

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1379042-0

Total Deleted Page(s) = 1
Page 9 ~ b5; b6; b7C;

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/31/2011

To: Miami

From: Miami

C-9

Contact: SA

Approved By:

Drafted By:

Case ID #: 281A-MM-114879 (Pending)

Title:

HAWK BIOMETRICS;
ET AL;

OO:MM

MF, FBW, Securities Fraud

Synopsis: Document meeting with the SEC on the above captioned matter.

Details: On 05/25/2011, a meeting was held at the Miami Regional Office of the U.S. Securities & Exchange Commission, with [REDACTED] [REDACTED] Also at the meeting was Special Agent [REDACTED] from the Department of Labor.

[REDACTED] stated an administrative investigation was underway, a number of bank accounts had been subpoenaed and a number of people had been interviewed in connection with Hawk Biometrics. [REDACTED] has taken testimony from [REDACTED] [REDACTED] and was planning to take testimony from [REDACTED]

[REDACTED] advised to date he had not uncovered any false information being advertised from alleged pump and dump marketer's. The marketing that had been found never made false claims of any material fact.

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281A-MM-114879-2
151JBG 11.EC.CE.WPD

UNCLASSIFIED

To: Miami From: Miami
Re: 281A-MM-114879, 05/17/2011

[] also advised that an offering memorandum existed with Hawk Biometrics, and that all major investors were given at the time of investment. The offering memorandum essentially informed the investor that the money invested could be spent any way the company or board members saw fit. During [] testimony [] brought up the offering memorandum and an existing company resolution that defined that [] was to only take a [] when the company made a profit. [] stated, that [] looked stunned and could not provide an answer. [] only response was that he did not recall a resolution existed.

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[] stated he would forward all related Hawk Biometrics documents he had collected under the SEC Administrative investigation, to the attention of SA [] on a later date.

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 03/08/2011

To: Miami

From: Miami

C-9 Squad

Contact: SA [REDACTED]

Approved By: [REDACTED] *hja*

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Drafted By: [REDACTED]

dmr *DMR*

Case ID #: 281A-MM-NEW 114879

Title: [REDACTED]

HAWK BIOMETRICS;
ET AL;

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OO:MM

MF, FBW, Securities Fraud

Synopsis: Request to open new investigative matter and assign SA [REDACTED] as primary case agent and SA [REDACTED] as co-case agent. Request to jointly investigate this matter with [REDACTED]-OIG, US Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, 510 Shotgun Road, Suite 210, Sunrise, Florida, 33326, (954) 236-4552.

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Details: Request to open investigative matter regarding and jointly investigate this matter with [REDACTED]-OIG, US Department of Labor, Office of Inspector General, Office of Labor Racketeering and Fraud Investigations, 510 Shotgun Road, Suite 210, Sunrise, Florida, 33326, (954) 236-4552.

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On February 28, 2011, [REDACTED] advised SA [REDACTED] that OIG was initiating an investigation regarding captioned matter and requested the FBI join their investigative efforts. [REDACTED] who is currently a private investigator, contacted [REDACTED] regarding a wealthy client of [REDACTED] who has been defrauded by captioned subjects and othes. VICTIM [REDACTED] invested and appears to have lost [REDACTED] with subject company HAWK BIOMETRICS.

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On April 5, 2010, [REDACTED] filed a complaint with the FBI. [REDACTED] advised that he invested [REDACTED]

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CPI Codes

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2-

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OIA to SA [REDACTED]

3/8/11 DC-BT
3/8/11

039 dmr q1.ec/c-9 /Robens

281A-MM-114879 -1

To: Miami From: Miami
Re: 281A-MM-NEW, 03/08/2011

[redacted] with HAWK BIOMETRIC of Canada, aka HAWK BIOMETICS USA and HAWK SYSTEMS, INC. CRESTA CAPITAL, a shell company, took the company public in February 2009. [redacted] advised that he feels there is extensive fraud being committed by [redacted] [redacted] and others. According to [redacted] the investors will loose millions since the company is only "paper." [redacted] advised that when the company went public in 2009, the lien was never put on the books, they have no assets and no solvency. [redacted] has also filed a complaint with the SEC and IRS.

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[redacted] has reviewed bank records pursuant to a civil lawsuit and advised that it appears that approximately 7.6 million dollars has been siphoned by the subjects from the accounts for personal gain. Reports filed by the company reveal minimal revenue but losses of over 22 million.

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FD-71
Revised
7-21-2009

FEDERAL BUREAU OF INVESTIGATION
COMPLAINT FORM

ADMINISTRATION

Classification Level:
UNCLASSIFIED ☐ FISA Derived

It is noted that the individuals and groups identified during the assessment do not warrant further FBI investigation at this time.

RECEIVED BY		Status:	Priority:
Name: <input type="text"/> (MM) (FBI) Enter as much of the name as known and click Search .		Incident Type:	Receipt Method:
Email: <input type="text"/>		Criminal Activity	In Person
		Received On:	Last Updated:
		4/5/2010	4/6/2010

Originator Type: Complainant	Originating Agency:	Originator Telephone:
Responsible Office: Miami	RA: PBCRA	Responsible Squad (ACS Designation): PB-1

RESPONSIBLE INVESTIGATOR		RESPONSIBLE SUPERVISOR	
Name: <input type="text"/> Enter as much of the name as known and click Search .	Name: <input type="text"/> (MM) (FBI) Enter as much of the name as known and click Search .		
Email: <input type="text"/>	Email: <input type="text"/>		
RESPONSIBLE INVESTIGATOR		RESPONSIBLE SUPERVISOR	
Name: <input type="text"/> (MM) (FBI) Enter as much of the name as known and click Search .	Name: <input type="text"/> (LO) (FBI) Enter as much of the name as known and click Search .		
Email: <input type="text"/>	Email: <input type="text"/>		

SUMMARY

Synopsis:
Complainant Hawk Systems Inc, a publicly traded company (penny stock).
Complainant has realized that the company is a scam and many investors are at the verge of losing millions.

☐ Sensitive Investigative Matter

Facts of Incident:
Company started as Hawk Biometrics of Canada. and subsequently the company became Hawk Biometrics USA. The company went public in February 2009 as Hawk Systems, Inc. Cresta Capital took the company public with a shell company. Complainant feels that there is extensive fraud taking place as well as possible insider trading. Complainant is concerned that many will lose millions since the company is only "paper." When the company went public in 2009, the lien was never put on the books, they have no assets, no solvency. The company is scheduled to start issuing stock on April 7th. Complainant Complainant identified and as heavily involved in the criminal activity. Complainant has filed a complaint with the SEC. Complainant alleges that he has extensive documentation to support his claim.

Occurrence(s):		Time:	
From:	To:	Duration:	Duration Units:
COMPLAINANT			
Name:	<input type="checkbox"/> Protect Source	Date of Complaint:	Time of Complaint:
<input type="text"/>		4/5/2010	3:45:00 PM
Address:	Telephone:		
<input type="text"/>	<input type="text"/>		
Date of Birth:	Email Address:		
<input type="text"/>	<input type="text"/>		
Gender:	Complaint Received By:		
<input type="text"/>	<input type="text"/>		

SUBJECT

Last Name or Organization Name:	First Name:	Middle Initial:
---------------------------------	-------------	-----------------

3/8/2011

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		Telephone Number Text:	
Social Security Number:		Date of Birth:	
Gender:		Build:	
Hair Color:		Eye Color:	
Weight:		Facial Hair:	
Accent:		Race:	
<input type="checkbox"/> Public Figure(Politician, Celebrity, Community Leader, etc.)		US Person <input type="radio"/> Yes <input type="radio"/> No <input checked="" type="radio"/> Unknown	
Description (dress, mannerisms, or statements made):			
Address:			
Other Names:			
Other Addresses:			
Scar(s)/Tattoo(s):			
Scar/Tattoo Description:			
Associate(s):			
Associate Name:		Associate Race:	
Associate Information:			
Weapon(s):			
Weapon Description:			
Vehicle(s):			
Type:		Color:	
Convertible (CV)		Black (BLK)	
Make:		Model:	
Chevrolet (CHEV)			
Additional Identifying Characteristics:			
Tag:			
Type:		Color:	
Other (Enter info into 'Description' field)		Silver/Aluminum (SIL)	
Make:		Model:	
Other (Enter info into 'Description' field) (OTHER)		LAMBORGHINI	
Additional Identifying Characteristics:			
TAG: HAWK BIOMETRICS TECHNOLOGIES			
Type:		Color:	
Motorcycle (MC)		Blue (BLU)	
Make:		Model:	
Harley-Davidson (HD)			
Additional Identifying Characteristics:			
INVESTIGATIVE METHODS			

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Method Options:	Obtain publicly available information	
Selected Method:	Obtain publicly available information. No approval required.	
Method Explanation:	Online queries for HAWK BIOMETRICS TECHNOLOGIES met with positive results. Printouts will be provided with hardcopy of this form.	
Method Options:	Access and examine FBI and DOJ records or information	
Selected Method:	Access and examine FBI and other DOJ records, and obtain information from any FBI or DOJ personnel. No approval required. Note: This includes ACS and NCIC checks.	
Method Explanation:	ACS queries met with negative results.	
Method Options:	Access and examine other Government (non-FBI/DOJ) records	
Selected Method:	Access and examine records maintained by, and request information from, other federal, state, local, tribal, or foreign governmental entities or agencies. No approval required.	
Method Explanation:	<input type="checkbox"/> queries provided information on all parties.	b7E
Method Options:	Obtain publicly available information	
Selected Method:	Obtain publicly available information. No approval required.	
Method Explanation:	Conduct open records search for relevant information	
Method Options:	Access and examine FBI and DOJ records or information	
Selected Method:	Access and examine FBI and other DOJ records, and obtain information from any FBI or DOJ personnel. No approval required. Note: This includes ACS and NCIC checks.	
Method Explanation:	Conduct FBI records checks for relevant information	
Method Options:	Access and examine other Government (non-FBI/DOJ) records	
Selected Method:	Access and examine records maintained by, and request information from, other federal, state, local, tribal, or foreign governmental entities or agencies. No approval required.	
Method Explanation:	Contact SEC in coordination of this matter to determine information useful to assess this matter	
Method Options:	Use and recruit human sources	
Selected Method:	Use and recruit human sources in conformity with AG Guidelines Regarding the Use of FBI Confidential Human Sources. No approval required. Utilize <input type="checkbox"/>	
Method Explanation:	Consider recontacting complainant for further information or possible proactive use in conjunction with assessing	
FINDINGS		
Recommended Classification:	Recommended Alpha:	

☒ Disseminate to FIG

FIG Supervisor:

Name (MM) (FBI)Enter as much of the name as known and click **Search**.Email

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☐ Disseminate to Others

Recommended Action:

Date:

Assessment Findings:

Federal Violation:

SUPERVISOR REVIEW

Responsible Supervisor:

 (MM)(FBI)

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REVIEWS

Period Start Date:	Period End Date:	Days:	Supervisor Decision:	<input type="checkbox"/> Add Comments
			Reassign to Supervisor	

Responsible Supervisor:

 (LO)(FBI)

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REVIEWS

Period Start Date:	Period End Date:	Days:	Supervisor Decision:	<input type="checkbox"/> Add Comments
4/9/2010	5/9/2010	30	Close Assessment, Upload to 0-ASSESS File	

Author:

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Division:	Classification:	Alpha:	CPI Code:	Case ID:
MM	318	E		MM 318-0-ASSESS-E

ATTACHMENTS

File Attachment

Attachment Description:

Ripoff Report | Scams, reviews, complaints, lawsuits and frauds. File a report, post your review. Consumers educating consumers.

By consumers, for consumers...

Ripoff Report

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SEARCH COMPANY OR REPORT #

[Use Advanced Search](#) [Latest Reports](#)

Report: #665181

Report: Hawks System Alert

Reported By: hawkssystemsalert (palm beach Florida United States of America)

Hawks System Alert As of July 13, 2010 A LAWSUIT HAS BEEN FILED AT THE PALM BEACH COUNTY COURT: HAWK SYSTEMS INC. WITH SOME OF THEIR DIRECTORS ARE BEING SUED FOR EMBEZZLEMENT, FRAUD, MISAPPROPRIATION OF CORPORATE ASSET Palm Beach, Florida

Hawks System Alert

Palm Beach Florida
United States of America

Web Address: hawkssystemsalert.blogspot.com/

Category: [Investment Brokers](#)

Submitted: Wednesday, November 24, 2010

Posted: Wednesday, November 24, 2010



[Share](#)

Hawk Systems Alert

As of July 13, 2010 A LAWSUIT HAS BEEN FILED AT THE PALM BEACH COUNTY COURT:

HAWK SYSTEMS INC. WITH SOME OF THEIR DIRECTORS ARE BEING SUED FOR EMBEZZLEMENT, FRAUD, MISAPPROPRIATION OF CORPORATE ASSETS AND FUNDS, NUMEROUS SEC VIOLATIONS, VIOLATING FLORIDA RICO STATUTES AND RUNNING AN ELABORATE PONZI SCHEME.

DEFENDANTS:

DAVID CORIATY
ED SEBASTIONO
ANTONIO DERISI
MICHAEL DIAMANT

<http://hawkssystemsalert.blogspot.com>

NFL issues fraud alert

Posted by Gregg Rosenthal on May 20, 2010, 5:54 PM EST
A league source has passed along to us a memo currently being

circulated by the NFL and the [NFL Players](#) Association regarding two specific persons and businesses who "may be under investigation by law enforcement authorities for questionable business practices" and who "may be targeting current and/or retired NFL Players as potential investors."
The persons are David Coriaty and Anthony DeResi, and the businesses

Report - Rebuttal - Arbitrate

☐ Author ☐ Consumer ☐ Employee

Respond to this report!

?

Also a victim?

?

Arbitrate

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[No! Better yet!](#)

[Arbitrate to set the record straight!](#)



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First Amendment rights. [Read more...](#)

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39	40	41	42	43	44	45
46	47	48	49	50	51	52
53	54	55	56	57	58	59
60	61	62	63	64	65	66
67	68	69	70	71	72	73

Calculate New Payment

LowerMyBills.com

are Hawk Biometrics, Inc. and Hawk Systems.
The memo urges persons who have a pre-existing business relationship
with the persons or businesses to have an independent audit conducted
immediately.
If any current or former players need contact information for NFL

Security, [drop us a line](#).
<http://profootballtalk.nbcsports.com/2010/05/20/nfl-issues-fraud-alert/>

[Continue reading](#)

This report was posted on Ripoff Report on 11/24/2010 11:14:56 AM and is a permanent record located here:
<http://www.ripoffreport.com/investment-brokers/hawks-system-alert/hawks-system-alert-as-of-july-7f534.htm>.
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Hawks System Alert



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Report & Rebuttal

Respond to this report!



Also a victim?



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Are There Any **Legit Work**
At Home Programs?

We Investigate...

You'll be
SHOCKED
at the results.

CLICK HERE Ads by booth

FDIC

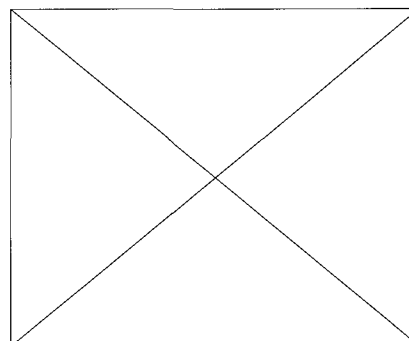
Loan Mod Approval?
Government guarantee it.

ModiLoan

- 72-HOUR ELIGIBILITY
- 100% MONEY BACK
- ALL LENDERS

Calculator

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WEIGH**



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Data recovery scams over charge and steal private data from broken hard drives.
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Loan modification offers risk for those facing foreclosure. Don't pay up front!
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Questionable pyramid scheme takes advantage of consumers.
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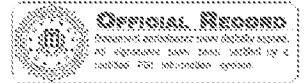
Companies steal from your bank account. Find out how.
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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1379042-0

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FEDERAL BUREAU OF INVESTIGATION

Electronic Communication

Title: (U) Opening EC

Date: 02/13/2013

To:

From: MIAMI

MM-PB1

Contact:

Approved By: _____

Drafted By:

Case ID #: 318B-MM-2736815 (U) Hawk Biometrics;
[REDACTED]
High Yield Securities Fraud

Synopsis: (U) To open new 318B matter.

Full Investigation Initiated: 05/15/2012

Details:

On 05/07/12, SSA [REDACTED] and writer met with [REDACTED] of the Palm Beach County Sheriff's Office, Financial Crimes Unit, regarding the principals of Hawk Biometrics (Hawk), a fingerprint security technology company.

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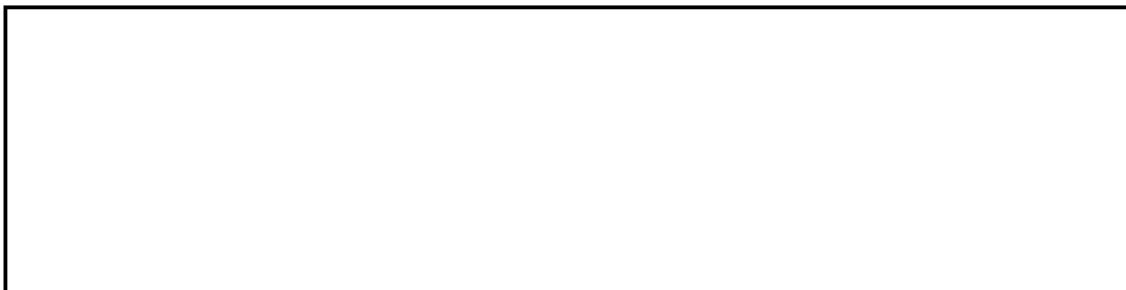
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Title: (U) Opening EC

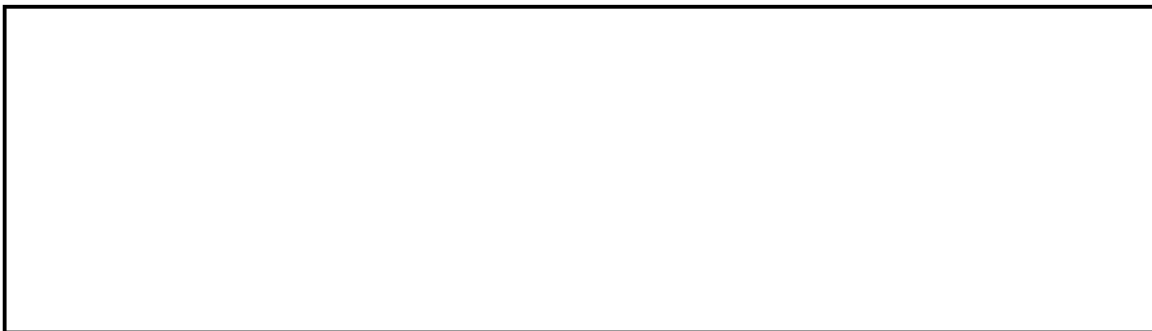
Re: 318B-MM-2736815, 02/13/2013



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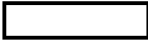



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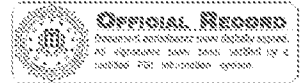


 Since then, bank records were obtained and analyzed showing large withdrawals by  who resides in  It is therefore requested that this case be opened as a new 318B matter on PB-1.

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~~UNCLASSIFIED//FOR OFFICIAL USE ONLY/FOUO~~**FEDERAL BUREAU OF INVESTIGATION****Electronic Communication****Title:** (U//~~FOUO~~) Lead response**Date:** 02/06/2013**From:** NEWARK

NK-C5

Contact: [REDACTED]**Approved By:** SSA [REDACTED]b6
b7C**Drafted By:** [REDACTED]**Case ID #:** 318C-MM-110818-AA137 (U) HAWK BIOMETRICS
318B-NK-120377 (U) HAWK SYSTEMS INC -**Synopsis:** (U//~~FOUO~~) Search results of [REDACTED]b6
b7C**Enclosure(s):** Enclosed are the following items:1. (U//~~FOUO~~) DMV Responses and [REDACTED]

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Details:

On January 29, 2013, [REDACTED] were conducted on [REDACTED]

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[REDACTED] The following results were discovered:

- [REDACTED]
- [REDACTED]

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b7E

On January 29, 2013, Department of Motor Vehicle reports were conducted on [REDACTED]. The following results were discovered:

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b7C

- [REDACTED]
- [REDACTED]

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b7C~~UNCLASSIFIED//FOR OFFICIAL USE ONLY/FOUO~~

UNCLASSIFIED//~~FOR OFFICIAL USE ONLY~~/~~FOUO~~

Title: (U//~~FOUO~~) Lead response

Re: 318C-MM-110818-AA137, 02/06/2013

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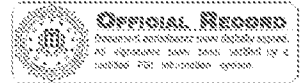
UNCLASSIFIED//~~FOUO~~

Physical 1A/1C Cover Sheet for Serial Export

Created From: 318B-MM-2736815
Serial 2
Package: 1A2
Stored Location: None
Summary: (U//~~FOUO~~) DMV Responses
and [REDACTED]
Acquired By: [REDACTED]
Acquired On: 2013-02-06
Attachment: (U//~~FOUO~~) DMV Responses
and [REDACTED]

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FEDERAL BUREAU OF INVESTIGATION**Electronic Communication****Title:** (U) Hawk Biometric**Date:** 01/10/2013**To:** [REDACTED]**From:** MIAMI

MM-PB2

Contact: [REDACTED]b6
b7C**Approved By:** [REDACTED]b6
b7C**Drafted By:** [REDACTED]**Case ID #:** 318C-MM-110818-AA137 (U) HAWK BIOMETRICS

Synopsis: (U) Request Special Agent [REDACTED] interview subjects, [REDACTED] regarding their investment in Hawk Biometrics and/or Hawk Systems. Specifically who approached them and the sales pitch used to get them to invest.

b6
b7C**Details:**

This investigation is predicated on the principals of Hawk Biometrics (Hawk), a fingerprint security technology company.

[REDACTED]

b7D

[REDACTED]

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Title: (U) Hawk Biometric

Re: 318C-MM-110818-AA137, 01/10/2013



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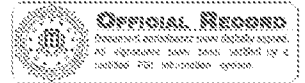
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FEDERAL BUREAU OF INVESTIGATION**Import Form****Form Type:** OTHER**Date:** 02/27/2013**Title:** (U) SEC Form 10K for Hawk Systems, Inc.**Approved By:** A/SSRA [REDACTED]b6
b7C**Drafted By:** [REDACTED]**Case ID #:** 318B-MM-2736815

(U) Hawk Biometrics;

[REDACTED]
High Yield Securities Fraudb6
b7C**Synopsis:** (U) SEC Form 10K for Hawk Systems, Inc.

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UNCLASSIFIED

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

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

For the fiscal year ended **December 31, 2009**

Or

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

For the transition period from: _____ to _____

HAWK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or Other Jurisdiction
of Incorporation or Organization)*

000-49864

*Commission
File Number*

65-1089222

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

**2385 NW Executive Center Drive, Suite 100
Boca Raton, FL 33431**

(Address of Principal Executive Office) (Zip Code)

(561) 962-2885

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.01

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2009, was approximately \$3,816,522 based upon the closing price reported for such date on the OTC Bulletin Board. For purposes of this disclosure, shares of common stock held by persons who hold more than 5% of the outstanding shares of common stock and shares held by executive officers and directors of the registrant have been excluded because such persons may be considered to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 65,361,332 as of April 15, 2010

DOCUMENTS INCORPORATED BY REFERENCE: NONE

HAWK SYSTEMS, INC.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (“Annual Report”) contains forward-looking statements that have been made pursuant to the provisions of Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 and concern matters that involve risks and uncertainties that could cause actual results to differ materially from historical results or from those projected in the forward-looking statements. Discussions containing forward-looking statements may be found in the material set forth under “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and in other sections of this Annual Report. Words such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue” or similar words are intended to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that our opinions and expectations reflected in the forward-looking statements are reasonable as of the date of this Annual Report, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ substantially from the views and expectations set forth in this Annual Report. We expressly disclaim any intent or obligation to update any forward-looking statements after the date hereof, to conform such statements to actual results or to changes in our opinions or expectations.

ITEM 1. BUSINESS

Hawk Systems, Inc. (the “Company” or “Hawk Systems”) is a Delaware corporation formed in February 2001. Prior to the merger in February 2009, we were engaged in the business of acquiring and managing parking lots and garages in New York City and surrounding areas through our subsidiary, Parking Pro, Inc., a New York corporation (“Parking Pro”). On February 19, 2009, pursuant to the terms of an Agreement and Plan of Merger (the “Merger Agreement”) between the Company (formerly known as Explorations Group, Inc.), Hawk Acquisition Corp., a wholly-owned Florida subsidiary of the Company (“Hawk Acquisition”) and Hawk Biometric Technologies, Inc., a Florida corporation (“Hawk Biometric”), Hawk Acquisition merged with Hawk Biometric. Pursuant to the merger, Hawk Biometric was the surviving entity and became a wholly-owned subsidiary of the Company. As a result of the merger, we are now a developer of innovative fingerprint authentication technology that we believe offers high degrees of security, convenience, and ease of use in applications such as automobile locks and potentially identity theft protection. We believe that this type of technology can also be used in banking, healthcare, hotel/casino operations, employee time clock and attendance, stadium security, sporting and gaming applications where identity management is required.

Overview

Hawk Biometric was incorporated on October 25, 2007. Immediately upon its inception, Hawk Biometric acquired patented technology from Hawk Biometrics of Canada, Inc., a Canadian corporation formed in 2002, covering the use of fingerprint technology to permit the operation of a vehicle only by an authorized driver. In addition, the Company acquired ideas for other potential related technologies.

Hawk Systems’ current product offering is based on *US Patent 6,927,668 The Hawk Print Access Security System (PASS)* which is owned by Hawk Biometric and we are working on developing a prototype using the technology under pending patent *US Patent Application SN 11/622,48, The Hawk Touch & Go POS* which is presently owned by Mr. David Coriaty our founder and member of our board of directors. We are currently using the technology under the pending POS patent under a verbal licensing agreement with Mr. Coriaty, however, we anticipate formalizing this arrangement in a written agreement in the future. It is also our intention to file additional process patents as warranted to further expand our product offerings.

