

CROFF ENTERPRISES INC  
Form 8-K  
July 30, 2009  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 27, 2009**

**CROFF ENTERPRISES, INC.**

(Exact name of registrant as specified in its charter)

**Utah**  
(State or other jurisdiction  
of incorporation)

**000-16731**  
(Commission File Number)

**345 North Maple Drive, Suite 208**

**87-0233535**  
(IRS Employer  
Identification No.)

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**Beverly Hills, CA 90210**

**(Address of principal executive offices and Zip Code)**

**(310) 746-5652**

**(Registrant's telephone number, including area code)**

**9903 Santa Monica Blvd., Suite 287, Beverly Hills, CA 90212**

**(Former name or former address since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
  
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
  
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This report contains certain forward-looking statements (as such term is defined in Section 27A of the Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act ) and information relating to the Company that are based on the current beliefs of the Company's management as well as assumptions made by and information currently available to management, including statements related to the markets for the Company's products, general trends and trends in the Company's operations or financial results, plans, expectations, estimates and beliefs. When used in this report, the words anticipate, believe, estimate, expect, intend, plan, predict, opinion, will and similar expressions and their variants, as they relate to the Company or the Company's management, may identify forward-looking statements. Such statements reflect the Company's judgment as of the date of this report with respect to future events, the outcome of which is subject to certain risks, including the risk factors described herein, which may have a significant impact on the Company's business, operating results or financial condition. You are cautioned that these forward-looking statements are inherently uncertain. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein. See Item 2.01. Risk Factors for examples of factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected or assumed in our forward-looking statements. The Company undertakes no obligation to update forward-looking statements.

**EXPLANATORY NOTE**

Upon the closing of the Agreement and Plan of Reorganization as described more fully below, Croff Enterprises, Inc., a Utah corporation ( Croff ), became the parent company of America's Minority Health Network, Inc., a Delaware corporation ( America's Minority Health Network ). Unless otherwise provided in this current report on Form 8K (the Report ), all references in this Report to we, us, our Company, our, Croff, Company, or the Registrant refers to the combined Croff Enterprises, Inc. entity, together with its wholly owned subsidiary, America's Minority Health Network. Unless otherwise indicated in this Report, all references in this Report to the Company's Board of Directors shall refer to the Board of Directors of Croff, which was reconstituted upon the closing of the Agreement and Plan of Reorganization. The business operations of Croff following the Agreement and Plan of Reorganization consist of those of its subsidiary, America's Minority Health Network. This Report contains summaries of the material terms of various agreements executed in connection with the Agreement and Plan of Reorganization and subsequent transactions.

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**Item 1.01 Entry into a Material Definitive Agreement.**

On July 6, 2009, Croff Enterprises, Inc., a Utah corporation ( Croff ), entered into an Agreement and Plan of Reorganization (the Agreement ) with AMHN Acquisition Corp., a newly formed Delaware corporation and wholly owned subsidiary of Croff ( Merger Sub ), America s Minority Health Network, Inc., a Delaware corporation ( America s Minority Health Network ) and the major shareholders of the America s Minority Health Network (the Major Shareholders ). The terms of the Agreement provide for (i) the transfer of 100% of the issued and outstanding shares of common stock of America s Minority Health Network in exchange for the issuance to the shareholders of American s Minority Health Network of an aggregate of 13,693,689 shares of common stock of Croff (the Croff Common Stock ) at a conversion ratio where one share of America s Minority Health Network is converted into 13,693.689 shares of Croff; (ii) the resignations of Croff s officers and directors prior to the consummation of the Agreement and the election and appointment of officers and directors as directed by America s Minority Health Network; and (iii) America s Minority Health Network to become a wholly owned subsidiary of Croff. A full description of the terms of the Agreement (the Transaction ) is set forth in the Agreement as filed as an exhibit to the Report on Form 8-K filed with the Securities and Exchange Commission on July 10, 2009 and is also contained in our discussion of the Transaction in Item 2.01 below.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

**AGREEMENT AND PLAN OF REORGANIZATION WITH**

**AMERICA S MINORITY HEALTH NETWORK, INC.**

On July 27, 2009, the Closing Date of the Transaction pursuant to the terms and conditions of the Agreement, Croff acquired 100% of the issued and outstanding shares of America s Minority Health Network in exchange for the issuance of an aggregate of 13,693,689 shares of Croff Common Stock. In accordance with the provisions of this triangulated merger, Merger Sub shall be merged with and into America s Minority Health Network as of the Effective Date of the Agreement, as that term is defined therein. Upon consummation of the Agreement and all transactions contemplated therein, the separate existence of Merger Sub shall cease, Croff becomes the surviving parent corporation, and America s Minority Health Network becomes its wholly owned subsidiary.

