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MERIDIAN HOLDINGS INC
Form 10KSB/A
November 09, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-KSB/A
Amendment Number 3

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Fiscal Year Period Ended December 31, 2004

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES
EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

COMMISSION FILE NUMBER: 0-30018

MERIDIAN HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

COLORADO

52-2133742

(State of Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification Number)

6201 Bristol Parkway, Culver City, California 90230

(Address of Principal Executive Offices)

(213) 627-8878

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last
report)

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 and, (2) has been subject to such filing
requirements for the past 90 days. Yes (X) No ()

The Registrant's revenues for the year ended December 31, 2004 were \$2,295,047

As of December 31, 2004, the Registrant had 14,370,649 shares of its \$0.001
par value common stock outstanding with a market capitalization of \$574,826

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EXPLANATORY NOTE

The Company has filed this amendment number 3 of the form 10KSB to enhance our disclosures, by disclosing our current percentage ownership in CGI Communications, Services, Inc., as well correction of dates in the table in Note 14 to the financial statement to reflect the appropriate re-statement period. We also corrected some data entry errors in the Item8a (Control and Procedures) to reflect the period for which the evaluation was conducted. We updated the certifications as required by sections 202 and 906 of the Sarbanes-Oxley Act of 2002.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

BUSINESS

The following section contains forward-looking statements that involve risks and uncertainties, including those referring to the period of time the Company's existing capital resources will meet the Company's future capital needs, the Company's future operating results, the market acceptance of the services of the Company, the Company's efforts to establish and the development of new services, and the Company's planned investment in the marketing of its current services and research and development with regard to future endeavors. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including: domestic and global economic patterns and trends.

Meridian Holdings, Inc. (the "Company") was incorporated under the laws of the State of Colorado on October 13, 1998. The Company is located in the City of Los Angeles, California, U.S.A. and provides management services to its' Affiliated group of Companies.

Meridian Holdings, Inc., assigns a dedicated team to each affiliated company and actively assists in their management, operations and finances. The Company seeks to maximize shareholder value by actively providing operational assistance and expertise to help its partner companies grow and develop and by giving its shareholders the opportunity to participate in the initial public offerings of its partner companies while retaining a significant ownership interest after the initial public offering.

Its network of partner companies creates an environment through which companies can leverage one another's information technology, operational experience, business contacts and industry expertise.

We plan to hire additional senior management personnel to lend expert guidance in further development of our business plan. Also, we will actively seek opportunities for strategic transactions intended to raise capital to develop our emerging business strategy, potentially including issuance of additional equity or debt instruments. In addition, we will continue to evaluate and may enter into strategic transactions, including mergers and acquisitions.

BUSINESS UNITS AND AFFILIATED PARTNERS

The Company has under management the following business units:

1. Capnet IPA
2. InterCare DX, Inc.
3. CGI Communications Services, Inc.

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4. Meridian Energy Corporation
5. Meridian Health Systems

CAPNET IPA

Capnet IPA ("Independent Physician Association"), with over 300 physicians, 15 community hospitals, 4 teaching Hospitals and other ancillary service companies contracted within its network, is the core component of Meridian Holdings, Inc. healthcare management division business. The linkage of these entities is imminent as the convergence of technology brings to bear the burden of information overload, currently one of the most critical problems in the healthcare industry. The Company believes that by using currently available

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Software technology, most of the healthcare industry information processing could be handled more efficiently. To be competitive, the Company must license leading technologies, enhance its existing services and content, develop new technologies that address the increasingly sophisticated and varied needs of healthcare professionals and healthcare consumers and respond to technological advances and emerging industry standards and practices on a timely and cost-effective basis.

InterCare DX, Inc.

InterCare DX, Inc. formerly known as Inter-Care Diagnostics, Inc., is organized in the State of California. The company is an innovative software products and services company specializing in providing healthcare management and information system solutions. The Company recently completed the development of ICE(tm) software, which comprises of three primary layers:

The strength of ICE(tm) application is derived from differentiated core technologies consisting of: Mainstream SQL Database with full open architecture ;human anatomy and graphical user interfaces that simplify documentation and information access; data mining and data query tools; end-user tool sets; and interface capabilities to facilitate peaceful coexistence with other systems. Over 10 years of research and development have been spent in the development of ICE(tm) software.