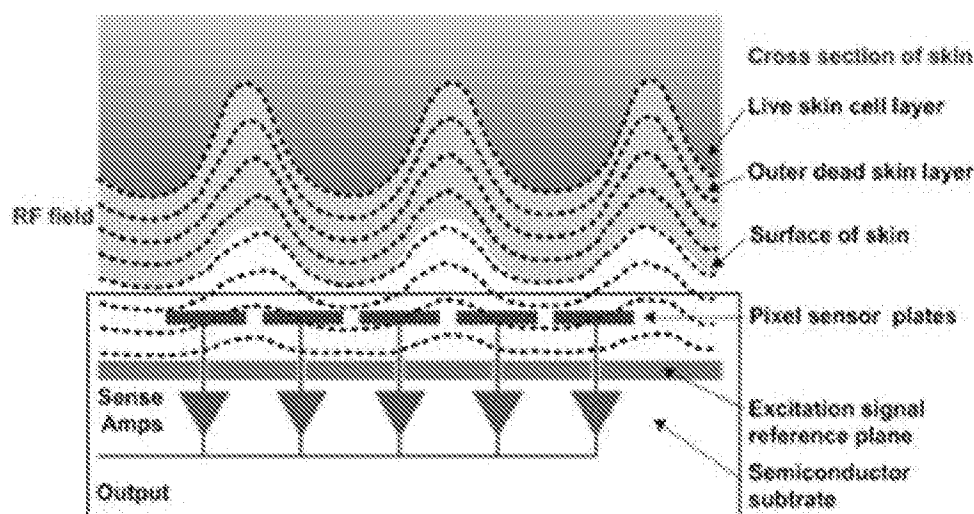
Biometric Technology Background

As the level of security breaches and transaction fraud increases, management believes the need for highly secure identification and personal verification technologies is becoming apparent. One solution to providing highly secure identification and personal verification solutions is the extensive array of existing biometric technologies. Biometrics are automated methods of recognizing a person based on a physiological or behavioral characteristic. Among the unique features measurable by various biometric technologies and used for unique identification purposes are face, fingerprints, hand geometry, handwriting, iris, retinal, vein and voice. Traditional fingerprint scanning technology uses an image of the surface of the finger to match and authenticate access.

Management believes that the Hawk Systems' advantages over traditional fingerprint scanning include the following:

- **Fingerprint Read vs. Scan:** The fingerprint is read vs. a scan, resulting in "live" data.
- **5 Layers Deep:** Figure 1 illustrates how the Company's technology penetrates 5 epidermal layers of skin, removing the effects of surface variations.
- **Eliminates fingerprint "spoofing":** The Company's technology completely eliminates the ability to fraudulently mimic a fingerprint using the "gummi bear" approach as there is no surface scanning
- **Removal of data security concerns:** After the fingerprint is read, it is converted by a unique algorithm into a numeric sequence, which cannot be used for access without algorithmic decryption. This algorithm-based approach is similar to the concept behind the RSA SecureID card, which utilizes a seed and algorithm to generate a unique password number every 60 seconds.
- **Reduction of data storage:** The numeric sequences used by the reader take up significantly less data storage than the corresponding fingerprint image used by traditional scanners.
- **Alternate action programming:** By placing a different finger on the scanner, an alternate programming action will be initiated. This permits the automotive products to operate in a "valet" mode that is accessible by any driver and the ATM products to switch to a "distressed" mode that will trigger a silent alarm in the event someone attempts to force the user to take money out against their will.

Figure 1: Hawk Systems technology reads 5 layers deep in the epidermis of the skin



Automotive Market Analysis

Market Size

According to the Bureau of Transportation Statistics, there were approximately 254.4 million registered vehicles on the road in the US in 2007.¹ Over 8.7 million vehicles of the total were fleet vehicles registered to governments, rental companies and commercial entities.² This total includes cars and trucks weighing less than 19,501 lbs. The average length of time a fleet vehicle remains in service ranges from 29 to 46 months.³

Market Opportunity

We believe that there is a substantial market for our *Print Access Security System (PASS)* automotive security product in North America, particularly for fleet vehicles due to both the number of vehicles in service and the level of vehicle turnover based on average length of service.

¹ http://www.bts.gov/publications/national_transportation_statistics/html/table_01_11.html.

² Bobit Publishing Company, Automotive Fleet Research Department, Automotive Fleet Factbook 2008, Redondo Beach, CA, 2009

³ *Id.*

We intend to enter into discussions with various government, corporate and rental company fleet management groups during the initial deployment period to explore the possibility of entering into a business relationship. We also plan on discussing potential licensing and subcontract partnerships with the major automotive security product manufacturers, offering them an opportunity to enhance the value of their products by including biometric access capability. Currently, we have no agreements in place to sell the PASS product.

ATM Market Analysis

Market Size

According to a survey by Javelin Strategy and Research in 2007, Americans suffered \$49 billion in identity theft related losses.⁴ Almost 8.5 million Americans were effected by identity theft and fraud in 2007.⁵

Market Opportunity

In August, 2008, several debit-card "identities" were stolen by a skimming device placed on a bank's ATM in Cape Coral, Florida.⁶ With only a four digit security code for protection, it has become increasingly likely that people will experience some type of loss due to compromise of their ATM card security. We believe that our *Touch & Go POS* patent pending technology will minimize a significant amount of ATM card theft and fraud.

We are currently in discussions with a Florida regional bank about the potential use of the *Touch & Go POS* biometric security technology in its operations on a pilot basis. We believe that an initial pilot project will produce valuable product enhancement feedback as well as provide a reference customer for potential future sales opportunities. We also intend to seek discussions with additional financial institutions, as well as ATM network operators and ATM original equipment manufacturers ("OEMs") relative to both additional deployments and technology licensing or subcontract agreements.

Technology and Main Products

Hawk Biometric currently holds a U.S. patent for the process of Fingerprint Enrollment & Verification Module ("FEVM") for use on various types of transportation within the U.S. The FEVM can read the unique biometric profile of an individual fingerprint and thereafter transmit this unique data to a module with stored information and either allow or decline door locks or ignition.

Issued Patent:

1. US Patent 6,927,668 The Hawk Print Access Security System (PASS)

- a. A fingerprint enrollment and verification module is connected to the electrical circuit of a vehicle to prevent operation of the vehicle by unauthorized users. The module has a sensor that creates a template of a fingerprint when a finger is placed on the module. The module has a flash memory to store enrolled templates and a verification step. After a fingerprint has been enrolled in the module, any operation of that vehicle is possible only after the user's fingerprint is verified to match the enrolled template (Print Access Security System US Patent 6927668)
- b. The Print Access Security System is designed to take advantage of the dramatically superior security features offered by biometrics together with the convenience of never losing your "key". The encrypted algorithm that is created by the fingerprint reader provides a level of security that resides literally in the hands of the car's owner. This system does not rely on manufactured chip sets, key blanks or even access pins.

⁴ Privacy Rights Clearinghouse, "Identity Theft Survey and Studies: How many Identity Theft Victims are There?", 2003-2010 (citing Javelin Strategy & Research Survey, 2007 Identity Fraud Survey Report, 2007).

⁵ *Id.*

⁶ Consumer Reports, Jan. 2010.

Patent Pending:

1. US Patent Application SN 11/622,488, The Hawk ATM Touch & Go POS

- a. The use of a wireless system for the creation of a personal identification data set (“PIDS”) for communication to a secure server within a controlled facility.

We believe that the Touch & Go Biometric POS application will provide convenience with added security against identity theft and fraud to both financial institutions and consumers. We believe that consumers will be able to benefit with savings by being a VIP member of the participating retailer. The consumer will simply sign up at the POS location and enroll multiple fingerprints into the Company’s system which will be attached to the consumer’s account of choice, (i.e. Visa, MasterCard, Amex, and Debit). From that point forward all the consumer will do is Touch & Go.

Currently, we are in discussions with a regional bank regarding the development of a prototype for use in its branches, which we believe is the first step in developing this product. We have not yet developed or manufactured a product using this concept and do not currently have any agreements in place.

This patent application is presently registered with the United States Patent Office in the name of its inventors, Mr. David Coriaty, a member of our board of directors, and Craig Casey. Mr. Casey subsequently assigned his interest in the patent to Mr. David Coriaty in April 2010. We are currently using the technology under this patent application pursuant to a verbal licensing agreement with Mr. Coriaty, however, we anticipate formalizing this arrangement in a written agreement in the future.

Sales Distribution and Partnerships

We are dedicated to building our business based on application of our technology in a variety of markets. We intend to work with OEMs, value added retailers and end user customers to maximize the number of potential routes to market for our products.

Manufacturing

We have established a relationship with Florida MicroElectronics (“FME”) to manufacture our PASS system. FME is an electronic manufacturing services company located in West Palm Beach, Florida. Its 40,000 sq. ft. facility is ISO 9001 and TS 16949 registered. We believe that FME provides a combination of experience, core capabilities and resources in advanced microcircuits which we can utilize to design and manufacture our products. FME offers product design and development, prototype services and flexible automated/semi-automated electronic component manufacturing services.

Competition

There are numerous companies that produce biometric, fingerprint-based security solutions. Many of those solutions use a surface scan that produces a digital image of the fingerprint. This approach, which involves scanning the surface of the finger and identifying “constellation points” for a match, has two major caveats which have impeded the wide scale deployment: data storage size and security.

A high resolution image requires fairly sizable amount of data storage, which can easily be seen with today’s mega-pixel digital cameras. Scaling the number of images to some of the potential biometric security applications requires significant amount of data storage capacity.

A potentially larger issue for traditional fingerprint scanning technology involves the security of the fingerprint scan and the ability for data compromise. One Japanese researcher, Tsutomu Matsumoto, in 1992 was able to “spoof” a fingerprint scanner by using a gelatin found in gummy bears.⁷ We believe that our technology resolves this issue by reading five layers deep of the epidermal layer of skin, rendering surface level fingerprint duplication impossible.

⁷ ITU-T Workshop on Security, Seoul; May 14, 2002.

Research and Development

Research and development involves the development of both the design and actual components of our fingerprint authentication technology as well as activities that enable us to keep abreast of the dynamic and evolving industry for these products. Research and development expenses totaled \$109,491 and \$15,942 for the fiscal years ended December 31, 2009 and 2008, respectively.

Governmental Regulation

We are subject to the laws and regulations which apply to all businesses in general. The cost of compliance with all such regulations is minimal. We do not believe we are subject to any specific regulations as a result of our business and did not spend any material amounts during the fiscal year ended December 31, 2009 on compliance with environmental laws.

Employees

We outsource the design and manufacturing of our product to a contract manufacturer. This allows us to maintain a small full time staff to handle administrative functions. As of December 31, 2009, we had one (1) full time employee. We believe that our future success will depend in large part on our ability to attract, integrate, retain and motivate highly qualified sales and managerial personnel, and upon the continued service of our senior management. The competition for qualified personnel in our industry and geographical location is intense, and there can be no assurance that we will be successful in attracting, integrating, retaining and motivating a sufficient number of qualified personnel to conduct our business in the future. From time to time, we also employ independent contractors to support our marketing and sales organization. We have never had a work stoppage, and no employees are represented under collective bargaining agreements. We consider our relations with our employee to be good.

ITEM 1A. RISK FACTORS

Not required for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our executive offices are located at 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431. The facility is a virtual office, which we rent pursuant to a services agreement for a cost of approximately \$225 per month on a month-to-month basis. We believe that the virtual office is adequate for our current needs and we do not anticipate the need to move to a larger facility until we have hired several additional employees.

ITEM 3. LEGAL PROCEEDINGS

On June 9, 2009, Leonard Tucker, as co-Trustee of the Tucker Family Spendthrift Trust (“Trust”), filed a complaint against us in the 15th Judicial Circuit of Palm Beach County. Michelle Tucker, the other co-Trustee of the Trust, was formerly the President and Chief Executive Officer of the Company. The Trust held a Class A, Series A Convertible Bond (“Bond”) issued by us in the principal amount of \$25,000, which was convertible into shares of our securities such that, upon complete conversion of the Bond, the aggregate number of shares owned by the Bondholder would be equal to 10% of all of our outstanding capital stock and capital stock reserved in conjunction with existing corporate obligations (i.e. options, warrants, etc.). In its complaint, the Trust alleged breach of contract and specific performance for our failure to issue certain shares under the Bond after the Trust provided notice of election to convert \$24,000 in principal and accrued interest of the Bond on April 29, 2009. On January 25, 2010, we entered into a settlement agreement (“Settlement Agreement”) with the Trust in order to settle the ongoing litigation between us and the Trust. In accordance with the terms of the Settlement Agreement, we agreed to issue the Trust 3,960,030 shares of our Common Stock and 64,165 shares of our Series B Preferred Stock (collectively, the “Securities”). We subsequently issued the Securities to the Trust and therefore, we have no further obligation under the Bond. Under the terms of the Settlement Agreement, we and the Trust agreed to release and forever discharge each other, our present officers, agents and employees from any and all claims and demands which have been or may have been based upon any facts or circumstances that arose or existed on or prior to the date of the Settlement Agreement. We executed the release February 23, 2010 and the Trust executed the release on March 3, 2010. The Trust filed a stipulation and order of dismissal with prejudice with the 15th Judicial Circuit Court of Palm Beach County and the judge entered an order of dismissal with prejudice on February 26, 2010.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our Common Stock is quoted on the Over-the-Counter Bulletin Board ("OTCBB"), under the symbol "HWSY." Prior to that, our Common Stock was quoted under the symbol "EXGL." On April 7, 2010, we effected a 1-for-6 reverse split of our Common Stock. As a result, our symbol has had the letter "D" appended to the end of it for 20 days from the date of the reverse split.

The following table sets forth, for the periods presented, the high and low bid price ranges of our Common Stock as reported on the OTCBB prior to giving effect to our 1-for-6 reverse stock split. The over-the-counter market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

	High	Low
Fiscal year ended December 31, 2008:		
First Quarter	\$ 0.020	\$ 0.017
Second Quarter	\$ 0.018	\$ 0.008
Third Quarter	\$ 0.010	\$ 0.008
Fourth Quarter	\$ 0.090	\$ 0.013
Fiscal year ended December 31, 2009:		
First Quarter	\$ 0.03	\$ 0.24
Second Quarter	\$ 0.25	\$ 0.13
Third Quarter	\$ 0.21	\$ 0.11
Fourth Quarter	\$ 0.15	\$ 0.05

Holders

As of March 31, 2010, we had approximately 86 stockholders of record, solely based upon the count our transfer agent provided us as of that date. This number does not include:

- any beneficial owners of common stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries, or
- broker-dealers or other participants who hold or clear shares directly or indirectly through the Depository Trust Company, or its nominee, Cede & Co.

Dividends

We have never declared or paid dividends on our Common Stock. We intend to use retained earnings, if any, for the operation and expansion of our business, and therefore do not anticipate paying cash dividends in the foreseeable future. In addition, the General Corporation Law of the State of Delaware prohibits us from declaring and paying a dividend on our Common Stock at a time when we do not have either (as defined under that law):

- a surplus, or, if we do not have a surplus,
- net profit for the year in which the dividend is declared and for the immediately preceding year.

Equity Compensation Plan

As of December 31, 2009, we did not have any employee compensation plans under which our equity securities were authorized for issuance.

Unregistered Sales of Equity Securities

Except as provided herein, all unregistered sales of securities issued during the fiscal year ended December 31, 2009 have been previously reported on the Company's quarterly reports on Form 10-Q or current reports on Form 8-K.

On October 7, 2009, our board of directors approved the issuance of 4,500,000 shares of our restricted Common Stock (on a pre-reverse split basis) to an entity controlled by our former chief executive officer, chief financial officer and director, Mr. Eric Brown, as reimbursement for a payment made by the entity on our behalf pursuant to a consulting agreement between us and a consultant. The shares were not physically issued until January 14, 2010. We believe that the issuance was exempt from registration under Section 4(2) of the Securities Act of 1933, as amended ("Securities Act").

The issuances of securities were exempt from registration under the Securities Act in reliance upon Section 4(2) of the Securities Act and/or Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The securities are restricted securities for purposes of the Securities Act. A legend was placed on the certificate representing the securities providing that the securities have not been registered under the Securities Act and cannot be sold or otherwise transferred without an effective registration or an exemption therefrom.

ITEM 6. SELECTED FINANCIAL DATA.

Not required for smaller reporting companies under Regulation S-K.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Our predecessor, Explorations Group, Inc., operated parking garages in New York City through its operating subsidiary Parking Pro, Inc. ("Parking Pro"). On February 19, 2009, we acquired Hawk Biometric through a merger transaction between our subsidiary Hawk Acquisition and Hawk Biometric whereby Hawk Acquisition merged with and into Hawk Biometric (the "Merger"). The Merger has been accounted for as a reverse merger in the form of a recapitalization with Hawk Biometric as the successor. The recapitalization has been given retroactive effect in the accompanying financial statements, and the accompanying consolidated financial statements represent those of Hawk Biometric for all periods prior to the consummation of the Merger.

Hawk Biometric is a developer of innovative fingerprint authentication technology that offers high degrees of security, convenience, and ease of use in applications such as automobile locks and identity theft protection. We believe technology can also be used in banking, healthcare, hotel/casino operations, employee time clock and attendance, stadium security, sporting and gaming applications where identity management is required.

We intend to either sell or spin-off Parking Pro in the near future, as we anticipate focusing on our technology business. We do not anticipate that proceeds, if any, will be material.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES:

Our financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires our management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. We continually evaluate the accounting policies and estimates we use to prepare the consolidated financial statements. We base our estimates on historical experiences and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could differ from these estimates made by management.

We do not participate in, nor have we created, any off-balance sheet special purpose entities or other off-balance sheet financing.

We have identified the accounting policies below as critical to our business operations and the understanding of our results of operations.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of the Company and our wholly-owned subsidiaries, Parking Pro and Hawk Biometric. All significant intercompany transactions have been eliminated.

Cash - We maintain cash in bank accounts which may, at times, exceed federally insured limits. We have not experienced any loss on these accounts.

Accounts receivables - Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. We estimate doubtful accounts based on historical bad debts, factors related to specific customers' ability to pay, and current economic trends. We write off accounts receivable against the allowance when a balance is determined to be uncollectible.

Property and equipment - Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Intangible assets - Intangible assets are carried at cost less accumulated amortization. Amortization is computed on the straight-line method over the ten-year estimated useful life of the assets. We periodically review the carrying value of our intangible assets to determine whether impairment may exist. We consider relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of the intangible assets can be recovered. If it is determined that the carrying value of the intangible assets will not be recovered from the undiscounted future cash flows, the carrying value of the assets would be considered impaired. An impairment charge is measured as any deficiency in the amount of estimated fair value of the intangible assets over carrying value.

Revenue Recognition - We recognize revenue in accordance with Staff Accounting Bulletin ("SAB") No. 104, "Revenue Recognition in Financial Statements". Under SAB No.104, we recognize revenue when the following criteria have been met: persuasive evidence of an arrangement exists, the fees are fixed and determinable, no significant Company obligations remain and collection of the related receivable is reasonable assured.

Share-based Compensation - We account for stock-based compensation in accordance with SFAS No. 123(R), "Share-Based Payment." Under the fair value recognition provisions of this statement, share-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the requisite service period. Liability classified share-based awards are re-measured at fair value each reporting period. Determining the fair value of share-based awards at the grant date requires judgment, including estimating expected dividends. In addition, judgment is required in estimating the amount of share-based awards that are expected to be forfeited. If actual results differ significantly from these estimates, stock-based compensation expense and our results of operations could be materially affected.

RESULTS OF OPERATIONS

COMPARISON OF THE RESULTS OF OPERATIONS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2009 AND 2008

Revenues

We generated \$0 revenue for the fiscal year ended December 31, 2009 as well as for the comparable period in 2008. Our technology products were not yet available for sales and licensing during the fiscal year ended December 31, 2008 and our PASS system was in testing with a potential customer during the fiscal year ended December 31, 2009, but it did not result in a sale.

General and Administrative Expenses

General and administrative expenses are comprised of costs of salaries, expenses related to the compliance requirements of a publicly traded company, expenses incurred in the process of identifying and qualifying suitable acquisition targets, and other general and administrative expenses.

For the fiscal year ended December 31, 2009, our general and administrative expenses totaled \$2,496,757, as compared to \$673,818 for the fiscal year ended December 31, 2008. The increase in these expenses was primarily the result of approximately \$1.2 million in stock-based compensation expenses during the fiscal year ended

December 31, 2009, salaries, as well as expenses incurred as a result of the reverse merger and becoming a public company in 2009.

Research and Development Expenses

Research and development expenses are comprised of the development of both the design and actual components of our fingerprint authentication technology as well as activities that enable us to keep abreast of the dynamic and evolving industry for these products. Research and development expenses totaled \$109,491 for the fiscal year ended December 31, 2009, as compared to \$15,942 for the fiscal year ended December 31, 2008. The increase was as a result of expenses relating to the testing and installation of prototype units of our automotive product in vehicles, as well as expenses incurred in producing the prototype units of our automotive product.

Interest Expense

Interest expense totaled \$71,293 for the fiscal year ended December 31, 2009, as compared to \$0 for the fiscal year ended December 31, 2008. We began incurring interest expense upon the issuance of our convertible debenture on April 30, 2009, including interest at the rate of 10% per annum as well as the amortization of the financing costs and the discount related to its beneficial conversion feature and related warrant. In addition, we issued two unsecured promissory notes on September 16, 2009 in the aggregate principal amount of \$150,000, which accrue interest at the rate of 12% per annum.

Net Loss

Our net profit or loss is computed as our total revenues less expenses. For the fiscal year ended December 31, 2009, net loss decreased to \$(2,659,062) compared to \$(15,689,760) during the fiscal year ended December 31, 2008. The net loss during the fiscal year ended December 31, 2009 is primarily attributed to the result of the commencement of product development operations, activities pursuant to the reverse merger, and expenses related to our pursuit of suitable acquisition targets that would complement our business activities. The net loss during the fiscal year ended December 31, 2008 was primarily due to a \$15,000,000 impairment charge to the value of the patent acquired from Hawk Biometrics of Canada in May 2008, when it was subsequently determined that the patent was impaired in accordance with SFAS 144, as the expected cash flows to be generated were \$0 at the time of valuation.

LIQUIDITY AND CAPITAL RESOURCES

Our continuation as a going concern is dependent upon, among other things, our ability to obtain additional financing when and as needed and to generate sufficient cash flow to meet our obligations on a timely basis. We currently do not have adequate capital to continue our business activities and are seeking new sources of capital. No assurance can be given that we will be able to obtain such financing on acceptable terms. Our independent registered public accounting firm, in their reports on our financial statements for the year ended December 31, 2009 expressed substantial doubt about our ability to continue as a going concern. These circumstances could complicate our ability to raise additional capital. Our financial statements do not include any adjustments to the carrying amounts of our assets and liabilities that might result from the outcome of this uncertainty.

We have funded our operations primarily through loans from our officers, directors, related parties and certain other third parties. We issued a \$100,000 convertible debenture in April 2009 and two promissory notes in September 2009 in the aggregate principal amount of \$150,000. We have also issued promissory notes in the aggregate principal amount of \$140,000 to David Coriaty, a member of our board of directors, for various loans he has provided to us during 2009 and 2010. We used the proceeds from such loans to pay salaries, accounting, legal, consulting, and investment banking fees. We anticipate seeking to sell additional equity or debt securities or obtain a credit facility in order to finance our growth. The sale of additional equity or convertible debt securities will likely result in additional dilution to our stockholders. The incurrence of indebtedness would result in an increase in our fixed obligations and could result in borrowing covenants that would restrict our operations. There can be no assurance that financing will be available in amounts or on terms acceptable to us, if at all. If financing is not available when required or is not available on acceptable terms, we may be unable to develop or enhance our products or services, and, we will likely not be able to continue any business activities. Any of these events could have a material and adverse effect on our business, results of operations and financial condition.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this Annual Report appear at the end of this Annual Report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A(T). CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). In designing and evaluating its disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated can provide only reasonable, but not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, management was necessarily required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based upon that evaluation, our chief executive officer concluded that our disclosure controls and procedures were not effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act are recorded, processed, summarized and reported within the time periods specified in rules and forms of the SEC due to the limited resources of the Company, as of December 31, 2009 and the lack of centralized and continuity of management. We believe that the appropriate steps are now being taken by the Company to reduce this risk on a going-forward basis. We hired our chief executive officer effective January 15, 2010 and we are seeking to hire additional personnel to assist with the preparation of financial statements, subject to the availability of adequate funds, and make additional changes in our financial reporting systems and procedures wherever necessary and appropriate to ensure their effectiveness and will make appropriate disclosures regarding any observations and changes as required in future periods.

(b) Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, management has conducted an assessment, taking into consideration the criteria described in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on its assessment, management has concluded that the Company's internal control over financial reporting was ineffective as of December 31, 2009.

The matter involving internal controls and procedures that our management considered to be a material weakness under the standards of the Public Company Accounting Oversight Board is that due to financial constraints, we do not currently have a chief financial officer or a full-time person performing such function. During the fiscal year ended December 31, 2009, we have used outside consultants to assist us in meeting our financial reporting obligations. This increases the possibility for misstatement in the financial statements to occur and not be detected in a timely manner. This deficiency could cause the financial statements and the underlying financial records to be misstated. In addition, it creates the opportunity for possible irregularities to exist and continue without detection on a timely basis. Accordingly, management has determined that these control deficiencies constitute a material weakness. The material weakness is anticipated to be remediated during the fiscal year ended December 31, 2010 through the hiring of an appropriate full or part-time chief financial officer.

The Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this Annual Report.

(c) Changes in Internal Control Over Financial Reporting.