**Forward Split**

Prior to and in anticipation of the Transaction, the Croff Board of Directors consented to and approved a three-for-one forward split of Croff s 1,017,573 issued and outstanding shares of Common Stock (the Forward Split ) while maintaining the current number of authorized shares of Common Stock (50,000,000 shares) and the current par value per share (\$0.10). The Company set the Record Date for determining the shareholders entitled to receive the Forward Split shares as July 23, 2009, with a Pay Date of July 24, 2009. As a result of the Forward Split, each share of Common Stock outstanding on the Record Date, without any action on the part of the holder thereof, became three shares of Common Stock. This action increased the number of shares of Common Stock outstanding to 3,052,719 while keeping the number of authorized shares and par value of such shares the same. On the Pay Date, the Company s transfer agent issued and mailed to the eligible shareholders of record, two additional shares of Common Stock for each share of Common Stock held by the shareholder, thereby effectuating the Forward Split on a 3:1 basis.

Based upon 1,017,573 shares of Common Stock outstanding on the Record Date, the Forward Split would increase the outstanding shares of Common Stock by 200% and 3,052,719 shares of Common Stock became outstanding. Consummation of the Forward Split did not result in a change in the relative equity position or voting power of the shareholders of Croff.

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**Surrender of Shares by Croff Majority Shareholder and Issuance of Shares After Closing**

In contemplation of the Transaction and immediately after the consummation of the above-referenced Forward Split, Terrace Lane, LLC, a Delaware limited liability company ( Terrace ), an entity that was a majority shareholder of Croff prior to the Closing of the Transaction, surrendered 100% of its shares of Common Stock of Croff (1,935,000 shares) to Croff. The shares were cancelled and returned to the authorized but unissued shares of Croff. Pursuant to the terms of the Agreement and subsequent to the Closing of the Transaction, Croff issued Terrace 403,802 shares of Common Stock, which shares were covered under a Registration Rights Agreement granting Terrace piggy back registration rights for the shares. The Registration Rights Agreement is attached as an exhibit to this Report.

**Interim Funding For America s Minority Health Network by Strategic Vendor and Principal Shareholder**

As of the date of the Closing, America s Minority Health Network advised that it has no less than seventy-seven (77) subscriptions from African-American doctors for the services offered by the network. As of the date of this Report, of the seventy-seven (77) subscription commitments from doctors, approximately fifty-two (52) locations are currently installed and running programming.

Prior to the Closing, America s Minority Health Network received a letter from Seatac Digital Resources, Inc., offering funding or commitments for funding in the form of short term loans that in the aggregate may amount up to \$500,000 to cover operations of American s Minority Health Network for six (6) months. Through Seatac Digital Resources, Inc., a strategic vendor and principal shareholder whose relationship is discussed herein under *Current Business of Our Company-Strategic Vendors* ( Seatac ), America s Minority Health Network obtained (i) a \$100,000 loan through the issuance of a five-percent (5%) promissory note due on demand (the Note ), and (ii) a letter of commitment for an additional loan of up to \$500,000 ( Commitment Letter ), as noted above. The Note and Commitment Letter are attached as exhibits to this Report. The details of these transactions are further discussed herein under *Certain Relationships and Related Transactions and Director Independence*.

**Aggregate Beneficial Ownership of Croff s Common Stock After the Transaction**

On the Closing Date, and after giving effect to (i) the Forward Split, (ii) the surrender of 1,935,000 shares owned by Terrace, (iii) the issuance of 403,802 shares to Terrace, and (iv) the issuance of the 13,693,689 shares of Croff Common Stock to the shareholders of America s Minority Health Network, there are 15,215,210 shares of Common Stock of Croff issued and outstanding. The aggregated beneficial ownership of the Company s shares of outstanding Common Stock on a fully diluted basis is as follows:

The shareholders who exchanged their shares of America s Minority Health Network stock in connection with the Transaction acquired an aggregate beneficial ownership of ninety percent (90%) of the issued and outstanding shares of Common Stock of Croff; and

Persons beneficially owning 100% of the shares of Common Stock of Croff immediately prior to the consummation of the Transaction were diluted to an aggregate beneficial ownership of ten percent (10%) of the issued and outstanding shares of Common Stock of Croff.

A discussion of beneficial ownership of our directors, officers and principal shareholders is set forth herein in *Security Ownership of Certain Beneficial Owners and Management*.

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**THE BUSINESS**

**Corporate Overview and History of Croff**

The Company was incorporated in Utah in 1907 under the name Croff Mining Company. The Company changed its name to Croff Oil Company in 1952 and in 1996 changed its name to Croff Enterprises, Inc. In the twenty (20) years prior to 2008, the Company's operations consisted entirely of oil and natural gas production. Due to a spin-off of its operations, the Company has no business operations or revenue source, and has reduced its operations to a minimal level, although it continues to file reports required under the Securities Exchange Act of 1934. As a result of the spin-off and prior to the Transaction described herein, the Company was a shell company under the rules of the Securities and Exchange Commission (SEC). The Company's office is located at 345 North Maple Drive, Suite 208, Beverly Hills, California 90210.

Pursuant to the Transaction described in Item 2.01 above, Croff acquired America's Minority Health Network, Inc., a Delaware corporation (America's Minority Health Network), as a wholly owned subsidiary on July 27, 2009 and ceased being a shell company. Additionally, due to the Transaction, Croff experienced a change in control and the former shareholders of America's Minority Health Network acquired control of the Company. Unless otherwise stated or unless the context otherwise requires, the description of our business set forth below is provided on a combined basis, taking into account our newly-acquired wholly owned subsidiary, America's Minority Health Network.