Benefits of ICE(tm) Products to Healthcare Payors and Providers:

ICE(tm) can seamlessly integrate with legacy systems (utilizing any off-the-shelf interface engine) through both HL7 and proprietary legacy interfaces. A 12-tier security paradigm offers industry leading confidentiality and control of information. Security "behavior" rules are fully configurable by privileged system administrator(s), without programming, through the underlying knowledge bases. ICE(tm)'s embedded security will be fully HIPAA (Health Insurance Portability and Accountability Act of 1996) compliant when the final rulings are released, and supports data compartmentalization down to the level of specific value in any data field.

CGI COMMUNICATIONS SERVICES, INC.

CORPORATE INFORMATION

CGI Communications Services, Inc., was incorporated under Delaware law on April 12, 1997. Its executive offices are at 900 Wilshire Blvd., Suite 500, Los Angeles, California 90017. Its telephone number is (213) 627-8878. Its fax number is (213) 627-9183. On December 10, 1999, Meridian Holdings, Inc., acquired 20% equity interest in the Company, in exchange for an aggregate of

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\$12,000,000 equity investment over 5 years.

By combining enabling technology with industry leading companies supplying telecommunications, medical products and services, CGI is poised to make InterCare, DX Inc.'s ICE(tm) suite of clinical applications, the global leader in providing comprehensive telemedicine and telecare solutions. CGI will now begin a Pilot-testing of this technology among over 300 healthcare providers affiliated with CAPNET IPA, an integrated healthcare delivery system, located in Los Angeles, California, managed by Meridian Holdings, Inc., the ASP version of ICE(tm) when released.

BUSINESS STRATEGY

CGI Communications Services, Inc., intends to capitalize on the enormous public attention focused on the Internet and the need for increased bandwidth by increasing its' telemarketing sales and technical support staff, targeting its advertising to its core audience, and by providing the most efficient, lowest-cost high speed Internet service in its service corridor. CGI is focusing

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its marketing efforts to specialty and small business entities.

Meridian Energy Corporation

Meridian Energy Corporation is a wholly owned subsidiary of Meridian Holdings, Inc., both Colorado Corporation., is a diversified energy and natural resource Company, seeking high returns with minimal risk, in the field of Electricity, Oil and Gas market. Meridian Operates, backs and invests in major exploration and exploitation organized by highly regarded geologist, geophysicists and other energy executives. The Company seeks highly visible opportunities in countries around the globe with a history of natural resource production that offer exciting and attractive propositions the company will seek to minimize risk by bringing in either joint venture, carried or working interest partners, depending on the size and scale of the project.

Meridian Health System

Meridian Health System, (VIP Concierge Medical Services Company) is a division of Meridian Holdings focusing on provision of tertiary medical specialty care for the international clientele in the U.S.A. The Company's mission is to provide access to the very best US physicians and hospitals for international patients and providers as well as reduce and mitigate access barriers to US healthcare. The Company serves as a single point of contact and accountability for patients, families, physicians, allied health, hospitals and vendors.

MANAGEMENT OF POTENTIAL GROWTH

The Company has rapidly and significantly expanded its operations and anticipates that further expansion will be required to address potential growth in its customer base, to expand its product and service offerings and its international operations and to pursue other market opportunities. The projected expansion of the Company's operations and employee base will place a significant strain on the Company's management, operational and financial resources. To manage the expected growth of its operations and personnel, the Company will be required to improve existing and implement new transaction-processing, operational and financial systems, procedures and controls and to expand, train and manage its growing employee base. There can be no assurance that the Company's current and planned personnel, systems, procedures and controls will be adequate to support the Company's future operations, that management will be able to hire, train, retain, motivate and manage required personnel or that Company management will be able to successfully identify, manage and exploit existing and potential market opportunities. If the Company

