Main Street Capital CORP
Form N-2/A
April 24, 2009

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As filed with the Securities and Exchange Commission on April 24, 2009
Securities Act File No. 333-155806

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-2
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
Pre-Effective Amendment No. 2
Main Street Capital Corporation
(Exact name of registrant as specified in charter)
1300 Post Oak Boulevard, Suite 800
Houston, TX 77056
(713) 350-6000
(Address and telephone number,
including area code, of principal executive offices)
Vincent D. Foster
Chief Executive Officer
Main Street Capital Corporation
1300 Post Oak Boulevard, Suite 800
Houston, TX 77056
(Name and address of agent for service)
COPIES TO:

Jason B. Beauvais
Vice President, General Counsel
and Secretary
Main Street Capital Corporation
1300 Post Oak Boulevard, Suite 800
Houston, TX 77056

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Approximate date of proposed public offering: From time to time after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. þ

It is proposed that this filing will become effective (check appropriate box): o when declared effective pursuant to section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.01 par value per share	$**300,000,000**	$**11,790(1)**

(1) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED April 24, 2009

PROSPECTUS

$300,000,000
Main Street Capital Corporation
Common Stock

We may offer, from time to time, up to $300,000,000 of our common stock, $0.01 par value per share, in one or more offerings. Our common stock may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the consent of the majority of our common stockholders or (ii) under such other circumstances as the Securities and Exchange Commission may permit. On June 17, 2008, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 16, 2009 or the date of our 2009 annual stockholders meeting. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders best interests to do so. Shares of closed-end investment companies such as us frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our common stock.

Our common stock may be offered directly to one or more purchasers through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our common stock, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our common stock through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such common stock.

We are a principal investment fund focused on providing customized debt and equity financing to lower middle-market companies that operate in diverse industries. We seek to fill the current financing gap for lower middle-market businesses, which have limited access to financing from commercial banks and other traditional sources.

Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940.

Our common stock is listed on the Nasdaq Global Select Market under the symbol MAIN. On April 23, 2009, the last reported sale price of our common stock on the Nasdaq Global Select Market was $11.70 per share.

Investing in our common stock involves a high degree of risk, and should be considered highly speculative. See Risk Factors beginning on page 8 to read about factors you should consider, including the risk of leverage, before investing in our common stock.

This prospectus and the accompanying prospectus supplement contain important information about us that a prospective investor should know before investing in our common stock. Please read this prospectus and the accompanying prospectus supplement before investing and keep them for future reference. We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. This information is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056 or by telephone at (713) 350-6000 or on our website at *www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. The Securities and Exchange Commission also maintains a website at *www.sec.gov* that contains such information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2009

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This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the shelf registration process. Under the shelf registration process, we may offer, from time to time, up to $300,000,000 of our common stock on terms to be determined at the time of the offering. This prospectus provides you with a general description of the common stock that we may offer. Each time we use this prospectus to offer common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under Available Information and Risk Factors before you make an investment decision.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus or any accompanying supplement to this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus or any accompanying prospectus supplement as if we had authorized it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus and any prospectus supplement carefully, including the section entitled Risk Factors.

Main Street Capital Corporation (MSCC) was formed on March 9, 2007, for the purpose of (i) acquiring 100% of the equity interests of Main Street Mezzanine Fund, LP (the Fund) and its general partner, Main Street Mezzanine Management, LLC (the General Partner), (ii) acquiring 100% of the equity interests of Main Street Capital Partners, LLC (the Investment Manager), (iii) raising capital in an initial public offering, which was completed in October 2007 (the IPO), and (iv) thereafter operating as an internally managed business development company (BDC) under the Investment Company Act of 1940, as amended (the 1940 Act). The transactions discussed above were consummated in October 2007 and are collectively termed the Formation Transactions. The Fund is licensed as a Small Business Investment Company (SBIC) by the United States Small Business Administration (SBA) and the Investment Manager acts as the Fund s manager and investment adviser. The Investment Manager also acts as the manager and investment adviser to Main Street Capital II, LP (MSC II), a privately owned, affiliated SBIC which commenced investment operations in January 2006. MSCC did not acquire any interest in MSC II in connection with the Formation Transactions and currently does not hold any equity interest in MSC II. Unless otherwise noted or the context otherwise indicates, the terms we, us, our and Main Street refer to the Fund and the General Partner prior to the IPO and to MSCC and its subsidiaries, including the Fund and the General Partner, subsequent to the IPO.

Main Street

We are a principal investment firm focused on providing customized financing solutions to lower middle-market companies, which we generally define as companies with annual revenues between $10 million and $100 million. Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our investments generally range in size from $2 million to $15 million. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

Our investments are made through both MSCC and the Fund. Since the IPO, MSCC and the Fund have co-invested in substantially every investment we have made. MSCC and the Fund share the same investment strategies and criteria in the lower middle-market, although they are subject to different regulatory regimes. See Regulation. An investor s return in MSCC will depend, in part, on the Fund s investment returns as the Fund is a wholly owned subsidiary of MSCC.

We typically seek to work with entrepreneurs, business owners and management teams to provide customized financing for strategic acquisitions, business expansion and other growth initiatives, ownership transitions and recapitalizations. In structuring transactions, we seek to protect our rights, manage our risk and create value by: (i) providing financing at lower leverage ratios; (ii) generally taking first priority liens on assets; and (iii) providing significant equity incentives for management teams of our portfolio companies. We seek to avoid competing with other capital providers for transactions because we believe competitive transactions often have execution risks and can result in potential conflicts among creditors and lower returns due to more aggressive valuation multiples and higher leverage ratios.

As of December 31, 2008, Main Street had debt and equity investments in 31 portfolio companies. Approximately 84% of our total portfolio investments at cost, excluding our 100% equity interest in the Investment Manager, were in the form of debt investments and 91% of such debt investments at cost were secured by first priority liens on the assets of our portfolio companies. As of December 31, 2008, Main Street had a weighted average effective yield on its debt investments of 14%. Weighted average yields are computed using the effective interest rates for all debt investments at December 31, 2008, including amortization of deferred debt origination fees and accretion of original issue discount. At December 31, 2008, we had equity ownership in approximately 94% of our portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 25%.

You should be aware that investments in the lower middle-market carry a number of risks including, but not limited to, investing in companies which have a limited operating history and financial resources and other risks common to investing in below investment grade debt and equity investments in private, smaller companies. Please see Risk Factors Risks Related to Our Investments for a more complete discussion of the risks involved with investing in the lower middle-market.

Our principal executive offices are located at 1300 Post Oak Boulevard, Suite 800, Houston, Texas 77056, and our telephone number is (713) 350-6000. We maintain a website at *http://www.mainstcapital.com*. Information contained on our website is not incorporated by reference into this prospectus or any prospectus supplement, and you should not consider that information to be part of this prospectus or any prospectus supplement.

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Business Strategies

Our investment objective is to maximize our portfolio s total return by generating current income from our debt investments and realizing capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. We have adopted the following business strategies to achieve our investment objective:

Delivering Customized Financing Solutions. We believe our ability to provide a broad range of customized financing solutions to lower middle-market companies sets us apart from other capital providers that focus on providing a limited number of financing solutions. We offer to our portfolio companies customized debt financing solutions with equity components that are tailored to the facts and circumstances of each situation. Our ability to invest across a company s capital structure, from senior secured loans to subordinated debt to equity securities, allows us to offer our portfolio companies a comprehensive suite of financing solutions, or one-stop financing.

Focusing on Established Companies in the Lower Middle-Market. We generally invest in companies with established market positions, experienced management teams and proven revenue streams. Those companies generally possess better risk-adjusted return profiles than newer companies that are building management or are in the early stages of building a revenue base. In addition, established lower middle-market companies generally provide opportunities for capital appreciation.

Leveraging the Skills and Experience of Our Investment Team. Our investment team has significant experience in lending to and investing in lower middle-market companies. The members of our investment team have broad investment backgrounds, with prior experience at private investment funds, investment banks and other financial services companies, and currently include seven certified public accountants and one chartered financial analyst. The expertise of our investment team in analyzing, valuing, structuring, negotiating and closing transactions should provide us with competitive advantages by allowing us to consider customized financing solutions and non-traditional and complex structures.

Investing Across Multiple Industries. We seek to maintain a portfolio of investments that is appropriately balanced among various companies, industries, geographic regions and end markets. This portfolio balance is intended to mitigate the potential effects of negative economic events for particular companies, regions and industries.

Capitalizing on Strong Transaction Sourcing Network. Our investment team seeks to leverage its extensive network of referral sources for investments in lower middle-market companies. We have developed a reputation in our marketplace as a responsive, efficient and reliable source of financing, which has created a growing stream of proprietary deal flow for us.

Benefiting from Lower Cost of Capital. The Fund s SBIC license has allowed it to issue SBA-guaranteed debentures. SBA-guaranteed debentures carry long-term fixed rates that are generally lower than rates on comparable bank and other debt. Because lower cost SBA leverage is, and will continue to be, a significant part of our capital base through the Fund, our relative cost of debt capital should be lower than many of our competitors. In addition, the SBIC leverage that we receive through the Fund represents a stable, long-term component of our capital structure.

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Investment Criteria

Our investment team has identified the following investment criteria that it believes are important in evaluating prospective portfolio companies. Our investment team uses these criteria in evaluating investment opportunities. However, not all of these criteria have been, or will be, met in connection with each of our investments.

Proven Management Team with Meaningful Financial Commitment. We look for operationally-oriented management with direct industry experience and a successful track record. In addition, we expect the management team of each portfolio company to have meaningful equity ownership in the portfolio company to better align our respective economic interests. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.