**Corporate Overview and History of America's Minority Health Network, Inc.**

America's Minority Health Network, Inc. was incorporated in the State of Delaware in April 2009. It is a development stage company that was formed to provide direct-to-consumer television programming in 100 subscribing African-American medical offices across the United States with a rollout plan for an additional 900 subscribing locations. Each month, the network digitally delivers updated healthcare segments and advertising in high definition directly to waiting rooms of subscribing offices.

America's Minority Health Network maintains a website at [www.AMHNTV.com](http://www.AMHNTV.com).

**Current Business of Our Company**

As of July 27, 2009, the Closing Date of the Agreement, our Company's sole business became that of our subsidiary, America's Minority Health Network. America's Minority Health Network is a place-based provider of digital video education for medical practices who primarily service minorities. Research has shown that due to socioeconomic and sociopolitical issues, African-Americans suffer from exceptionally high mortality and morbidity rates. Lack of proper healthcare education has been cited as one of the factors leading to higher health risks for the African-American community. America's Minority Health Network provides a digital platform to increase African-American health education awareness that can increase the longevity and well-being of African-American men and women, while providing relevant advertising of related products. America's Minority Health Network has created a viable solution to meet the needs of physicians who are constantly searching for ways to better inform their patients and for advertisers that are searching for ad space to communicate specific products to African-Americans.

America's Minority Health Network currently provides direct-to-consumer television programming across the United States to seventy-seven (77) subscribing medical offices with a predominantly African-American patient base, with an intended rollout plan to one thousand (1,000) subscribing locations in our first phase. Each month updated healthcare segments and relevant advertising are digitally delivered in high

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definition directly to waiting rooms filled with a well-defined African-American target audience. Medical office waiting rooms provide a captive audience with the typical presence of over 1,000 patients per month per location, where viewers are pre-disposed to watch and listen to the pertinent information offered.

America's Minority Health Network offers an innovative African-American education tool for doctors to use in promoting the health and welfare of the African-American community. Programming is viewed in the doctor's reception area and designed to encourage minority patients to seek further information on the programming and advertising from their healthcare provider. The engaging programming creates awareness about preventative health care measures while educating African-Americans on specific minority related issues and illnesses.

Programming is delivered in high definition using the existing high-speed Internet connection in each subscribing physician's office. The programming is broadcast on a 32" LCD monitor and digital media server provided by us free of charge. Segments are broadcast on state-of-the-art equipment with full audio/video and on-screen subtitles in either English or Spanish. The digital media system is installed and maintained by us at no charge to participating offices. The digital system is programmed to coincide with office hours. Our network is advertiser-supported which enables us to offer a complimentary three-year subscription to physician's offices. The subscription includes installation and servicing of the equipment and periodically updated programming for the three-year term.

America's Minority Health Network currently has seventy-seven (77) locations installed or under contract for installation, and fourteen (14) programming segments are being distributed to the installed offices via our broadband delivery system. All content, scripts and advertisements will be selected and reviewed for relevancy and accuracy by our medical advisory board we are forming. Scripts are sent to our production vendor for creation of programming and final insertion of educational segments and advertisements.

Advertisers are assured that our advertising model fulfills the following important expectations for maximizing return on their investment:

- a) Frequency of Program Exposure Each advertisement runs once per hour per spot purchased. Every hour has 22 available commercial spots along with 22 billboard ads (12 minutes of advertising). With each spot purchased, we offer a free billboard advertisement in the opposing half hour, assuring exposure to every viewer within the average waiting time.
- b) Point of Care Advertising on our network is targeted specifically to patients at a time when they are waiting for healthcare and generally more willing to listen, comprehend and consider healthcare issues and health related products. Patients' increased awareness and interest can translate into more in-depth conversations with their personal doctors.
- c) Captive Targeted Audience We provide a captive, targeted audience comprised of African-Americans who are unable to ad skip or channel surf through commercials. Advertisers are able to generate highly effective ads due to the niche specific audience demographic.
- d) Perceived Recommendations Advertising viewed in the waiting room may instinctively be perceived to be endorsed by the patient's most trusted healthcare advisor their own doctor. For this reason, we plan for all advertising on our network to be rigorously scrutinized by our medical advisory board prior to being presented to the patient.
- e) Programming Surveys Programming is streamed directly to the medical office waiting room via broadband Internet and displayed on a digital flat screen, 32" viewing system equipped with a digital player. As advertisers require that demographic reporting be accessible at any time, the system includes real-time monitoring to provide (i) hours of programming viewed per day, (ii) segments broadcast, and (iii) advertising displayed. This reporting provides advertisers with the confidence that the product message is reaching their targeted audience.



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### **Benefits to the Medical Practice**

Our network reaches African-Americans during a receptive time when information gathered from programming and advertising is directed to a patient who is more responsive to the recommendations of their healthcare provider and who is open to scheduling additional services. Our network's system also enhances the aesthetics of the waiting rooms while providing detailed and relevant educational programming.