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the names and positions of our directors and executive officers as of March 31, 2010:

Name	Age	Position
Michael Diamant	53	Chief Executive Officer and Director
David Coriaty	40	Director
Antonio DeRisi	42	Director
Mark Spanakos	50	Director
Edward Sebastiano	52	Director

The following sets forth biographical information concerning our directors and executive officers for at least the past five years:

Michael Diamant. Mr. Diamant has been our chief executive officer and a member of our board of directors since January 2010. Mr. Diamant has over 29 years professional experience planning, managing and implementing strategic systems, specializing in critical business systems deployment and operations turnaround. He was the Vice President and Chief Technology Officer of MoreDirect, Inc. from May 2000 December 2009, where he directed the strategic planning, implementation and support of technology for an information technology eProcurement company. He spearheaded integrating MoreDirect's Traxx system with leading business-to-business and enterprise resource planning systems such as Ariba, SAP, PeopleSoft and Oracle using cXML, EDI, OCI and custom interfaces. Mr. Diamant initiated upgrades of MoreDirect's website availability, business continuity plan, innovative supply chain features and internal business processes, in addition to adding new website functionality such as Purchase Approval, Software Licensing and numerous customer-specific web sites. Prior to that, from November 1999 to May 2000, Mr. Diamant was the Chief Technology Officer for ilife.com, Inc., now known as Bankrate.com, a personal finance portal. While at ilife.com, he initiated infrastructure projects involving availability, fault tolerance, wireless access and capacity planning. Prior to ilife, Mr. Diamant held technical management positions at PowerCerv, Signature Flight Support, The Continuum Company, Martin Marietta, The Johns Hopkins University Applied Physics Laboratory and Westinghouse. Mr. Diamant earned Bachelor of Arts and Master of Science degrees from the University of Pennsylvania and a Master of Science degree from The Johns Hopkins University. Mr. Diamant has published several articles and papers on eProcurement deployment and return on investment, distributed computing and network design/implementation. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Diamant should serve as a member of the board of directors included his knowledge of the technology industry and his previous executive management experience.

David Coriaty. Mr. Coriaty has been a member of the board of directors of the Company since February 2009. Mr. Coriaty is one of the founders of Hawk Biometrics and one of the inventors of Hawk Biometrics' patented technology. Mr. Coriaty has launched multiple business ventures including internet start-ups and a sports representation agency that works with well-known NFL and MLB athletes. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Coriaty should serve as a member of the board of directors included his knowledge as founder of the Company and co-inventor of the Company's technology.

Antonio DeRisi. Mr. DeRisi has been a member of the board of directors of the Company since February 2009. Mr. DeRisi has more than twenty years retail experience managing multiple retail locations in and around Montreal, Canada. Mr. DeRisi is currently the president of the Chamber of Commerce for the City of St. Leonard in Montreal, Canada. He owns a distribution center that distributes all types of products, including food and non-food items, to retail stores and distributors throughout Canada. Mr. DeRisi holds the Canadian equivalent of a bachelor of science in business administration from Dawson College located in Montreal, Canada. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. DeRisi should serve as a member of the board of directors included his knowledge of the Company and his previous business management and distribution experience.

Mark Spanakos. Mr. Spanakos has been a member of the board of directors of the Company since February 2009. Mr. Spanakos has experience in the financial markets and owns a seat on the New York Mercantile Exchange (NYMEX). The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Spanakos should serve as a member of the board of directors included his financial industry experience.

Edward Sebastiano. Mr. Sebastiano has been a member of the board of directors of the Company since February 2009. Mr. Sebastiano has more than twenty five years of experience in the financial markets. Since November 2007, he has been the president of, and a partner in, EPTrading Inc., a commodities trading company in New York City. Prior to that from January 2005, Mr. Sebastiano was the president and owner of Esco Commodities, also a commodities trading company in New York City. He is also the founder of GFA, a public relations and management company. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Sebastiano should serve as a member of the board of directors included his knowledge of the company and his financial industry experience.

COMPLIANCE WITH SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16(a) of the Exchange Act requires our officers, directors, and persons who own more than ten percent of a registered class of our equity securities to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors, and greater-than-ten-percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3, Forms 4, and Forms 5 furnished to us pursuant to Rule 16a-3 under the Exchange Act, we believe that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act during the year ended December 31, 2009 were timely filed, as necessary, by the officers, directors, and security holders required to file such forms, except for the following:

Mr. Michael Diamant filed an untimely Form 3;

Mr. David Coriaty filed a Form 5 as a result of his failure to file his initial Form 3 and a Form 4 with respect to one transaction;

Mr. Antonio DeRisi filed a Form 5 as a result of his failure to file his initial Form 3;

Mr. Edward Sebasiano filed a Form 5 as a result of his failure to file his initial Form 3;

Mr. Mark Spanakos filed a Form 5 as a result of his failure to file his initial Form 3;

C.L.R., Associates, Inc. filed a Form 5 as a result of its failure to file its initial Form 3 and a Form 4 with respect to nine transactions;

Grand Columbus Holding Inc. did not file a Form 4 with respect to three transactions;

Greystone Business Credit II, LLC filed an untimely Form 3;

Greystone Real Estate Holdings Corp. filed an untimely Form 3;

Greystone & Co. Holdings L.L.C. filed an untimely Form 3; and

Stephen Rosenberg 2004 Descendants' Trust filed an untimely Form 3.

Family Relationships

There are no family relationships between or among the directors and executive officers of the Company.

Involvement in Legal Proceedings

To the best of the Company's knowledge, during the past ten years, none of the proceedings described in Item 401(f) of Regulation S-K occurred with respect to a present director or executive officer of the Company except that Mr. David Coriaty filed for personal bankruptcy which was discharged in May 2004.

On December 1, 2004, we adopted a Code of Conduct that applies to all employees of the Company, which includes our principal executive officer and principal financial officer who are currently employees of the Company. We are currently in the process of adopting a Code of Ethics in addition to the Code of Conduct that only applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Conduct can be found as Exhibit 99 to our Form 10-KSB filed for the year ended December 31, 2004. We undertake to provide to any person without charge, upon request a copy of such Code of Ethics once adopted, by writing to the Company's chief executive officer at c/o Hawk Systems, Inc. 2385 Executive Center Drive, Suite 100, Boca Raton, FL 33431.

Committees of the Board

Our board of directors has not yet established an audit, nominating or compensation committee. Our full board of directors will perform those functions until such time as those committees are established. We have not yet identified an audit committee financial expert meeting the required criteria and qualifications to serve on our audit committee once it is established, however, we anticipate identifying one in the future.

Director Nominations

The board of directors identifies director candidates through numerous sources, including recommendations from directors, executive officers and our stockholders. The board of directors seeks to identify those individuals most qualified to serve as board members and will consider many factors with regard to each candidate, including judgment, reputation, integrity, diversity, prior experience, the interplay of the candidate's experience with the experience of other directors and the candidate's willingness to devote the time and effort required for board responsibilities. Our board of directors has not yet adopted any formal procedures by which stockholders may recommend nominees to the Company's board of directors.

ITEM 11: EXECUTIVE COMPENSATION

The following table sets forth certain information relating to the compensation paid to (i) Michael Diamant, our Chief Executive Officer and Director, (ii) David Coriaty, a member of our board of directors and former president, chief executive officer, and chairman, and (iii) Robert McCann III, our former chief executive officer (collectively, the "named executive officers"), during our fiscal years ended December 31, 2009 and 2008.

2009 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Option Award(s) (\$)	Total (\$)
Michael Diamant, Chief Executive Officer and Director (1)	2009	—	—	—
	2008	—	—	—
David Coriaty, Director and <i>Former</i> President, Chief Executive Officer and Chairman (2)	2009	500,000(3)	—	500,000
	2008	252,363	—	252,363
Eric Brown, <i>Former</i> Chief Executive Officer, Chief Financial Officer and Director	2009	—	—	—
	2008	50,000(4)	—	50,000
Robert E. McCann, <i>Former</i> Chief Executive Officer (5)	2009	90,211	0(6)	90,211
	2008	—	—	—

- (1) Mr. Diamant was appointed chief executive officer in December 2009, effective January 15, 2010, and did not receive any compensation as our executive officer during the fiscal year ended December 31, 2009.
- (2) Mr. David Coriaty was appointed president and chief executive officer in February 2009 and resigned from both positions in May 2009. Mr. Coriaty was also appointed executive chairman in May 2009 and resigned from the position in September 2009.
- (3) Includes deferred compensation in the aggregate amount of \$231,566, which as of April 1, 2010 has not been paid.
- (4) This amount is accrued but not paid.
- (5) Mr. Robert McCann was appointed chief executive officer in May 2009 and terminated in October 2009.
- (6) In connection with Mr. McCann's termination on October 28, 2009, we cancelled his stock option to purchase 7,800,000 shares of Common Stock at an exercise price of \$0.16 per share which had previously been granted in May 2009.

Narrative Disclosure to 2009 Summary Compensation Table

Michael Diamant Employment Agreement

On December 15, 2009, we entered into an Employment Agreement with Mr. Michael Diamant (the “Diamant Employment Agreement”), which was amended on January 19, 2010 (the “Diamant Amendment”, together with the Diamant Employment Agreement, the “Diamant Agreement”), pursuant to which Mr. Diamant was hired to serve as our Chief Executive Officer. The term of the Diamant Agreement commenced on January 15, 2010 for a one (1) year term which will automatically extend for subsequent one (1) year periods unless either party notifies the other not later than sixty (60) days prior to the then current expiration date that such party does not intend for the Diamant Agreement to automatically extend. Pursuant to the terms of the Diamant Agreement, Mr. Diamant is entitled to receive a signing bonus equal to \$160,000 and an annual salary equal to \$500,000, payable in equal monthly installments. In addition, the Diamant Agreement provides that on May 12, 2010 Mr. Diamant is entitled to receive an option to purchase 8,000,000 shares of our Common Stock (calculated on a post-reverse split basis) at an exercise price equal to \$0.36 (on a post-reverse split basis). The option may be exercised for a term of five (5) years and will be fully vested and non-cancellable at the time of the grant. The Diamant Agreement further provides for an annual bonus opportunity of up to \$200,000 during each year of the term of the Diamant Agreement based upon performance criteria to be established jointly by the Compensation Committee and Mr. Diamant within sixty (60) days of the commencement of the Diamant Agreement and approved by our board of directors each year.

If the Diamant Agreement is terminated for any reason, we would be required to pay Mr. Diamant his earned and accrued salary and bonus, if any, plus all reimbursable expenses. If the Diamant Agreement is terminated for any reason other than our terminating Mr. Diamant for cause, Mr. Diamant would additionally be entitled to receive payments equal to twelve (12) months of his base salary.

The foregoing description of the Diamant Employment Agreement is qualified in its entirety by the full text of the Diamant Employment Agreement, which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 29, 2009 and the full text of the Diamant Amendment which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 20, 2010, each of which are incorporated herein by reference.

David Coriaty Employment Agreement

On May 1, 2009, we entered into an Employment Agreement with Mr. David Coriaty (the “Coriaty Employment Agreement”), which was amended on April 9, 2010 (the “Coriaty Amendment”, together with the Coriaty Employment Agreement, the “Coriaty Agreement”), pursuant to which Mr. Coriaty was hired to serve as our Chairman. The term of the Coriaty Agreement commenced on May 1, 2009 for a one (1) year term which will automatically extend for subsequent one (1) year periods unless either party notifies the other not later than ninety (90) days prior to the then current expiration date that such party does not intend for the Coriaty Agreement to automatically extend. Pursuant to the terms of the Coriaty Agreement, Mr. Coriaty is entitled to receive an annual salary equal to \$500,000, payable in equal monthly installments. In addition, the Coriaty Agreement provides that Mr. Coriaty is entitled to convert any accrued but unpaid salary into shares of Common Stock at a conversion price equal to the average closing bid price of the Common Stock on the twenty (20) trading days immediately prior to such conversion date or such price as our board of directors shall determine and Mr. Coriaty shall approve. If the Coriaty Agreement is terminated for any reason, we would be required to pay Mr. Coriaty his earned and accrued salary plus all reimbursable expenses.

The description of the Coriaty Employment Agreement is qualified in its entirety by the full text of the Coriaty Employment Agreement, which was filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009 and the full text of the Coriaty Amendment which is filed as Exhibit 10.16 to this Annual Report, each of which are incorporated herein by reference.

Outstanding Equity Awards at December 31, 2009

There were no outstanding equity incentive awards held by our named executive officers as of December 31, 2009.

DIRECTOR COMPENSATION

None of the members of our board of directors received compensation for their services on the board of directors during the fiscal year ended December 31, 2009.

DIRECTOR INDEPENDENCE

Our board of directors has determined that there are presently no independent directors based on the independence standards contained in the Marketplace Rules of the NASDAQ Stock Market, although these independent director standards do not directly apply to us because we do not have any securities that are listed on NASDAQ.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of April 6, 2010 by (i) each person (or group of affiliated persons) who is known by the Company to own more than five percent of the outstanding shares of Common Stock, (ii) each director and executive officer, and (iii) all of the Company's directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission ("SEC") and generally includes voting or investment power with respect to securities. Shares of our Common Stock which may be acquired upon conversion of preferred stock or exercise of stock options or warrants which are currently exercisable or convertible or which become exercisable or convertible within 60 days after the date indicated in the table are deemed beneficially owned by the holders thereof. Subject to any applicable community property laws, the persons or entities named in the table below have sole voting and investment power with respect to all shares indicated as beneficially owned by them. All share amounts shown below are prior to the 1-for-6 reverse stock split.

Title of Class	Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class Prior to Reverse Split (2)	Percent of Class After Reverse Split (3)
Security Ownership of Management:				
Common Stock	Michael Diamant (4)	8,000,000	16.8%	12.2%
Common Stock	David Coriaty (5)	6,465,000	14.0%	9.9%
Common Stock	Antonio De Risi (6)	8,000,000	16.8%	12.2%
Common Stock	Edward Sebastiano (7)	8,000,000	16.8%	12.2%
Common Stock	Mark Spanakos (8)	8,000,000	16.8%	12.2%
	Officer & Directors as a Group (5 persons)	38,465,000	54.8%	58.8%
Security Ownership of Certain Beneficial Owners:				
Common Stock	Grand Columbus Holding Inc. (9)	4,787,500	12.0%	1.2%
Common Stock	Greystone Business Credit II, LLC (10)	4,000,000	10.1%	1.0%
Common Stock	The Tucker Family Spendthrift Trust (11)	10,376,530	22.5%	9.9%
Common Stock	C.L.R., Associates, Inc. (12)	5,374,000	11.9%	8.2%

* Less than 1%

- (1) Unless otherwise noted, the principal address of each of the directors and officers listed above is c/o Hawk Systems, Inc., 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431.
- (2) Assuming 39,759,345 shares of Common Stock issued and outstanding as of April 2, 2010. With respect to any securities not outstanding which are subject to such options, warrants, rights or conversion privileges, such shares are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.

- (3) Assuming approximately 65,564,258 shares of Common Stock issued and outstanding after the Reverse Split and after giving effect to the conversion of all of the outstanding shares of Series B Preferred Stock issued in connection with the Merger. Of the shares of Series B Preferred Stock outstanding immediately prior to the Reverse Split, 64,165 shares of Series B Preferred Stock, which are convertible into 6,416,500 shares of Common Stock, were issued subsequent to the merger and are not automatically convertible into Common Stock in connection with the Reverse Split. Accordingly, these shares have not been included for purposes of the calculation above.
- (4) Includes an option the Company has agreed to issue to Mr. Diamant on May 12, 2010, whereby Mr. Diamant will have the right to purchase 8,000,000 shares of the Company's Common Stock on a post-Reverse Split basis at an exercise price of \$0.36 per share, exercisable for a period of five (5) years from the date of issuance.
- (5) This amount consists of 105,890 shares of Series B Preferred Stock, which are convertible into the number of shares of Common Stock listed above.
- (6) This amount consists of 80,000 shares of Series B Preferred Stock, which are convertible into the number of shares of Common Stock listed above.
- (7) This amount consists of 80,000 shares of Series B Preferred Stock, which are convertible into the number of shares of Common Stock listed above.
- (8) This amount consists of 80,000 shares of Series B Preferred Stock, which are convertible into the number of shares of Common Stock listed above.
- (9) The stockholder's address is 34 15th Street, Brooklyn, New York 11215.
- (10) The stockholder's address is 152 W 57th Street, 11th Floor, New York, NY 10019.
- (11) The stockholder's address is c/o Penson Financial Services Inc., 1700 Pacific Avenue, #1400, Dallas, Texas 75201 according to the records of our transfer agent. This amount includes 64,165 shares of Series B Preferred Stock, which are convertible into 6,416,500 shares of Common Stock. These shares of Series B Preferred Stock were issued subsequent to the merger are not automatically convertible into Common Stock in connection with the Reverse Split, however, they may be voluntarily converted by the holder at any time. The amount shown as the percentage of Common Stock owned after the Reverse Split assumes the shares of Series B Preferred Stock are not converted. Leonard Tucker and Michelle Tucker are co-Trustees of The Tucker Family Spendthrift Trust (the "Trust") and may be deemed to have beneficial ownership of the securities owned by the Trust.
- (12) The stockholder's address is 5732 Wind Drift Lane, Boca Raton, FL 33433. This amount consists of 53,740 shares of Series B Preferred Stock, which are convertible into the number of shares of Common Stock listed above. Mr. Burt J. Rhodes is the sole executive officer of C.L.R., Associates, Inc. ("CLR") and his wife, Mrs. Carole L. Rhodes is the sole director and shareholder of CLR and as a result, Mr. and Mrs. Rhodes have shared voting power and the power to dispose or to direct the disposition of the shares of Series B Preferred Stock held of record by CLR. Thus, Mr. and Mrs. Rhodes may be deemed to be the beneficial owners of the shares owned by CLR.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

On January 6, 2009, Mr. Edward Sebastiano issued a promissory note in the principal amount of \$168,000 for the benefit of the Company for prior amounts loaned to him during 2008. The note accrues interest at the rate of 11% per annum. Monthly payments of interest only in the amount of \$1,540 are due on the 15th day of each month beginning January 15, 2009. The principal amount of the note and all accrued but unpaid interest was due on December 31, 2009. On February 23, 2009, the board of directors of the Company agreed to extend the maturity date to December 31, 2010. The note is secured by an interest in the 8,000,000 shares of the Company's Common Stock owned by Mr. Sebastiano.

On September 16, 2009, we issued an unsecured promissory note in the principal amount of \$50,000 to Mr. Mark Spanakos, a member of our board of directors. The note accrues interest at a rate of 12% per annum and all accrued and unpaid interest is due and payable on the date that is the earlier of (i) September 16, 2010, or (ii) ten (10) business days from the date of closing by the Company of any equity financing in the aggregate of not less than Seven Hundred Fifty Thousand Dollars (\$750,000).

As of December 31, 2009, we owed Mr. David Coriaty, a member of the Company's board of directors, approximately \$204,048, which Mr. Coriaty had previously loaned to the Company for working capital, including the payment of expenses. The loan is not interest-bearing and payable on demand.

Effective January 31, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$100,000 for previous loans provided to us in October 2009 for the payment of expenses. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

Effective February 1, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$40,000 for loans provided to us in January 2010 for the payment of expenses. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

Review, Approval or Ratification of Transactions with Related Persons

We believe that the terms of all of the above transactions are commercially reasonable and no less favorable to us than we could have obtained from an unaffiliated third party on an arm's length basis. While we do not maintain a written policy with respect to related party transactions, our board of directors routinely reviews potential transactions with those parties we have identified as related parties prior to the consummation of the transaction. We also generally require that all related parties recuse themselves from negotiating and voting on behalf of the Company in connection with related party transactions.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

AUDIT AND NON-AUDIT FEES

The following presents fees for professional audit services rendered by Liebman Goldberg & Hymowitz, LLP for the audit of the Company's annual financial statements for 2008 and 2009:

	<u>2008</u>	<u>2009</u>
Audit fees	\$ 47,850	\$ 37,000
Audit related fees	—	—
Tax fees	\$ 1,800	—
All other fees	—	52,000
Total	\$ 49,650	\$ 89,500

Audit Fees: For 2008, consists of fees billed for professional services rendered for the audit of Explorations Group, Inc. (now known as Hawk Systems, Inc.) consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports in connection with statutory and regulatory filings or engagements, as well as the audit of Hawk Biometric's financial statements for the period ended September 30, 2008 and fiscal year ended December 31, 2008.

For 2009, consists of fees billed for professional services rendered for the audit of Hawk Systems, Inc. consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports in connection with statutory and regulatory filings or engagements, as well as the audit of Hawk Biometric's financial statements for the period from September 30, 2008 through December 31, 2008.

Tax Fees: For 2008, consists of costs incurred in connection with tax compliance.

All Other Fees: For 2009, consists of costs incurred in connection with the audit of the financial statements for a proposed acquisition. The Company did not complete the acquisition.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. The following financial statements for Hawk Systems, Inc. and Subsidiaries are filed as a part of this report:

Report of Independent Certified Public Accountants

Consolidated Balance Sheets— December 31, 2009 and 2008

Consolidated Statements of Operations—Years ended December 31, 2009 and 2008.

Consolidated Statements of Shareholders' Deficit —Years ended December 31, 2009 and 2008.

Consolidated Statements of Cash Flows—Years ended December 31, 2009 and 2008.

2. Notes to Consolidated Financial Statements

Schedules are omitted because of the absence of conditions under which they are required or because the information is included in the financial statements or notes thereto.

(b) Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated February 19, 2009, by and among Explorations Group, Inc., Hawk Acquisition Corp., and Hawk Biometric Technologies, Inc. (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2009).
3.1	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on January 2, 2009 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
3.2	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on May 27, 2009 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
3.3	Certificate of Correction to the Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on March 17, 2010.*
3.4	Certificate of Amendment to Certificate of Incorporation of Hawk Systems, Inc. filed with the State of Delaware on March 18, 2010.*
10.1	Unsecured Promissory Note, dated September 16, 2009, in the principal amount of \$50,000 executed by Hawk Systems, Inc. in favor of Mark Spanakos (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2009).
10.2	Unsecured Promissory Note, dated September 16, 2009, in the principal amount of \$100,000 executed by Hawk Systems, Inc. in favor of Delilah Holdings, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2009).
10.3	Employment Agreement between the Company and David Coriaty dated May 1, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
10.4	Employment Agreement between the Company and Robert E. McCann III dated May 12, 2009 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
10.5	Amendment to Employment Agreement between the Company and Robert E. McCann III dated August 14, 2009 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009)

- 10.6 Exclusive Investment Banking Agreement, dated as of June 4, 2008, by and between Hawk Biometric Technologies, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
- 10.7 Letter Agreement amending Exclusive Investment Banking Agreement, dated February 13, 2009, by and between Hawk Biometric Technologies, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
- 10.8 Amendment No. 2 to the Exclusive Investment Banking Agreement, dated November 23, 2009, by and between Hawk Systems, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 25, 2009).
- 10.9 Unsecured Promissory Note, dated November 23, 2009, in the principal amount of \$250,000 executed by Hawk Systems, Inc. in favor of Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 25, 2009).
- 10.10 Employment Agreement by and between Hawk Systems, Inc. and Michael Diamant dated December 15, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on December 29, 2009).
- 10.11 Amendment No. 1 to the Employment Agreement by and between Hawk Systems, Inc. and Michael Diamant dated January 19, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on January 20, 2010).
- 10.12 Stipulation of Settlement by and between Hawk Systems, Inc. and Leonard Tucker, as co-Trustee of the Tucker Family Spendthrift Trust dated January 25, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on January 29, 2010).
- 10.13 Consulting Agreement by and between Hawk Systems, Inc. and Griffin Enterprises LLC dated February 23, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 1, 2010).
- 10.14 Unsecured Promissory Note, dated January 31, 2010, in the principal amount of \$100,000 executed by Hawk Systems, Inc. in favor of David Coriaty.*
- 10.15 Unsecured Promissory Note, dated February 1, 2010, in the principal amount of \$40,000 executed by Hawk Systems, Inc. in favor of David Coriaty.*
- 10.16 Amendment No. 1 to the Employment Agreement by and between Hawk Systems, Inc. and David Coriaty dated April 9, 2010.*
- 14.1 Code of Conduct (incorporated by reference to Exhibit 3(i).4 to the Company's Annual Report on Form 10-KSB filed with the SEC on March 31, 2004).
- 21.1 Subsidiaries of Hawk Systems, Inc.*
- 31.1 Certification of Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 31.2 Certification of Principal Financial Officer, as required by Pursuant to Rules 13a-14(a) and 15d-14(a) of under the Securities Exchange Act of 1934, as amended adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 32.1 Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 32.2 Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

In accordance with the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, Hawk Systems, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HAWK SYSTEMS, INC.

Date: April 15, 2010

By: /s/ Michael Diamant
Michael Diamant
Chief Executive Officer and Director

In accordance with the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Hawk Systems, Inc. and in the capacities and on the dates indicated.