Established Companies with Positive Cash Flow. We seek to invest in established companies in the lower middle-market with sound historical financial performance. We typically focus on companies that have historically generated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) of $1.0 million to $10.0 million and commensurate levels of free cash flow. We generally do not intend to invest in start-up companies or companies with speculative business plans.

Defensible Competitive Advantages/Favorable Industry Position. We primarily focus on companies having competitive advantages in their respective markets and/or operating in industries with barriers to entry, which may help to protect their market position and profitability.

Exit Alternatives. We expect that the primary means by which we exit our debt investments will be through the repayment of our investment from internally generated cash flow and/or refinancing. In addition, we seek to invest in companies whose business models and expected future cash flows may provide alternate methods of repaying our investment, such as through a strategic acquisition by other industry participants or a recapitalization.

Formation Transactions

As part of the Formation Transactions, the Investment Manager, which employs all of the executive officers and other employees of MSCC, became a wholly owned subsidiary of MSCC. However, the Investment Manager is accounted for as a portfolio investment of Main Street, since the Investment Manager is not a registered investment company and since it conducts a significant portion of its investment management activities for MSC II, a separate SBIC fund in which MSCC does not have an equity interest. The Investment Manager receives recurring investment management fees from MSC II pursuant to a separate investment advisory agreement, paid quarterly, which currently total $3.3 million per year. The portfolio investment in the Investment Manager is accounted for using fair value accounting, with the fair value determined by MSCC and approved, in good faith, by MSCC s Board of Directors. MSCC s valuation of the Investment Manager is based upon the discounted net cash flows from third party recurring investment managers fees. The net cash flows utilized in the valuation of the Investment Manager exclude any revenues and expenses from all related parties (including MSCC) but include the management fees from MSC II and an estimated allocation of costs related to providing services to MSC II. For more information on the Investment Manager, see Note D Wholly Owned Investment Manager to our consolidated financial statements.

In connection with the Formation Transactions, MSCC entered into a support services agreement with the Investment Manager. The agreement requires the Investment Manager to manage the day-to-day operational and investment activities of Main Street. The Investment Manager generally incurs all normal operating and administrative expenses, except those specifically required to be borne by MSCC, which principally include costs that are specific to MSCC s status as a publicly traded entity. The expenses paid by the Investment Manager include the cost of salaries and related benefits, rent, equipment and other administrative costs required for Main Street s day-to-day operations.

The Investment Manager is reimbursed for its expenses associated with providing operational and investment management services to MSCC and its subsidiaries. Each quarter, as part of the support services agreement, MSCC makes payments to cover all expenses incurred by the Investment Manager, less amounts the Investment Manager receives from MSC II pursuant to a separate investment advisory services agreement. Based on this separate investment advisory services agreement, MSC II paid the Investment Manager approximately $3.3 million in 2008 for these services.

The IPO involved the public offering and sale of 4,300,000 shares of our common stock, including shares sold upon the underwriters exercise of the over-allotment option, at a price to the public of $15.00 per share of our common stock, resulting in net proceeds to us of approximately $60.2 million, after deducting underwriters commissions totaling approximately $4.3 million. As a result of the IPO and the Formation Transactions described above, we are a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. Because the Investment Manager, which employs all of the executive officers and other employees of MSCC, is wholly owned by us, we do not pay any external investment advisory fees, but instead we incur the net operating costs associated with employing investment and portfolio management professionals through the Investment Manager.

Immediately following the completion of the Formation Transactions, Main Street Equity Interests, Inc. (MSEI) was created as a wholly-owned consolidated subsidiary of MSCC to hold certain of our portfolio investments. MSEI has elected for tax purposes to be treated as a taxable entity and is taxed at normal corporate tax rates based on its taxable income. The taxable income of MSEI may differ from its book income due to deferred tax timing differences as well as permanent differences.

We co-invested with MSC II in several existing portfolio investments prior to the IPO, but did not co-invest with MSC II subsequent to the IPO and prior to June 2008. On June 4, 2008, we received exemptive relief from the SEC to allow us to resume co-investing with MSC II in accordance with the terms of such exemptive relief.

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The Offering

We may offer, from time to time, up to $300,000,000 of our common stock, on terms to be determined at the time of the offering. Our common stock may be offered at prices and on terms to be disclosed in one or more prospectus supplements. The offering price per share of our common stock, less any underwriting commissions or discounts, will not be less than the net asset value per share of our common stock at the time of the offering, except (i) with the consent of the majority of our common stockholders (which we received from our stockholders at our June 17, 2008 annual stockholders meeting, for a period of one year ending on the earlier of June 16, 2009 or the date of our 2009 annual stockholders meeting) or (ii) under such other circumstances as the SEC may permit. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we cannot issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our and our stockholders best interests to do so.

Our common stock may be offered directly to one or more purchasers by us or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will disclose the terms of the offering, including the name or names of any agents or underwriters involved in the sale of our common stock by us, the purchase price, and any fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See Plan of Distribution. We may not sell any of our common stock through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our common stock.

Set forth below is additional information regarding the offering of our common stock:

Use of proceeds	We intend to use all of the net proceeds from selling our common stock to make investments in lower middle-market companies in accordance with our investment objective and strategies described in this prospectus or any prospectus supplement, pay our operating expenses and dividends to our stockholders and for general corporate purposes. Pending such use, we will

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	invest the net proceeds primarily in short-term securities consistent with our BDC election and our election to be taxed as a regulated investment company (RIC). See Use of Proceeds.
Nasdaq Global Select Market symbol	MAIN
Dividends	We have paid quarterly, but, beginning in the fourth quarter of 2008, will pay monthly, dividends to our stockholders out of assets legally available for distribution. Our dividends, if any, will be determined by our Board of Directors.
Taxation	MSCC has elected to be treated for federal income tax purposes as a RIC under Subchapter M of the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income. Any such carryover taxable income must be distributed through a dividend declared prior to filing the final tax return related to the year which generated such taxable income. See Material U.S. Federal Income Tax Considerations.
Dividend reinvestment plan	We have adopted a dividend reinvestment plan for our stockholders. The dividend reinvestment plan is an opt out reinvestment plan. As a result, if we declare dividends, then stockholders cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically opt out of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive dividends in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their dividends in cash. See Dividend Reinvestment Plan.
Trading at a discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our shares will trade above, at or below net asset value.
Risk factors	Investing in our common stock involves a high degree of risk. You should consider carefully the information found in Risk Factors, including the following risks:

The current state of the economy and financial markets increases the liklihood of adverse effects on our financial position and results of operations. Continued economic adversity could impair our portfolio companies financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

Our investment portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

We may face increasing competition for investment opportunities.

We have a limited operating history as a BDC and as a RIC.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we raise additional capital.

Our wholly-owned subsidiary, the Fund, is licensed by the SBA, and therefore subject to SBIC regulations.

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

- We, through the Fund, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Fund that are superior to the claims of our common stockholders.

We will be subject to corporate-level income tax if we are unable to qualify as a RIC under Subchapter M of the Code.

We may not be able to pay you dividends, our dividends may not grow over time, and a portion of dividends paid to you may be a return of capital.

Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.

Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.

Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment. Investing in lower middle-market companies involves a number of significant risks. Among other things, these companies:

- may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors actions and market conditions, as well as general economic downturns;

are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;

generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and

generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.

We may be unable to invest a significant portion of the net proceeds from an offering on acceptable terms, which could harm our financial condition and operating results.

The market price of our common stock may be volatile and fluctuate significantly.

See Risk Factors beginning on page 8 for a more complete discussion of these and other risks you should carefully consider before deciding to invest in shares of our common stock.

Available Information	We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, or the Exchange Act. You can inspect any materials we file with the SEC, without charge, at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The information we file with the SEC is available free of charge by contacting us at 1300 Post Oak Boulevard, Suite 800, Houston, TX 77056, by telephone at (713) 350-6000 or on our website at *http://www.mainstcapital.com*. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC s web site is *http://www.sec.gov*. Information contained on our website or on the SEC s web site about us is not incorporated into this prospectus, and you should not consider information contained on our website or on the SEC s website to be part of this prospectus.

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FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by you, us or Main Street, or that we will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

Stockholder Transaction Expenses:

Sales load (as a percentage of offering price)	% (1)
Offering expenses	% (2)
Dividend reinvestment plan expenses	% (3)
Total stockholder transaction expenses (as a percentage of offering price)	% (4)

Annual Expenses (as a percentage of net assets attributable to common stock):

Operating expenses	6.3% (5)
Interest payments on borrowed funds	2.8% (6)
Total annual expenses	9.1% (7)

(1) In the event that our common stock is sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.

(2) In the event that we conduct on offering of our common stock, a corresponding prospectus supplement will disclose the estimated offering expenses.

(3) The expenses of administering our dividend reinvestment plan are

included in operating expenses.

(4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.

(5) Operating expenses include the expenses of the Investment Manager as if it were consolidated with MSCC for accounting purposes, including expenses incurred by the Investment Manager in managing MSC II pursuant to an investment advisory services agreement between the Investment Manager and MSC II and other third party consulting arrangements. Based on this investment advisory services agreement, MSC II paid the

Investment Manager approximately $3.3 million in 2008 for these services. In accordance with the terms of the support services agreement between MSCC and the Investment Manager, MSCC is only required to reimburse the Investment Manager for expenses incurred by the Investment Manager in providing investment management and other services to MSCC less amounts the Investment Manager receives from MSC II and other third parties. Consequently, MSCC is only incurring the expenses of the Investment Manager net of fees received for third party investment advisory and consulting services. Our percentage of operating expenses to net assets attributable to common stock only including the expenses incurred by MSCC net of the investment advisory and consulting service fees received by the Investment Manager from MSC II and other third parties would be 3.4%.