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is unable to manage growth effectively, such inability could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

NEW BUSINESS AREAS

The Company intends to expand its operations by promoting new or complementary products or sales formats and by expanding the breadth and depth of its product or service offerings. Expansion of the Company's operations in this manner would require significant additional expenses, development, operations and editorial resources and would strain the Company's management, financial and operational resources. Furthermore, the Company may not benefit from the first-mover advantage that it will experience in the online high technology market and gross margins attributable to new business areas may be lower than those associated with the Company's existing business activities prior to the introduction of new products or line of business. There can be no assurance that the Company will be able to expand its operations in a cost-effective or timely manner. Furthermore, any new business launched by the Company that is not favorably received by consumers could damage the Company's reputation or the Bolingo.com brand. The lack of market acceptance of such efforts or the Company's inability to generate satisfactory revenues from such expanded services or products to offset their cost could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

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INTERNATIONAL EXPANSION

The Company intends to expand its presence in foreign markets. To date, the Company has only limited experience in sourcing, marketing and distributing products on an international basis and in developing localized versions of its Web site and other systems. The Company expects to incur significant costs in establishing international facilities and operations, in promoting its brand internationally, in developing localized versions of its Web site and other systems and in sourcing, marketing and distributing products in foreign markets. There can be no assurance that the Company's international efforts will be successful. If the revenues resulting from international activities are inadequate to offset the expense of establishing and maintaining foreign operations, such inadequacy could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. In addition, there are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, export and import restrictions, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, political instability, fluctuations in currency exchange rates, seasonal reductions in business activity in other parts of the world and potentially adverse tax consequences, any of which could adversely impact the success of the Company's international operations. There can be no assurance that one or more of such factors will not have a material adverse impact on the Company's future international operations and, consequently, on the Company's business, prospects, financial condition and results of operations.

BUSINESS COMBINATIONS AND STRATEGIC ALLIANCES

The Company may choose to expand its operations or market presence by entering into business combinations, investments, joint ventures or other strategic alliances with third parties. Any such transaction would be accompanied by the risks commonly encountered in such transactions. These include, among others, the difficulty of assimilating the operations, technology and personnel of the combined companies, the potential disruption of the Company's ongoing business, the inability to retain key technical and managerial personnel, the inability of management to maximize the financial and strategic position of the Company through the successful integration of acquired businesses, additional expenses

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associated with amortization of acquired intangible assets, the maintenance of uniform standards, controls and policies and the impairment of relationships with existing employees and customers. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such business combinations, investments, joint ventures or other strategic alliances, or that such transactions will not have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

RAPID TECHNOLOGICAL CHANGE

To remain competitive, the Company must continue to enhance and improve the responsiveness, functionality and features of the its Internet websites. The Internet and the online commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing Web site and proprietary technology and systems obsolete. The Company's success will depend, in part, on its ability to license leading technologies useful in its business, enhance its existing services, develop new services and technology that address the increasingly sophisticated and varied needs of its prospective customers and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of Web site and other proprietary technology entails significant technical, financial and business risks. There can be no assurance that the Company will successfully implement new technologies or adapt its Web site, proprietary technology and transaction-processing systems to customer requirements or emerging industry standards. If the Company is unable, for

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technical, legal, financial or other reasons, to adapt in a timely manner in response to changing market conditions or customer requirements, such inability could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. The Company's future success also depends on its ability to identify, attract, hire, train, retain and motivate other highly skilled technical, managerial, editorial, merchandising, marketing and customer service personnel. Competition for such personnel is intense and there can be no assurance that the Company will successfully attract, assimilate or retain sufficiently qualified personnel. In particular, the Company has encountered difficulties in attracting a sufficient number of qualified software developers for its Web site and transaction-processing systems and there can be no assurance that the Company will retain and attract such developers. The failure to retain and attract the necessary technical, managerial, editorial, merchandising, marketing and customer service personnel could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

ACQUISITIONS

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business.

