | -          | -               |
| Net loss  |            |          |               |     |            | (22,681,392)    |
| Balances, December 31, 2006                                 | 68,705,989 | 6,871    | 26,892,823    | 500 | (1,500)    | (28,543,262)    |
| Net loss  |            |          |               |     |            | (115,244)       |
| Balances, March 31, 2007                                    | 68,705,989 | \$ 6,871 | \$ 26,892,823 | 500 | \$ (1,500) | \$ (28,658,506) |

**VERIDIGM, INC.**  
**(FORMERLY ENOTES SYSTEMS, INC.)**  
**(FORMERLY TOTALMED, INC. AND SUBSIDIARIES)**

(A Development Stage Company)

**Statements of Cash Flows**

|  | Three<br>Months<br>Ended<br>March 31,<br>2007 | Three<br>Months<br>Ended<br>March 31,<br>2006 | Aug. 7, 1997<br>(Inception)<br>to<br>March 31,<br>2007 |
|--|---|---|--|
| Cash flows from operating activities:                |   |   |  |
| Net loss   | \$ (115,244)                                  | \$ (11,079)                                   | \$ (28,658,506)  |
| Adjustments to reconcile net loss to net             |   |   |  |
| cash used in operating activities                    |   |   |  |
| Depreciation   | 444   | --  | 211,170  |
| Amortization   | --  | --  | 4,118  |
| Common stock issued for services                     | --  | --  | 3,814,259  |
| Beneficial conversion feature                        | --  | --  | 450,000  |
| Common stock issued in acquisition of subsidiaries   | --  | --  | 20,725,892   |
| Common stock issued to an officer in payment of debt | --  | --  | 23,000   |
| Notes issued for payment of expenses                 | --  | --  | 47,530   |
| Write-down of lost inventory                         | --  | --  | 204,338  |
| Write off uncollectible accounts                     | --  | --  | 10,840   |
| Loss on disposition of assets                        | --  | --  | 11,449   |
| Changes in assets and liabilities                    |   |   |  |
| Increase in accounts receivable                      | --  | --  | (10,840)   |
| (Increase) decrease in inventory                     | --  | --  | (204,338)  |
| Increase in accounts payable                         | 33,595  | 5,987   | 628,816  |
| Net cash used in operating activities                | (81,205)                                      | (5,092)                                       | (2,742,272)  |
| Cash flows from investing activities:                |   |   |  |
| Payments on notes receivable                         | --  | --  | (1,200)  |
| Repayments of notes receivable                       | --  | --  | 1,200  |
| Organization costs                                   | --  | --  | (368)  |
| Purchases of property and equipment                  | --  | --  | (226,171)  |
| Acquisition of patent rights                         | --  | --  | (5,000)  |



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|   |          |        |           |
|---|----------|--------|-----------|
| Net cash used in investing activities     | --       | --     | (231,539) |
| Cash flows from financing activities:     |          |        |           |
| Proceeds from short-term debt             | --       | 5,075  | 358,224   |
| Repayment of short-term debt              | --       | --     | (63,348)  |
| Increase in amounts                       |          |        |           |
| due to an officer/stockholder             | 25,000   | --     | 1,584,978 |
| Purchase of treasury stock                | --       | --     | (1,500)   |
| Proceeds from sale of common stock        | --       | --     | 1,095,457 |
| Net cash provided by financing activities | 25,000   | 5,075  | 2,973,811 |
| Net decrease in cash                      | (56,205) | (17)   | --        |
| Cash at beginning of period               | 56,205   | 17     | --        |
| Cash at end of period                     | \$ --    | \$ --  | \$ --     |
| Supplemental Cash Flow Information:       |          |        |           |
| Taxes paid                                | --       | --     |           |
| Interest paid                             | --       | --     |           |
| Short-term debt converted to common stock | --       | 57,000 |           |

## Item 2. Management's Discussion and Analysis

This Quarterly Report on Form 10-QSB, including the information incorporated by reference herein, includes "forward looking statement" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Securities Act of 1934, as amended ("Act of 34"). All of the statements contained in this Quarterly Report on Form 10-QSB, other than statements of historical fact, should be considered forward looking statements, including, but not limited to, those concerning the Company's strategies, objectives and plans for expansion of its operation, products and services and growth in demand for its products and services. There can be no assurances that these expectations will prove to have been correct. Certain important factors that could cause actual results to differ materially from the Company's expectations (the "Risk Factors") are disclosed in this Quarterly report on Form 10-QSB. All subsequent written and oral forward looking statements by or attributable to the Company or persons acting on behalf are expressly qualified in their entirety by such Risk Factors. Investors are cautioned not to place undue reliance on these forward looking statements which speak only as of the date hereof and are not intended to give any assurance as to future results. The Company undertakes no obligation to publicly release any revisions to these forward-looking statements to reflect events or reflect the occurrence of unanticipated events.