(6) Interest payments on borrowed funds principally consist of approximately $3.2 million of annual interest payments on funds borrowed directly by the Fund. As of December 31, 2008, the Fund had $55.0 million of outstanding indebtedness guaranteed by the SBA. This does not include MSCC s undrawn $30 million investment credit facility which would bear interest, subject to MSCC s election, on a per annum basis

equal to (i) the applicable LIBOR rate plus 2.75% or (ii) the applicable base rate plus 0.75%.

(7) The total annual expenses are the sum of operating expenses and interest payments on borrowed funds. In the future we may borrow money to leverage our net assets and increase our total assets.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed we would have no additional leverage and that our annual operating expenses would remain at the levels set forth in the table above. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	**3 Years**	**5 Years**	**10 Years**
You would pay the following expenses on a $1,000 investment, assuming a 5.0% annual return	$94	$270	$430	$774

The example and the expenses in the table above should not be considered a representation of our future expenses, and actual expenses may be greater or less than those shown. While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by (i) the market price per share of our common stock at the close of trading on the dividend payment date in the event that we use newly issued shares to satisfy the share requirements of the divided reinvestment plan or (ii) the average purchase price of all shares of common stock purchased by the administrator of the dividend reinvestment plan in the event that shares are purchased in the open market to satisfy the share requirements of the dividend reinvestment plan, which may be at, above or below net asset value. See Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

RISK FACTORS

Investing in our common stock involves a number of significant risks. In addition to the other information contained in this prospectus and any accompanying prospectus supplement, you should consider carefully the following information before making an investment in our common stock. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Relating to Economic Conditions

The current state of the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Continued economic adversity could impair our portfolio companies financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.

Beginning in late 2007, the United States entered a recession. Throughout 2008, the economy continued to deteriorate and many believe that the current recession could continue for an extended period. During 2008, banks and others in the financial services industry reported significant write-downs in the fair value of their assets, which has led to the failure of a number of banks and investment companies, a number of distressed mergers and acquisitions, the government take-over of the nation s two largest government-sponsored mortgage companies, and the passage of the $700 billion Emergency Economic Stabilization Act of 2008 in October 2008 and the $787 billion American Recovery and Reinvestment Act of 2009 (the 2009 Stimulus Bill). In addition, the stock market has declined significantly, with both the S&P 500 and the NASDAQ Global Select Market (on which our stock trades), declining by nearly 40% between December 31, 2007 and December 31, 2008. As the recession deepened during 2008, unemployment rose and consumer confidence declined, which led to significant reductions in spending by both consumers and businesses.

Although we have been able to secure access to additional liquidity, including the recently obtained $30 million investment credit facility and the increase in available leverage through the SBIC program as part of the 2009 Stimulus Bill, the current turmoil in the debt markets and uncertainty in the equity capital markets provides no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

The deterioration in consumer confidence and a general reduction in spending by both consumers and businesses has had an adverse effect on a number of the industries in which some of our portfolio companies operate. In the event that the United States economy remains in a protracted period of weakness, the results of some of the lower middle-market companies like those in which we invest, will continue to experience deterioration, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in their defaults. In addition, the end markets for certain of our portfolio companies products and services have experienced, and continue to experience, negative economic trends. We can provide no assurance that the performance of certain of our portfolio companies will not be negatively impacted by economic or other conditions which could have a negative impact on our future results.

Risks Relating to Our Business and Structure

Our investment portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined by us with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value. Typically, there is not a public market for the securities of the privately held companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value based on input from management, a third party independent valuation firm and our audit committee and with the oversight, review and approval of our Board of Directors.

The determination of fair value and consequently, the amount of unrealized gains and losses in our portfolio, are to a certain degree, subjective and dependent on a valuation process approved by our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include external events, such as private mergers, sales and acquisitions involving comparable companies. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize on one or more of our investments. As a result, investors purchasing our common stock based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments will receive a lower price for their shares than the value of our investments might warrant.

Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.

Our ability to achieve our investment objective of maximizing our portfolio s total return by generating current income from our debt investments and capital appreciation from our equity and equity-related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company, depends on our ability to effectively manage and deploy capital, which depends, in turn, on our investment team s ability to identify, evaluate and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing our investment objective on a cost-effective basis is largely a function of our investment team s handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, members of our investment team are also called upon, from time to time, to provide managerial assistance to some of our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build upon our investment operations, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described herein, it could negatively impact our ability to pay dividends.

We may face increasing competition for investment opportunities.

We compete for investments with other BDCs and investment funds (including private equity funds, mezzanine funds and other SBICs), as well as traditional financial services companies such as commercial banks and other sources of funding. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us, including from federal government agencies through federal rescue programs such as the U.S. Department of Treasury s Financial Stability Plan (formerly known as the Troubled Asset Relief Program). In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors pricing, terms and structure. If we are forced to match our competitors pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in lower middle-market companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC.

We are dependent upon our key investment personnel for our future success.

We depend on the members of our investment team, particularly Vincent D. Foster, Todd A. Reppert, Rodger A. Stout, Curtis L. Hartman, Dwayne L. Hyzak and David L. Magdol, for the identification, review, final selection, structuring, closing and monitoring of our investments. These employees have significant investment expertise and relationships that we rely on to implement our business plan. Although we have entered into employment agreements with Messrs, Reppert, Stout, Hartman, Hyzak and Magdol and a non-compete agreement with Mr. Foster, we have no guarantee that they will remain employed with us. If we lose the services of these individuals, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

Our success depends on attracting and retaining qualified personnel in a competitive environment.

Our growth will require that we retain new investment and administrative personnel in a competitive market. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, or other steps. The inability to attract and retain experienced personnel would have a material adverse effect on our business.

Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that members of our management team will maintain their relationships with intermediaries, financial institutions, investment bankers, commercial bankers, attorneys, accountants, consultants and other individuals within our network, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management team fails to maintain its existing relationships or develop new relationships with sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom members of our management team have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

We have a limited operating history as a BDC and as a RIC.

The 1940 Act imposes numerous constraints on the operations of BDCs. Prior to the completion of the IPO, we did not operate, and our management team had no experience operating, as a BDC under the 1940 Act or as a RIC under Subchapter M of the Code. As a result, we have limited operating results under these regulatory frameworks that can demonstrate either their effect on our business or our ability to manage our business under these frameworks. Our management team s limited experience in managing a portfolio of assets under such constraints may hinder our ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us. If we do not remain a BDC, we might be regulated as a registered closed-end investment company under the 1940 Act, which would further decrease our operating flexibility.

Regulations governing our operation as a BDC will affect our ability to, and the way in which we raise additional capital.

Our business will require capital to operate and grow. We may acquire such additional capital from the following sources:

Senior Securities. We may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including the following:

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% immediately after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we will be prohibited from issuing debt securities or preferred stock and/or borrowing money from banks or other financial institutions until such time as we satisfy this test.

Any amounts that we use to service our debt or make payments on preferred stock will not be available for dividends to our common stockholders.

It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.

We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.

Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.

Additional Common Stock. We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. See Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock for a discussion of proposals approved by our stockholders that permit us to issue shares of our common stock below net asset value. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

Our wholly-owned subsidiary, the Fund, is licensed by the SBA, and therefore subject to SBIC regulations.

The Fund, our wholly-owned subsidiary, is licensed to act as a small business investment company and is regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBIC requirements may cause the Fund to forego attractive investment opportunities that are not permitted under SBIC regulations.

Further, the SBIC regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBIC regulations. The SBA prohibits, without prior SBA approval, a change of control of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of a licensed SBIC. If the Fund fails to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and/or limit it from making new investments. In addition, the SBA can revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958 or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us because the Fund is our wholly owned subsidiary.

Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital. As we use leverage to partially finance our investments, you will experience increased risks of investing in our common stock. We, through the Fund, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of the Fund that are superior to the claims of our common stockholders. We may also borrow from banks and other lenders, including under the $30 million, three-year investment credit facility we entered into in October 2008. See Management s Discussion and Analysis of Financial Condition and Results of Operations Capital Resources for a discussion regarding the two credit facilities into which we have entered. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged our business. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to pay common stock dividends. Leverage is generally considered a speculative investment technique.

As of December 31, 2008, we, through the Fund, had $55 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of approximately 5.8% (exclusive of deferred financing costs). The debentures guaranteed by the SBA have a maturity of ten years and require semi-annual payments of interest. We will need to generate sufficient cash flow to make required interest payments on the debentures. If we are unable to meet the financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to the assets of the Fund over our stockholders in the event we liquidate or the SBA exercises its remedies under such debentures as the result of a default by us.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

Assumed Return on Our Portfolio(1)
(net of expenses)

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Vivakor, Inc.