<u>SIGNATURE</u>	<u>CAPACITY</u>	<u>DATE</u>
<u>/s/ Michael Diamant</u> Michael Diamant	Chief Executive Officer and Director	April 15, 2010
<u>/s/ David Coriaty</u> David Coriaty	Director	April 15, 2010
<u>/s/ Antonio DeRisi</u> Antonio DeRisi	Director	April 15, 2010
<u>/s/</u> Mark Spanakos	Director	April __, 2010
<u>/s/ Edward Sebastiano</u> Edward Sebastiano	Director	April 15, 2010

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and
Stockholders of Hawk Systems, Inc.
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of Hawk Systems, Inc. and Subsidiaries (a Development Stage Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the years in the two year period ended December 31, 2009. Hawk Systems Inc. and Subsidiaries (a Development Stage Company) management is responsible for these financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Company as of December 31, 2009 and 2008, and the results of its operations and cash flows for each of the years in the two year period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has no material revenues, has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Liebman Goldberg & Hymowitz, LLP
Garden City, New York

April 13, 2010

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets		
Prepaid financing costs	\$ 17,519	\$ —
Interest Receivable	18,480	—
TOTAL CURRENT ASSETS	<u>35,999</u>	<u>—</u>
Other Assets		
Note Receivable-Related Party	168,000	—
Other assets	5,838	—
TOTAL OTHER ASSETS	<u>173,838</u>	<u>—</u>
TOTAL ASSETS	<u><u>\$ 209,837</u></u>	<u><u>\$ —</u></u>
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current liabilities		
Bank overdraft	\$ 44	\$ 17,140
Accounts payable	547,049	—
Notes payable	150,000	—
Bond payable	25,000	—
Loan payable - related party	313,575	50,705
Accrued liabilities	803,911	—
Accrued payroll liabilities	231,567	—
TOTAL CURRENT LIABILITIES	<u>2,071,146</u>	<u>67,845</u>
Long-term liabilities		
Due to related parties	31,820	—
Convertible debenture, net	44,000	—
TOTAL LONG-TERM LIABILITIES	<u>75,820</u>	<u>—</u>
TOTAL LIABILITIES	<u>2,146,966</u>	<u>67,845</u>
Stockholders' deficit		
Preferred stock		
Series B - 500,000 shares authorized, \$0.01 par value, 587,347 and 599,288 shares outstanding at December 31, 2009 and December 31, 2008 (1)	5,873	5,993
Common stock		
100,000,000 shares authorized, \$0.01 par value, 35,799,315 shares issued and outstanding at December 31, 2009 (1)	357,993	—
Additional paid-in capital	16,047,827	15,615,922
Accumulated deficit during development stage	(18,348,822)	(15,689,760)
TOTAL STOCKHOLDERS' DEFICIT	<u>(1,937,129)</u>	<u>(67,845)</u>
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	<u><u>\$ 209,837</u></u>	<u><u>\$ —</u></u>

(1) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31,		From October 25, 2007 (Inception) through December 31,
	2009	2008	2009
REVENUE	\$ —	\$ —	\$ —
OPERATING EXPENSES			
General and Administrative	2,496,757	673,818	3,170,575
Research and Development	109,491	15,942	125,433
Total Operating Expenses	<u>2,606,248</u>	<u>689,760</u>	<u>3,296,008</u>
LOSS FROM OPERATIONS	<u>(2,606,248)</u>	<u>(689,760)</u>	<u>(3,296,008)</u>
OTHER INCOME (EXPENSE)			
Impairment loss	—	(15,000,000)	(15,000,000)
Interest Income	18,480	—	18,480
Interest Expense	<u>(71,294)</u>	<u>—</u>	<u>(71,294)</u>
Total Other Income (Expense)	<u>(52,814)</u>	<u>(15,000,000)</u>	<u>(15,052,814)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	<u>(2,659,062)</u>	<u>(15,689,760)</u>	<u>(18,348,822)</u>
PROVISION FOR INCOME TAXES	<u>—</u>	<u>—</u>	<u>—</u>
NET LOSS	<u><u>\$ (2,659,062)</u></u>	<u><u>\$(15,689,760)</u></u>	<u><u>\$(18,348,822)</u></u>
NET LOSS PER SHARE, BASIC AND DILUTED	<u><u>\$ (0.08)</u></u>	<u><u>\$ —</u></u>	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED (2)	<u><u>31,299,315</u></u>	<u><u>—</u></u>	

(2) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Year Ended December 31, 2009 and the Period from October 25, 2007 (inception) Through
December 31, 2008

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Accumulated</u>
						<u>During</u>
						<u>Development</u>
						<u>Stage</u>
Balance at October 25, 2007 (Inception) (3)	599,288	\$ 5,993	—	\$ —	\$ 15,615,922	\$
Net loss	—	—	—	—	—	(15,689,760)
Balance at December 31, 2008	<u>599,288</u>	<u>\$ 5,993</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 15,615,922</u>	<u>\$ (15,689,760)</u>

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Accumulated</u>
						<u>During</u>
						<u>Development</u>
						<u>Stage</u>
Balance at December 31, 2008	599,288	\$ 5,993	—	\$ —	\$ 15,615,922	\$ (15,689,760)
Recapitalization of the Company			31,299,315	312,993	26,905	
Cancellation of preferred stock	(11,941)	(119)				
Reimbursement for Consulting Agreement			4,500,000	\$ 45,000	\$ 405,000	
Net loss	—	—	—	—	—	(2,659,062)
Balance at December 31, 2009	<u>587,347</u>	<u>\$ 5,873</u>	<u>35,799,315</u>	<u>\$ 357,993</u>	<u>\$ 16,092,827</u>	<u>\$ (18,348,822)</u>

(3) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31		From October 25, 2007 (Inception) through December 31, 2009
	2009	2008*	
Cash flows from operating activities:			
Net loss	\$(2,659,062)	\$(15,689,760)	\$(18,348,822)
Accretion of interest on convertible debenture	44,000	—	44,000
Reverse merger paid in capital	667,742	—	667,742
Amortization of deferred financing costs	11,680	—	11,680
Adjustment to reconcile net loss to net cash (used in) operating activities			—
Changes in assets and liabilities:			—
Increase (decrease) from affiliates	(168,000)	—	(168,000)
Increase (decrease) in interest receivable	(18,480)	—	(18,480)
Increase (decrease) in accounts payable	547,049	—	547,049
Increase (decrease) in loan payable-related party	262,870	50,705	313,575
Increase (decrease) in accrued liabilities	803,911	—	803,911
Increase (decrease) from related parties	31,820	—	31,820
Increase (decrease) in accrued payroll liabilities	231,566	—	231,566
Net cash (used in) operating activities	<u>(244,904)</u>	<u>(15,639,055)</u>	<u>(15,883,959)</u>
Cash flows from investing activities:	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from financing activities:			
Proceeds from issuance of convertible debenture	87,000	—	87,000
Proceeds from issuance of bonds and notes	175,000	—	175,000
Increase in paid in capital	—	15,621,915	15,621,915
Net cash provided by financing activities	<u>262,000</u>	<u>15,621,915</u>	<u>15,883,915</u>
Net increase (decrease) in cash	<u>17,096</u>	<u>(17,140)</u>	<u>(44)</u>
Cash, bank overdraft beginning of year	(17,140)	—	—
Cash, bank overdraft end of year	<u>\$ (44)</u>	<u>\$ (17,140)</u>	<u>\$ (44)</u>
Supplemental Cash Flow Information:			
Cash paid for interest	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*The Company did not commence business operations until August, 2008

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Note 1 – Nature of Business and Summary of Significant Accounting Policies:

Organization and Nature of Operations

Since September 2004, Hawk Systems, Inc. (formerly known as Explorations Group, Inc.), a Delaware corporation (the “Company,” “we” “us” or “our”) was in the business of operating parking lots and garages in New York City and the surrounding areas through its wholly-owned operating subsidiary, Parking Pro, Inc. (“Parking Pro”). During 2008, the Company decided to pursue a new business direction. On February 19, 2009, pursuant to the terms of an Agreement and Plan of Merger by and between the Company, Hawk Acquisition Corp., a newly formed, wholly-owned Florida subsidiary of the Company (“Hawk Acquisition”) and Hawk Biometric Technologies, Inc., a Florida corporation (“Hawk Biometric”), Hawk Acquisition merged with Hawk Biometric (the “Merger”).

The former stockholders of Hawk Biometric were issued .02 shares of the Company’s Class B Voting, Convertible Preferred Stock, par value \$.01 per share (“Series B Preferred Stock”) in exchange for each share of Hawk Biometric Class A and Class B common stock outstanding. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of the Company’s common stock, par value \$.01 (“Common Stock”) at any time, at the option of the holder and will automatically be converted into shares of Common Stock on the day following the completion of a 1-for-6 reverse split of its Common Stock (the “Reverse Split”). On March 18, 2010, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware which set the effective date of the Reverse Split as April 7, 2010.

The merger resulted in a change of control, and as such, Hawk Biometric is the surviving entity and is a wholly-owned subsidiary of the Company. This report on Form 10-K is presented accordingly.

On May 27, 2009, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware changing its name to Hawk Systems, Inc. On July 15, 2009, the trading symbol for the Company’s Common Stock, which is quoted on the Over-The-Counter Bulletin Board, was changed from EXGI to HWSY.

Hawk Biometric is a developer of innovative fingerprint authentication technology that offers high degrees of security, convenience, and ease of use in applications such as automobile locks and identity theft protection. Management believes technology can also be used in banking, healthcare, hotel/casino operations, employee time clock and attendance, stadium security, and sporting and gaming applications where identity management is required.

Basis of Presentation

Reverse Merger. The Merger has been accounted for as a reverse merger in the form of a recapitalization with Hawk Biometric as the successor. The recapitalization has been given retroactive effect in the accompanying consolidated financial statements. The accompanying consolidated financial statements represent those of Hawk Biometric for all periods prior to the consummation of the Merger and of the Company and its wholly-owned subsidiaries, Hawk Biometric and Parking Pro, subsequent to the Merger.

The consolidated balance sheet as of December 31, 2009 and the consolidated statement of operations, consolidated statement of stockholders’ deficit and consolidated cash flows for the fiscal years ended December 31, 2009 and the period October 25, 2007 (date of inception) through December 31, 2008 included herein, have been prepared in accordance with the instructions for Form 10-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Regulation S-X under the Exchange Act. In the opinion of the management, they include all normal recurring adjustments necessary for a fair presentation of the consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Since inception, the Company has not realized any revenue from its biometric technology business. The Company has been primarily engaged in developing its fingerprint authentication technology and identifying, and pursuing acquisitions of related assets or companies. The Company has manufactured units of its biometric automotive starter product but has not yet sold any of those units. To date, the Company's operations consist of raising capital and preparing for its first commercial product sale. There is no guarantee that the Company will be able to sell any products or generate revenues. These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Going Concern. We have incurred losses since inception and have an accumulated deficit of \$(18,348,822) at December 31, 2009, which raises substantial doubt about our ability to continue as a going concern. We have funded our operations since inception through the issuance of debt and equity securities and loans from related parties. Should we require additional funds and are unable to acquire such funds, our ability to continue as a going concern will be severely affected. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

These factors create uncertainty whether we can continue as a going concern. Our plans to mitigate the effects of the uncertainties on our continued existence are: 1) to raise additional equity capital; 2) to restructure our existing debt; and 3) to pursue our business plan and seek to generate positive operating cash flow. Management believes that these plans may be effectively implemented in the next twelve-month period. However, our ability to continue as a going concern is dependent on the implementation and success of these plans. The financial statements do not include any adjustments in the event we are unable to continue as a going concern.

Summary of Significant Accounting Policies

Codification of Accounting Standards

The issuance of *FASB Accounting Standards Codification*TM (the "Codification") on July 1, 2009 (effective for interim or annual reporting periods ending after September 15, 2009), changes the way that U.S. generally accepted accounting principles

("GAAP") are referenced. Beginning on that date, the Codification officially became the single source of authoritative nongovernmental GAAP; however, SEC registrants must also consider rules, regulations, and interpretive guidance issued by the SEC or its staff. The switch affects the way companies refer to GAAP in financial statements and in their accounting policies. All existing standards that were used to create the Codification became superseded. Instead, references to standards will consist solely of the number used in the Codification's structural organization. Consistent with the effective date of the Codification, financial statements for periods ending after September 15, 2009, refers to the Codification structure, not pre-Codification historical GAAP.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the accounts of all majority-owned subsidiaries. The consolidated balance sheet is a classified presentation, which distinguishes between current and non-current assets and liabilities. The Company believes that a classified balance sheet provides a more meaningful presentation consistent with the business cycles of the Company's operations. All significant inter-company accounts and transactions have been eliminated in consolidation.

Research and Development

Pursuant to ASC 730 (formerly SFAS No. 2), research and development costs are expensed as incurred. Research and development costs for the years ended December 31, 2009 and for the period October 25, 2007 (date of inception) through December 31, 2008 were \$109,491 and \$15,942 respectively.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Earnings Per Common Share

We adopted ASC 260 (formerly FASB No. 128, "Earnings per Share"). The statement established standards for computing and presenting earnings per share ("EPS"). It replaced the presentation of primary EPS with a basic EPS and also requires dual presentation of basic and diluted EPS on the face of the income statement. Basic income/ (loss) per share was computed by dividing our net income/(loss) by the weighted average number of common shares outstanding during the period. The weighted average number of common shares used to calculate basic and diluted income/(loss) per common share for the year ended December 31, 2009 and for the period October 25, 2007 (date of inception) through December 31, 2008 was 31,299,315 and 0 (as a result of the recapitalization), respectively. The Company's common stock equivalents, of outstanding options and warrants, have not been included as they are anti-dilutive.

Fair Value of Financial Instruments

The Company has adopted the required provisions of Topic 820, "Fair Value Measurements". Those provisions relate to our financial assets and liabilities carried at fair value and our fair value disclosures related to financial assets and liabilities. Topic 820 defines fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs to fair value measurements - Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs. Observable market data should be used when available.

The Company's financial instruments are carried at fair value, including, cash equivalents. Virtually all of the Company's valuation measurements are Level 1 measurements. The adoption of Topic 820 did not have a significant impact on the Company's consolidated financial statements. As of December 31, 2009, the fair value of our long-term debt was \$100,000, which exceeded the carrying value by \$56,000.

Development Stage Activities and Operations

The Company is in its initial stages of formation and for the period October 25, 2007 (date of inception) through December 31, 2009, the Company had no revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of goodwill and intangible assets. Actual results could differ from those estimates.

Revenue Recognition:

The Company has not reported any revenues during fiscal year ended December 31, 2009 and for the period October 25, 2007 (date of inception) to December 31, 2008 but intends to recognize revenue in the future when earned, there is a fixed and determinable price for its product and collectability is reasonably assured when title passes.

Cash and Cash Equivalents:

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We do not have cash balances in banks in excess of the maximum amount insured by the FDIC and other international agencies as of December 31, 2009 and 2008.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Long-Lived Assets:

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*" ("SFAS 144"), long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets in question may not be recoverable. An impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset.

Income Taxes:

We account for income taxes under ASC 740-10 (formerly SFAS No. 109, "*Accounting for Income Taxes*") ("ASC 740-10"). ASC 740-10 requires an asset and liability approach for financial reporting for income taxes. Under ASC 740-10, deferred taxes are provided for temporary differences between the carrying values of the assets and liabilities for financial reporting and tax purposes at the enacted rates at which these differences are expected to reverse.

We recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement carrying amounts and tax basis of assets and liabilities using enacted rates in effect in the years in which the differences are expected to reverse.

Because the Company has an uncertainty regarding it as a going concern, a 100% valuation allowance has been set up for any deferred tax item.

Loss per Common Share

We apply SFAS No. 128, "Earnings per Share," which requires two presentations of earnings (loss) per share—"basic" and "diluted." Basic earnings (loss) per share is computed by dividing income or loss available to common stockholders by the weighted-average number of common shares issued and outstanding for the period. The computation of diluted earnings (loss) per share is similar to basic earnings per share, except that the weighted average number of common shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. For the fiscal years ended December 31, 2009 and for the period October 25, 2007 (date of inception) to December 31, 2008, the potential shares of Common Stock to be issued upon exercise or conversion of outstanding stock options, warrants, convertible debenture, and Series B Preferred Stock have not been included in the determination of loss per share because the effect would be anti-dilutive.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a Replacement of FASB Statement No. 162*, (SFAS 168). SFAS 168 establishes the FASB Accounting Standards Codification (Codification) as the single source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative U.S. GAAP for SEC registrants. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. We do not believe the adoption of SFAS 168 will have a material effect on our results of operations or financial position.

The adoption of other recently issued accounting pronouncements did not have a material effect on our financial position or results from operations. We do not expect recently issued accounting pronouncements that are not yet effective will have a material effect on our financial position or results of operations upon adoption.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Note 2 – Patents, Impairment Loss

In May 2008, Hawk Biometric issued approximately 23,000,000 shares of its common stock on a one-for-one basis to the shareholders of Hawk Biometrics of Canada, Inc. in exchange for that company's existing patent and pending patent applications. The transaction, which was accounted for on a fair market value basis recognized the patent value at \$15,000,000. Subsequently, it was determined that the patent was impaired in accordance with SFAS 144, as the expected cash flows to be generated were \$0 at the time of valuation. For the year ended December 31, 2008, we recognized an impairment loss of \$15,000,000.

As part of the stock transaction, Hawk Biometric also received approximately \$210,000, which is reflected in paid in capital.

Note 3 – Merger

On February 19, 2009, we completed an Agreement and Plan of Merger among the Company, Hawk Acquisition, and Hawk Biometric. The former stockholders of Hawk Biometric were issued 599,288 shares of the Company's Series B Preferred Stock in exchange for all of the outstanding shares of Hawk Biometric Class A and Class B common stock. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of our Common Stock at any time, at the option of the holder and will automatically be converted into Common Stock on the day following the completion of a 1-for-6 Reverse Split of our Common Stock.

For accounting purposes, these actions resulted in a reverse merger, and Hawk Biometric is the accounting survivor and surviving business entity; however, the Company is the surviving legal entity.

We assumed an estimated \$32,500 in liabilities pursuant to the transaction. As we did not acquire any assets, we reduced paid in capital by \$32,500, which represents the net liabilities acquired. These liabilities are comprised of a \$25,000 bond payable and estimated accrued interest thereon. See Note 6 - Debt, Note 9 - Commitments and Contingencies and Note 10 - Subsequent Events.

Note 4 – Related party transactions

On January 6, 2009, Mr. Edward Sebastiano, a member of the Company's board of directors, issued a promissory note in favor of the Company in the principal amount of \$168,000 for loans provided to him by Hawk Biometrics of Canada, Inc. The note provided for an original maturity date of December 31, 2009, however, the board of directors of the Company agreed to extend the maturity of the note until December 31, 2010. See Note 10 - Subsequent Events.

On September 16, 2009, the Company issued an unsecured promissory note in the principal amount of \$50,000 to Mr. Mark Spanakos, a member of the Company's board of directors. See Note 6 - Debt.

As of December 31, 2009, we owed Mr. David Coriaty, a member of the Company's board of directors, approximately \$308,348, which Mr. Coriaty had previously loaned to the Company for working capital including payment of expenses. See Note 10-Subsequent Events.

Note 5 - Income Taxes

Deferred income taxes as reported on the consolidated balance sheet consists of:

	December 31, 2009	December 31, 2008
Deferred tax assets	\$ 103,350	\$ -0-
Deferred tax liabilities	-0-	-0-
Valuation allowance	(103,350)	-0-
Total	\$ -0-	\$ -0-

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

As December 31, 2009, we had net operating losses (“NOL”) of approximately \$689,000. This amount is available to be carried forward to offset future taxable income. The carry forwards begin to expire in 2028. We have provided a full 100% valuation allowance on the deferred tax assets at December 31, 2009 to reduce such deferred income tax assets to zero as it is the management’s belief that realization of such amounts do not meet the criteria required by generally accepted accounting principles. Management will review the valuation allowance required periodically and make adjustments as warranted.

Note 6 – Debt

The components of debt are summarized as follows.

	December 31, 2009
Long-Term Debt	
Convertible debenture	\$ 100,000
Discount for beneficial conversion feature and warrant	(56,000)
Bond payable	25,000
Notes payable	150,000
Due to related parties	304,348
Total	523,348
Less current portion	(479,348)
	<u>\$ 44,000</u>

On April 30, 2009, we issued a two-year \$100,000 convertible debenture (“Debenture”) to an accredited investor. The Debenture bears interest, which is payable quarterly, at the rate of 10% per annum. The Debenture is convertible into 1,388,889 shares of our Common Stock at a conversion price of \$0.072 per share, which was \$0.068 per share above fair market value of our Common Stock on the date of issuance. Upon maturity on April 30, 2011, any unconverted outstanding principal and interest is due and payable in cash. In connection with the Debenture, we issued warrants to purchase 50,000 shares of our Common Stock at \$0.25 per share (“Debentures Warrants”), which was \$0.18 above the fair market value of our Common Stock on the date of issuance. The Debenture Warrants are immediately exercisable and expire on April 30, 2012. Net cash proceeds after expenses totaled approximately \$87,000 and were used for working capital. We paid investment banking fees and expenses of \$13,000 and issued warrants to purchase 138,899 and 5,000 shares of our Common Stock at exercise prices of \$0.072 and \$0.25 per share, respectively, to the investment banking firm that facilitated the debenture transaction.

We recorded the Debenture at a 100% discount after giving effect to the estimated fair market value beneficial conversion feature of the Debenture and the Debenture Warrants, which was equal to \$100,000 and credited to equity. The Debenture Warrants were valued using the Black Scholes Option Pricing model with the following assumptions: dividend yield of 0%, annual volatility of 310.15%, and risk free interest rate of 4.1%. The carrying value of the Debenture is being accreted to the face amount by charges to interest expense over the two year term until maturity on April 30, 2011.

We incurred financing costs totaling \$35,037 pursuant to the Debenture, including investment banking and professional fees. These deferred financing costs are being amortized to interest expense over the two year term of the Debenture. After giving effect to the value of the related warrants and the financing costs, the effective rate of interest on the Debenture is 145%.

In connection with the Merger, we assumed the obligation to repay a Class A, Series A Convertible Bond (“Bond”) held by the Tucker Family Spendthrift Trust (the “Trust”). The Bond is in the principal amount of \$25,000, with interest payable upon maturity at the annualized rate of 2% over the prime rate charged by Citibank, N.A. (New York City). The terms of the Bond include a conversion option that provided for conversion into a number of shares equal to 10% of the Company’s outstanding and reserved capital stock, as defined in the Bond document. On April 29, 2009, the Trust provided notice of election to convert \$24,000 in principal and accrued interest of the Bond. During the fiscal year ended December 31, 2009, the Company was in litigation with the Trust regarding the Bond, however, the parties resolved their issues in January 2010. See Note 9 – Commitments and Contingencies: Litigation and Note 10 - Subsequent Events.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

On September 16, 2009, the Company issued two unsecured promissory notes in the following amounts: (i) \$100,000 payable to Delilah Holdings, LLC, and (ii) \$50,000 payable to Mr. Mark Spanakos, a member of the Company's board of directors. Both promissory notes accrue interest at a rate of 12% per annum and all accrued and unpaid interest is due and payable on the date that is the earlier of (i) September 16, 2010, or (ii) ten (10) business days from the date of closing by the Company of any equity financing in the aggregate of not less than Seven Hundred Fifty Thousand Dollars (\$750,000). The proceeds from the promissory notes were used to pay salaries, consulting fees and legal fees.

Due to related parties consists of amounts loaned to us by Mr. David Coriaty, a member of the Company's board of directors, during 2008 and 2009 for working capital purposes.

Note 7 – Stock-based Compensation

On May 12, 2009, we granted a non-qualified stock option to Mr. Robert E. McCann III, our former Chief Executive

Officer. The grant provided for the purchase of 7,800,000 shares of Common Stock at an exercise price of \$0.16, which was the closing price on the date of the grant. It is exercisable immediately and carries a term of five years.

We recorded stock compensation expense totaling \$1,231,872 during the quarter ending June 30, 2009, which was the estimated fair value of these options on the date of grant. We used the Black-Scholes option-pricing model to determine the fair value with the following weighted average assumptions: Volatility, 290.47%, expected life, 3 years; risk free rate, 4.13%; dividend yield, 0%.

On October 28, 2009, Mr. McCann was terminated as Chief Executive Officer of the Company. His stock option was cancelled effective the same date. See Note 9 - Commitments and Contingencies.

On December 15, 2009, the Company entered into an employment agreement with Michael Diamant to serve as the new Chief Executive Officer of the Company, effective January 15, 2010, which was subsequently amended on January 19, 2010, effective December 15, 2009. In connection with that agreement, the Company has agreed to issue Mr. Diamant on May 12, 2010, stock options to purchase 8,000,000 shares of Common Stock (on a post-Reverse Split basis) at an exercise price of \$0.36, which was equal to the closing bid price of the Common Stock on the date immediately preceding the date of the agreement (on a post-Reverse Split basis). The option will be exercisable for a period of five years from the date of grant and will be fully vested and non-cancellable at the time of the grant.

As of December 31, 2009, there were no outstanding stock options.

Note 8 – Stockholder's Deficit

We are authorized to issue 100,000,000 shares of Common Stock, \$0.01 par value, and 1,500,000 shares of Preferred Stock, \$0.01 par value. There were 31,299,315 shares of Common Stock and 587,347 shares of Series B Preferred Stock outstanding on December 31, 2009. The number of shares of Series B Preferred Stock outstanding exceeded the number of authorized shares of Series B Preferred Stock by 87,337. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of our Common Stock at any time at the option of the holder and will automatically be converted into Common Stock on the day following the completion of the Reverse Split. See Note 10 - Subsequent Events.

On October 7, 2009, our board of directors approved the issuance of 4,500,000 shares of our restricted Common Stock (on a pre-reverse split basis) to an entity controlled by our former chief executive officer, chief financial officer and director, Mr. Eric Brown, as reimbursement for a payment made by the entity on our behalf pursuant to a consulting agreement between us and a consultant. The shares were not physically issued until January 14, 2010. We have therefore recorded an expense of \$405,000 which represents the fair value of the Common Stock based on the closing stock price of \$.09 on October 7, 2009.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Note 9 – Commitments and Contingencies

Litigation – On June 9, 2009, Leonard Tucker, as co-Trustee of the Tucker Family Spendthrift Trust, filed a complaint in the 15th Judicial Circuit of Palm Beach County, seeking the issuance of 3,323,821 shares of Common Stock and 63,717 shares of preferred stock plus legal fees and costs. The Company and the Trust resolved their differences in January 2010. See Note 10 - Subsequent Events.

Contingencies – Pursuant to an agreement dated February 13, 2009, we agreed to extend and amend an investment banking agreement originally dated May 5, 2008 (“IB Agreement”) with Cresta Capital Strategies, LLC (“Cresta”). The amendment provided for a monthly fee payable to Cresta of \$100,000 for a period of twelve months. We have renegotiated our relationship with Cresta, however, and on November 23, 2009, the Company and Cresta executed a second amendment to the IB Agreement which reduced the monthly fee payable to Cresta from \$100,000 to \$10,000. In addition, we issued to Cresta a promissory note in the amount of \$250,000 in full satisfaction of the previous amounts owed Cresta. Accordingly, we have recorded an expense of \$250,000 for all amounts owed to Cresta under the IB Agreement through November 2009. See Note 10 - Subsequent Events.

Commitments – On January 9, 2009, the board of directors of Hawk Biometric approved paying an annual salary of \$500,000 to Mr. David Coriaty, our former Chairman and current member of the board of directors. On May 1, 2009, we entered into an employment agreement with Mr. Coriaty, which provided for a base salary of \$780,000 per annum for a one-year term. The Company and Mr. Coriaty subsequently agreed to reduce his salary to \$500,000 per annum for the fiscal year ended December 31, 2009. We are recording the expense over the term of the agreement.