### **Benefits to African-American Patients**

Our network educates African-American patients in an engaging and informative manner. We encourage patients to ask their healthcare provider questions about their personal healthcare including minority specific illnesses and issues. Patients better understand standards of care, resulting in more effective healthcare communication with their healthcare provider and African-American patients benefit from top quality products and medical services promoted on America's Minority Health Network.

### **Benefits to Sponsors and Advertisers**

Our network offers a rare and valuable opportunity to present the advertiser's product in a controlled environment outside of the home, free from distractions and remote controls. We provide a credible environment where consumer purpose, programming content and advertiser message meet and interact. The advertiser's message carries an implied recommendation of the viewer's personal doctor or healthcare provider. Our captive audience is unable to ad skip or channel surf through commercial air time and already has an emotional connection to the message due to the targeted material and the environment.

### **Overview of Digital Signage Industry**

The cornerstone of America's Minority Health Network's operation model is the digital signage network. Wikipedia defines digital signage as a form of electronic display that shows information, advertising or other images and is usually located in public and private environments like retail stores and corporate offices. Advertising using digital signage is a form of Out-of-Home advertising in which content and messages are displayed on digital signs with a common goal of delivering targeted messages to specific locations at specific times. The benefits of digital signage over traditional static signs are that the content can be exchanged more easily, animations can be shown, and the signs can be adapted to the context and audience. Digital signage also offers superior return on investment compared to traditional printed signs.

Some of the places that digital signage is used today include:

Airports, train and bus stations to keep travelers up-to-date on arrival and departure times while providing an advertising vehicle for on-premise shops and restaurants.

Waiting rooms, including other non-niche related spaces like medical offices, dental offices, veterinarian offices, and associated testing labs.

Retail spaces to communicate with customers about in-store specials, to direct customers to other parts of the store, to manage traffic and hotspots, and to convey brand messages.

Banks to display interest rates and key product information including lifestyle messages and branding.

Casinos and entertainment venues to create a customer experience that is consistent with the ambiance and atmosphere of excitement.

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It is important to understand that digital signage is increasingly becoming the venue of media advertising as it effectively addresses five key areas: (i) place, (ii) time, (iii) audience, (iv) content, and (v) cost/benefit analysis.

**Place:** Because the specific location of each of our network displays is known, this information can be leveraged to deliver more appropriate and relevant content to the particular office location. Content can then be strategically created with this in mind to help maximize our advertisers' return on investment.

**Time:** Our network is controlled by a remote computer system and content is served to the player and screen. Understanding the average doctors' office waiting time enables us to carefully divide content into 22 spots per hour.

**Audience:** Understanding the time/place of our African-American audience niche, demographic and psychographic information can be well specified. This allows for highly relevant narrowcasting that enables our advertisers to better connect with the audience.

**Content:** Having dynamic, digital, full-motion audio/video content has numerous advantages over other forms of advertising. Compared to print, the content creation and distribution is far more rapid and less costly. Additionally, the content can be customized and tailored on-the-fly to each display device separately. Finally, the medium allows for various types of media to be displayed including, video, billboard/display, animation, and text messages.

**Cost/Benefit Analysis:** Until very recently, the idea of deploying a flat screen (or a network of flat screens) simply wasn't viable or cost effective. Screens were too expensive, too big, and had too short a lifespan. The meager and anemic Return on Investment (ROI) would not justify the time and expense. The LCD/Plasma revolution changed the rules. Screens are now so affordable they can rival the printing costs of static posters. They are thin, lightweight, and are capable of being mounted on a wall, which means CRT monitors hanging on ceiling mounts are a thing of the past. Screens can communicate with computer networks and download new content via broadband Internet, eliminating the days where employees hand delivered VCR tapes to players.

One of the major decisions that digital signage networks are faced with has to do with connectivity, or how the screens in the network are going to be connected. With widespread distribution and availability of broadband Internet access, the popular choice to date has been the use of a hard-wired Intranet system similar to a local area network (LAN) in an office environment. All screens are connected using CAT5 Ethernet cables (now with a Wi-Fi-option) and have direct access to the Internet.

## **Strategic Vendors**

We have outsourced our system integration, network management, and content creation through strategic relationships with highly experienced out-of-home (OOH) network industry experts including Seatac Digital Resources, Inc. and Saddle Ranch Productions, Inc. These companies are principal shareholders of the Company, each owning 27% of our outstanding shares of Common Stock and an executive from each Company serves as a member of our Company's board of directors.

### **Seatac Digital Resources, Inc.**

Seatac Digital Resources, Inc., a Delaware corporation (Seatac), is an experienced integrator in the healthcare based OOH network space. Seatac has installed more than 5,000 screens in medical offices around the United States and is the system integrator for KidCARE Medical Television Network, Inc.,

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Women's HealthCARE Television Network, Inc., and PetCARE Television Network, Inc., networks with a similarly based subscription and advertising supported network directed to a niche market. Seatac not only provides our system integration, but also our network management and maintenance support. Seatac is responsible for procuring all equipment, kitting hardware packages, and handling shipping and installation logistics. Once the hardware installation is complete, Seatac becomes responsible for our total network management and overall functionality of our network.