Condensed Consolidated Statements of Operations
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010 (restated)(1)	2009	2010 (restated)(1)	2009
Revenues:				
Product sales	$ -	$ 14,064	$ 135,650	$ 20,287
License fees	25,659	-	51,319	-
Grant revenue	-	74,700	-	74,700
Total revenues	25,659	88,764	186,969	94,987
Cost of revenues	-	11,210	107,859	15,491
Gross profit	25,659	77,554	79,110	79,496
Operating expenses:				
Research and development	241,067	285,450	516,190	582,571
Sales and marketing	530	200	1,830	491
General and administrative	319,762	147,698	748,342	291,433
Total operating expenses	561,359	433,348	1,266,362	874,495
Loss from operations	(535,700)	(355,794)	(1,187,252)	(794,999)
Abandoned offering costs	-	-	-	(111,316)
Interest income	4,519	-	10,650	-
Interest expense	(64,632)	(19,606)	(75,423)	(39,241)
Loss before income tax	(595,813)	(375,400)	(1,252,025)	(945,556)
Benefit for income taxes	(64,919)	(64,920)	(129,839)	(129,839)
Net loss	(530,894)	(310,480)	(1,122,186)	(815,717)
Less: Net loss attributable to the noncontrolling interest	(34,132)	(4,991)	(68,264)	(9,982)
Net loss attributable to Vivakor, Inc.	$ (496,762)	$ (305,489)	$ (1,053,922)	$ (805,735)
Net loss per share:				
Basic and diluted	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.02)
Weighted average shares - Basic and diluted	75,563,773	45,082,203	69,776,432	50,552,565

(1)See Note 11

See accompanying notes

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Vivakor, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30, 2010 (restated)(1)	Six months ended June 30, 2009
Operating Activities		
Net loss	$ (1,122,186)	$ (815,717)
Depreciation and amortization	392,821	384,656
Write-off of previously capitalized deferred offering costs	-	111,316
Common shares issued for services received	267,590	-
Stock option compensation expense	117,319	-
Gain on change in fair value of conversion liability	(12,640)	-
Interest added to notes payable	70,807	39,241
Interest added to notes receivable	(10,565)	-
Deferred income taxes	(129,839)	(129,839)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	(45,234)	(5,084)
Inventory	31,079	(3,156)
Prepaid expenses	2,824	-
Accounts payable	(13,346)	7,295
Accrued wages	176,945	274,272
Deferred revenue	(81,235)	20,300
Loans and advances from related parties	12,270	30,625
Net cash used in operating activities	(343,390)	(86,091)
Financing activities- Payments on notes receivable	11,000	-
Financing activities		
Payments on note payable	-	(8,000)
Proceeds from issuance of convertible notes	167,500	-
Payments of loan fees	(22,000)	-
Net cash provided by (used in) financing activities	145,500	(8,000)
Net change in cash and cash equivalents	(186,890)	(94,091)
Cash and cash equivalents - beginning of period	187,646	145,669
Cash and cash equivalents - end of period	$ 756	$ 51,578
Noncash transactions:		
Offset of accounts and notes payable with note receivable	$ 293,020	$ -
Issuance of common shares for prepaid services	$ 353,050	$ -
Issuance of common shares to settle notes payable	$ 510,839	$ -
Issuance of common shares for reduction of related party loan	$ 108,849	$ 100,000
Distribution of Regeneca Shares as a Dividend	$ 307,915	-

(1)See Note 11

See accompanying notes.

Vivakor, Inc.

Notes to Condensed Consolidated Statements
(Unaudited)

1. Organization and Basis of Presentation

Vivakor, Inc. (collectively “we,” “us,” “our,” “Vivakor” or the “Company”) is a Nevada corporation based in Coralville, Iowa and is a trans-disciplinary biomedical company that is involved in the discovery, development and commercialization of a broad range of medical devices and pharmaceuticals to improve human health. The Company also performs contract research services and development in molecular biology and devices engineering.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for the full fiscal year. These consolidated interim financial statements should be read in conjunction with the Company’s financial statements and notes thereto for the fiscal year ended December 31, 2009.

Going Concern

The condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company’s assets and the satisfaction of its liabilities in the normal course of business. Since inception, the Company has been engaged in obtaining financing, recruiting personnel, establishing office facilities and research and development activities. During the first quarter of 2008, the Company commenced providing research services and, during the fourth quarter of 2008, the Company commenced a capital formation activity that was terminated in April 2009 with no cash proceeds being received by the Company. On August 12, 2009 the Company commenced a second capital formation activity which, as of June 30, 2010 resulted in $319,714 in net cash proceeds received and $1,341,845 in notes receivable. The notes originally matured in October 2009 and were extended to January 31, 2010. As of June 30, 2010, the remaining note balances, including interest total $1,036,063 and they are continuing to accrue on a month-to-month basis. There is no assurance that the remaining amounts receivable under the notes will be collected by the Company when due.

The Company does not have sufficient cash on hand to fund its administrative and other operating expenses or its proposed research and development and sales and marketing programs for the next twelve months. The Company’s ability to become a profitable operating company is dependent upon obtaining financing adequate to fulfill its research and market introduction activities, and achieving a level of revenues adequate to support the Company’s cost structure. Management intends to finance the Company’s operations from loans and advances from current stockholders, future public and private debt and equity offerings, proceeds from product sales and research and development services provided to others or from strategic arrangements with third parties. However, there can be no assurance that additional capital will be available, which may affect the Company’s ability to continue as a going concern. The Company currently has no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

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2. Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivakor, Inc., its wholly owned subsidiaries Vivasight, Inc., Vivathermic, Inc. and Vivaventures, Inc., all of which were formed on February 19, 2009, and its majority owned subsidiary, HealthAmerica, Inc. ("HealthAmerica"), a Nevada corporation. On October 20, 2008, the Company acquired approximately 84% of HealthAmerica's outstanding shares. On December 9, 2009, the Company distributed a number of its shares of HealthAmerica common stock to its stockholders of record on December 1, 2009, reducing its interest in HealthAmerica to approximately 62% . All intercompany transactions have been eliminated in consolidation. Vivasight, Vivathermic and Vivaventures are all currently inactive. Since certain related parties held interests in HealthAmerica prior to its acquisition by Vivakor, the noncontrolling interest in HealthAmerica's net operating results is calculated at approximately 4% through December 9, 2009 and approximately 28% thereafter of amortization expense on the acquired HealthAmerica patent and the related deferred income tax benefit, and approximately 16% of HealthAmerica's remaining operating results through December 9, 2009 and approximately 38% thereafter.

Investments in which the Company does not exercise significant influence over the investee are accounted for using the cost method of accounting. At December 31, 2009, the Company held a noncontrolling interest in Regeneca International, Inc., a private company, which was accounted for using the cost method and is included in Investment in Unconsolidated Affiliate. All of the Regeneca shares held at December 31, 2009 were distributed to our shareholders of record on April 22, 2010.

Accounts receivables:

Accounts receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for doubtful accounts was zero at June 30, 2010 and December 31, 2009.

Inventories

Inventories are stated at the lower of cost or market. Cost is based on the first in, first out method. The Company regularly reviews inventory quantities on hand and, when required, provisions are made to reduce excess and obsolete inventories to their estimated net realizable value. No provision was recorded at June 30, 2010 or December 31, 2009. At June 30, 2010 inventories consist of $1,955 in raw materials, $1,532 in work in process and $4,294 in finished goods. At December 31, 2009 inventories consist of $1,955 in raw materials, $34,582 in work in process and $2,323 in finished goods.

Deferred Loan Costs

Deferred loan costs are amortized to interest expense using the effective interest method over the term of the related debts.

Convertible Instruments

The Company reviews the terms of convertible debt and preferred stock for indications requiring bifurcation, and separate accounting for the embedded conversion feature. Generally, embedded conversion features where the ability to physical or net-share settle the conversion option is not within the control of the Company or the number of shares is variable are bifurcated and accounted for as derivative financial instruments. (See Derivative Financial Instruments below). Bifurcation of the embedded derivative instrument requires allocation of the proceeds first to the fair value of the embedded derivative instrument with the residual allocated to the host instrument. The resulting discount to the debt instrument or to the redemption value of convertible preferred securities is accreted through periodic charges to interest expense over the term of the note or to dividends over the period to earliest conversion date using the effective interest rate method, respectively.

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Derivative Financial Instruments

The Company does not use derivative financial instruments to hedge exposures to cash-flow or market risks. However, certain other financial instruments, such as warrants to purchase the Company's common stock and the embedded conversion features of debt and preferred instruments that are not considered indexed to the Company's common stock are classified as liabilities when either (a) the holder possesses rights to net-cash settlement, (b) physical or net share settlement is not within the control of the Company, or (c) based on its anti-dilutive provisions. In such instances, net-cash settlement is assumed for financial accounting and reporting. Such financial instruments are initially recorded at fair value and subsequently adjusted to fair value at the close of each reporting period. Fair value for option-based derivative financial instruments is determined using the Black-Scholes Option Pricing Model.

Other convertible instruments that are not derivative financial instruments are accounted for by recording the intrinsic value of the embedded conversion feature as a discount from the initial value of the instrument and accreting it back to face value over the period to the earliest conversion date using the effective interest rate method.

Revenue Recognition

The Company recognizes revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company recognizes revenue from research contracts as services are performed under the agreements. The Company records grant revenues as the expenses related to the grant projects are incurred. Up front license fee revenues are deferred and recognized over the term of the license on a straight-line basis.