Commitments – On May 15, 2009, we entered into an employment agreement with Mr. Henry Eckenrhode to serve as vice president of corporate operations for a term of one year. The agreement provides for a salary of \$120,000 per year, payable in monthly installments. During the fiscal year ended December 31, 2009, we were recording the expense over the term of the agreement, however after the fiscal year end the parties agreed to mutually terminate the agreement in exchange for the issuance of 200,000 shares of Common Stock. See Note 10 - Subsequent Events.

Commitments – On June 1, 2009, we entered into a strategic consulting agreement with PKF Financial Consultants, Inc. for consulting services to be provided such as advising the Company on sales and licensing strategies, product licensing opportunities, alliances with manufacturers and joint venture agreements. The agreement is for a term of one year and the consultant is entitled to compensation in the amount of \$10,000 per month, due at the beginning of each month beginning June 1, 2009. In addition, the Company is required to pay the consultant “success” compensation upon successful execution of a definitive agreement between the Company and Magna International, Inc. (“Magna”) as follows: (i) an amount equal to 3% of any licensing fee paid by Magna to the Company within ten days of such fee being paid; (ii) an amount equal to 3% of any capital investment by Magna to the Company within ten days of such investment being paid, provided however that any obligation to pay this fee shall be solely contingent upon compliance with any applicable state or federal securities laws; and (iii) a ten year option to purchase 1,000,000 shares of the Company’s Common Stock at an exercise price equal to the closing price of the Company’s Common Stock on the day that a definitive agreement between the Company and Magna is executed, or in the event that the definitive agreement is executed on a day when the stock market is closed, the last previous trading date. The options are to vest as follows: 25% vesting effective December 31, 2009; 25% vesting effective June 30, 2010; and 50% vesting effective December 31, 2010.

Commitments – We entered into an employment agreement with Mr. Robert E. McCann, our former Chief Executive Officer, on May 12, 2009, as amended on August 14, 2009, which provided for a base salary of \$240,000 per annum for a two-year term and the grant of a stock option to purchase 7,800,000 shares of Common Stock at an exercise price of \$0.16 per share (the “Option”). The Option was to be fully vested upon issuance with a term of five years from date of grant. The agreement further provided for a performance bonus up to \$100,000 upon the achievement of certain goals. On October 28, 2009, Mr. McCann was terminated as Chief Executive Officer of the Company and his employment agreement and stock options were cancelled as of the same date. We recorded \$90,211 in compensation during the fiscal year ended December 31, 2009, which was paid in the form of cash and payment of personal expenses on behalf of Mr. McCann.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Commitments – We entered into a consulting agreement with Mr. Michael Golden on August 27, 2009 pursuant to which Mr. Golden agreed to manage the Company's Hawk Telematics division as division President, develop the Company's intellectual property, bring to market Hawk Telematics products, and assist the Company in corporate matters relating to intellectual property. The term of the Agreement was one year and the consultant was entitled to compensation in the amount of \$20,000 per month for services rendered and a signing bonus equal to \$60,000, payable at the rate of \$20,000 per month for three months commencing on September 1, 2009. Additionally, the agreement provides that Mr. Golden is entitled to receive a five-year warrant to purchase 975,000 shares of the Company's Common Stock (calculated on a post-Reverse Split basis or 5,850,000 shares of Common Stock on a pre-Reverse Split basis) at an exercise price equal to \$0.90 per share (calculated on a post-Reverse Split basis or \$0.15 per share on a pre-Reverse Split basis), the fair market value of the Common Stock on the date of grant (the "Warrant"). The agreement's terms provide that the Warrant will be fully vested as of the date of grant. The agreement provides the Bonus Warrant will be fully vested on the date of grant. On October 28, 2009, the Company terminated the consulting agreement with Mr. Golden and cancelled the Warrant. We recorded \$40,000 in cash compensation during the fiscal year ended December 31, 2009. We never issued the Warrant, however, and as a result of the subsequent cancellation, we did not record an expense for the Warrant.

Commitments – We entered into an employment agreement with Mr. Michael Diamant, our current Chief Executive Officer, on December 15, 2009, for a term of one year beginning January 15, 2010. The agreement will automatically extend for subsequent one (1) year periods, unless either party notifies the other not later than sixty (60) days prior to the then expiration date of the agreement that such party does not intend for the agreement to automatically extend. Pursuant to the terms of the agreement, Mr. Diamant is entitled to receive an annual salary of \$500,000, payable in equal monthly installments, and a signing bonus equal to \$160,000, payable within thirty days of the date of the agreement. Additionally, the agreement, as amended, provides that Mr. Diamant is entitled to receive options to purchase 4,000,000 shares of Common Stock (calculated on a post-reverse split basis) at an exercise price equal to the closing bid price of the Common Stock on the date immediately preceding the date of the agreement, which was \$0.36 (calculated on a post-Reverse Split basis). The option is for a term of five years and will be fully vested and non-cancellable at the time of the grant. The agreement further provides for an annual bonus opportunity of up to \$200,000 during each year of the term of the agreement based upon performance criteria to be established jointly by the Compensation Committee and Mr. Diamant within sixty (60) days of the commencement of the agreement and approved by the board of directors of the Company each year. The Company has the right to terminate the Agreement at any time and Mr. Diamant may terminate the Agreement by delivery of written notice to the Company at least sixty (60) days prior to the termination date. We did not record any expense for this agreement during the fiscal year ended December 31, 2009 since the agreement did not take effect until after the fiscal year end.

Note 10 – Subsequent Events

On January 25, 2010, we entered into a settlement agreement ("Settlement Agreement") with the Trust in order to settle the ongoing litigation between us and the Trust. In accordance with the terms of the Settlement Agreement, we agreed to issue the Trust 3,960,030 shares of our Common Stock and 64,165 shares of our Series B Preferred Stock (collectively, the "Securities"). We subsequently issued the Securities to the Trust and therefore, we have no further obligation under the Bond. Under the terms of the Settlement Agreement, we and the Trust agreed to release and forever discharge each other, our present officers, agents and employees from any and all claims and demands which have been or may have been based upon any facts or circumstances that arose or existed on or prior to the date of the Settlement Agreement. We executed the release February 23, 2010 and the Trust executed the release on

March 3, 2010. The Trust filed a stipulation and order of dismissal with prejudice with the 15th Judicial Circuit Court of Palm Beach and the judge entered an order of dismissal with prejudice on February 26, 2010.

Effective January 31, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$100,000 for previous loans provided to us in October 2009. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Effective February 1, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$40,000 for loans provided to us in January 2010. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

Effective February 23, 2010, the Company entered into a consulting agreement ("Consulting Agreement") with Griffin Enterprises LLC, a Florida limited liability company ("Griffin"). Under the terms of the Consulting Agreement, Griffin will provide certain consulting and liaison services to the Company in connection with the establishment and implementation of a corporate development growth plan to enable the Company to develop and expand its business both in the private sector as well as the government sector. The Consulting Agreement has a term of three months ending on May 31, 2010 and provides for monthly compensation payable to Griffin in the amount of \$20,000 which first monthly payment is due and payable on or before February 26, 2010. The remaining payments will be due and payable on the first day of each month beginning on April 1, 2010.

On February 23, 2010, the Board of Directors of the Company approved the termination of an investment banking agreement dated June 4, 2008 ("IB Agreement"), as amended on February 13, 2009 and November 23, 2009, between the Company and Cresta Capital Strategies, LLC ("Cresta"), a FINRA licensed broker-dealer. The IB Agreement was terminated due to the fact that Cresta's services were no longer needed.

On February 23, 2010, the Board of Directors of the Company agreed to amend the employment agreement dated May 1, 2009 (the "Agreement"), between the Company and Mr. David Coriaty, a member of the Company's Board of Directors, effective immediately. The Agreement previously provided for an annual salary of \$780,000 or such other annual rate of compensation as the Board of Directors of the Company may from time to time determine ("Base Salary"), payable in equal monthly installments. The Board of Directors of the Company and Mr. Coriaty agreed to reduce his Base Salary to \$500,000 for the fiscal year ended December 31, 2010. In addition, Mr. Coriaty agreed to further amend the Agreement to provide for payment of his Base Salary in the following manner: \$250,000 per annum in the form of the Company's common stock, par value \$.01, to be paid quarterly to Mr. Coriaty beginning June 30, 2010 and the balance of the \$250,000 to be deferred until such time as the Board of Directors and Mr. Coriaty agree otherwise. The terms of the amendment will be subject to compliance with all applicable law. The Company and Mr. Coriaty have not yet entered into a formal written amendment to the Agreement reflecting these new terms.

On February 23, 2010, the Board of Directors agreed to terminate the agreement with Mr. Hank Eckenrode and approved the issuance of 200,000 shares of Common Stock (on a pre-Reverse Split basis) to be issued to Mr. Eckenrode in exchange for his cancellation of the approximately \$50,000 in past due compensation due to him, subject to entering into a formal release and satisfaction agreement.

On February 23, 2010, the Board of Directors approved an extension of the promissory note issued by Mr. Edward Sebastiano for an additional twelve months so that the note is now due on December 31, 2010.

On March 18, 2010, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware which set the effective date of the Reverse Split as April 7, 2010. The Reverse Split was subsequently effected on April 7, 2010 and as a result, 587,347 shares of Series B Preferred Stock automatically converted into 58,734,700 shares of Common Stock. After giving effect to such conversion, there were 64,165 shares of our Series B Preferred Stock still outstanding. The balance of 435,835 shares of Series B Preferred have been returned to authorized but unissued shares of Series B Preferred Stock.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

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

For the fiscal year ended December 31, 2009

Or

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

For the transition period from: _____ to _____

HAWK SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

000-49864

Commission
File Number

65-1089222

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

**2385 NW Executive Center Drive, Suite 100
Boca Raton, FL 33431**

(Address of Principal Executive Office) (Zip Code)

(561) 962-2885

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value \$0.01

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

☐

Accelerated filer

☐

Non-accelerated filer

☐

Smaller reporting company

☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2009, was approximately \$3,816,522 based upon the closing price reported for such date on the OTC Bulletin Board. For purposes of this disclosure, shares of common stock held by persons who hold more than 5% of the outstanding shares of common stock and shares held by executive officers and directors of the registrant have been excluded because such persons may be considered to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 65,361,332 as of April 15, 2010

DOCUMENTS INCORPORATED BY REFERENCE: NONE

HAWK SYSTEMS, INC.

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PART IV

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Explanatory Note

Hawk Systems, Inc. (“Company,” “Hawk,” “we,” “us,” or, “our”) is filing this Amendment No. 1 (the “Form 10-K/A”) to its annual report previously filed on Form 10-K with the SEC on April 15, 2010: (i) to revise Item 8. Financial Statements and Supplementary Data to correct a scrivener’s error. Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as a result of this amended report, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, filed and furnished, respectively, as exhibits to the Form 10-K have been re-executed and re-filed as of the date of this Form 10-K/A and are included as exhibits hereto.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required to be included in this Annual Report appear at the end of this Annual Report beginning on page F-1.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) 1. The following financial statements for Hawk Systems, Inc. and Subsidiaries are filed as a part of this report:

Report of Independent Certified Public Accountants

Consolidated Balance Sheets— December 31, 2009 and 2008

Consolidated Statements of Operations—Years ended December 31, 2009 and 2008.

Consolidated Statements of Shareholders' Deficit —Years ended December 31, 2009 and 2008.

Consolidated Statements of Cash Flows—Years ended December 31, 2009 and 2008.

2. Notes to Consolidated Financial Statements

Schedules are omitted because of the absence of conditions under which they are required or because the information is included in the financial statements or notes thereto.

(b) Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Merger, dated February 19, 2009, by and among Explorations Group, Inc., Hawk Acquisition Corp., and Hawk Biometric Technologies, Inc. (incorporated by reference to Exhibit 10 to the Company's Current Report on Form 8-K filed with the SEC on February 26, 2009).
3.1	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on January 2, 2009 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
3.2	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on May 27, 2009 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
3.3	Certificate of Correction to the Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on March 17, 2010 (incorporated by reference to Exhibit 3.3 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
3.4	Certificate of Amendment to Certificate of Incorporation of Hawk Systems, Inc. filed with the State of Delaware on March 18, 2010 (incorporated by reference to Exhibit 3.4 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
10.1	Unsecured Promissory Note, dated September 16, 2009, in the principal amount of \$50,000 executed by Hawk Systems, Inc. in favor of Mark Spanakos (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2009).
10.2	Unsecured Promissory Note, dated September 16, 2009, in the principal amount of \$100,000 executed by Hawk Systems, Inc. in favor of Delilah Holdings, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 24, 2009).
10.3	Employment Agreement between the Company and David Coriaty dated May 1, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
10.4	Employment Agreement between the Company and Robert E. McCann III dated May 12, 2009 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
10.5	Amendment to Employment Agreement between the Company and Robert E. McCann III dated August 14, 2009 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009)

- 10.6 Exclusive Investment Banking Agreement, dated as of June 4, 2008, by and between Hawk Biometric Technologies, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
- 10.7 Letter Agreement amending Exclusive Investment Banking Agreement, dated February 13, 2009, by and between Hawk Biometric Technologies, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009).
- 10.8 Amendment No. 2 to the Exclusive Investment Banking Agreement, dated November 23, 2009, by and between Hawk Systems, Inc., and Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 25, 2009).
- 10.9 Unsecured Promissory Note, dated November 23, 2009, in the principal amount of \$250,000 executed by Hawk Systems, Inc. in favor of Cresta Capital Strategies, LLC (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 25, 2009).
- 10.10 Employment Agreement by and between Hawk Systems, Inc. and Michael Diamant dated December 15, 2009 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on December 29, 2009).
- 10.11 Amendment No. 1 to the Employment Agreement by and between Hawk Systems, Inc. and Michael Diamant dated January 19, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on January 20, 2010).
- 10.12 Stipulation of Settlement by and between Hawk Systems, Inc. and Leonard Tucker, as co-Trustee of the Tucker Family Spendthrift Trust dated January 25, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 10-K filed with the SEC on January 29, 2010).
- 10.13 Consulting Agreement by and between Hawk Systems, Inc. and Griffin Enterprises LLC dated February 23, 2010 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 1, 2010).
- 10.14 Unsecured Promissory Note, dated January 31, 2010, in the principal amount of \$100,000 executed by Hawk Systems, Inc. in favor of David Coriaty (incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
- 10.15 Unsecured Promissory Note, dated February 1, 2010, in the principal amount of \$40,000 executed by Hawk Systems, Inc. in favor of David Coriaty (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
- 10.16 Amendment No. 1 to the Employment Agreement by and between Hawk Systems, Inc. and David Coriaty dated April 9, 2010 (incorporated by reference to Exhibit 10.16 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
- 14.1 Code of Conduct (incorporated by reference to Exhibit 3(i).4 to the Company's Annual Report on Form 10-KSB filed with the SEC on March 31, 2004).
- 21.1 Subsidiaries of Hawk Systems, Inc. (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2010).
- 31.1 Certification of Principal Executive Officer, pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 31.2 Certification of Principal Financial Officer, pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 32.1 Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
- 32.2 Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed herewith.

SIGNATURES

In accordance with the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, Hawk Systems, Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HAWK SYSTEMS, INC.

Date: May 4, 2010

By: /s/ Michael Diamant
Michael Diamant
Chief Executive Officer and Director

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and
Stockholders of Hawk Systems, Inc.
Boca Raton, Florida

We have audited the accompanying consolidated balance sheets of Hawk Systems, Inc. and Subsidiaries (a Development Stage Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the years in the two year period ended December 31, 2009. Hawk Systems Inc. and Subsidiaries (a Development Stage Company) management is responsible for these financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Company as of December 31, 2009 and 2008, and the results of its operations and cash flows for each of the years in the two year period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has no material revenues, has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Liebman Goldberg & Hymowitz, LLP
Garden City, New York

April 13, 2010

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
ASSETS		
Current assets		
Prepaid financing costs	\$ 17,519	\$ —
Interest Receivable	18,480	—
TOTAL CURRENT ASSETS	<u>35,999</u>	<u>—</u>
Other Assets		
Note Receivable-Related Party	168,000	—
Other assets	5,838	—
TOTAL OTHER ASSETS	<u>173,838</u>	<u>—</u>
TOTAL ASSETS	<u><u>\$ 209,837</u></u>	<u><u>\$ —</u></u>
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current liabilities		
Bank overdraft	\$ 44	\$ 17,140
Accounts payable	547,049	—
Notes payable	150,000	—
Bond payable	25,000	—
Loan payable - related party	313,575	50,705
Accrued liabilities	803,911	—
Accrued payroll liabilities	231,567	—
TOTAL CURRENT LIABILITIES	<u>2,071,146</u>	<u>67,845</u>
Long-term liabilities		
Due to related parties	31,820	—
Convertible debenture, net	44,000	—
TOTAL LONG-TERM LIABILITIES	<u>75,820</u>	<u>—</u>
TOTAL LIABILITIES	<u>2,146,966</u>	<u>67,845</u>
Stockholders' deficit		
Preferred stock		
Series B - 500,000 shares authorized, \$0.01 par value, 587,347 and 599,288 shares outstanding at December 31, 2009 and December 31, 2008 (1)	5,873	5,993
Common stock		
100,000,000 shares authorized, \$0.01 par value, 35,799,315 shares issued and outstanding at December 31, 2009 (1)	357,993	—
Additional paid-in capital	16,047,827	15,615,922
Accumulated deficit during development stage	(18,348,822)	(15,689,760)
TOTAL STOCKHOLDERS' DEFICIT	<u>(1,937,129)</u>	<u>(67,845)</u>
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	<u><u>\$ 209,837</u></u>	<u><u>\$ —</u></u>

(1) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the year ended December 31		From October 25, 2007 (Inception) through December 31,
	2009	2008	2009
REVENUE	\$ —	\$ —	\$ —
OPERATING EXPENSES			
General and Administrative	2,496,757	673,818	3,170,575
Research and Development	109,491	15,942	125,433
Total Operating Expenses	<u>2,606,248</u>	<u>689,760</u>	<u>3,296,008</u>
LOSS FROM OPERATIONS	<u>(2,606,248)</u>	<u>(689,760)</u>	<u>(3,296,008)</u>
OTHER INCOME (EXPENSE)			
Impairment loss	—	(15,000,000)	(15,000,000)
Interest Income	18,480	—	18,480
Interest Expense	(71,294)	—	(71,294)
Total Other Income (Expense)	<u>(52,814)</u>	<u>(15,000,000)</u>	<u>(15,052,814)</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	<u>(2,659,062)</u>	<u>(15,689,760)</u>	<u>(18,348,822)</u>
PROVISION FOR INCOME TAXES	<u>—</u>	<u>—</u>	<u>—</u>
NET LOSS	<u><u>\$ (2,659,062)</u></u>	<u><u>\$ (15,689,760)</u></u>	<u><u>\$ (18,348,822)</u></u>
NET LOSS PER SHARE, BASIC AND DILUTED	<u><u>\$ (0.08)</u></u>	<u><u>\$ —</u></u>	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING BASIC AND DILUTED (2)	<u><u>35,799,315</u></u>	<u><u>—</u></u>	

(2) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT
For the Year Ended December 31, 2009 and the Period from October 25, 2007 (inception) Through
December 31, 2008

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Accumulated</u>
						<u>During</u>
						<u>Development</u>
						<u>Stage</u>
Balance at October 25, 2007 (Inception) (3)	599,288	\$ 5,993	—	\$ —	\$ 15,615,922	\$
Net loss	—	—	—	—	—	(15,689,760)
Balance at December 31, 2008	<u>599,288</u>	<u>\$ 5,993</u>	<u>—</u>	<u>\$ —</u>	<u>\$ 15,615,922</u>	<u>\$(15,689,760)</u>

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Paid-in Capital</u>	<u>Accumulated</u>
						<u>During</u>
						<u>Development</u>
						<u>Stage</u>
Balance at December 31, 2008	599,288	\$ 5,993	—	\$ —	\$ 15,615,922	\$(15,689,760)
Recapitalization of the Company			31,299,315	312,993	26,905	
Cancellation of preferred stock	(11,941)	(119)				
Reimbursement for Consulting Agreement			4,500,000	\$ 45,000	\$ 405,000	
Net loss	—	—	—	—	—	(2,659,062)
Balance at December 31, 2009	<u>587,347</u>	<u>\$ 5,873</u>	<u>35,799,315</u>	<u>\$ 357,993</u>	<u>\$ 16,047,827</u>	<u>\$(18,348,822)</u>

(3) The October 25, 2007 (date of inception) capital accounts of the Company have been retroactively restated to reflect the number of shares of Series B Preferred Stock issued in the merger transaction. See Note 1.

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31		From October 25, 2007 (Inception) through December 31,
	2009	2008*	2009
Cash flows from operating activities:			
Net loss	\$(2,659,062)	\$(15,689,760)	\$(18,348,822)
Accretion of interest on convertible debenture	44,000	—	44,000
Reverse merger paid in capital	667,742	—	667,742
Amortization of deferred financing costs	11,680	—	11,680
Adjustment to reconcile net loss to net cash (used in) operating activities			—
Changes in assets and liabilities:			—
Increase (decrease) from affiliates	(168,000)	—	(168,000)
Increase (decrease) in interest receivable	(18,480)	—	(18,480)
Increase (decrease) in accounts payable	547,049	—	547,049
Increase (decrease) in loan payable-related party	262,870	50,705	313,575
Increase (decrease) in accrued liabilities	803,911	—	803,911
Increase (decrease) from related parties	31,820	—	31,820
Increase (decrease) in accrued payroll liabilities	231,566	—	231,566
Net cash (used in) operating activities	<u>(244,904)</u>	<u>(15,639,055)</u>	<u>(15,883,959)</u>
Cash flows from investing activities:	<u>—</u>	<u>—</u>	<u>—</u>
Cash flows from financing activities:			
Proceeds from issuance of convertible debenture	87,000	—	87,000
Proceeds from issuance of bonds and notes	175,000	—	175,000
Increase in paid in capital	—	15,621,915	15,621,915
Net cash provided by financing activities	<u>262,000</u>	<u>15,621,915</u>	<u>15,883,915</u>
Net increase (decrease) in cash	<u>17,096</u>	<u>(17,140)</u>	<u>(44)</u>
Cash, bank overdraft beginning of year	(17,140)	—	—
Cash, bank overdraft end of year	<u>\$ (44)</u>	<u>\$ (17,140)</u>	<u>\$ (44)</u>
Supplemental Cash Flow Information:			
Cash paid for interest	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Cash paid for income taxes	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

*The Company did not commence business operations until August, 2008

The accompanying notes are an integral part of these consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Organization and Nature of Operations

Since September 2004, Hawk Systems, Inc. (formerly known as Explorations Group, Inc.), a Delaware corporation (the “Company,” “we” “us” or “our”) was in the business of operating parking lots and garages in New York City and the surrounding areas through its wholly-owned operating subsidiary, Parking Pro, Inc. (“Parking Pro”). During 2008, the Company decided to pursue a new business direction. On February 19, 2009, pursuant to the terms of an Agreement and Plan of Merger by and between the Company, Hawk Acquisition Corp., a newly formed, wholly-owned Florida subsidiary of the Company (“Hawk Acquisition”) and Hawk Biometric Technologies, Inc., a Florida corporation (“Hawk Biometric”), Hawk Acquisition merged with Hawk Biometric (the “Merger”).

The former stockholders of Hawk Biometric were issued .02 shares of the Company’s Class B Voting, Convertible Preferred Stock, par value \$.01 per share (“Series B Preferred Stock”) in exchange for each share of Hawk Biometric Class A and Class B common stock outstanding. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of the Company’s common stock, par value \$.01 (“Common Stock”) at any time, at the option of the holder and will automatically be converted into shares of Common Stock on the day following the completion of a 1-for-6 reverse split of its Common Stock (the “Reverse Split”). On March 18, 2010, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware which set the effective date of the Reverse Split as April 7, 2010.

The merger resulted in a change of control, and as such, Hawk Biometric is the surviving entity and is a wholly-owned subsidiary of the Company. This report on Form 10-K is presented accordingly.

On May 27, 2009, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware changing its name to Hawk Systems, Inc. On July 15, 2009, the trading symbol for the Company’s Common Stock, which is quoted on the Over-The-Counter Bulletin Board, was changed from EXGI to HWSY.

Hawk Biometric is a developer of innovative fingerprint authentication technology that offers high degrees of security, convenience, and ease of use in applications such as automobile locks and identity theft protection. Management believes technology can also be used in banking, healthcare, hotel/casino operations, employee time clock and attendance, stadium security, and sporting and gaming applications where identity management is required.

Basis of Presentation

Reverse Merger. The Merger has been accounted for as a reverse merger in the form of a recapitalization with Hawk Biometric as the successor. The recapitalization has been given retroactive effect in the accompanying consolidated financial statements. The accompanying consolidated financial statements represent those of Hawk Biometric for all periods prior to the consummation of the Merger and of the Company and its wholly-owned subsidiaries, Hawk Biometric and Parking Pro, subsequent to the Merger.

The consolidated balance sheet as of December 31, 2009 and the consolidated statement of operations, consolidated statement of stockholders' deficit and consolidated cash flows for the fiscal years ended December 31, 2009 and the period October 25, 2007 (date of inception) through December 31, 2008 included herein, have been prepared in accordance with the instructions for Form 10-K under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Regulation S-X under the Exchange Act. In the opinion of the management, they include all normal recurring adjustments necessary for a fair presentation of the consolidated financial statements.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Since inception, the Company has not realized any revenue from its biometric technology business. The Company has been primarily engaged in developing its fingerprint authentication technology and identifying, and pursuing acquisitions of related assets or companies. The Company has manufactured units of its biometric automotive starter product but has not yet sold any of those units. To date, the Company's operations consist of raising capital and preparing for its first commercial product sale. There is no guarantee that the Company will be able to sell any products or generate revenues. These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

Going Concern. We have incurred losses since inception and have an accumulated deficit of \$(18,348,822) at December 31, 2009, which raises substantial doubt about our ability to continue as a going concern. We have funded our operations since inception through the issuance of debt and equity securities and loans from related parties. Should we require additional funds and are unable to acquire such funds, our ability to continue as a going concern will be severely affected. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

These factors create uncertainty whether we can continue as a going concern. Our plans to mitigate the effects of the uncertainties on our continued existence are: 1) to raise additional equity capital; 2) to restructure our existing debt; and 3) to pursue our business plan and seek to generate positive operating cash flow. Management believes that these plans may be effectively implemented in the next twelve-month period. However, our ability to continue as a going concern is dependent on the implementation and success of these plans. The financial statements do not include any adjustments in the event we are unable to continue as a going concern.