Through our association with Seatac, our network is provided the following unique features:

Web browser based operation

Easily scalable from 10 to 10,000+ media players

Superb network monitoring leading to high reliability and lowest total cost of ownership

Highly secure architecture

On screen sophisticated interactive play-list editor

Content management and distribution

Digital asset management

Reporting and market analysis

Support for synchronized screens

Central, regional or local content distribution support

We pay Seatac a service and maintenance fee of \$87 per location per month. To date, 52 locations have been installed and are currently running programming with an additional 25 offices under contract.

In May 2009, America's Minority Health Network paid Seatac an advance of \$350,000 for equipment for its first 100 locations at \$3,500 each. On July 22, 2009, Seatac loaned America's Minority Health Network an additional \$100,000 for working capital, as discussed herein under *Certain Relationships and Related Transactions and Director Independence*.

**Saddle Ranch Productions, Inc.**

Saddle Ranch Productions, Inc., located in Los Angeles, California ( Saddle Ranch ), is a leading content provider for the medical OOH network space. Saddle Ranch has extensive experience creating content for OOH networks including the programming for KidCARE Medical Television Network, Inc., Women's HealthCARE Television Network, Inc., and PetCARE Television Network, Inc. Saddle Ranch has produced an extensive library of almost 500 programming segments for OOH networks as well as long and short commercial spots.

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We have an agreement with Saddle Ranch to provide us cost efficient services as our content creator. In May 2009, America's Minority Health Network paid Saddle Ranch an advance of \$350,000 to cover the production of the first 35 programming segments. To date, 14 segments have been produced and delivered. Each segment costs us \$10,000 and has a running time of approximately five (5) to eight (8) minutes.

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**Production Talent and Content Categories**

Sky Kelley, our President and Chief Executive Officer, is the featured spokesperson for our network's content segments. Current and future segments covering various African-American health related issues are as follows:

ADHD	Health Insurance
Alzheimer's	Heart Disease
Arthritis	Hepatitis
Asthma	HIV/AIDS
Avoiding Heart Attacks	Kidney Disease
Breast Cancer	Middle-Age Lifestyles
Caregivers	Migraines
Cholesterol	Obesity
Clinical Trials	Oral Care
Colon Cancer	Osteoporosis
Congestive Heart Failure	Pregnancy
Cosmetic Surgery	Prostate Cancer
Depression	Respiratory Ailments
Diabetes	(with allergies)
Erectile Dysfunction	Respiratory Ailments
Family Planning	(without allergies)
Fitness	Sickle Cell Disease
Foot Care	Skin Care
GERD (Acid Reflux Disease)	Sleep Deprivation
Glaucoma	Smoking
Health and Wellness	Stroke

**Marketing Strategy**

The OOH network industry is rapidly becoming the most effective platform for new media advertising. PQ Media, the leading provider of alternative media research, forecasted that domestic OOH network spending will grow at a compound annual rate of 12.9% from 2007 to 2012. The creation of the DVR has negatively affected the power of the advertising dollar. Consumers no longer serve as captive audience members

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and, therefore, traditional media outlets such as television and radio are less attractive to brands and ad agencies. In order to gain a better return on investment from each advertising dollar, agencies and brands are searching for creative ways to reach consumers. America's Minority Health Network will provide both a captive audience to advertisers and an African-American niche specific customer base that, until now, has been difficult to reach.

America's Minority Health Network is the first OOH digital network company to focus its efforts on the niche specific African-American market. We recognize the need in the African-American community for minority specific health information and the desire of the advertising agencies to find an outlet to reach African-American consumers. We provide a digital platform to increase African-American health education awareness while providing relevant advertising that may increase the longevity and well-being of African-American men and women. We plan to market to doctors currently serving the African-American community and to advertising agencies and brand representatives focused specifically on marketing products to the African-American niche market. We believe our marketing plan will position our network as the leader in the minority OOH network space.

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America's Minority Health Network's comprehensive marketing plan has already generated significant interest for the network during preliminary beta testing. The two core components of our plan that will contribute to our success are subscription sales and advertising sales. We recruit new medical office locations through our subscription sales department. Our advertising sales department is responsible for selling ad space and sponsorships on our network.

### **Subscription Sales**

According to the 2005 Health Affairs Study conducted by the Center for Studying Health System Change in Washington, D.C., there are approximately 30,000 physicians nationwide with a predominantly African-American patient base. We believe we can provide a strategic solution for them to increase revenue and reduce costs. The three ways that these doctors can increase revenue are to (i) service more patients, (ii) sell more services to patients that they already serve, or (iii) charge more per patient. We believe our network's system will be welcomed in their offices because it provides much-needed educational services to African-American patients, increases the doctor's professional image, and produces benefits with no out-of-pocket costs from the doctors. Our educational programming's focus and niche-specific product advertising will assist in increasing the number of services and products that patients become aware of and consume. Doctors will benefit financially from an increase in patient education as an informed patient is more inclined to be receptive to additional services.