Stock-Based Compensation

The compensation cost for all stock-based awards is measured at the grant date, based on the fair value of the award, and is recognized as an expense in the statements of operations, on a straight-line basis, over the employee's requisite service period (generally the vesting period of the equity award), which is generally two to three years. The fair value of each option award is estimated on the date of grant using a Black-Scholes option valuation model. Stock-based compensation expense is recorded only for those awards expected to vest using an estimated forfeiture rate. Pre-vesting option forfeitures are estimated at the time of grant and are reflected in stock-based compensation expense recognized in the consolidated statements of operations.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding for the period, without consideration for common stock equivalents. Diluted net loss per common share is computed by dividing the net loss by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method if their effect is dilutive. For the three and six months ended June 30, 2010 and 2009, the effect of all stock-based awards were anti-dilutive due to the net loss incurred and therefore, they were not included in the computation of per share amounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

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3. Loans and Advances From Related Parties and Other Related Party Transactions

Loans and advances from related parties consist of the following:

	June 30, 2010	December 31, 2009
Advances payable to stockholders/officers	$13,407	$ 239,757
Note payable to stockholder	-	107,815
	$13,407	$ 347,572

Advances payable to stockholders/officers are noninterest bearing and represent cash advances directly to the Company as well as Company expenditures (primarily payroll, legal fees, lab and office equipment and supplies) that were paid for directly by the stockholders on behalf of the Company. During the first quarter of 2010, $238,620 in advances payable to stockholders was offset with $238,620 in notes receivable from stockholders.

On June 30, 2008, the Company purchased office and lab furniture and equipment from a stockholder at a total cost of $87,450. The stockholder financed the equipment with a note agreement that is secured by the assets purchased. The note bore interest at 14% per annum and was due on December 31, 2008. The note was not paid on December 31, 2008 and continued on a month to month basis. The note contained a contingent beneficial conversion feature that gives the note holder the option to be repaid with common stock with piggyback registration rights if the Company is unable to repay the balance due upon maturity. The number of shares to be issued in this case would be equal to the outstanding principal plus accrued and unpaid interest divided by 80% of the average stock price 30 days prior to the maturity date. Interest expense during the three months ended March 31, 2010 and 2009 totaled $910 and $3,276, respectively and was added to the note balance. In the first quarter 2010, the note holder assigned the note to another shareholder in the Company, the assignee exercised the conversion feature option and the outstanding note balance plus accrued interest of $108, 849 at the time of conversion was settled for 837,301 shares of common stock.

During the three and six months ended June 30, 2010, all license fee and product sales revenues were from Regeneca International, Inc., a company that we entered into a license agreement with in December 2009. As part of the license agreement, we were issued approximately 15% of Regeneca's outstanding shares and all of the shares we held in Regeneca had been distributed to our shareholders in the form of a dividend on April 22, 2010. One of our officers at March 31, 2010 was also a stockholder of Regeneca. There were no revenues from related parties during the six months ended June 30, 2009.

During the three and six months ended June 30, 2010, the Company engaged a consultant, that is also a stockholder of the Company, to provide financial consulting and investor relations services at base cost of $7,500 per month, plus certain transaction fees as agreed prior to each transaction. Total consulting fees incurred to this stockholder totaled 7,500 and $72,450 during the three and six months ended June 30, 2010.

During the six months ended June 30, 2010, the Company engaged another consultant that is a stockholder to provide certain administrative and investor relations services. Total fees incurred to this stockholder totaled $2,650 and $11,150 during the three and six months ended June 30, 2010.

4. Note Payable

The note payable was incurred in connection with the acquisition of 84% of HealthAmerica's outstanding shares on October 20, 2008, was non-recourse and was secured by the acquired HealthAmerica shares and all of HealthAmerica's assets. The note bore interest at 4% per annum and required the Company to make monthly payments of $25,000. In addition, every 90 days, the Company is required to make additional note payments equal to 10% of the gross proceeds received from any sales of equity or debt securities, or any sale or licensing of products or technology until all outstanding principal and interest are repaid. As of March 31, 2010 the Company had not made all of the required monthly payments under the agreement and the Company remained in arrears subsequent to March 31, 2010. In May 2010, the Company and note holder agreed to convert the entire note payable balance into 12,770,975 shares of common stock at $0.04 per share.

5. Convertible Notes Payable

On February 4, 2010, the Company entered into a $50,000 convertible promissory note. The note bears interest at 8% per annum, matures on November 4, 2010 and, at the holder's option, may be converted into shares of common stock. The conversion price is generally equal to 58% of the average of the lowest three closing bid price on the Over-the-Counter Bulletin Board in the ten day trading period prior to the date of the notice of conversion. This note also has anti-dilution provisions such that the conversion price may be reduced in the event the Company issues or sells shares at a price below the conversion price. The Company has accounted for the conversion feature as an embedded derivative instrument requiring it to be separated from the note payable and reported at fair value. The fair value of the conversion feature at issuance was $46,930. The share conversion liability is subject to recurring fair value adjustments each reporting period (See note 9 – Assets and Liabilities at Fair Value). The discount is amortized over the life of the note payable using the effective interest method and recorded as interest in the statement of operations. The note may not be prepaid without the holder's consent and is subject to a prepayment penalty. During the six months ended June 30, 2010, total interest expense related to the accretion of the discount on the note payable was approximately $26,000. The Company has reserved 2,105,265 shares of common stock to provide for the issuance of shares upon the full conversion of this note.

On March 29, 2010, the Company entered into a $60,000 convertible promissory note. The note bears interest at 8% per annum, matures on December 26, 2010 and, at the holder's option, may be converted into shares of common stock. The conversion price is generally equal to 58% of the average of the lowest three closing bid price on the Over-the-Counter Bulletin Board in the ten day trading period prior to the date of the notice of conversion. This note also has anti-dilution provisions such that the conversion price may be reduced in the event the Company issues or sells shares at a price below the conversion price. The Company has accounted for the conversion feature as an embedded derivative instrument requiring it to be separated from the note payable and reported at fair value. The fair value of the conversion feature at issuance was $56,339. The share conversion liability is subject to recurring fair value adjustments each reporting period (See note 9 – Assets and Liabilities at Fair Value). The discount is amortized over the life of the note payable using the effective interest method and recorded as interest in the statement of operations. The note may not be prepaid without the holder's consent and is subject to a prepayment penalty. During the six months ended June 30, 2010, total interest expense related to the accretion of the discount on the note payable was approximately $25,000. The Company has reserved 3,154,980 shares of common stock to provide for the issuance of shares upon the full conversion of this note.

On April 27, 2010, the Company entered into a $30,000 convertible promissory note. The note bears interest at 8% per annum, matures on January 28, 2011 and, at the holder's option, may be converted into shares of common stock. The conversion price is generally equal to 58% of the average of the lowest three closing bid price on the Over-the-Counter Bulletin Board in the ten day trading period prior to the date of the notice of conversion. This note also has anti-dilution provisions such that the conversion price may be reduced in the event the Company issues or sells shares at a price below the conversion price. The Company has accounted for the conversion feature as an embedded derivative instrument requiring it to be separated from the note payable and reported at fair value. The fair value of the conversion feature at issuance was $28,170. The share conversion liability is subject to recurring fair value adjustments each reporting period (See note 9 – Assets and Liabilities at Fair Value). The discount is amortized over the life of the note payable using the effective interest method and recorded as interest in the statement of operations. The note may not be prepaid without the holder's consent and is subject to a prepayment penalty. During the six months ended June 30, 2010, total interest expense related to the accretion of the discount on the note payable was approximately $9,000. The Company has reserved 1,989,390 shares of common stock to provide for the issuance of shares upon the full conversion of this note.

On May 14, 2010, the Company entered into a $27,500.00 convertible promissory note. The note bears interest at 8% per annum, matures on February 17, 2011 and, at the holder's option, may be converted into shares of common stock. The conversion price is generally equal to the lower of $0.03 or 58% of the average of the lowest three closing bid price on the Over-the-Counter Bulletin Board in the ten day trading period prior to the date of the notice of conversion. This note also has anti-dilution provisions such that the conversion price may be reduced in the event the Company issues or sells shares at a price below the conversion price. The Company has accounted for the conversion feature as an embedded derivative instrument requiring it to be separated from the note payable and reported at fair value. The fair value of the conversion feature at issuance was $25,813. The share conversion liability is subject to recurring fair value adjustments each reporting period (See note 9 – Assets and Liabilities at Fair Value). The discount is amortized over the life of the note payable using the effective interest method and recorded as interest in the statement of operations. The note may not be prepaid without the holder's consent and is subject to a prepayment penalty. During the six months ended June 30, 2010, total interest expense related to the accretion of the discount on the note payable was approximately $4,000. The Company has reserved 2,750,000 shares of common stock to provide for the issuance of shares upon the full conversion of this note.

6. Equity Transactions

In January 2010, the Company entered into an agreement with a consultant whereby the consultant is to provide various management consulting, business advisory, stockholder information and public relations services to the Company for a nine month period in exchange for 2,700,000 shares of the Company's common stock. The stock was issued to the consultant shortly after the agreement was executed and, in January, 2010, the Company filed a Registration Statement on Form S-8 with the Securities and Exchange Commission to register the 2,700,000 shares available under the consulting agreement. The consultant shall earn the shares at the rate of 300,000 shares per month and is also entitled to other fees, generally based on 5% of any funds raised or merger consideration received as a result of the consultant's efforts. No other fees were earned during the first quarter 2010.

In the first quarter 2010, the Company issued 837,301 shares of common stock upon the conversion of a note payable and accrued interest totaling $108,849 (Note 3).

In February 2010, the Company issued an aggregate of 190,000 shares in payment of current and prior services aggregating $37,950.

In April 2010, the Company issued 300,000 common shares to each of two independent directors. The shares were valued at an aggregate of $54,000 and recorded as prepaid compensation, which is being recognized as an expense on a straight-line basis over the 36 month vesting period.

In the second quarter 2010, the Company agreed to issue an aggregate of 4,835,000 shares to various consultants for services performed and to be performed. As of June 30, 2010, 200,000 shares had not been issued and the value of such shares is recorded in accounts payable. In total, the Company has issued and recognized an aggregate of 670,000 shares for these consulting services for the six months ending June 30, 2010.