Summary of Significant Accounting Policies

Codification of Accounting Standards

The issuance of *FASB Accounting Standards Codification* (the "Codification") on July 1, 2009 (effective for interim or annual reporting periods ending after September 15, 2009), changes the way that U.S. generally accepted accounting principles

("GAAP") are referenced. Beginning on that date, the Codification officially became the single source of authoritative nongovernmental GAAP; however, SEC registrants must also consider rules, regulations, and interpretive guidance issued by the SEC or its staff. The switch affects the way companies refer to GAAP in financial statements and in their accounting policies. All existing standards that were used to create the Codification became superseded. Instead, references to standards will consist solely of the number used in the Codification's structural organization. Consistent with the effective date of the Codification, financial statements for periods ending after September 15, 2009, refers to the Codification structure, not pre-Codification historical GAAP.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and the accounts of all majority-owned subsidiaries. The consolidated balance sheet is a classified presentation, which distinguishes between current and non-current assets and liabilities. The Company believes that a classified balance sheet provides a more meaningful presentation consistent with the business cycles of the Company's operations. All significant inter-company accounts and transactions have been eliminated in consolidation.

Research and Development

Pursuant to ASC 730 (formerly SFAS No. 2), research and development costs are expensed as incurred. Research and development costs for the years ended December 31, 2009 and for the period October 25, 2007 (date of inception) through December 31, 2008 were \$109,491 and \$15,942 respectively.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Earnings Per Common Share

We adopted ASC 260 (formerly FASB No. 128, "Earnings per Share"). The statement established standards for computing and presenting earnings per share ("EPS"). It replaced the presentation of primary EPS with a basic EPS and also requires dual presentation of basic and diluted EPS on the face of the income statement. Basic income/ (loss) per share was computed by dividing our net income/(loss) by the weighted average number of common shares outstanding during the period. The weighted average number of common shares used to calculate basic and diluted income/(loss) per common share for the year ended December 31, 2009 and for the period October 25, 2007 (date of inception) through December 31, 2008 was 31,299,315 and 0 (as a result of the recapitalization), respectively. The Company's common stock equivalents, of outstanding options and warrants, have not been included as they are anti-dilutive.

Fair Value of Financial Instruments

The Company has adopted the required provisions of Topic 820, "Fair Value Measurements". Those provisions relate to our financial assets and liabilities carried at fair value and our fair value disclosures related to financial assets and liabilities. Topic 820 defines fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs to fair value measurements - Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs. Observable market data should be used when available.

The Company's financial instruments are carried at fair value, including, cash equivalents. Virtually all of the Company's valuation measurements are Level 1 measurements. The adoption of Topic 820 did not have a significant impact on the Company's consolidated financial statements. As of December 31, 2009, the fair value of our long-term debt was \$100,000, which exceeded the carrying value by \$56,000.

Development Stage Activities and Operations

The Company is in its initial stages of formation and for the period October 25, 2007 (date of inception) through December 31, 2009, the Company had no revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the valuation of goodwill and intangible assets. Actual results could differ from those estimates.

Revenue Recognition:

The Company has not reported any revenues during fiscal year ended December 31, 2009 and for the period October 25, 2007 (date of inception) to December 31, 2008 but intends to recognize revenue in the future when earned, there is a fixed and determinable price for its product and collectability is reasonably assured when title passes.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2009

Cash and Cash Equivalents:

We consider all highly liquid investments with original maturities of three months or less to be cash equivalents. We do not have cash balances in banks in excess of the maximum amount insured by the FDIC and other international agencies as of December 31, 2009 and 2008.

Long-Lived Assets:

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*" ("SFAS 144"), long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets in question may not be recoverable. An impairment would be recorded in circumstances where undiscounted cash flows expected to be generated by an asset are less than the carrying value of that asset.

Income Taxes:

We account for income taxes under ASC 740-10 (formerly SFAS No. 109, "*Accounting for Income Taxes*") ("ASC 740-10"). ASC 740-10 requires an asset and liability approach for financial reporting for income taxes. Under ASC 740-10, deferred taxes are provided for temporary differences between the carrying values of the assets and liabilities for financial reporting and tax purposes at the enacted rates at which these differences are expected to reverse.

We recognize deferred tax liabilities and assets for the expected future tax consequences of events that have been recognized in our consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the differences between the financial statement carrying amounts and tax basis of assets and liabilities using enacted rates in effect in the years in which the differences are expected to reverse.

Because the Company has an uncertainty regarding it as a going concern, a 100% valuation allowance has been set up for any deferred tax item.

Loss per Common Share

We apply SFAS No. 128, "Earnings per Share," which requires two presentations of earnings (loss) per share—"basic" and "diluted." Basic earnings (loss) per share is computed by dividing income or loss available to common stockholders by the weighted-average number of common shares issued and outstanding for the period. The computation of diluted earnings (loss) per share is similar to basic earnings per share, except that the weighted average number of common shares is increased to include the number of additional common shares that would have been outstanding if the potentially dilutive common shares had been issued. For the fiscal years ended December 31, 2009 and for the period October 25, 2007 (date of inception) to December 31, 2008, the potential shares of Common Stock to be issued upon exercise or conversion of outstanding stock options, warrants, convertible debenture, and Series B Preferred Stock have not been included in the determination of loss per share because the effect would be anti-dilutive.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a Replacement of FASB Statement No. 162*, (SFAS 168). SFAS 168 establishes the FASB Accounting Standards Codification (Codification) as the single source of authoritative generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative

HAWK SYSTEMS, INC. AND SUBSIDIARIES
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U.S. GAAP for SEC registrants. SFAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. When effective, the Codification will supersede all existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. We do not believe the adoption of SFAS 168 will have a material effect on our results of operations or financial position.

The adoption of other recently issued accounting pronouncements did not have a material effect on our financial position or results from operations. We do not expect recently issued accounting pronouncements that are not yet effective will have a material effect on our financial position or results of operations upon adoption.

Note 2 – Patents, Impairment Loss

In May 2008, Hawk Biometric issued approximately 23,000,000 shares of its common stock on a one-for-one basis to the shareholders of Hawk Biometrics of Canada, Inc. in exchange for that company's existing patent and pending patent applications. The transaction, which was accounted for on a fair market value basis recognized the patent value at \$15,000,000. Subsequently, it was determined that the patent was impaired in accordance with SFAS 144, as the expected cash flows to be generated were \$0 at the time of valuation. For the year ended December 31, 2008, we recognized an impairment loss of \$15,000,000.

As part of the stock transaction, Hawk Biometric also received approximately \$210,000, which is reflected in paid in capital.

Note 3 – Merger

On February 19, 2009, we completed an Agreement and Plan of Merger among the Company, Hawk Acquisition, and Hawk Biometric. The former stockholders of Hawk Biometric were issued 599,288 shares of the Company's Series B Preferred Stock in exchange for all of the outstanding shares of Hawk Biometric Class A and Class B common stock. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of our Common Stock at any time, at the option of the holder and will automatically be converted into Common Stock on the day following the completion of a 1-for-6 Reverse Split of our Common Stock.

For accounting purposes, these actions resulted in a reverse merger, and Hawk Biometric is the accounting survivor and surviving business entity; however, the Company is the surviving legal entity.

We assumed an estimated \$32,500 in liabilities pursuant to the transaction. As we did not acquire any assets, we reduced paid in capital by \$32,500, which represents the net liabilities acquired. These liabilities are comprised of a \$25,000 bond payable and estimated accrued interest thereon. See Note 6 - Debt, Note 9 - Commitments and Contingencies and Note 10 - Subsequent Events.

Note 4 – Related party transactions

On January 6, 2009, Mr. Edward Sebastiano, a member of the Company's board of directors, issued a promissory note in favor of the Company in the principal amount of \$168,000 for loans provided to him by Hawk Biometrics of Canada, Inc. The note provided for an original maturity date of December 31, 2009, however, the board of directors of the Company agreed to extend the maturity of the note until December 31, 2010. See Note 10 - Subsequent Events.

On September 16, 2009, the Company issued an unsecured promissory note in the principal amount of \$50,000 to Mr. Mark Spanakos, a member of the Company's board of directors. See Note 6 - Debt.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
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As of December 31, 2009, we owed Mr. David Coriaty, a member of the Company's board of directors, approximately \$308,348, which Mr. Coriaty had previously loaned to the Company for working capital including payment of expenses. See Note 10-Subsequent Events.

Note 5 - Income Taxes

Deferred income taxes as reported on the consolidated balance sheet consists of:

	December 31, 2009	December 31, 2008
Deferred tax assets	\$ 103,350	\$ -0-
Deferred tax liabilities	-0-	-0-
Valuation allowance	(103,350)	-0-
Total	\$ -0-	\$ -0-

As December 31, 2009, we had net operating losses ("NOL") of approximately \$689,000. This amount is available to be carried forward to offset future taxable income. The carry forwards begin to expire in 2028. We have provided a full 100% valuation allowance on the deferred tax assets at December 31, 2009 to reduce such deferred income tax assets to zero as it is the management's belief that realization of such amounts do not meet the criteria required by generally accepted accounting principles. Management will review the valuation allowance required periodically and make adjustments as warranted.

Note 6 – Debt

The components of debt are summarized as follows.

	December 31, 2009
Long-Term Debt	
Convertible debenture	\$ 100,000
Discount for beneficial conversion feature and warrant	(56,000)
Bond payable	25,000
Notes payable	150,000
Due to related parties	304,348
Total	523,348
Less current portion	(479,348)
	<u>\$ 44,000</u>

On April 30, 2009, we issued a two-year \$100,000 convertible debenture ("Debenture") to an accredited investor. The Debenture bears interest, which is payable quarterly, at the rate of 10% per annum. The Debenture is convertible into 1,388,889 shares of our Common Stock at a conversion price of \$0.072 per share, which was \$0.068 per share above fair market value of our Common Stock on the date of issuance. Upon maturity on April 30, 2011, any unconverted outstanding principal and interest is due and payable in cash. In connection with the Debenture, we issued warrants to purchase 50,000 shares of our Common Stock at \$0.25 per share ("Debentures Warrants"), which was \$0.18 above the fair market value of our Common Stock on the date of issuance. The Debenture Warrants are immediately exercisable and expire on April 30, 2012. Net cash proceeds after expenses totaled approximately \$87,000 and were used for working capital. We paid investment banking fees and expenses of \$13,000 and issued warrants to purchase 138,899 and 5,000 shares of our Common Stock at exercise prices of \$0.072 and \$.25 per share, respectively, to the investment banking firm that facilitated the debenture transaction.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
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We recorded the Debenture at a 100% discount after giving effect to the estimated fair market value beneficial conversion feature of the Debenture and the Debenture Warrants, which was equal to \$100,000 and credited to equity. The Debenture Warrants were valued using the Black Scholes Option Pricing model with the following assumptions: dividend yield of 0%, annual volatility of 310.15%, and risk free interest rate of 4.1%. The carrying value of the Debenture is being accreted to the face amount by charges to interest expense over the two year term until maturity on April 30, 2011.

We incurred financing costs totaling \$35,037 pursuant to the Debenture, including investment banking and professional fees. These deferred financing costs are being amortized to interest expense over the two year term of the Debenture. After giving effect to the value of the related warrants and the financing costs, the effective rate of interest on the Debenture is 145%.

In connection with the Merger, we assumed the obligation to repay a Class A, Series A Convertible Bond ("Bond") held by the Tucker Family Spendthrift Trust (the "Trust"). The Bond is in the principal amount of \$25,000, with interest payable upon maturity at the annualized rate of 2% over the prime rate charged by Citibank, N.A. (New York City). The terms of the Bond include a conversion option that provided for conversion into a number of shares equal to 10% of the Company's outstanding and reserved capital stock, as defined in the Bond document. On April 29, 2009, the Trust provided notice of election to convert \$24,000 in principal and accrued interest of the Bond. During the fiscal year ended December 31, 2009, the Company was in litigation with the Trust regarding the Bond, however, the parties resolved their issues in January 2010. See Note 9 – Commitments and Contingencies: Litigation and Note 10 - Subsequent Events.

On September 16, 2009, the Company issued two unsecured promissory notes in the following amounts: (i) \$100,000 payable to Delilah Holdings, LLC, and (ii) \$50,000 payable to Mr. Mark Spanakos, a member of the Company's board of directors. Both promissory notes accrue interest at a rate of 12% per annum and all accrued and unpaid interest is due and payable on the date that is the earlier of (i) September 16, 2010, or (ii) ten (10) business days from the date of closing by the Company of any equity financing in the aggregate of not less than Seven Hundred Fifty Thousand Dollars (\$750,000). The proceeds from the promissory notes were used to pay salaries, consulting fees and legal fees.

Due to related parties consists of amounts loaned to us by Mr. David Coriaty, a member of the Company's board of directors, during 2008 and 2009 for working capital purposes.

Note 7 – Stock-based Compensation

On May 12, 2009, we granted a non-qualified stock option to Mr. Robert E. McCann III, our former Chief Executive Officer. The grant provided for the purchase of 7,800,000 shares of Common Stock at an exercise price of \$0.16, which was the closing price on the date of the grant. It is exercisable immediately and carries a term of five years.

We recorded stock compensation expense totaling \$1,231,872 during the quarter ending June 30, 2009, which was the estimated fair value of these options on the date of grant. We used the Black-Scholes option-pricing model to determine the fair value with the following weighted average assumptions: Volatility, 290.47%, expected life, 3 years; risk free rate, 4.13%; dividend yield, 0%.

On October 28, 2009, Mr. McCann was terminated as Chief Executive Officer of the Company. His stock option was cancelled effective the same date. See Note 9 - Commitments and Contingencies.

On December 15, 2009, the Company entered into an employment agreement with Michael Diamant to serve as the new Chief Executive Officer of the Company, effective January 15, 2010, which was subsequently amended on January 19, 2010, effective December 15, 2009. In connection with that agreement, the Company has agreed to issue Mr. Diamant on May 12, 2010, stock options to purchase 8,000,000 shares of Common Stock (on a

HAWK SYSTEMS, INC. AND SUBSIDIARIES
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post-Reverse Split basis) at an exercise price of \$0.36, which was equal to the closing bid price of the Common Stock on the date immediately preceding the date of the agreement (on a post-Reverse Split basis). The option will be exercisable for a period of five years from the date of grant and will be fully vested and non-cancellable at the time of the grant.

As of December 31, 2009, there were no outstanding stock options.

Note 8 – Stockholder’s Deficit

We are authorized to issue 100,000,000 shares of Common Stock, \$0.01 par value, and 1,500,000 shares of Preferred Stock, \$0.01 par value. There were 31,299,315 shares of Common Stock and 587,347 shares of Series B Preferred Stock outstanding on December 31, 2009. The number of shares of Series B Preferred Stock outstanding exceeded the number of authorized shares of Series B Preferred Stock by 87,337. Each share of Series B Preferred Stock is convertible into one hundred (100) shares of our Common Stock at any time at the option of the holder and will automatically be converted into Common Stock on the day following the completion of the Reverse Split. See Note 10 - Subsequent Events.

On October 7, 2009, our board of directors approved the issuance of 4,500,000 shares of our restricted Common Stock (on a pre-reverse split basis) to an entity controlled by our former chief executive officer, chief financial officer and director, Mr. Eric Brown, as reimbursement for a payment made by the entity on our behalf pursuant to a consulting agreement between us and a consultant. The shares were not physically issued until January 14, 2010. We have therefore recorded an expense of \$405,000 which represents the fair value of the Common Stock based on the closing stock price of \$.09 on October 7, 2009.

Note 9 – Commitments and Contingencies

Litigation – On June 9, 2009, Leonard Tucker, as co-Trustee of the Tucker Family Spendthrift Trust, filed a complaint in the 15th Judicial Circuit of Palm Beach County, seeking the issuance of 3,323,821 shares of Common Stock and 63,717 shares of preferred stock plus legal fees and costs. The Company and the Trust resolved their differences in January 2010. See Note 10 - Subsequent Events.

Contingencies – Pursuant to an agreement dated February 13, 2009, we agreed to extend and amend an investment banking agreement originally dated May 5, 2008 (“IB Agreement”) with Cresta Capital Strategies, LLC (“Cresta”). The amendment provided for a monthly fee payable to Cresta of \$100,000 for a period of twelve months. We have renegotiated our relationship with Cresta, however, and on November 23, 2009, the Company and Cresta executed a second amendment to the IB Agreement which reduced the monthly fee payable to Cresta from \$100,000 to \$10,000. In addition, we issued to Cresta a promissory note in the amount of \$250,000 in full satisfaction of the previous amounts owed Cresta. Accordingly, we have recorded an expense of \$250,000 for all amounts owed to Cresta under the IB Agreement through November 2009. See Note 10 - Subsequent Events.

Commitments – On January 9, 2009, the board of directors of Hawk Biometric approved paying an annual salary of \$500,000 to Mr. David Coriaty, our former Chairman and current member of the board of directors. On May 1, 2009, we entered into an employment agreement with Mr. Coriaty, which provided for a base salary of \$780,000 per annum for a one-year term. The Company and Mr. Coriaty subsequently agreed to reduce his salary to \$500,000 per annum for the fiscal year ended December 31, 2009. We are recording the expense over the term of the agreement.

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Commitments – On May 15, 2009, we entered into an employment agreement with Mr. Henry Eckenrhode to serve as vice president of corporate operations for a term of one year. The agreement provides for a salary of \$120,000 per year, payable in monthly installments. During the fiscal year ended December 31, 2009, we were recording the expense over the term of the agreement, however after the fiscal year end the parties agreed to mutually terminate the agreement in exchange for the issuance of 200,000 shares of Common Stock. See Note 10 - Subsequent Events.

Commitments – On June 1, 2009, we entered into a strategic consulting agreement with PKF Financial Consultants, Inc. for consulting services to be provided such as advising the Company on sales and licensing strategies, product licensing opportunities, alliances with manufacturers and joint venture agreements. The agreement is for a term of one year and the consultant is entitled to compensation in the amount of \$10,000 per month, due at the beginning of each month beginning June 1, 2009. In addition, the Company is required to pay the consultant “success” compensation upon successful execution of a definitive agreement between the

Company and Magna International, Inc. (“Magna”) as follows: (i) an amount equal to 3% of any licensing fee paid by Magna to the Company within ten days of such fee being paid; (ii) an amount equal to 3% of any capital investment by Magna to the Company within ten days of such investment being paid, provided however that any obligation to pay this fee shall be solely contingent upon compliance with any applicable state or federal securities laws; and (iii) a ten year option to purchase 1,000,000 shares of the Company’s Common Stock at an exercise price equal to the closing price of the Company’s Common Stock on the day that a definitive agreement between the Company and Magna is executed, or in the event that the definitive agreement is executed on a day when the stock market is closed, the last previous trading date. The options are to vest as follows: 25% vesting effective December 31, 2009; 25% vesting effective June 30, 2010; and 50% vesting effective December 31, 2010.

Commitments – We entered into an employment agreement with Mr. Robert E. McCann, our former Chief Executive Officer, on May 12, 2009, as amended on August 14, 2009, which provided for a base salary of \$240,000 per annum for a two-year term and the grant of a stock option to purchase 7,800,000 shares of Common Stock at an exercise price of \$0.16 per share (the “Option”). The Option was to be fully vested upon issuance with a term of five years from date of grant. The agreement further provided for a performance bonus up to \$100,000 upon the achievement of certain goals. On October 28, 2009, Mr. McCann was terminated as Chief Executive Officer of the Company and his employment agreement and stock options were cancelled as of the same date. We recorded \$90,211 in compensation during the fiscal year ended December 31, 2009, which was paid in the form of cash and payment of personal expenses on behalf of Mr. McCann.

Commitments – We entered into a consulting agreement with Mr. Michael Golden on August 27, 2009 pursuant to which Mr. Golden agreed to manage the Company’s Hawk Telematics division as division President, develop the Company’s intellectual property, bring to market Hawk Telematics products, and assist the Company in corporate matters relating to intellectual property. The term of the Agreement was one year and the consultant was entitled to compensation in the amount of \$20,000 per month for services rendered and a signing bonus equal to \$60,000, payable at the rate of \$20,000 per month for three months commencing on September 1, 2009. Additionally, the agreement provides that Mr. Golden is entitled to receive a five-year warrant to purchase 975,000 shares of the Company’s Common Stock (calculated on a post-Reverse Split basis or 5,850,000 shares of Common Stock on a pre-Reverse Split basis) at an exercise price equal to \$0.90 per share (calculated on a post-Reverse Split basis or \$0.15 per share on a pre-Reverse Split basis), the fair market value of the Common Stock on the date of grant (the “Warrant”). The agreement’s terms provide that the Warrant will be fully vested as of the date of grant. The agreement provides the Bonus Warrant will be fully vested on the date of grant. On October 28, 2009, the Company terminated the consulting agreement with Mr. Golden and cancelled the Warrant. We recorded \$40,000 in cash compensation during the fiscal year ended December 31, 2009. We never issued the Warrant, however, and as a result of the subsequent cancellation, we did not record an expense for the Warrant.

HAWK SYSTEMS, INC. AND SUBSIDIARIES
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Commitments – We entered into an employment agreement with Mr. Michael Diamant, our current Chief Executive Officer, on December 15, 2009, for a term of one year beginning January 15, 2010. The agreement will automatically extend for subsequent one (1) year periods, unless either party notifies the other not later than sixty (60) days prior to the then expiration date of the agreement that such party does not intend for the agreement to automatically extend. Pursuant to the terms of the agreement, Mr. Diamant is entitled to receive an annual salary of \$500,000, payable in equal monthly installments, and a signing bonus equal to \$160,000, payable within thirty days of the date of the agreement. Additionally, the agreement, as amended, provides that Mr. Diamant is entitled to receive options to purchase 4,000,000 shares of Common Stock (calculated on a post-reverse split basis) at an exercise price equal to the closing bid price of the Common Stock on the date immediately preceding the date of the agreement, which was \$0.36 (calculated on a post-Reverse Split basis). The option is for a term of five years and will be fully vested and non-cancellable at the time of the grant. The agreement further provides for an annual bonus opportunity of up to \$200,000 during each year of the term of the agreement based upon performance criteria to be established jointly by the Compensation Committee and Mr. Diamant within sixty (60) days of the commencement of the agreement and approved by the board of directors of the Company each year. The Company has the right to terminate the Agreement at any time and Mr. Diamant may terminate the Agreement by delivery of written notice to the Company at least sixty (60) days prior to the termination date. We did not record any expense for this agreement during the fiscal year ended December 31, 2009 since the agreement did not take effect until after the fiscal year end.

Note 10 – Subsequent Events

On January 25, 2010, we entered into a settlement agreement (“Settlement Agreement”) with the Trust in order to settle the ongoing litigation between us and the Trust. In accordance with the terms of the Settlement Agreement, we agreed to issue the Trust 3,960,030 shares of our Common Stock and 64,165 shares of our Series B Preferred Stock (collectively, the “Securities”). We subsequently issued the Securities to the Trust and therefore, we have no further obligation under the Bond. Under the terms of the Settlement Agreement, we and the Trust agreed to release and forever discharge each other, our present officers, agents and employees from any and all claims and demands which have been or may have been based upon any facts or circumstances that arose or existed on or prior to the date of the Settlement Agreement. We executed the release February 23, 2010 and the Trust executed the release on March 3, 2010. The Trust filed a stipulation and order of dismissal with prejudice with the 15th Judicial Circuit Court of Palm Beach and the judge entered an order of dismissal with prejudice on February 26, 2010.

Effective January 31, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$100,000 for previous loans provided to us in October 2009. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

Effective February 1, 2010, we issued a promissory note to Mr. David Coriaty, a member of our board of directors, in the principal amount of \$40,000 for loans provided to us in January 2010. The note accrues interest at the rate of 10% per annum and is payable at maturity on June 30, 2010.

Effective February 23, 2010, the Company entered into a consulting agreement (“Consulting Agreement”) with Griffin Enterprises LLC, a Florida limited liability company (“Griffin”). Under the terms of the Consulting Agreement, Griffin will provide certain consulting and liaison services to the Company in connection with the establishment and implementation of a corporate development growth plan to enable the Company to develop and expand its business both in the private sector as well as the government sector. The Consulting Agreement has a term of three months ending on May 31, 2010 and provides for monthly compensation payable to Griffin in the amount of \$20,000 which first monthly payment is due and payable on or before February 26, 2010. The remaining payments will be due and payable on the first day of each month beginning on April 1, 2010.

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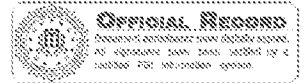
On February 23, 2010, the Board of Directors of the Company approved the termination of an investment banking agreement dated June 4, 2008 ("IB Agreement"), as amended on February 13, 2009 and November 23, 2009, between the Company and Cresta Capital Strategies, LLC ("Cresta"), a FINRA licensed broker-dealer. The IB Agreement was terminated due to the fact that Cresta's services were no longer needed.

On February 23, 2010, the Board of Directors of the Company agreed to amend the employment agreement dated May 1, 2009 (the "Agreement"), between the Company and Mr. David Coriaty, a member of the Company's Board of Directors, effective immediately. The Agreement previously provided for an annual salary of \$780,000 or such other annual rate of compensation as the Board of Directors of the Company may from time to time determine ("Base Salary"), payable in equal monthly installments. The Board of Directors of the Company and Mr. Coriaty agreed to reduce his Base Salary to \$500,000 for the fiscal year ended December 31, 2010. In addition, Mr. Coriaty agreed to further amend the Agreement to provide for payment of his Base Salary in the following manner: \$250,000 per annum in the form of the Company's common stock, par value \$.01, to be paid quarterly to Mr. Coriaty beginning June 30, 2010 and the balance of the \$250,000 to be deferred until such time as the Board of Directors and Mr. Coriaty agree otherwise. The terms of the amendment will be subject to compliance with all applicable law. The Company and Mr. Coriaty have not yet entered into a formal written amendment to the Agreement reflecting these new terms.