Using a proprietary database, our subscription sales arm tailors its marketing efforts to physicians serving a majority of African-American patients. First, we contact the doctors through direct mail and then follow up with a personal phone call to educate the doctor on our network and its benefits to the doctor and patients. Each physician is given a complimentary three-year subscription including installation of the system at no charge. Once the doctor agrees to allow the television installation, we add the doctor to our running list of subscribers. We then take the running list of subscribers to potential advertisers to peek interest in ad sales.

### **African-American Market Analysis**

As of 2008, according to Target Market News, the Black Consumer Market Authority, the African-American U.S. niche market had an estimated purchasing power of \$913 billion dollars annually. This community represents 12.3% of the total U.S. population and spends \$17.8 billion dollars on healthcare annually. It is due to various socioeconomic and sociopolitical issues that African-Americans suffer from exceptionally high mortality and morbidity rates relative to other racial groups. Lack of proper healthcare education has been cited as one of the factors that leads to higher health risks for the African-American community.

The Selig Center for Economic Growth is an organization primarily responsible for conducting research on economic, demographic, and social issues related to the current and future growth of the State of Georgia. In 2008, they reported that African-Americans will constitute the nation's largest racial minority market and their economic clout will energize the U.S. consumer market as never before. The Selig Center projects that the nation's African-American buying power will rise from \$913 billion in 2008 to \$1.2 trillion in 2013, with total buying power accounting for almost nine cents out of every dollar.

According to TSN Media Intelligence, advertisers spent approximately \$458 million in 2002 to reach African-Americans through African-American media properties. In 2006, that spending increased by 72.8% to total \$791 million. To refine our market, we identified the top 10 advertising categories on which we should place our focus, including communications, automotive (and accessories and equipment), direct response companies, media and advertising, cosmetics and beauty aids, government and politics, personal hygiene and health, hair products and accessories, restaurants, and audio/video equipment and supplies.

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We categorized advertisers that target African-American consumers and identified the top ten companies spending the most money on advertising to capture that market as Procter & Gamble Co., Johnson Publishing Co., Inc., General Motors Corp., National Amusements, Inc., L. Oreal SA, Time Warner, and PepsiCo, Inc.

### Advertising Sales

Based on the above market analysis, we have successfully developed a two tier advertising sales methodology by designing a strategy that uses both a brand pitch and an ad agency pitch. We leverage the running list of subscribers to attract brand and agencies advertising dollars. By concentrating on the top 10 African-American advertising agencies and the top advertisers in the market, we are able to achieve an advertising sales timeframe of eight-to-twelve weeks. We are currently targeting the following top 10 African-American Advertising Agencies:

GlobalHue

Carol H. Williams Advertising

Burrell; Communications Group (Publicis) Chicago

Uniworld Group (WPP)

Matlock Advertising & Public Relations

FuseE. Morris Communications

Footsteps (Omnicom)

Anderson Communications

Images USA

### Estimated Costs for Roll-Out

To date, America's Minority Health Network has invested \$800,000 facilitating the deployment of the network's first 100 screens. We anticipate a need for an additional \$5 million in outside capital to roll out the remaining 900 locations. If we obtain these funds, we believe we will be cash flow positive within thirteen (13) months, after which our projected revenue over the next three (3) years will allow us to expand the network to approximately 3,600 locations. No assurance can be given that we will be successful in raising these funds on terms that are suitable to us or at all, and no assurance can be given that we will become cash flow positive if these funds are raised.

### **Growth and Expansion to Other Minority Markets**

To facilitate a continual increase in revenues, America's Minority Health Network has identified four (4) strategic areas for future expansion of its business:



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Growth focusing on the African-American community

Mobile texting advertising campaigns

Health programming for the Hispanic market

Health programming for the Asian market

### Growth Focusing on the African-American Community

Our current marketing plan is focused on installing 1,000 screens in the largest practices serving the African-American population in top designated market areas ( DMAs ). Urban population concentration allows easier geographic targeting and identifies that forty percent (40%) of African-Americans live in ten (10) cities. We have identified the top ten states and the top ten cities with the highest concentration of the U.S. African-American population.

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The listing below shows the top ten states of African-American concentration with each state's African-American population shown as a percentage of the state population:

Washington, D.C. 55%	South Carolina 29%
Mississippi 37%	Alabama 27%
Louisiana 33%	North Carolina 22%
Georgia 30%	Delaware 21%
Maryland 30%	Virginia 20%

By targeting cities within the above-listed top ten states, along with the following ten (10) metropolitan markets listed according to general market rank, we intend to penetrate forty percent (40%) of the African-American population within the United States.

<b>Market</b>	<b>General Market Rank</b>
New York (NY)	1
Chicago (IL)	3
Atlanta (GA)	9
Washington, D.C.	8
Philadelphia (PA)	4
Los Angeles (CA)	2
Detroit (MI)	11
Miami (FL)	15
Houston (TX)	10
Dallas (TX)	6

Once we have established a strong presence in these DMAs, we can begin to pursue smaller practices by infiltrating the top 100 DMAs, and increase the number of practices affiliated with our network.