In May, 2010 the Company converted a $510,839 note payable into 12,770,975 common shares (Note 4).

7. Income Taxes

The income tax benefit of $64,919 and $129,839 for the three months and six months ended June 30, 2010, respectively, and $64,920 and $129,839 for the three and six months ended June 30, 2009, respectively, relates to the amortization of acquired HealthAmerica patents.

As of June 30, 2010, net deferred tax assets were $989,000 with a related valuation allowance of $989,000. Deferred tax assets represent future tax benefits to be received when certain expenses and losses previously recognized in the financial statements become deductible under applicable income tax laws. The realization of deferred tax assets is dependent on future taxable income against which these deductions can be applied. The Company has established the valuation allowance because it is more likely than not that all or a portion of the deferred tax assets will not be realized. Periodic adjustments will be made to the valuation allowance in future periods if there are changes in the evidence of realizability.

The deferred tax liability of $866,000 at June 30, 2010 consists of the difference in book and tax carrying value of the acquired HealthAmerica patents.

8. Stock Incentive Program

On October 23, 2008, the Board of Directors approved the Vivakor 2008 Incentive Plan (the “2008 Plan”). The 2008 Plan authorizes the issuance of up to 7,500,000 shares of common stock. The 2008 Plan allows for the grant of tax-qualified incentive stock options, non-qualified stock options and restrictive stock and other stock-based awards to employees, directors and consultants of the Company. In January, 2010, the Company filed a Registration Statement on Form S-8 with the Securities and Exchange Commission to register all of the shares available under the 2008 Plan.

On April 19, 2010 the Board of Directors authorized the grant of 300,000 each to two of the Company’s directors under the 2008 Plan. The aggregate shares granted were valued at $54,000 and vest quarterly over 36 months commencing April 1, 2010.

9. Assets and Liabilities Measured at Fair Market Value

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability to a third party with the same credit standing (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. In many cases, the exit price and the transaction (or entry) price will be the same at initial recognition. However, in certain cases, the transaction price may not represent fair value. Fair value is a market-based measurement determined based on a hypothetical transaction at the measurement date, considered from the perspective of a market participant, not based solely upon the perspective of the reporting entity. When quoted prices are not used to determine fair value, consideration is given to three broad valuation techniques: (i) the market approach, (ii) the income approach, and (iii) the cost approach. Entities are required to determine the most appropriate valuation technique to use, given what is being measured and the availability of sufficient inputs. Inputs to fair valuation techniques are prioritized, allowing for the use of unobservable inputs to the extent that observable inputs are not available. The applicable guidance establishes a three-level hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). An asset or liability’s classification within the fair value hierarchy is based on the lowest level of significant input to its valuation. The input levels are defined as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Quoted prices in markets that are not active or inputs that are observable either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities other than quoted prices in Level 1, quoted prices in markets that are not active, or other inputs that are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Unobservable inputs reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset or liability. Level 3 assets and liabilities include those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as those for which the determination of fair value requires significant management judgment or estimation.

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Financial instruments which are measured at estimated fair value on a recurring basis in the condensed consolidated financial statements include an embedded share conversion feature. The fair value of the share conversion feature was determined by using the Black-Scholes Option Pricing Model.

Assets and liabilities measured at estimated fair value on a recurring basis and their corresponding fair value hierarchy is summarized as follows:

Fair Value Measurements at Reporting Date June 30, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Liabilities - Share conversion feature	$ -	$ 144,612	$ 144,612

The Company has categorized its assets and liabilities measured at fair value into the three-level fair value hierarchy, as defined above, based upon the priority of inputs to respective valuation techniques. Liabilities included within level 3 of the fair value hierarchy presented in the preceding table include certain warrants and share conversion feature which require fair value on a recurring basis. The valuation methodology uses a combination of observable and unobservable inputs in calculating fair value.

The changes in level 3 liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2010 are summarized as follows:

	Balance Beginning of Period	Issuance	(Gain) or Loss Recognized in Earning from Change in Fair Value	Balance End of Period
Share conversion feature	$ -	$ 157,252	$ (12,640)	$ 144,612

For the six months ended June 30, 2010, total unrealized loss of approximately $12,640 and is included in earnings in the Statement of Operations caption “Loss on change in fair value of share conversion feature.” For the three and six months ended January 31, 2010, total unrealized gains of $12,640are included in earnings in the Statement of Operations in interest expense.

10. Subsequent Events

Subsequent to June 30, 2010, the Company issued 4,700,000 shares to consultants for services performed and to be performed. All shares were restricted.

11. Restatement

The Company had two consulting agreements with consultants which provided shares of common stock as compensation. The Company accounted for the agreements by computing the expense based upon the Company's stock price at the agreement dates and amortizing the resulting expense over the terms of the agreements. The Company subsequently has concluded the measurement date for the expense is actually when the services are performed. Therefore, the expense should be calculated based upon the Company's stock price when the related shares are earned. As a result the Company has restated its financial statements as of and for the three and six months ended June 30, 2010. This change resulted in a reduction of current assets and stockholders (deficit) by $353,050 at June 30, 2010. This change also reduced net loss by $132,799 and $132,800 for the three and six months ended June 30, 2010, respectively. This change reduced the weighted average shares outstanding; however it had no effect net loss per share for the three and six months ended June 30, 2010.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the Financial Statements and Notes relating thereto appearing elsewhere in this report and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" presented in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Introductory Note

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and we intend that such forward looking statements be subject to the safe harbors created thereby. These forward-looking statements, which may be identified by words including "anticipates," "believes," "intends," "estimates," "expects," "plans," and similar expressions include, but are not limited to, statements regarding (i) future research plans, expenditures and results, (ii) potential collaborative arrangements, (iii) the potential utility of our proposed products and (iv) the need for, and availability of, additional financing.

The forward-looking statements included herein are based on current expectations, which involve a number of risks and uncertainties and assumptions regarding our business and technology. These assumptions involve judgments with respect to, among other things, future scientific, economic and competitive conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking statements will be realized and actual results may differ materially. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. We undertake no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events. Readers should carefully review the risk factors described in this and other documents that we file from time to time with the Securities and Exchange Commission including, without limitation, Quarterly Reports on Form 10-Q, Annual Reports on Form 10-K and subsequent Current Reports on Form 8-K.

General

Vivakor, Inc. is a transdisciplinary research company that develops products in the fields of molecular medicine, electro-optics, biological handling and natural and formulary compounds. We also provide contract research services for third parties. We had no employees or significant operations from our inception through March 15, 2008. In December 2009, we entered into a license agreement with Regeneca International Inc. (“Regeneca”) a new company that sells natural and organic infused products direct to consumer. Under the terms of the agreement, we obtained a 15% interest in Regeneca and Regeneca obtained exclusive worldwide distribution rights to sell and distribute our VivaBoost product in the direct-to-consumer market and has committed to purchase $5,000,000 of product over a thirty-six month period. In the event milestone sales targets are not met during the thirty-six month term, we have the right to modify or terminate the agreement. On October 20, 2008, we effectively acquired the assets (patents and technology related to medical record bar coding and magnetic resonance imaging (MRI) systems) of HealthAmerica, Inc. (“HealthAmerica”) by acquiring approximately 84% of HealthAmerica’s outstanding shares. HealthAmerica has had no significant operations, within the last five years.

Our business model is to be a research hub focused on areas that have both an identified scientific need and a substantial market opportunity with a significant market. This approach is intended to provide the necessary environment of transdisciplinary collaboration and cross-pollination to advance research and technology acquisition. Our company mission is to create or acquire distinct intellectual property and technologies that improve the quality of life for individual patients, researchers, clinicians and consumers. We believe that the development and commercialization of substantive technologies and cures for complex human conditions, illnesses and diseases require a sophisticated approach with contribution from many areas of business and scientific expertise. Our research and the technology we acquire are anchored by our relationships with collaborative partners and product-specific commercialization strategies. From the commencement of product conception or acquisition, through development and commercialization, we expect to have collaborative partners or licensing arrangements in place for each of our products. We expect this model to provide several advantages to our stockholders, including: (i) a more efficient research and development process; (ii) a quicker time to market after completion of development; and (iii) the value-add growth to the hub company, Vivakor, through commercialization and subsidiary spin-off. We have commenced developing numerous products and currently have one pending utility patent related to the Company's cryovial technology. In October, 2008, we also acquired a patented MRI software technology that we currently intend to develop. We generally intend to commercialize our products, after completion of development and any required regulatory approvals, primarily through one of three methods: (i) a sale of the technology; (ii) licensing of the product to a manufacturer or distributor or; (iii) by manufacturing, marketing and directly selling the products ourselves.

Product Research Divisions

Our research efforts are divided into four primary areas of medical and biotechnological development. These are:

1. Molecular Medicine. The goal of this division centers on the development of biologically relevant molecules, tests and methods and their application in the practice of medicine.

We plan to translate systems biology (genomics, proteomics, metabalomics, etc.) insights of the molecular and cellular basis of disease into commercializable theranostic (diagnostic/therapeutic) products. Vivakor scientists will be participants in the discovery and development of new drugs and the early diagnosis of disease states.

The central aim of the molecular medicine division is cancer detection and wound healing, which we anticipate will lead to the development of customized treatments. Research in stem cell biology and nuclear reprogramming is a critical element in this research.