On February 23, 2010, the Board of Directors agreed to terminate the agreement with Mr. Hank Eckenrode and approved the issuance of 200,000 shares of Common Stock (on a pre-Reverse Split basis) to be issued to Mr. Eckenrode in exchange for his cancellation of the approximately \$50,000 in past due compensation due to him, subject to entering into a formal release and satisfaction agreement.

On February 23, 2010, the Board of Directors approved an extension of the promissory note issued by Mr. Edward Sebastiano for an additional twelve months so that the note is now due on December 31, 2010.

On March 18, 2010, the Company filed a Certificate of Amendment to its Certificate of Incorporation with the State of Delaware which set the effective date of the Reverse Split as April 7, 2010. The Reverse Split was subsequently effected on April 7, 2010 and as a result, 587,347 shares of Series B Preferred Stock automatically converted into 58,734,700 shares of Common Stock. After giving effect to such conversion, there were 64,165 shares of our Series B Preferred Stock still outstanding. The balance of 435,835 shares of Series B Preferred have been returned to authorized but unissued shares of Series B Preferred Stock.



UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION**Import Form****Form Type:** OTHER**Date:** 02/27/2013**Title:** (U) 2001 annual meeting of stockholders for Hawk Systems, Inc.**Approved By:** A/SSRA [REDACTED]**Drafted By:** [REDACTED]**Case ID #:** 318B-MM-2736815

(U) Hawk Biometrics;

[REDACTED]
High Yield Securities Fraudb6
b7Cb6
b7C**Synopsis:** (U) 2001 annual meeting of stockholders for Hawk Systems, Inc.

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UNCLASSIFIED

HAWK SYSTEMS, INC.

2385 NW Executive Center Drive, Suite 100
Boca Raton, FL 33431
(561) 962-2885

**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON FEBRUARY 14, 2011**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON FEBRUARY 14, 2011:
THE PROXY STATEMENT AND ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE AT**

<https://www.iproxydirect.com/HWSY>

To our Stockholders:

The 2011 Annual Meeting of Stockholders of Hawk Systems, Inc. (the "Company") will be held at the Boca Raton Marriott, 5150 Town Center Circle, Boca Raton, Florida 33486 on Monday, February 14, 2011, beginning at 9:00 A.M., local time, for the following purposes:

1. To elect our directors to hold office for a term of one year until our 2012 annual meeting of stockholders; and
2. To transact such other business as may properly come before the Annual Meeting and any adjournment(s) thereof.

Stockholders of record as of the close of business on December 27, 2010 are entitled to vote their shares by proxy or at the meeting or any postponement or adjournment thereof. This proxy statement is first being mailed on or about December 29, 2010 to all stockholders of record as of December 27, 2010.

By Order of the Board of Directors,

/s/ David Coriaty

David Coriaty

Director

Boca Raton, Florida
December 29, 2010

YOUR VOTE IS IMPORTANT

IT IS IMPORTANT THAT PROXY CARDS BE RETURNED PROMPTLY. THEREFORE, WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING IN PERSON, PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED RETURN ENVELOPE OR VOTE OVER THE INTERNET FOLLOWING THE INSTRUCTIONS ON THE PROXY AS SOON AS POSSIBLE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. STOCKHOLDERS WHO EXECUTE A PROXY CARD OR VOTE OVER THE INTERNET MAY NEVERTHELESS ATTEND THE MEETING, REVOKE THEIR PROXY AND VOTE THEIR SHARES IN PERSON.

**HAWK SYSTEMS, INC.
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**2011 ANNUAL MEETING OF STOCKHOLDERS
OF
HAWK SYSTEMS, INC.**

2385 NW Executive Center Drive, Suite 100
Boca Raton, FL 33431(561) 962-2885

PROXY STATEMENT

This proxy statement contains information related to our 2010 annual meeting of stockholders to be held on Monday, February 14, 2011, beginning at 9:00 A.M., local time, at the Boca Raton Marriott, 5150 Town Center Circle, Boca Raton, Florida 33486, and at any adjournments or postponements thereof. The Company expects to provide notice and electronic delivery of this proxy statement and the enclosed proxy to stockholders on or about December 29, 2010, in connection with the solicitation of proxies by the board of directors of the Company.

ABOUT THE MEETING

What is the purpose of the Annual Meeting?

At the annual meeting, stockholders will vote (i) to elect directors to hold office for a term of one year until our 2012 annual meeting of stockholders; and (ii) any other matters that properly come before the meeting.

Who is entitled to vote?

Only stockholders of record at the close of business on the record date, December 27, 2010, are entitled to receive notice of the annual meeting and to vote the shares of our Common Stock they held on that date at the meeting or any postponement or adjournment of the meeting. Each outstanding share of Common Stock entitles its holder to cast one vote on each matter to be voted upon.

Who can attend the meeting?

All stockholders as of the record date, or their duly appointed proxies, may attend. Please note that if you hold shares in "street name" (that is, through a broker or other nominee), you will need to bring evidence of your share ownership, such as a copy of a brokerage statement, reflecting your stock ownership as of the record date and valid picture identification.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the votes entitled to be cast at the meeting will constitute a quorum, permitting the meeting to conduct its business. As of the record date, December 27, 2010, 90,868,950 shares of our Common Stock, held by approximately 327 stockholders of record, were issued and outstanding. The number of stockholders is solely based upon the count our transfer agent provided us as of that date. This number does not include: (i) any beneficial owners of Common Stock whose shares are held in the names of various dealers, clearing agencies, banks, brokers and other fiduciaries, or (ii) broker-dealers or other participants who hold or clear shares directly or indirectly through the Depository Trust Company, or its nominee, Cede & Co.

If less than a majority of outstanding shares entitled to vote are represented at the meeting, then the holders of a majority of the shares of the capital stock of the Company who are present at the meeting, in person or by proxy, may adjourn the meeting from time to time until holders of a quorum of the shares of the capital stock shall attend. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally scheduled.

What is the Notice of Electronic Availability of Proxy Statement?

As permitted by Securities and Exchange Commission rules, we are making this proxy statement and our annual report available to our stockholders electronically via the Internet. On or about December 29, 2010, we expect to be mailing to our stockholders a Notice of Electronic Availability of Proxy Statement (“Notice”) containing instructions on how to access this proxy statement and our annual report and vote online. If you received a Notice by mail, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review all of the important information contained in the proxy statement and annual report. The Notice also instructs you on how you may submit your proxy over the Internet. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials contained on the Notice.

How do I vote?

Stockholders can vote in person at the annual meeting or by proxy. There are two ways to vote by proxy:

- By Internet — You can vote over the Internet at www.iproxydirect.com/HWSY by following the instructions on the Notice or proxy card; or
- By Mail — If you received your proxy materials by mail, you can vote by mail by signing, dating and mailing the enclosed proxy card.

Internet voting facilities for stockholders of record will be available 24 hours a day and will close at 11:59 p.m. (EDT) on February 13, 2011. If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record. You must follow the instructions of the holder of record in order for your shares to be voted. Internet voting will also be offered to stockholders owning shares through certain banks and brokers. If your shares are not registered in your own name and you plan to vote your shares in person at the annual meeting, you should contact your broker or agent to obtain a legal proxy or broker’s proxy card and bring it to the annual meeting in order to vote.

If you vote by proxy, the individuals named on the proxy card will vote your shares in the manner you indicate. You may specify whether your shares should be voted for all of the nominees for director or withheld for the nominees for director.

What are the Board’s recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of directors. The board recommends a vote:

- *for* the election of the director nominees.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by: (1) delivering to us a signed proxy card with a date later than your previously delivered proxy, (2) voting in person at the annual meeting, (3) granting a subsequent proxy through the Internet, or (4) sending a written revocation to us. Your most current proxy card or Internet proxy is the one that is counted. The powers of the proxy holders will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

What vote is required to approve each item?

Proposal 1 for Election of Directors. The affirmative vote of a plurality of the votes cast, either in person or by proxy, at the meeting by the holders of Common Stock (one vote per share) is required for the election of directors. A properly executed proxy marked “*VOTE WITHHELD*” with respect to the election of one or more directors will not be voted with respect to the director or directors indicated, although it will be counted for purposes of determining whether there is a quorum. Stockholders do not have the right to cumulate their votes for directors.

Other Items. For any other business brought before the annual meeting, provided that a quorum is present, the affirmative vote of a majority of the votes cast, either in person or by proxy, at the annual meeting by the holders of Common Stock (one vote per share) is required for approval. A properly executed proxy marked “*ABSTAIN*” with respect to any such matter will not be voted, although it will be counted for purposes of determining whether there is a quorum. Accordingly, an abstention will have no effect on the outcome of the item.

The board of directors does not know of any other matters that may be brought before the annual meeting nor does it foresee or have reason to believe that proxy holders will have to vote for substitute or alternate nominees for election to the board of directors. In the event that any other matter should come before the annual meeting or any nominee is not available for election, the persons named in the enclosed proxy will have discretionary authority to vote all proxies not marked to the contrary with respect to such matters in accordance with their discretion.

If you hold your shares in “street name” through a broker or other nominee, your broker or nominee may not be permitted to exercise voting discretion with respect to some or all of the matters to be acted upon. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on those matters and will not be counted in determining the number of shares necessary for approval. Shares represented by such “broker non-votes” will, however, be counted in determining whether there is a quorum.

Who pays for the preparation of the proxy?

We will pay the cost of preparing, assembling and mailing the Notice, and for those who request a printed copy of the proxy materials, the notice of meeting, proxy statement and enclosed proxy card. In addition to the use of mail, our employees and agents may solicit proxies personally and by telephone. Our employees and agents will receive no compensation for soliciting proxies other than their regular salaries. We may request banks, brokers and other custodians, nominees and fiduciaries to forward copies of the proxy materials to their principals and to request authority for the execution of proxies. We may reimburse such persons for their expenses incurred in connection with these activities.

The Company expects to provide the Notice and electronic delivery of this proxy statement and the enclosed proxy, to stockholders on or about December 29, 2010. We will mail a printed copy of our proxy statement, annual report and form of proxy, free of charge, to any stockholders who request a paper copy of the proxy materials. You should review the proxy statement information in conjunction with our 2009 Annual Report on Form 10-K (the “2009 Annual Report”). Our corporate headquarters are located at 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431, and our telephone number is (561) 962-2885. A list of stockholders entitled to vote at the annual meeting will be available at our corporate offices, during normal business hours, for a period of ten days prior to the meeting and at the meeting itself for examination by any stockholder.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following tables set forth certain information with respect to the beneficial ownership of our Common Stock as of December 27, 2010, for: each person known by us to beneficially own more than 5% of our Common Stock; each of our named executive officers; our directors and director nominees; and all of our executive officers and directors as a group.

As used in the tables, “beneficial ownership” means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security). The percentage shown is based on 90,868,950 shares of Common Stock issued and outstanding as of December 27, 2010. In computing the number and percentage of shares beneficially owned by a person, shares of Common Stock subject to options and/or warrants currently exercisable, or exercisable within 60 days, are counted as outstanding, but these shares are not counted as outstanding for computing the percentage ownership of any other person.

Title of Class	Name and Address of Beneficial Owner (1)	Amount and Nature of Beneficial Ownership	Percent of Class (2)
Security Ownership of Management:			
Common Stock	Douglas Scott	0	0.0%
Common Stock	David Coriaty	12,297,510	13.5%
Common Stock	Antonio De Risi	6,000,000	6.6%
Common Stock	Edward Sebastiano	4,462,283	4.9%
Common Stock	Mark Spanakos	8,000,000	8.8%
Common Stock	James Liantonio	2,000,000	2.2%
	Officer & Directors as a Group (6 persons)	32,759,793	36.1%
Security Ownership of Director Nominees:			
Common Stock	Todd Newberry	0	0.0%
Common Stock	Edward Dingler	0	0.0%
Security Ownership of Certain Beneficial Owners:			
Common Stock	Michael Diamant (3)	10,893,519	11.0%
Common Stock	The Tucker Family Spendthrift Trust (4)	7,076,505	7.8%
Common Stock	Joseph A. Infante (5)	6,100,000	6.7%

- (1) Unless otherwise noted, the principal address of each of the directors and officers listed above is c/o Hawk Systems, Inc., 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431.
- (2) Assuming 90,868,950 shares of Common Stock issued and outstanding as of December 27, 2010. With respect to any securities not outstanding which are subject to such options, warrants, rights or conversion privileges, such shares are deemed to be outstanding for the purpose of computing the percentage of outstanding securities of the class owned by such person but are not deemed to be outstanding for the purpose of computing the percentage of the class by any other person.
- (3) The stockholder’s address is 11182 Seagrass Circle, Boca Raton, FL 33498. The amount disclosed includes an option to purchase 8,000,000 shares of the Company’s Common Stock at an exercise price of \$0.36 per share, exercisable for a period of five (5) years from May 12, 2010.
- (4) As reported on Schedule 13D filed with the SEC on March 3, 2010 by the reporting person and after giving effect to the 1-for-6 reverse split. The stockholder’s address is 7359 Ballantrae Ct., Boca Raton, FL 33496.

This amount includes 6,416,500 shares of Common Stock which were received upon conversion of 64,165 shares of Series B Preferred Stock subsequent to the filing of the Schedule 13D. The Company cannot confirm whether the stockholder has disposed of any of these securities due to the fact that no subsequent Schedule 13D has been filed with the SEC. Leonard Tucker and Michelle Tucker are co-Trustees of The Tucker Family Spendthrift Trust (the "Trust") and may be deemed to have beneficial ownership of the securities owned by the Trust.

- (5) The stockholder's address is 105 Narcissus Avenue, Suite 503, West Palm Beach, FL 33401.

CHANGE OF CONTROL

On February 19, 2009, pursuant to the terms of an Agreement and Plan of Merger (the "Merger Agreement") between the Company (formerly known as Explorations Group, Inc.), Hawk Acquisition Corp., a wholly-owned Florida subsidiary of the Company ("Hawk Acquisition") and Hawk Biometric Technologies, Inc., a Florida corporation ("Hawk Biometric"), Hawk Acquisition merged with Hawk Biometric ("Merger"). Pursuant to the Merger, Hawk Biometric was the surviving entity and became a wholly-owned subsidiary of the Company. As consideration for the Merger, each issued and outstanding share of Hawk Biometric Class A and Class B common stock was converted into .02 shares of the Company's Series B Preferred Stock. Each share of Series B Preferred Stock was convertible into one hundred (100) shares of the Company's Common Stock at any time, at the option of the holder, and automatically converted into Common Stock on April 8, 2010, which was the day following the completion of the Company's 1 for 6 reverse split of its issued and outstanding Common Stock. The conversion ratio of the Series B Preferred Stock was not subject to adjustment upon the occurrence of the reverse split. Accordingly, on April 8, 2010, the 587,347 shares of Series B Preferred Stock issued in the Merger and outstanding on that date automatically converted into 58,734,700 shares of Common Stock.

PROPOSAL 1 – ELECTION OF DIRECTORS

Our board of directors is responsible for managing our business and affairs. Our current bylaws provide that our board of directors must consist of not less than one director and that the board has the authority, from time to time, to increase the number of directors or to decrease it to not less than one member, provided that no decrease in the number of directors will deprive a serving director of the right to serve throughout the term of his or her election. The board of directors presently has six members, of which two are nominees for the board of directors for 2011. The remaining four board members will serve until the 2011 annual meeting when their successors are duly elected.

Director Nominees.

The board has nominated Messrs. Douglas Scott, James Liantonio, Todd Newberry and Edward Dingler to be elected as directors at the 2011 annual meeting. The board proposes that each of the directors serve for a one-year term to expire at the 2012 annual meeting. The other current members of the board of directors, Messrs. David Coriaty, Antonio De Risi, Edward Sebastiano and Mark Spanakos will no longer be on the board of directors once their successors are duly elected.

Unless otherwise instructed, the proxy holders will vote the proxies received by them for the director nominees named in this proxy statement. If Messrs. Scott, Liantonio, Newberry or Dingler are unable or unwilling to serve as a director at the time of the annual meeting, the proxies will be voted for such other nominee as shall be designated by the current board of directors to fill any vacancy or to otherwise appoint a replacement nominee. The nominees have consented to being named in the proxy statement and to serve if elected. We have no reason to believe that the nominees will be unable or unwilling to serve if elected as directors.

Directors

The business experience for the past 5 years, unless otherwise indicated, of each member of the board of directors and director nominees are set forth below. There are no family relationships among any of our directors. There are no other nominees for director known to us at this time.

Name	Age	Present Term Expires	Position
Douglas G. Scott	47	2011	Interim Chief Executive Officer, Director and Director Nominee
David Coriaty	41	2011	Director
Antonio De Risi	43	2011	Director
Edward Sebastiano	53	2011	Director
Mark Spanakos	51	2011	Director
James Liantonio	53	2011	Director and Director Nominee
Todd Newberry	44	—	Director Nominee
Edward Dingler	28	—	Director Nominee

Director Nominees

Douglas G. Scott. Mr. Scott has served as the Company's interim chief executive officer since August 2010 and as a member of the board of directors since May 2010. Mr. Scott has over 20 years experience in the tactical and civilian telecommunications industry after serving as a Cryptologist/Linguist and Airborne Intercept Operator in the United States Navy. Since November 2009, Mr. Scott has served as president and director of Freedom Renewable Energy Corp., a company that is in the business of renewable energy technology marketing, sales, distribution, implementation, operation and maintenance. Mr. Scott also served as chief executive officer of Global Waste to Energy, Ltd. and president of Americas Waste to Energy, Inc. prior to their merger with Freedom Renewable Energy Corp. in February 2010. Prior to that, from May 2007 to July 2008, Mr. Scott served as a director of international sales and strategic partnerships for Fulcrum Technologies, Inc., an asset infrastructure life cycle management company, where he was responsible for the management and expansion of multinational accounts requiring Sarbanes Oxley 404 third party validation of network assets. From January 2006 to April 2007, Mr. Scott served as chief executive officer of Rauch Allied, LLC, a company that provides technology consulting, training and advisory

services to friendly governments in counter terrorism operations, border security, prison system upgrades, tactical network/signals monitoring, tracking and denial of service to special operations teams supporting capture of specific targets. Mr. Scott currently serves as a board adviser to Rauch. From May 2005 to January 2006, Mr. Scott served as a consulting account director for the Telefónica LATAM Account at Actix, Inc., a company that provides automated network performance engineering and network status management systems to mobile network operators. From May 2004 to March 2006, Mr. Scott served as vice president global business development at Infiniroute Networks, Inc., a global Voice-Over-Internet-Protocol (VOIP) tiering portal for Tier 1 and Tier 2 operators, where Mr. Scott directed VOIP related global business development strategy and managed the global sales of the company's Managed VOIP Platform (MVP) including the related suite of software products and services. Mr. Scott graduated magna cum laude from the University of North Carolina in 1995, where he earned a Bachelor of Arts in Spanish/International Relations. Mr. Scott is also certified in Advanced Hebrew Language, Radio Frequency and Cryptology Training, Technical Computer and Satellite Systems Training from the Naval Technical Training Command. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Scott should serve as a member of the board of directors included his extensive military background and experience.

James Liantonio. Mr. Liantonio has served as a member of the board of directors since September 2010. Liantonio has 25 years of experience in the automotive service industry. Mr. Liantonio is currently the chief operating officer of FIST Enterprises, LLC, the Company's exclusive distributor. From 2009 to 2010, Mr. Liantonio served as fixed operations director at the automotive dealership, Maroone Chevrolet in Ft. Lauderdale/Delray Beach, Florida, where he was responsible for directing service and parts operations, as well as the hiring of staff. He would work with service associates in order to improve the dealership's Consumer Satisfaction Index ("CSI") and overall profitability and implemented policies and procedures to maintain and increase the owner base as loyal return clients. Prior to that, from 2005 to 2009, Mr. Liantonio served as fixed operations director at the automotive dealership, Maroone Cadillac in West Palm Beach, Florida, where he was responsible for directing service and parts operations and was involved in increasing the dealership's CSI to number 1 in the region and maintained its CSI in the top 10 in the Florida zone. Prior to that, from 2001 to 2005, Mr. Liantonio served as fixed operations director at the automotive dealership, Coral Cadillac/Hummer in Pompano Beach, Florida where he was responsible for directing service and parts operations and was involved in increasing the dealership's CSI to above zone levels and improving gross profit by among other things, decreasing expenses by modeling the departments and matching staff to the model. Prior to that, from 1987 to 2001, Mr. Liantonio served initially as service manager and was subsequently promoted to fixed operations director at the automotive dealership Bayview Cadillac in Ft Lauderdale, Florida. From 1985 to 1987, Mr. Liantonio served as a service advisor at the automotive dealership Towne Cadillac in Union City, New Jersey. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Liantonio should serve as a member of the board of directors included his extensive automotive industry experience.

Todd Newberry. Mr. Newberry has 25 years experience in designing, engineering, and manufacturing electronic devices that serve the security, law enforcement, and military sectors. As president of Newberry Information Systems, Inc. and a founding partner of Securestar Technologies, Inc. from August 1998 through July 2005, he managed the development and deployment of digital closed circuit television recording and transmission systems, tracking systems utilizing GPS Receivers mated to satellite transceivers, UHF and VHF RF transceivers, cellular transceivers, and tracking via active RFID deployment. Access and asset control projects utilizing biometric recognition and multifactor authentication were also successfully completed. During his tenure with the City of Mansfield, Ohio from March 1991 to the present, he has served as technical services director where he has designed and implemented multiple data and voice networks and enterprise applications in a mission critical environment. Mr. Newberry has also served as the president of Newberry Consulting Services since January 2006, a company that works with a wide variety of clients providing custom solutions for their security needs, where he was responsible for the design, manufacture, installation, and maintenance of security electronics. Mr. Newberry has also served as vice president of The Public Data Management Company since July 2009, a company which provides IT services to small and medium sized municipal entities that do not have a full time IT staff, where he was responsible for sales and engineering. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Newberry should serve as a member of the board of directors included his extensive security, including biometric security, industry experience.

Edward Dingler. Since January 1992, Mr. Dingler has been with the PGB division of ICAP Securities USA, LLC, a FINRA registered broker-dealer, which handles the brokering of repurchase agreements, which are instruments that trade U.S. government securities in a secondary market. Mr. Dingler currently holds the position of Vice President, overseeing the daily operations of the trading desk. He was also on the team responsible for developing the electronic platforms used in today's trading. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Dingler should serve as a member of the board of directors included his financial industry experience.

Other Directors

The terms of the following current directors will expire upon the election of the director nominees at our 2011 annual meeting:

David Coriaty. Mr. Coriaty has been a member of the board of directors of the Company since February 2009. Mr. Coriaty is one of the founders of Hawk Biometrics and one of the inventors of Hawk Biometrics' patented technology. Mr. Coriaty has launched multiple business ventures including internet start-ups and a sports representation agency that works with well-known NFL and MLB athletes. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Coriaty should serve as a member of the board of directors included his knowledge as founder of the Company and co-inventor of the Company's technology.

Antonio DeRisi. Mr. DeRisi has been a member of the board of directors of the Company since February 2009. Mr. DeRisi has more than 20 years retail experience managing multiple retail locations in and around Montreal, Canada. Mr. DeRisi is currently the president of the Chamber of Commerce for the City of St. Leonard in Montreal, Canada. He owns a distribution center that distributes all types of products, including food and non-food items, to retail stores and distributors throughout Canada. Mr. DeRisi holds the Canadian equivalent of a bachelor of science in business administration from Dawson College located in Montreal, Canada. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. DeRisi should serve as a member of the board of directors included his knowledge of the Company and his previous business management and distribution experience.

Edward Sebastiano. Mr. Sebastiano has been a member of the board of directors of the Company since February 2009. Mr. Sebastiano has more than 25 years of experience in the financial markets. Since November 2007, he has been the president of, and a partner in, EPTrading Inc., a commodities trading company in New York City. Prior to that from January 2005, Mr. Sebastiano was the president and owner of Esco Commodities, also a commodities trading company in New York City. He is also the founder of GFA, a public relations and management company. The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Sebastiano should serve as a member of the board of directors included his knowledge of the company and his financial industry experience.

Mark Spanakos. Mr. Spanakos has been a member of the board of directors of the Company since February 2009. Mr. Spanakos has experience in the financial markets and owns a seat on the New York Mercantile Exchange (NYMEX). The particular experience, qualifications, attributes or skills that led the board to conclude that Mr. Spanakos should serve as a member of the board of directors included his financial industry experience.

Family Relationships

There are no family relationships between or among the directors, director nominees and executive officer of the Company.

Involvement in Legal Proceedings

To the best of the Company's knowledge, during the past ten years, none of the proceedings described in Item 401(f) of Regulation S-K occurred with respect to a present director or executive officer of the Company except that Mr. David Coriaty and Mr. Todd Newberry each filed for personal bankruptcy which was discharged in May 2004 and November 2005, respectively.