Veridigm, Inc. was formerly known as eNotes Systems, Inc., and prior to that as TotalMed, Inc., and prior to that as Fonecash, Inc. (the "Company"). The Company was incorporated under the laws of the State of Delaware on August 7, 1997. On May 11, 2005, the Company changed its name from FoneCash, Inc. to TotalMed, Inc., and on April 28, 2006, signed a Stock Purchase Agreement to acquire all of the issued and outstanding shares of eNotes Systems, Inc. in exchange for 20,000,000 restricted shares of the Company's common stock, and thereafter changed its name to eNotes Systems, Inc. On November 6, 2006, the Company changed its name from eNotes Systems, Inc. to Veridigm, Inc. and focused its principal efforts on the telemedicine business and complementary medical software.

In the current quarter, management determined that continuing to pursue the Company's telemedicine business was not in the best interests of the Company. Accordingly, management sought other opportunities with a view to completing some form of merger or acquisition. In March, 2007, the Company entered into a letter agreement with Dimensions, Inc. ( Dimensions ), an arms length party, relating to the grant by Dimensions of an exclusive license to use certain software and other intellectual property owned by or licensed to Dimensions having application within the gaming industry. It is intended that the Company will incorporate a new subsidiary company to hold the license from Dimensions, and that this subsidiary company will engage in the development and commercialization (through a second subsidiary of the Company) of gaming software.

The Company incurred operating losses of \$28,658,506 from inception to March 31, 2007. The Company expects its accumulated deficit to grow in the near term as expenses are incurred in developing its business.



General

initially engaged in the payment processing of transactions for banks and their merchants. During the fourth quarter of December 2002, the Company began to wind down those operations. This occurred because of management's inability to raise sufficient funds to finance the continued development of the Company's business plan.

In June 15, 2006 the Company completed a merger transaction and changed its name to eNotes Systems, Inc., and subsequently to Veridigm, Inc. At that point, the Company was engaged in the telemedicine business and intended to develop and commercialize medical software.

In the current quarter, management determined that it was no longer in the best interests of the Company to pursue the telemedicine business, and the Company began to seek other opportunities within the technology sector. Management determined that significant opportunity existed within the gaming technology sector and, accordingly, was able to negotiate a license agreement with Dimensions. While the development of the Company's gaming technology business is still in the early startup stage, it is intended that the Dimensions license will allow the Company to develop and commercialize world class gaming software and technologies for use by other gaming companies. Under this business model, if successful, the Company would see revenue through licensing, support and development agreements.

The Company incurred an operating loss of \$115,244 during the three month period ended March 31, 2007 compared to a loss of \$11,079 during the same period in 2006. This increase in the Company's operating loss is principally attributable to costs associated with the change of the Company's business focus toward the gaming technology sector, including management compensation, and to interest expenses. The Company expects its accumulated deficit to grow in the near term, but is optimistic that revenues will be generated in the current fiscal year.

The Company's Operations to Date

The Company was developing a system of processing credit cards for an under served community of low volume merchants and in-home salespersons consisting of a fixed wire or wireless terminal and a system of computers, utilizing established communications networks, both wired and wireless, for processing the data from credit and debit cards. The Company ceased this operation during the fourth quarter of 2002.

The Company operated under the name Fonecash, Inc. from inception until May 11, 2005, when it changed its name to TotalMed, Inc. Effective June 15, 2006, with the acquisition of eNotes Systems, Inc., the Company changed its name to eNotes Systems, Inc.

From June, 2006 to March, 2007 the Company was focused on the telemedicine business. That business was determined to be not in the interests of the Company and in March, 2007 the Company refocused on the gaming technology business. The Company's gaming technology business is in its infancy and no considerable expenses have been incurred, or any revenues earned, from that business in the current quarter.

The Company has never been involved with any bankruptcy, receivership or similar proceeding.

Results of Operation

General and administrative expenses during the three month period ending March 31, 2007 were \$71,653 as compared to \$5,087 for the same period in 2006. This amount in the current quarter is likely more reflective of the Company's current activity, and reflects costs associated with the Company's new business focus including license fees, consulting and other expenses associated with the Company now operating as a going concern in the gaming technology business.

#### Balance Sheet Data

At March 31, 2007 the Company had no cash or cash equivalents (\$56,205 at March 31, 2006).

Property and equipment was valued at \$4,802 on March 31, 2007 (\$5,246 at March 31, 2006).

#### Off Balance-Sheet Arrangements

The Company has no off-balance sheet arrangements as defined in Item 303(c) of the SEC's Regulation S-B.