2. Electro-Optics. This division is charged with the development of biomedical and related consumer products that incorporate optical and electronic engineering. We have actively designed, built and tested several new electro-optic devices to reach previously un-served or underserved areas of the biomedical device market. Products scheduled for development in this area include:

VivaSight: a digital photorefractor that is intended to modernize child vision screening. Approval has been granted from Western Institutional Review Board (20080731) to conduct human validation studies of our VivaSight technology on children. This study is currently being conducted at the University of Iowa Hospitals and Clinics.

Clinical Biomolecular Sensor (CBS): a label free multiplexed approach for use in the detection and diagnosis of complex human conditions (cancer, infectious diseases, cardiovascular disease, metabolic disorders, auto immune and inflammatory diseases)

VivAuris: an optic technology platform to identify or indicate the potential of a middle ear infection.

With the acquisition of HealthAmerica's SLICES™ technology, we plan to adapt and upgrade this technology to produce enhanced MRI images, which we expect will improve MRI resolution. See Products and Development Status below.

3. Biological Handling. We have developed commercial products for cryogenic preservation, and storage through our VivaThermic Cryovials (USPTO Utility Patent # 12423998). We plan to explore new techniques to improve methods and products employed for cryogenic preservation, storage and handling. Future research plans for this division include:

stem cell specific improved cryovials;

cryogenic devices for temperature maintenance and sample transport; and

a cryogenic biopsy device (Cryopsy).

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4. Natural and Formulary Products. To date, this division has developed two bioactive beverages in the nutraceutical/supplement space, VivaBlend and VivaBoost. VivaBlend is a highly concentrated extract of natural products rich in antioxidants and other phytochemicals. VivaBoost is a nutraceutical, bioactive beverage enriched with phytochemicals and antioxidants. In December 2009, Vivakor entered into an agreement with Regeneca International, Inc. giving Regeneca the exclusive rights to distribute VivaBoost in the direct-to-consumer market (VivaBoost is to be distributed by Regeneca its RegeneBlend product). Further work in this area will focus on the investigation, validation and adaptation of medical herbalism or botanical medicine into commercial products.

Contract Research Services

We have also performed contract research and development. This includes contracts to perform several studies to investigate and validate topical product claims.

Research and Development

During the six months ended June 30, 2010 and 2009, we incurred $516,190 and $582,571 in costs related to research and development activities, respectively. Included in these amounts is acquired patent cost amortization of $370,969 in both periods. The Company expects to continue ongoing research and development activities for the foreseeable future and, provided we are able to raise the necessary capital, research and development expenses for the year ended December 31, 2010 are expected to increase from 2009 as we expand our research and development efforts. We face a number of risks in moving our technology through research, development and commercialization. We have never been profitable on an annual basis and we do not anticipate profitability in the short term and will continue to require external funding, either from key corporate partnerships and licenses of our technology or from the private or public equity markets, debt from banking arrangements or some combination of these financing vehicles.

Employees

As of June 30, 2010, we had three employees: our Executive Chairman and Chief Financial Officer, who are engaged in financial, administrative and operational activities, and our CEO who is engaged in research and development and executive management. Our Chief Financial Officer resigned in April 2010 and our Chief Executive Officer and Executive Chairman have assumed all financial responsibilities normally performed by the Chief Financial Officer. We estimate that the successful implementation of our growth plan would require between six and ten additional employees. Our ability to add the needed employees is dependent on our ability to obtain the needed capital to support these employees and their efforts. We also plan to continue to retain and utilize the services of outside consultants as the need arises. None of our employees are represented by any collective bargaining unit.

Plan of Operation

The Company plans on becoming a significant transdisciplinary biomedical/biotechnology company involved in the discovery, development, acquisition and commercialization of a broad range of biotechnology, and biomedical technologies as well as nutraceutical and molecular diagnostic technologies to improve human health.

We intend to develop, manufacture and sell directly or indirectly through collaborative partners, the following types of products:

PRODUCT	R&D PHASE	DESCRIPTION
VivaThermic Vials	Phase III	Centrifugable and autoclavable vials for cryopreservation
Cryopsy	Phase I	Device that rapidly freezes tissue specimens
VivaSight	Phase II	Digital PhotoRefractor for children's vision screening
VivAuris	Phase II	Device for middle ear redness detection
VivaGlobin	Discontinued	Device for anemia and Cutaneous hemoglobin detection
VivaBoost	Phase III	Phytochemical rich daily dose nutraceutical beverage
VivaBlend	Phase III	Concentrated phytochemical/ antioxidant extract supplement
VivaGastroProtect	Phase I	Fruits and vegetables extract for the protection of digestive system
VivaCrop	Discontinued	Vegetation health monitor
Clinical Sensor (CBS)	Phase I	In vitro diagnostic device used at the point of care
SLICES	Phase II	MRI enhancement software

We also plan to continue to offer contract research and development services in molecular biology, device engineering and other areas. We commenced providing contract research and development services in the first quarter of 2008. During the first quarter 2009, we commenced sales of our VivaThermic vials and we commenced sales of VivaBlend in the second quarter of 2009. In December 2009, we entered into a license agreement with Regeneca International, Inc. (“Regeneca”) for VivaBoost whereby Regeneca obtained exclusive worldwide distribution rights in the direct-to-consumer market and has committed to purchase $5,000,000 of product over a thirty-six month period.

Going Concern

Our registered independent public accounting firm expressed substantial doubt as to our ability to continue as a going concern in its report on our annual financial statements for the years ended December 31, 2009 and 2008 based on the fact that we do not have adequate working capital to finance our day-to-day operations. Our continued existence depends upon the success of our efforts to raise additional capital necessary to meet our obligations as they come due and to obtain sufficient capital to execute our business plan. We intend to obtain capital primarily through issuances of debt or equity or entering into collaborative arrangements with corporate partners. There can be no assurance that we will be successful in completing additional financing or collaboration transactions or, if financing is available, that it can be obtained on commercially reasonable terms. If we are not able to obtain the additional financing on a timely basis, we may be required to further scale down or perhaps even cease the operation of our business. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Liquidity and Capital Resources

At June 30, 2010, we have $756 in cash and cash equivalents and our current liabilities consisted of $161,416 in accounts payable, $1,004,963 in accrued wages payable, $102,638 in deferred revenue, $13,407 in loans and advances payable to related parties, a $164,292 grant payable, and $78,548 and $144,612 of fair value of share conversion feature in convertible notes payable. The $164,292 grant payable is to be repaid upon the occurrence of certain events, including the completion of an Initial Public Offering.

Cash and cash equivalents decreased to $756 at June 30, 2010 from $187,646 at December 31, 2009. The $186,890 decrease consists of cash used in operations of $343,390 offset by cash provided by financing activities of $145,500 and investing activities of $11,000.

For the six months ended June 30, 2010, net cash used in operating activities was $343,390 and included our $1,122,186 net loss for the six months ended June 30, 2010, adjusted for depreciation and amortization charges of $267,590, the common shares issued for services of $391,300, the stock option expense to employees of $117,319,interest added to note payable balances of $70,807 , interest added to notes receivable of $10,565, and changes in operating assets and liabilities offset by deferred income taxes of $129,839. Net cash used in operating activities was $86,091 and included our $815,717 net loss for the six months ended June 30, 2009, adjusted for depreciation and amortization charges of $384,656, the write off of previously capitalized deferred offering costs of $111,316, interest added to note payable balances of $39,241, and changes in operating assets and liabilities offset by deferred income taxes of $129,839.

Net cash provided by financing activities was $145,500 during the six months ended June 30, 2010 and consisted of $167,600 in gross proceeds from convertible notes, net of $22,000 in loan costs.

Net cash provided by investing activities was $11,000 and none during the three and six months ending June 30,2010 and 2009.

In November 2008, the Company commenced a capital formation activity to submit a Registration Statement on Form S-1 to the Securities and Exchange Commission (the "SEC") to register and sell in a self-directed offering 15,000,000 shares of newly issued common stock at an offering price of $0.23 per share for proceeds of up to $3,450,000. The Registration also registered 5,133,000 of the Company's outstanding shares of common stock on behalf of selling stockholders, for which the Company would not receive any of the proceeds from sales of these shares. The Registration Statement on Form S-1 was filed with the SEC on November 25, 2008 and declared effective on December 22, 2008. A creditor of the Company purchased 434,783 shares in exchange for a $100,000 reduction of the Company's existing indebtedness payable to such creditor and, as of March 3, 2009, the Company received stock subscriptions for 14,300,000 newly issued shares of common stock at an offering price of $0.23 per share and closed the offering. The consideration received from the subscription agreements was in the form of notes receivable with maturity dates 90 days after the note dates. The notes were secured by the subscribed shares and such shares would not be released to the subscribers until payment was received by the Company. As of March 31, 2009, the Company had not received any of the purchase price for the shares and, as a result, on April 2, 2009, the Company cancelled and terminated each of the subscription agreements, with the consent of the subscribers; terminated its public offering and deregistered the 14,300,000 unsold shares. The Company incurred $111,316 of deferred offering costs related to this capital formation activity. The deferred offering costs were expensed upon the termination of the offering in 2009.

In August 2009, the Company commenced another capital formation activity to submit a Registration Statement on Form S-1 to the SEC to register and sell in a self-directed offering 15,000,000 shares of newly issued common stock at an offering price of $0.23 per share for proceeds of up to $3,450,000. The Registration Statement on Form S-1 was filed with the SEC on August 12, 2009 and declared effective on August 21, 2009. As of June 30, 2010 the Company issued (i) 1,737,280 shares in exchange for $319,714 in net cash proceeds; (ii) 220,000 shares in exchange for consulting services valued at $50,600, which were expensed 2009; (iii) 190,000 shares in 2010 in exchange for $37,760 in consulting services (some of which were performed and accrued in 2009); (iv) 489,129 shares to an existing stockholder and a consultant for a $112,500 reduction in advances and accounts payable; (v) 4,415,927 shares to an existing creditor/stockholder in exchange for a $1,015,663 reduction the Company's note payable to the creditor, and (vi) 5,834,109 shares in exchange for $1,341,845 in notes receivable from the two parties, one of which is an existing stockholder of the Company.