**Mobile Texting Advertising Campaigns**

America's Minority Health Network has initiatives to expand advertising through waiting room/patient interactivity. Presently, mothers control 85% of household spending and are worth more than \$2 trillion to U. S. brands. Studies conducted by The Center for Media Research have shown that 60% of these mothers use text messaging, and that African-American and Hispanic mothers text more than Caucasian mothers. We are currently beta testing mobile texting advertising campaigns where advertisers purchase texting campaigns that appear on screens during the advertising portion of programming. If patients are interested in the products being featured, they can text a code. Once the code is sent, a web address is generated and sent to the consumer's phone. The consumer can then access specific information relevant to the product of interest. Patient texting not only allows patients to gather more information about particular brands and products, it also permits advertisers to gather and track essential consumer data while providing an added revenue stream for America's Minority Health Network.

**Hispanic Market**

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Once we have our African-American programming in 1,000 offices, we plan to use the same business model to enter the Hispanic and Asian markets. As reported by the U.S. Census Bureau, there are 45.5 million Hispanics living in the U.S. comprising 15.3% of our country's total population. Estimates show that by the year 2013, one in every six people in the U.S. will be Hispanic. The Selig Center found that the Hispanic community has \$951 billion in disposable income and spends a greater percentage of their disposable income than Caucasians or other minorities. U.S. Hispanic buying power is forecasted to grow

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349% by 2013, a projected increase that is higher than both African-American and Asian buying power. We will filter the top 25 DMAs and focus our marketing efforts on the largest Hispanic offices therein. We plan to start with a 100-screen beta test and upon successful results will roll out an additional 900 screens.

### **Asian Market**

According to the U.S. Census Bureau, there are 13.5 million Asians living in the United States, comprising 5% of our country's total population. The Selig Center found that the Asian community has a spending power of \$509 billion and is projected to have an increase in buying power to \$752 billion by 2013. Nearly all Asians are urbanites, with 95% of the U.S. Asian population located in cities. If our 100 screen beta test proves successful within the Asian market, we intend to rollout the remaining 900 screens and repeat our existing business model.

### **Competition**

We compete for the medical OOH market space against several large competitors including Accent Health, Healthy Advice Network, and Care Media Holdings. The strength of our competitors validates our business model, proves our concept, and further exemplifies the shift toward OOH advertising. Our advantage is that while these larger competitors cater to a general market, we are the first and only OOH network to create and operate a niche medical specific OOH network for the African-American community.

### **Accent Health**

Accent Health is the current market leader in waiting room media with 11.7 million impressions per month. Accent Health is a television-based network with CNN-produced content and full audio segments by Dr. Sanjay Gupta and Robin Meade. The programming is played in 10,000 offices nationwide. Accent Health successfully sells medical advertising to a wide range of over-the-counter and prescription brand drugs. It is currently transitioning to a digital platform to provide more real-time programming; however their menu of services appears to be limited and roll out has been slow. Three years ago, bolstered by the strength of its advertising and consumer reach, Turner Private Broadcasting sold Accent Health to Ascent Media for \$58 million. In 2008, Banc of America Capital Investors (BACI) and M/C Venture Partners united to acquire Accent Health for \$120 million.

### **Healthy Advice Network**

Healthy Advice Network began as an exam room patient education company by distributing pamphlets to patients to encourage dialogue between patient and doctor. Relevant drug companies sponsor this health information. Health Advice Network has since leveraged its relationships and transitioned into a digital media network in waiting rooms by turning the pamphlets into digital content. According to its website, Health Advice Network is seen nearly 200 million times each year and is used by more than 35,000 physicians. Its parent, On-Target Media, just secured a fourth round of funding to launch and expand its digital media network.

### **Care Media Holdings**

Care Media Holdings ( Care Media ) operates in the place-based media industry and provides advertiser-supported educational programming within the captive audience environment of medical specialty offices. Care Media currently operates three networks including KidCARE Medical Television Network, Inc., PetCARE Television Network, Inc., and Women's HealthCARE Television Network, Inc. Currently, Care Media's networks are seen in over 5,000 locations across the U.S. with more than 5 million views per month. Care Media's programming is digitally delivered in high-definition using the high-speed Internet connections already existing in the offices of subscribing doctors. The programming is broadcast through a digital media server onto a 32" LCD flat-panel monitor provided by Care Media.

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### **Our Competitive Advantage**

America's Minority Health Network has several advantages over our competition including:

First to market in niche space of African-American related programming

Strong niche play with minority medical offices

Seasoned and veteran management team

Outsourcing system integration, network management, and content creation to experienced strategic vendors

Focusing on locations with 1-5 doctors means access to key decision-makers

Economies of scale for advertisers

Access to shared potential ad revenue across other medical, non-niche competitive networks

We are the first to market in the OOH network medical minority specific niche. Because we are the first, there is a viable opportunity for us to capture a large percentage of the minority market share with the deployment of our first 100 screens. This will position us as the leader in the minority health network market.

Other advantages include our management and operations. Our management team consists of seasoned players who have extensive knowledge and experience within proven track records in the OOH network industry. We outsource our systems integration, network maintenance, and content production which allow us to focus on network growth through the addition of new office locations and advertising sales. Our outsourcing to strategic vendors provides us with cost savings and enables efficient company growth and development.