### **Item 3. Controls and Procedures**

As of the end of the quarter end March 31, 2006, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's principal executive officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-14. Based upon that evaluation, the principal executive officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings. As such no changes were made in controls and procedures, and only minor changes have been made in the quarter ended March 31, 2007, for the betterment of the controls and procedures.



PART II - OTHER INFORMATION

**Item 1. Legal Proceedings**

The Company was served in the past with a summons and complaint alleging prior management's failure to pay the monthly payments on a line of credit with Fleet National Bank. Fleet seeks \$107,645 plus interest and attorneys' fees, and the Company intends vigorously to defend against the action.

On April 8, 2002 the Securities and Exchange Commission filed a complaint alleging that a registration statement and amendments, filed with the Commission by the Company in December 2001, January 2002 and March 2002, and signed by the former president of the Company, Daniel E. Charboneau, contained material misrepresentations and omissions. On January 6, 2004, a United States District Judge from the District of Columbia entered a default judgment against the Company restraining the Company from further violations of Section 17(a) of the Securities Act of 1933, Sections 10(b) and 13a-13 of the Securities Exchange Act of 1934 and Rules 10b-5, 12b-20, 13a-1 and 13a-13 thereunder. As part of this order the Court also ordered penalties and interest in the amount of \$110,977.

The Company intends to work with the Securities and Exchange Commission in an effort to reach an amicable resolution of this matter.

**Item 1A. Risk Factors**

Risk Factors

An investment in the Company's common stock involves a high degree of risk. Investors should consider the following risk factors and the other information in this registration statement carefully before investing in the Company's common stock. The Company's business and results of operations could be seriously harmed if any of these risks actually happen.

*Change of Business*



The Company has recently changed its principal business focus, and accordingly faces risks which are generally present where a company enters into a new business. The Company has entered into a letter agreement dated March 4, 2007 with Dimensions, Inc. ( Dimensions ), an arms length party, relating to the grant by Dimensions of an exclusive license to use certain software and other intellectual property owned by or licensed to Dimensions having application within the gaming industry. It is intended that the Company will incorporate a new subsidiary company to hold the license from Dimensions, and that this subsidiary company will engage in the development and commercialization (through a second subsidiary of the Company) of gaming software. The Company's new business will depend on the success of management in commercializing the gaming technologies which it has licenses, and there is no guarantee that this will be successful, or that the revenues earned by the Company through such commercialization will meet or exceed the Company's expenses.

*The Company's Limited Operating History May Prevent it From Achieving Success.*

The Company's inception date was August 1997. It has a limited operating history, which may prevent it from achieving success. The Company's has had limited revenues and its operating profits are unproven. It will encounter challenges and difficulties frequently encountered by early-stage companies in new and rapidly evolving markets. The Company may fail to address any of these challenges and the failure to do so would seriously harm the Company's business and operating results. It has limited insights into trends that may emerge and affect the Company's business.

*The Company has Incurred Losses and Expects Future Losses*

The Company has experienced operating losses in each period since inception and expects to incur losses in the future. On March 31, 2007, the Company had an accumulated deficit of \$4,802. The Company expects to increase its operating expenses. As a result, the Company will need to achieve revenues and profits. The Company's failure to achieve revenues would seriously harm the Company's business and operating results. In fact, the Company may not have any revenue growth.

*Future Operating Results Will Likely Fluctuate*

The Company's quarterly operating results will likely vary significantly in the future, particularly as the Company has refocused its principal business activities into the area of commercializing technologies for use in the gaming industry. As a result, period-to-period comparisons of the Company's operating results will not be meaningful and should not be relied upon as indicators of the Company's future performance. In the future, the Company's operating results may be below the expectations of securities analysts and investors. The Company's failure to meet these expectations would likely depress the market price of the Company's common stock. To date, the Company has not had sufficient operating results to gauge any period-to-period fluctuations.

*Independent Certified Public Accountant's Opinion - Going Concern.*

The Company's financial statements for the year ended December 31, 2006, were audited by the Company's independent certified public accountant, whose report includes an explanatory paragraph stating that the financial statements have been prepared assuming the Company will continue as a going concern and that the Company has incurred operating losses since its inception that raise substantial doubt about its ability to continue as a going concern.

*Our majority shareholders may take action without shareholder vote.*

Under certain circumstances, our major shareholders, most of whom are also our officers and directors, may authorize or take corporate action without the notice, approval, consent or vote of the remaining stockholders, subject only to their obligation to timely notify the minority stockholders of the action taken.

*The Company Must Retain and Attract Key Personnel*

The Company's success depends largely on the skills, experience and performance of the members of its senior management and other key personnel. In the future, the Company's growth will depend upon its ability to attract and retain key management personnel.