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The 5,834,109 shares issued in exchange for notes receivable were issued pursuant to two stock purchase agreements for 3,185,000 shares each at a purchase price of $732,550 each. The consideration received under the purchase agreements was a combination of cash, reduction of advances payable and the notes receivable. The notes receivable both bear interest at 5% per annum and had 60 day terms that matured in October 2009. The notes had an aggregate balance of $1,329,518 at December 31, 2009 and were extended to January 31, 2010. As of June 30, 2010, the notes have a remaining balance of $1,036,063 after being offset with certain advances payable and are currently continuing on a month-to-month basis. The shares issued under the notes have been issued and are being held in escrow and will be released by the escrow agent to the purchasers as payments are received. As of June 30, 2009, an aggregate of 4,459,000 shares are held in escrow.

We do not have sufficient cash on hand to fund our administrative and other operating expenses or our proposed research and development and sales and marketing programs for the next twelve months. During 2009 we entered into distribution agreements with distributors in India and Japan for the sale of our cryovials and we commenced taking cryovial orders; we also began selling VivaBlend and entered into a license agreement for the distribution of VivaBoost. However, until we have sufficient cash to prepare marketing materials and product samples and implement a sales and marketing plan, we do not expect significant revenues from product sales. In order to meet our obligations as they come due and to fund the development and marketing of our or products, we will require significant new funding to pay for these expenses. We might do so through loans from current stockholders, public or private equity or debt offerings, grants or strategic arrangements with third parties. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources.

We have no material commitments or contractual purchase obligations for the next twelve months other than the equipment lease the requires monthly payments of $112 through March 2012.

Critical Accounting Policies

Our consolidated financial statements and accompanying notes have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Vivakor, Inc., its wholly owned subsidiaries Vivasight, Inc., Vivathermic, Inc. and Vivaventures, Inc., all of which were formed on February 19, 2009, and its majority owned subsidiary, HealthAmerica, Inc. (“HealthAmerica”), a Nevada corporation. On October 20, 2008, the Company acquired approximately 84% of HealthAmerica’s outstanding shares. On December 9, 2009, the Company distributed a number of its shares of HealthAmerica common stock to its stockholders of record on December 1, 2009, reducing its interest in HealthAmerica to approximately 62% . All intercompany transactions have been eliminated in consolidation. Vivasight, Vivathermic and Vivaventures are all currently inactive. Since certain related parties held interests in HealthAmerica prior to its acquisition by Vivakor, the noncontrolling interest in HealthAmerica’s net operating results is calculated at approximately 4% through December 9, 2009 and approximately 28% thereafter of amortization expense on the acquired HealthAmerica patent and the related deferred income tax benefit, and approximately 16% of HealthAmerica's remaining operating results through December 9, 2009 and approximately 38% thereafter.

Investments in which the Company does not exercise significant influence over the investee are accounted for using the cost method of accounting. At December 31, 2009, the Company held a noncontrolling interest in Regeneca International, Inc., a private company, which was accounted for using the cost method and is included in Investment in Unconsolidated Affiliate. All of the Regeneca shares held at December 31, 2009 were distributed to our shareholders of record on April 22, 2010.

Impairment of Long-Lived Assets

Long-lived assets, which primarily consist of equipment, furniture, leasehold improvements and patents, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by such assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company did not recognize any impairment loss for long-lived assets during the years ended December 31, 2009 and 2008.

Revenue Recognition

The Company recognizes revenue when all four of the following criteria are met: (i) persuasive evidence that an arrangement exists; (ii) delivery of the products and/or services has occurred; (iii) the fees earned can be readily determined; and (iv) collectability of the fees is reasonably assured. The Company recognizes revenue from research contracts as services are performed under the agreements. The Company records grant revenues as the expenses related to the grant projects are incurred. Up front license fee revenues are deferred and recognized over the term of the license on a straight-line basis.

Results of Operations
Comparison of the Three and Six Months ended June 30, 2010 and 2009

For the three months ended June 30, 2010, we had a net loss of $530,894 compared to a net loss of $310,480 for the corresponding prior year period. For the six months ended June 30, 2010, we had a net loss of $1,122,186 compared to a net loss of $815,717 for the corresponding prior year period, primarily due to increased research and administrative expenditures in 2010 in the six months ended June 30, 2010. Note also from our inception through March 15, 2008, we had no significant operations.

We commenced sales of our VivaBoost product sales in 2010, accordingly, during the three and six months ended June 30, 2010, product sales revenue totaled $0 and $135,650, respectively, compared to $14,064 product during the three and, $20,287 six months ended June 30, 2009. During the three and six months ended June 30, 2010, we had zero and zero, respectively in research grant revenue compared to $74,700 for the three and six months ended June 30, 2009.

For the three and six months ended June 30, 2010, cost of sales totaled zero and $107,859, respectively compared to $11,210 and $15,491, respectively for the three and six months ended June 30, 2008. The increase is due to the order received for the Vivaboost product in the first quarter of 2010. The company did not receive any purchase orders during the second quarter of 2010 ending June 30, 2010.

Our research and development expenses during the three and six months period ending June 30,2010 decreased from $285,450 in the second quarter 2009 to $241,067 in the second quarter 2010. The six months period decreased from $582,571 to $516,190. The decrease was primarily due to a decrease in payroll and related expenses due to a reduction of headcount in 2010.

Sales and marketing costs for the three and six month period ending June 30, 2010 were minimal, increasing from $200 in the second quarter 2010 to $530 in the second quarter 2010. The six month period increased from $491 in 2009 to $1,830 in 2010. We will require additional funds in order to increase sales and marketing costs required to build awareness about us and our products.

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Our general and administrative expenses in the three and six month period ending June 30, 2010 increased from $147,698 in the second quarter 2009 to $319,762 in the second quarter 2010. The six month period also increased from $291,433 to $748,342 in 2010. The increase in administrative expense is primarily due to our Executive Chairman and CFO working for us on a part-time basis in 2009 and a full-time basis in 2010. Additionally the Company engaged outside consultants to assist in strategy and marketing efforts during the three and six months periods ending June 30,2010, which were not expenses nor initiatives of the Company had need of during the three and six months periods in 2009. Moreover, our increased dependency on outside consultants due to our reporting and legal costs has also increased our administrative expenses in the three and six months ending June 30, 2010 over the 2009 periods.

During the second quarter 2009, we also expensed $111,316 in offering costs related to the terminated Registration Statement on Form S-1 that was originally filed on November 25, 2008.

Net interest expense during the three and six month period ending June 30, 2010 increased from $19,606 in the second quarter 2009 to $64,632 in the second quarter of 2010, and the six month period increased from $39,241 in 2009 to $75,423 in 2010, primarily due to the convertible notes payable.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

This item is not required for smaller operating companies.

Item 4T. Controls and Procedures

(a) Evaluation of disclosure controls and procedures. In accordance with Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), as of the end of the period covered by this Annual Report on Form 10-K, the Company's management evaluated, with the participation of the Company's Executive Chairman and Chief Executive Officer and the Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based upon their evaluation of these disclosure controls and procedures, the Executive Chairman and Chief Executive Officer have concluded that the disclosure controls and procedures were effective as of the date of such evaluation in ensuring that information required to be disclosed in the Company's Exchange Act reports is (1) recorded, processed, summarized and reported in a timely manner, and (2) accumulated and communicated to management, including the Company's Executive Chairman and the Chief Executive Officer, as appropriate, to allow timely decisions regarding required disclosure.

(b) Changes in internal control. There was no change in the Company's internal control over financial reporting that occurred during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

During August, 2009, we issued 50,000 unregistered shares of common stock valued at $11,500 in exchange for services.

In the first quarter 2010, the Company issued 837,301 shares of unregistered common stock upon the conversion of a note payable and accrued interest totaling $108,849.

In February 2010, the Company issued an aggregate of 190,000 shares of unregistered common stock in payment of current and prior services aggregating $37,950.

In April 2010, the Company issued an aggregate of 210,000 shares of unregistered common stock in payment of current and prior services aggregating $22,000.

Item 3. Defaults Upon Senior Securities

We had a note payable that was incurred in connection with the acquisition of 84% of HealthAmerica's outstanding shares on October 20, 2008, that was non-recourse and was secured by the acquired HealthAmerica shares and all of HealthAmerica's assets. The note bore interest at 4% per annum and required the Company to make monthly payments of $25,000. In addition, every 90 days, the Company is required to make additional note payments equal to 10% of the gross proceeds received from any sales of equity or debt securities, or any sale or licensing of products or technology until all outstanding principal and interest are repaid. As of March 31, 2010 the Company had not made all of the required monthly payments under the agreement and the Company remained in arrears subsequent to March 31, 2010. In May 2010, the Company and note holder agreed to convert the entire note payable balance into 12,770,975 shares of common stock at $0.04 per share.

Item 4. (Removed and Reserved)

Item 5. Other Information

None

Item 6. Exhibits

Exhibits

31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VIVAKOR, INC.

By: /s/ Tannin Fuja

September 17, 2010

Tannin Fuja

President and Chief Executive Officer

(Chief Accounting Officer)

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