### Domain Names

We own and operate the following registered Internet domain name: amhntv.com.

### Research and Development

We currently have no dedicated research and development costs. We anticipate allocating such costs in the future for business development and other capital expenditures.

### Major Customers

We currently do not have any major customers.

### Government Regulation

Our programming and services are not regulated by the government and no permits specific to our industry are required in order for us to operate or sell our products and services. We are not subject to any legislation specific to our industry or our products and services.

### Employees

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Immediately after the Closing of the Transaction, we had two full-time employees and one part-time employee.

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**Corporate Information**

Our corporate headquarters are located at 345 North Maple Drive, Suite 203, Beverly Hills, CA 90210. Our telephone number is 310-746-5652 and our fax number is 310-246-1862.

**REPORTS TO SECURITYHOLDERS**

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ( SEC ) and our filings are available to the public over the Internet at the SEC s website at <http://www.sec.gov>. The public may read and copy any materials filed by us with the SEC at the SEC s Public Reference Room at 100 F Street NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 800-732-0330.

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**RISK FACTORS**

**INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE INVESTORS SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW, TOGETHER WITH ALL OF THE OTHER INFORMATION INCLUDED OR REFERRED TO IN THIS REPORT, BEFORE PURCHASING SHARES OF OUR COMMON STOCK. THERE ARE NUMEROUS AND VARIED RISKS, KNOWN AND UNKNOWN, THAT MAY PREVENT US FROM ACHIEVING OUR GOALS. THE RISKS DESCRIBED BELOW ARE NOT THE ONLY ONES WE WILL FACE. IF ANY OF THESE RISKS ACTUALLY OCCUR, OUR BUSINESS, FINANCIAL CONDITION OR RESULTS OF OPERATION MAY BE MATERIALLY ADVERSELY AFFECTED. IN SUCH CASE, THE TRADING PRICE OF OUR COMMON STOCK COULD DECLINE AND INVESTORS IN OUR COMMON STOCK COULD LOSE ALL OR PART OF THEIR INVESTMENT.**

**Risks Related to our Business and Our Industry**

*We have a limited operating history and have losses which we expect to continue into the future. There is no assurance our future operations will result in profitable revenues. If we cannot generate sufficient revenues to operate profitably, we may suspend or cease operations.*

We were incorporated on April 2009. We have a limited operating history. Through June 30, 2009, our net loss from inception is approximately \$532,000. Our ability to achieve and maintain profitability and positive cash flow is dependent, among other things, upon:

Development and launching of our network,

acceptance of our network by physicians who treat African-American patients,

our ability to attract advertisers who want to purchase advertising space on our programming, and

our ability to continue our strategic vendors.

Based upon current plans, we expect to incur operating losses in future periods because we expect to incur expenses which will exceed revenues for an unknown period of time. We can provide no assurance that we will be successful in generating sufficient revenues to support operations in the future. Failure to generate sufficient revenues will cause us to go out of business and you could lose your investment.

*Based on our historical financials (since inception on April 2, 2009), there is uncertainty as to our ability to continue as a going concern.*

In the event that we are unable to achieve or sustain profitability or are otherwise unable to secure external financing, we may not be able to meet our obligations as they come due, raising substantial doubts as to our ability to continue as a going concern. Any such inability to continue as a going concern may result in our security holders losing their entire investment. Our financial statements, which have been prepared in accordance with generally accepted accounting principles, contemplate that we will continue as a going concern and do not contain any adjustments that might result if we were unable to continue as a going concern. Notwithstanding the foregoing, our cash flow deficiencies raise substantial doubt as to our ability to continue as a going concern. Also, our existing and anticipated working capital needs, the acceleration or modification of our expansion plans, lower than anticipated revenues, or increased expenses or other events will all affect our ability to continue as a going concern.



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***We anticipate incurring operating losses and negative cash flows in the foreseeable future resulting in uncertainty of future profitability and limitation on our operations.***

We anticipate that the Company will incur operating losses and negative cash flows in the foreseeable future, and will accumulate increasing deficits as we increase our expenditures for (i) infrastructure, (ii) sales and marketing, (iii) equipment, (iv) personnel, and (v) general operating expenses. Any increases in our operating expenses will require us to achieve significant revenue before we can attain profitability. In the event that we are unable to achieve profitability or raise sufficient funding to cover our losses, we may not be able to meet our obligations as they come due, raising substantial doubts as to our ability to continue as a going concern.

***We are dependent on outside financing for continuation of our operations.***

Because we have generated limited revenue and currently operate at a significant loss, we are completely dependent on the continued availability of financing in order to continue our business. There can be no assurance that financing sufficient to enable us to continue our operations will be available to us in the future. Our failure to obtain future financing or to produce levels of revenue to meet our financial needs could result in our inability to continue as a going concern and, as a result, investors in the Company could lose their entire investment.

***We will need additional capital to pursue our business plan and conduct our operations and our ability to obtain the necessary funding is uncertain.***

We will require significant additi