*Reliance on Key Personnel*

The Company presently has no key employees. In the event the Company engages any person as a key employee in the future, the loss of services of such person could seriously harm the Company's business and would add a significant burden to the Company's future prospects.

*There may be potential conflicts of interest.*

Our officers and directors may be involved in other ventures and activities and may continue such activities in the future. If a specific business opportunity should become available, conflicts of interest may arise in the selection between the Company and the other ventures of the officers and directors. Since no policy has been formulated for the resolution of such potential conflicts, any conflicts which

arise will be settled on a case-by-case basis. There is no guarantee that such a conflict will not result in the Company's inability to participate in particular ventures.

*Future Sales of Shares Could Affect the Company's Stock Price*

If the Company's stockholders sell substantial amounts of the Company's common stock in the public market, the market price of the Company's common stock could fall. Of the Company's outstanding common stock as of March 31, 2007, 66.1% is eligible for sale in the public market immediately.

*Shareholders Will Receive No Dividends*

The Company has never paid dividends and has no current plans to do so. Given the Company's financial position, it is unlikely that it will pay any dividends in the foreseeable future. The Company plans instead to retain earnings, if any, to fund internal growth.

*The Company Needs Future Capital*

The Company needs to raise funds, and funds may not be available on favorable terms or at all. Failure to obtain funds on favorable terms could seriously harm the Company's business and operating results. Furthermore, if the Company issues additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of the holders of the Company's common stock. If the Company cannot raise funds on acceptable terms, it will seriously hamper its growth.

*Government Regulation*

The Company has recently refocused its principal business activities into the area of gaming technologies. The gaming business is significantly regulated, but for the most part such regulation applies to the conduct of gaming activities, and the processing of gaming transactions. Management believes that the Company is compliant with all applicable laws generally. However, due to the increasing usage of the Internet and to possible concerns about online gaming in general, it is possible that a number of laws and regulations may be adopted in the future that would affect our conducting business over the Internet. Presently there are few laws or regulations that apply specifically to the sale of goods and services on the Internet. Any new legislation applicable to us could expose us to substantial liability, including significant expenses necessary to comply with these laws and regulations, and reduce use of the Internet on which we depend. Furthermore, the growth and development of the market for e-commerce may promote more stringent consumer protection and privacy laws that may impose additional burdens on those companies conducting

business online. The adoption of additional laws or regulations may decrease the growth of the Internet or other online services, which could, in turn, decrease the demand for our services and increase our cost of doing business. For example in the future, we might be subjected to some or all of the following sources of regulation: state or federal banking regulations; federal money laundering regulations; international banking or financial services regulations or laws governing other regulated industries; or U.S. and international regulation of Internet transactions. The application to us of existing laws and regulations relating to issues such as banking, currency exchange, online gaming, pricing, taxation, quality of services, electronic contracting, and intellectual property ownership and infringement is unclear. In addition, we may become subject to new laws and regulations directly applicable to the Internet or our activities. If we are found to be in violation of any current or future regulations, we could be exposed to financial liability, including substantial fines which could be imposed on a per transaction basis; forced to change our business practices; or forced to cease doing business altogether or with the residents of one or more states or countries.

## **Item 2. Changes in Securities**

There were no new securities of the Company issued in the quarter ended March 3, 2007.

**Items 3. Defaults upon Senior Securities**

None

**Item 4. Submission of Matters to a Vote of Security Holders**

The Company's board of directors on March 19, 2007, approved the amendment to the Company's Certificate of Incorporation to change the name of the Company from Veridigm, Inc. to Magnus Entertainment Group Ltd.

Pursuant to Delaware law, the Company thereafter on March 30, 2007 received the written consent from shareholders of our company holding a majority of the outstanding shares of our common stock. The Company has filed a Preliminary Information Statement pursuant to Rule 14c-2 and in accordance with the provisions of the General Corporation Law of the State of Delaware, and intends to file a Certificate of Amendment to our Certificate of Incorporation as soon as practicable after the expiration of 20 days after we file the Information Statement with the Securities and Exchange Commission and caused the deliver of the Information Statement to our shareholders of record.

**Item 5. Other Information**

None

**Item 6. Exhibits.**

Index to Exhibits

\*Exhibit 31 Certification required by Rule 13a-14(a) or Rule 15d-14(a),

\*Exhibit 32 Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

\*Attached

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant caused this report to be signed on behalf by the undersigned, thereunto duly authorized on April 19, 2007.

Veridigm, Inc.

By:/s/ Jeffrey Eng

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Jeffrey Eng

President, Chief Executive Officer, and acting Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1934 this report signed below by the following person on behalf of the Registrant and in the capacities on the date indicated.

By:/s/ Alise Mills

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Director, Vice-President: Corporate Communications

May 12, 2007