EMPLOYEES

As of December 31, 2004, the Company had approximately 15 full-time employees. Of the total, 10 were employed at the Company's executive offices. No employee of the Company is covered by a collective bargaining agreement or is represented by

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a labor union. The Company considers its employee relations to be good.

ITEM 2. DESCRIPTION OF PROPERTY

The Company's corporate offices are located at 900 Wilshire Boulevard, Suite 500, Los Angeles, California 90017. The Company is required to pay \$5,791.00 per month rental. The Company was required to make a lease deposit of \$5,186.00. The lease expires on February 28, 2005. The telephone number is (213) 627-8878. The Company has additional office space located at 1601 Centinela Avenue, Inglewood, California 90302. The Company is required to pay \$1,560.00 per month rental. The Company was not required to make a lease deposit. This lease is on a month to month basis.

ITEM 3. LEGAL PROCEEDINGS

On July 19, 2001, Ventures & Solutions, LLC, filed a lawsuit against the company, styled Ventures & Solutions, LLC, Plaintiff v. Meridian Holdings, Inc., Defendant, Circuit Court of Alexandria, Virginia, Case No. C10517. The company was served with a copy of the Complaint on August 6, 2001. Plaintiff has alleged that the company owes it approximately \$29,000.00, pre and post judgment interest, and attorneys' fees and costs. The Virginia court ruled in favor of the plaintiff, for the actual amount claimed owed in April 2003. The Company is currently in negotiation with the Judgment Creditor

On May 6, 2003, the registrant was served with a summons for a lawsuit filed in the District Court of Jerusalem, Case No A3359/01(BSA 1646/03) titled "Dr. Danny Basel vs Corsys Group LTD; Meridian Holdings, Inc., and Anthony C. Dike." The plaintiff is seeking amongst other things: enforcement of contract, compensation, negligent misrepresentation, cause in breach of contract and equitable relief. The registrant has been advised that Dr. Basel's employment was terminated for cause by Corsys Group LTD, due to intentional interference with contract and other economic relationship; and negligent

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interference with economic relationship; breach of fiduciary duty and other complicity in the Sirius/MedMaster matter as disclosed previously with SEC, which resulted in significant loss of income and future business opportunities. The Company is awaiting the final court ruling in this matter.

On January 8, 2004, a default judgment was entered in favor of the registrant, by the Los Angeles County Superior Court in a case titled Meridian Holdings, Inc. versus Sirius Technologies of America, a Delaware Corporation Case Number BC256860. The amount of the judgment including damages, court cost and punitive damages are \$30,687,926, with a pre-judgment interest at the annual rate of 10%. This amount and potential interest has been reflected in the balance sheet and the income statement as a judgment receivable. Management is pursuing all collections options regarding this judgment.

From time to time, we may be engaged in litigation in the ordinary course of our business or in respect of which we are insured or the cumulative effect of which litigation our management does not believe may reasonably be expected to be materially adverse. With respect to existing claims or litigation, our management does not believe that they will have a material adverse effect on our consolidated financial condition, results of operations, or future cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On March 6, 2004 the shareholders voted to re-appoint Mr. Andrew Smith CPA, as the Company's independent accountant for the fiscal year ended December 31, 2003. Also, the shareholders re-approved the Registrants' 2001 stock option

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plan for 2004, as well as the election of the following directors for another one year term:

Mr. James Truher
Mr. Michael Muldavin
Mr. Randy Simpson
Mrs Marcelina Offoha

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTER

The Common Stock is currently quoted on the OTC Bulletin Board, maintained by the National Association of Security Dealers, Inc. under the Symbol: MRDH, and there is presently only a very limited market for the Common Stock. Historically the spread between the bid and asked price of the Company's Common Stock has been large, reflecting limited trading in the stock. The price range of the Company's Common Stock has varied significantly in the past months, ranging from a high bid of \$1.00 and a low bid of \$0.04 per share. The trading price for the Common Stock has fluctuated widely in the recent past. The above prices represent inter-dealer quotations without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

The following information with respect to the high and low bid price of our shares was obtained from the National Quotation Bureau.