Other Legal Proceedings

On or about July 13, 2010, Mark Spanakos, a member of the board of directors of the Company, filed suit against the Company, its subsidiary Hawk Biometric, and the following other members of the board of directors, Messrs. David Coriaty, Edward Sebastiano, Antonio DeRisi, as well as the Company's former chief executive officer, Michael Diamant (collectively, the "Defendants"), in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida, Case No. 502010CA017971XXXMB. The complaint alleges breach of fiduciary duty, breach of duty of loyalty, corporate waste, fraud, conspiracy to commit fraud, and violation of Florida RICO. The complaint is unclear as to the factual basis alleged to underlie the proceeding except for general allegations that the Defendants have engaged in improper conduct, including but not limited to allegations relating to false representations, solicitation of investor funds based on misrepresentation, waste of funds unrelated to business, waste of corporate assets, diverting corporate opportunities and other general allegations. Mr. Spanakos seeks an unspecified amount of compensatory, actual, general damages and prejudgment interest, treble damages, and injunctive and equitable relief including a permanent and continuing injunction against future violations, a requirement that Messrs. Coriaty, Sebastiano, DeRisi and Diamant divest themselves of any interest in the Company and Hawk Biometric, and imposition of reasonable restrictions upon defendants from their future involvement in investments and related businesses. On August 18, 2010, counsel for Hawk Biometric filed a motion to dismiss arguing that the complaint was fatally defective on a number of counts, lack of standing, lack of specificity, and failure to state a cause of action, among others. As of November 15, 2010, all named defendants had responded to the complaint and were awaiting the court's decision on the motion to dismiss. We believe that Mr. Spanakos' allegations are without merit and intend to vigorously defend against the lawsuit.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE ELECTION OF THE NOMINEES NAMED IN THIS PROXY STATEMENT AS DIRECTORS.

BOARD OF DIRECTORS

How often did the Board meet during 2009?

During 2009, the board of directors held three meetings. During 2009, none of the director nominees served on the board. The Company does not have a formal policy with regard to board members' attendance at the annual meeting of stockholders.

What committees has the Board established?

The board of directors has not yet established an audit committee, a compensation committee or a nominating committee. Currently, the full board of directors fulfills the function of those committees.

Independence of the Board of Directors

The board of directors does not currently include any independent directors. It is anticipated that the nominees, Messrs. Newberry and Dingler, if elected, will likely be deemed by the board to be independent directors based on the independence standards contained in the Marketplace Rules of the NASDAQ Stock Market, although such standards do not currently apply to the Company. In making its determination, the board of directors would consider, among other things, the lack of relationships or transactions in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, between the Company and Messrs. Newberry and Dingler.

Nominating Committee

As of this time, we do not have a standing nominating committee, or a nominating committee charter. Our board of directors believes the full board can adequately perform the functions of a nominating committee. The board of directors identifies director candidates through numerous sources, including recommendations from directors, executive officers and our stockholders. The board of directors seeks to identify those individuals most qualified to serve as board members and will consider many factors with regard to each candidate, including judgment, reputation, integrity, diversity, prior experience, the interplay of the candidate's experience with the experience of other directors and the candidate's willingness to devote the time and effort required for board responsibilities.

The board of directors will consider properly submitted stockholder recommendations for director candidates. Director candidates recommended by stockholders are given the same consideration as candidates suggested by directors and executive officers. The board has the sole authority to select, or to recommend, the nominees to be considered for election as a director. The officer or director presiding over the stockholders meeting, in such person's sole and absolute discretion, may reject any nomination not made in accordance with the procedures outlined in this proxy statement and our bylaws. Under our bylaws, a stockholder who desires to nominate directors for election at a stockholders meeting must comply with the procedures summarized below. Our bylaws are available, at no cost, at the SEC's website, <http://www.sec.gov> (provided in Exhibit 3.4 to our registration statement on Form 10-SB, as filed with the SEC on August 20, 2002), or upon a stockholder's written request directed to Mr. David Coriaty, director, at the address given on page 1 of this proxy statement. See " — Stockholder Nominations" below for a description of the procedures that must be followed to nominate a director.

Stockholder Nominations

Our bylaws provide that subject to compliance with requirements imposed under Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), proposals by stockholders for action at an annual meeting must be submitted to the Company's principal executive offices so that they are received thereat on or before the 120th day prior to the annual anniversary of the last preceding annual meeting, unless such proposal relates to the nomination of directors, in which case it must be submitted to the Company's principal executive offices so that the name, address, telephone number and if available, fax number and e-mail address of the nominee, together with biographical data covering the nominee's activities during the preceding five years satisfying the disclosure requirements of Regulation SK are received thereat on or before the 60th day prior to the time that the Company first files materials with the SEC pertaining to such meeting on either Schedule 14A or 14C promulgated under authority of the Exchange Act. Delivery of the nomination should be made by hand, or by certified or registered mail, return receipt requested.

We may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of such proposed nominee to serve as a director. The chairman of the meeting at which a stockholder nomination is presented shall, if the facts warrant, determine and declare to the meeting that such nomination was not made in accordance with the procedures prescribed by our bylaws, and, in such event, the defective nomination will be disregarded.

Director Nomination Criteria and Process

The full board of directors will review qualified nominees and decide whether to invite the nominee to join the board. The board believes that greater diversity leads to better corporate governance and that potential nominees should possess a diverse and extensive background of knowledge and both professional and life experience that can support growth, evaluate risk and provide sufficient oversight to the Company. Nominees for director will be selected on the basis of the diversity they bring to the board, outstanding achievement in their professional careers, broad experience, wisdom, character, integrity, ability to make independent, analytical inquiries and intelligent decisions, sound mature business judgment, understanding of the business environment, willingness to devote adequate time to board duties and ability to collaborate effectively at the board level. The board further believes that each director should have a basic understanding of (i) the principal operational and financial objectives and plans and strategies of the Company, (ii) the results of operations and financial condition of the Company and of any business segments, and (iii) the relative standing of the Company and its business segments in relation to its competitors.

To date, the Company has not paid a fee to any third party or parties to identify or evaluate or assist in the identifying or evaluating potential nominees.

Board of Directors Leadership Structure and Role in Risk Oversight

Our board of directors does not presently have a designated chairman of the board. The board believes that it is in the best interest of the Company and its stockholders to allow for different members of the board of directors to lead the board during its meetings. In the past, the Company's current interim chief executive officer and director, Mr. Douglas G. Scott, as well as Mr. David Coriaty, the Company's former chairman and current director, and Mr. Michael Diamant, the Company's former chief executive officer and former director, have alternately lead board meetings and discussions. As necessary, each individual's knowledge of the issues, opportunities and challenges facing the Company has been leveraged through their leadership of a particular board meeting. The board has felt that these individuals in the past have been best positioned to communicate the issues at hand to the other directors and to efficiently develop and lead agendas that ensure that the board's time and attention are focused on the most critical matters. Due to the lack of independent directors, the board did not have any individual as a lead independent director although one may be appointed once independent directors are elected to the board. The board retains the authority to review and modify this leadership structure as it may deem appropriate from time to time in the best interests of the Company's stockholders.

As part of its independent oversight function, the board reviews and monitors financial, strategic and operational risk through annual and periodic reviews with management. The board, in collaboration with management, has primary responsibility for monitoring financial reporting risk. Periodically the board reviews the Company's business strategy including financial, operational and regulatory risks facing the Company and the Company's plans to mitigate these risks.

The full board of directors monitors risks associated with the Company's overall financial reporting and among its responsibilities is a review of risk assessment and management and significant risks or exposures. In addition, the board of directors has a responsibility to assess the steps management has taken to minimize such risks. The full board of directors also has the responsibility to review the effectiveness and integrity of the Company's financial reporting processes and the Company's internal control structure (including both disclosure controls and procedures and internal control over financial reporting).

REPORT OF THE AUDIT COMMITTEE

The following report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended.

The full board of directors currently acts as the Company's audit committee in the oversight of our accounting, auditing and financial reporting practices. Management is responsible for our financial reporting process, including our system of internal controls, and for the preparation of our financial statements in accordance with generally accepted accounting principles. Our independent auditors are responsible for auditing those financial statements.

For purposes of this report, "audit committee" refers to the full board of directors of the Company. It is the responsibility of the audit committee to monitor and review these processes. It is not the audit committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The audit committee may not be, and may not represent itself to be or serve as, accountants or auditors by profession or experts in the fields of accounting or auditing. The audit committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and on the representations of the independent auditors included in their report on our financial statements. The audit committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the audit committee's considerations and discussions with management and the independent auditors do not assure that our financial statements are presented in accordance with generally accepted accounting principles, that the audit of our financial statements has been carried out in accordance with generally accepted auditing standards or that our independent accountants are in fact "independent."

In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements for fiscal 2009 with management, including the quality of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The audit committee reviewed the financial statements for fiscal 2009 with the independent auditors and discussed with them the matters required to be discussed by the Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended, including the auditors' judgments as to the quality, not just the acceptability, of our accounting principles. The audit committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on its review and discussions with management and the independent accountants, and subject to the limitations on its role and responsibilities described above, the audit committee recommended to our board of directors, and the board of directors approved, that the audited financial statements be included in our annual report for the year ended December 31, 2009.

Submitted by the Board of Directors.

EXECUTIVE COMPENSATION

Narrative Description of Determination of Executive and Director Compensation

Our compensation philosophy is to provide our executive officers listed in the summary compensation table with compensation packages that attract, retain, reward and motivate them. Therefore, our board of directors generally constructs compensation packages that take into account those of executive officers with similar positions in comparable companies, linking the performance of the company and individual performance and designed to align the interests of the executive officers with those of our stockholders. Our compensation philosophy is also designed to reinforce a sense of ownership in the company, urgency with respect to meeting deadlines and overall entrepreneurial spirit and to link rewards to measurable corporate performance metrics.

While the board of directors seeks to provide compensation packages that are competitive within our markets and the technology industry, in general, it does not utilize an established peer group in our industry and does not set compensation levels based on any predetermined benchmarks for total compensation or any individual element of compensation. Management of the Company reviews our performance on a regular basis using a variety of financial and non-financial metrics. Management compares actual results against goals and budgets to take appropriate actions in order to improve performance. Members of management are essential in providing input concerning the effectiveness of the executive compensation program, selection of performance criteria, financial performance of the Company, and performance of individual executives.

Although the board of directors may engage compensation consultants (and other advisors) as it deems appropriate to assist with the performance of its compensation committee duties, the board has not used an independent advisor concerning executive compensation in the past.

Certain compensation adjustments are made pursuant to an executive officer's employment terms established at the time he or she is hired or as time progresses and the board of directors deems appropriate.

2009 Summary Compensation Table

The following table sets forth certain information relating to the compensation paid to (i) Michael Diamant, our former chief executive officer and director, (ii) David Coriaty, a member of our board of directors and former president, chief executive officer, and chairman, and (iii) Robert McCann III, our former chief executive officer (collectively, the "named executive officers"), during our fiscal years ended December 31, 2009 and 2008.

Name and Principal Position	Year	Salary (\$)	Option Award(s) (\$)	Total (\$)
Michael Diamant, <i>Former</i> Chief Executive Officer and Director (1)	2009	—	—	—
	2008	—	—	—
David Coriaty, Director and <i>Former</i> President, Chief Executive Officer and Chairman (2)	2009	500,000(3)	—	500,000
	2008	252,363	—	252,363
Eric Brown, <i>Former</i> Chief Executive Officer, Chief Financial Officer and Director	2009	—	—	—
	2008	50,000(4)	—	50,000
Robert E. McCann, <i>Former</i> Chief Executive Officer (5)	2009	90,211	0(6)	90,211
	2008	—	—	—

- (1) Mr. Diamant was appointed chief executive officer in December 2009, effective January 15, 2010, and did not receive any compensation as our executive officer during the fiscal year ended December 31, 2009. Mr. Diamant resigned from his positions as chief executive officer and member of the board of directors effective July 26, 2010.

- (2) Mr. David Coriaty was appointed president and chief executive officer in February 2009 and resigned from both positions in May 2009. Mr. Coriaty was also appointed executive chairman in May 2009 and resigned from the position in September 2009.
- (3) Includes deferred compensation in the aggregate amount of \$231,566, which as subsequently paid through the issuance of restricted common stock.
- (4) This amount is accrued but not paid.
- (5) Mr. Robert McCann was appointed chief executive officer in May 2009 and terminated in October 2009.
- (6) In connection with Mr. McCann's termination on October 28, 2009, we cancelled his stock option to purchase 7,800,000 shares of Common Stock at an exercise price of \$0.16 per share which had previously been granted in May 2009.

Narrative Disclosure to 2009 Summary Compensation Table

Michael Diamant Employment Agreement

On December 15, 2009, we entered into an Employment Agreement with Mr. Michael Diamant (the "Diamant Agreement"), which was amended on January 19, 2010, pursuant to which Mr. Diamant was hired to serve as our Chief Executive Officer. The term of the Diamant Agreement commenced on January 15, 2010 for a one (1) year term which would automatically extend for subsequent one (1) year periods unless either party notified the other not later than sixty (60) days prior to the then current expiration date that such party did not intend for the Diamant Agreement to automatically extend. Pursuant to the terms of the Diamant Agreement, Mr. Diamant became entitled to receive a signing bonus equal to \$160,000 and an annual salary equal to \$500,000, payable in equal monthly installments. In addition, in accordance with the Diamant Agreement, on May 12, 2010, Mr. Diamant received an option to purchase 8,000,000 shares of our Common Stock (calculated on a post-Reverse Split basis) at an exercise price equal to \$0.36. The option may be exercised for a term of five (5) years and was fully vested and non-cancellable at the time of the grant. The Diamant Agreement further provided for an annual bonus opportunity of up to \$200,000 during each year of the term of the Diamant Agreement based upon performance criteria to be established jointly by the Compensation Committee and Mr. Diamant within sixty (60) days of the commencement of the Diamant Agreement and approved by our board of directors each year. The Company had the right to terminate the Agreement at any time and Mr. Diamant could terminate the Agreement by delivery of written notice to the Company at least sixty (60) days prior to the termination date. On March 29, 2010, the Board of Directors approved a modification to the Diamant Agreement for 2010, whereby Mr. Diamant's base salary was modified from \$500,000 per annum payable in cash to \$400,000 per annum payable in cash and \$100,000 payable in Common Stock and Mr. Diamant's signing bonus was modified from \$160,000 payable in cash to \$80,000 payable in cash and \$80,000 payable in Common Stock. On May 19, 2010, we entered into a second amendment to the Diamant Agreement reflecting the modification of Mr. Diamant's base salary to \$400,000 per annum payable in cash and \$100,000 payable in Common Stock ("Diamant Second Amendment"). On May 17, 2010, our Board of Directors approved the issuance of 1,176,471 shares of restricted Common Stock to Mr. Diamant as payment in full for the \$160,000 signing bonus owed to him under the Diamant Agreement. The conversion rate was based on the previous five trading day's closing price (through May 14, 2010) of \$0.17 per share, with a 20% discount for restricted securities, resulting in an effective conversion rate of \$0.136. On June 30, 2010, the Board of Directors of the Company approved the issuance of 2,893,519 shares of restricted Common Stock to Mr. Diamant in exchange for approximately \$208,333 in compensation owed to him through June 30, 2010 under his employment agreement. The conversion rate was based on the average of the previous five trading day's closing price (through June 29, 2010) of \$0.09 per share, with a 20% discount for restricted securities, resulting in an effective conversion rate of \$0.072. On July 26, 2010, Mr. Diamant notified the board of directors of the Company of his intention to resign from his positions effective immediately.

The foregoing description of the Diamant Agreement, as amended, is qualified in its entirety by the full text of the Diamant Agreement, which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on December 29, 2009, the full text of the Diamant Amendment which was filed as Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on January 20, 2010, and the full text of the Diamant Second Amendment which was filed as Exhibit 10.16 to the Quarterly Report on Form 10-Q filed with the SEC on May 20, 2010, each of which are incorporated herein by reference.

David Coriaty Employment Agreement

On May 1, 2009, we entered into an Employment Agreement with Mr. David Coriaty (the “Coriaty Employment Agreement”), which was amended on April 9, 2010 (the “Coriaty Amendment”, together with the Coriaty Employment Agreement, the “Coriaty Agreement”), pursuant to which Mr. Coriaty was hired to serve as our Chairman. The term of the Coriaty Agreement commenced on May 1, 2009 for a one (1) year term which will automatically extend for subsequent one (1) year periods unless either party notifies the other not later than ninety (90) days prior to the then current expiration date that such party does not intend for the Coriaty Agreement to automatically extend. Pursuant to the terms of the Coriaty Agreement, Mr. Coriaty is entitled to receive an annual salary equal to \$500,000, payable in equal monthly installments. In addition, the Coriaty Agreement provides that Mr. Coriaty is entitled to convert any accrued but unpaid salary into shares of Common Stock at a conversion price equal to the average closing bid price of the Common Stock on the twenty (20) trading days immediately prior to such conversion date or such price as our board of directors shall determine and Mr. Coriaty shall approve. If the Coriaty Agreement is terminated for any reason, we would be required to pay Mr. Coriaty his earned and accrued salary plus all reimbursable expenses.

The description of the Coriaty Employment Agreement is qualified in its entirety by the full text of the Coriaty Employment Agreement, which was filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q filed with the SEC on August 19, 2009 and the full text of the Coriaty Amendment which is filed as Exhibit 10.16 to the Annual Report on Form 10-K filed with the SEC on April 15, 2010, each of which are incorporated herein by reference.

Outstanding Equity Awards at December 31, 2009

There were no outstanding equity incentive awards held by our named executive officers as of December 31, 2009.

DIRECTOR COMPENSATION

None of the members of our board of directors received compensation for their services on the board of directors during the fiscal year ended December 31, 2009.

COMMUNICATIONS WITH STOCKHOLDERS

Anyone who has a concern about our conduct, including accounting, internal accounting controls or audit matters, may communicate directly with our board of directors. Such communications may be confidential or anonymous, and may be e-mailed or submitted in writing addressed care of Mr. Douglas G. Scott, Director, c/o Hawk Systems, Inc., 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431.

All such concerns will be forwarded to the appropriate directors for their review, and will be simultaneously reviewed and addressed by the proper executive officers in the same way that other concerns are addressed by us.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers, directors, and persons who own more than ten percent of a registered class of our equity securities to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors, and greater-than-ten-percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms that they file.

Based solely upon a review of Forms 3, Forms 4, and Forms 5 furnished to us pursuant to Rule 16a-3 under the Exchange Act, we believe that all such forms required to be filed pursuant to Section 16(a) of the Exchange Act during the year ended December 31, 2009 were timely filed, as necessary, by the officers, directors, and security holders required to file such forms, except for the following:

Mr. Michael Diamant filed an untimely Form 3;

Mr. David Coriaty filed a Form 5 as a result of his failure to file his initial Form 3 and a Form 4 with respect to one transaction;

Mr. Antonio DeRisi filed a Form 5 as a result of his failure to file his initial Form 3;

Mr. Edward Sebastian filed a Form 5 as a result of his failure to file his initial Form 3;

Mr. Mark Spanakos filed a Form 5 as a result of his failure to file his initial Form 3;

C.L.R., Associates, Inc. filed a Form 5 as a result of its failure to file its initial Form 3 and a Form 4 with respect to nine transactions;

Grand Columbus Holding Inc. did not file a Form 4 with respect to three transactions;

Greystone Business Credit II, LLC filed an untimely Form 3;

Greystone Real Estate Holdings Corp. filed an untimely Form 3;

Greystone & Co. Holdings L.L.C. filed an untimely Form 3; and

Stephen Rosenberg 2004 Descendants' Trust filed an untimely Form 3.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

On January 6, 2009, Mr. Edward Sebastiano, a member of the Company's board of directors, issued a promissory note in the principal amount of \$168,000 for the benefit of the Company for prior amounts loaned to him during 2008. The note accrued interest at the rate of 11% per annum. Monthly payments of interest only in the amount of \$1,540 were due on the 15th day of each month beginning January 15, 2009. The principal amount of the note and all accrued but unpaid interest was due on December 31, 2009. On February 23, 2009, the board of directors of the Company agreed to extend the maturity date to December 31, 2010. The note was secured by an interest in the 8,000,000 shares of the Company's Common Stock owned by Mr. Sebastiano. On the advice of counsel that securities regulations prohibited an outstanding loan from the Company to a member of the board of directors, on June 2, 2010, the board voted to foreclose on the collateral securing the note due to Mr. Sebastiano's inability to repay the note. As a result, on June 22, 2010, Mr. Sebastiano tendered 1,537,717 shares of Common Stock held by him to the Company for cancellation in exchange for the cancellation of the obligation under the note in the aggregate amount of \$193,752, including accrued interest.

On September 16, 2009, the Company issued an unsecured promissory note in the principal amount of \$50,000 to Mr. Mark Spanakos, a member of the Company's board of directors. The note accrues interest at a rate of 12% per annum and all accrued and unpaid interest is due and payable on the date that is the earlier of (i) September 16, 2010, or (ii) ten (10) business days from the date of closing by the Company of any equity financing in the aggregate of not less than \$750,000.

Effective January 31, 2010, the Company issued a promissory note to Mr. David Coriaty, a member of the Company's board of directors, in the principal amount of \$100,000 for previous loans provided to us in October 2009 for the payment of expenses. The note accrued interest at the rate of 10% per annum and was payable at maturity on June 30, 2010.

Effective February 1, 2010, we issued a promissory note to Mr. Coriaty in the principal amount of \$40,000 for loans provided to us in January 2010 for the payment of expenses. The note accrued interest at the rate of 10% per annum and was payable at maturity on June 30, 2010.

Effective April 28, 2010, we issued a promissory note to Mr. Coriaty, a member of our board of directors, in the principal amount of \$67,600 for loans provided to us during April 2010 for working capital. The note accrued interest at the rate of 10% per annum and was payable at maturity on September 30, 2010.

Effective May 20, 2010, we issued a promissory note to Mr. Coriaty, in the principal amount of \$25,000 for loans provided to us during April 2010 for working capital. The note accrued interest at the rate of 10% per annum and was payable at maturity on September 30, 2010.

Effective July 8, 2010, the board of directors approved the conversion of a total of \$886,075 owed to Mr. Coriaty (the “Coriaty Obligations”) through May 31, 2010 in outstanding loans and accrued interest, as well as accrued salary, into an aggregate of 8,843,427 shares of restricted Common Stock. The conversion price of \$.1008 per share was based on the average of the previous five trading day’s closing price (through June 1, 2010) of \$0.126, with a 20% discount for restricted securities. The Coriaty Obligations consisted of:

	<u>Original Amount</u>	<u>Loan Interest through 6/1/2010</u>	<u>Total with Interest</u>	<u>Number of Shares to Issue</u>
Outstanding Loans provided in 2008 and 2009	\$213,576.00		\$213,576.00	2,118,810
April 28, 2010 Note	\$ 67,600.00	\$ 629.70	\$ 68,229.70	676,882
January 31, 2010 Note	\$100,000.00	\$3,315.07	\$103,315.07	1,024,951
February 1, 2010 Note	\$ 40,000.00	\$1,315.07	\$ 41,315.07	409,872
May 20, 2010 Note	\$ 25,000.00	\$ 82.19	\$ 25,082.19	248,831
2010 Salary through May 31, 2010	\$208,333.33		\$208,333.33	2,066,799
2009 Salary	\$231,566.00		\$231,566.00	2,297,282
Total	<u>\$886,075.33</u>	<u>\$5,342.03</u>	<u>\$891,417.36</u>	<u>8,843,427</u>

Effective September 3, 2010, the Company issued a promissory note to Mr. Joseph Infante, a beneficial owner of more than 5% of the Company’s Common Stock, in the principal amount of \$236,000 for loans provided to the Company for working capital. The note accrues interest at the rate of 10% per annum and is payable at maturity on March 3, 2011.

Effective September 29, 2010, the Company entered into an exclusive distributor agreement with FIST Enterprises, LLC (“FIST”), an entity owned and controlled by Mr. Joseph Infante, a beneficial owner of more than 5% of the Company’s Common Stock, for an initial term of five (5) years. Unless the agreement has been terminated prior to the expiration of the initial term, FIST has the option to renew the agreement for an additional term of five (5) years. The agreement provides that FIST assumes the sole responsibility for the distribution, marketing and sale of the Company’s products to customers who have places of business in, and will initially use the Company’s products in North America, South America and Puerto Rico. The purchase price for the Company’s products by FIST is still under negotiation.

Mr. James Liantonio, a director nominee, is currently the chief operating officer of FIST.

As of September 30, 2010, the Company owed Mr. Coriaty an additional amount of approximately \$114,097, which Mr. Coriaty had previously loaned to the Company for working capital, including the payment of expenses. The loan is not interest-bearing and payable on demand.

From September through November 2010, Mr. Todd Newberry, a nominee for the board of directors, provided certain consulting services to the Company for which he has invoiced the Company an aggregate of approximately \$5,870. There is no formal agreement in place and as of the date hereof the invoice has not been paid.

Effective December 7, 2010, the Company entered into a non-exclusive license agreement with FIST for an initial term of five (5) years. Unless the agreement has been terminated prior to the expiration of the initial term, FIST has the option to renew the agreement for an additional term of five (5) years. The agreement grants FIST a limited, non-exclusive, non-assignable, non-transferable, non-sub licensable license during the term of the agreement to use the Company’s fingerprint identification technology and related software and documentation related to the second generation of the proprietary fingerprint identification system known as “AUTO PASS” (the “Technology”). The agreement also grants FIST the right to make, have made, use, market and sell products containing or embodying the Technology, and any enhancements, including rights under any Company patents or copyrights relevant thereto (including after-acquired rights). FIST is to bear the entire expense of, and is responsible for, performing all work involved in the development and manufacturing of the products. FIST is required to pay the Company a royalty based on the number of units sold during the term of the agreement, which royalty gradually decreases as the number of units increase beginning with \$50.00 per unit if 1-100,000 units are sold and \$30.00 per unit if more than 1 million units are sold.

Review, Approval or Ratification of Transactions with Related Persons

We believe that the terms of all of the above transactions are commercially reasonable and no less favorable to us than we could have obtained from an unaffiliated third party on an arm's length basis. While we do not maintain a written policy with respect to related party transactions, our board of directors routinely reviews potential transactions with those parties we have identified as related parties prior to the consummation of the transaction. We also generally require that all related parties recuse themselves from negotiating and voting on behalf of the Company in connection with related party transactions.

INDEPENDENT AUDITORS

Our board of directors has appointed Liebman Goldberg & Hymowitz, LLP, to serve as our independent auditors. Representatives of Liebman Goldberg & Hymowitz, LLP are expected to be present at the annual meeting in person or telephonically to answer questions from stockholders, and will have an opportunity to make a statement if they wish to do so.

The board of directors has the power to approve in advance all services to be performed by the independent public accountants. Pre-approval may be granted by action of the full board of directors or, in the absence of such full board action, by a director designated for such determination, whose action shall be considered to be that of the entire board.

Audit and Non-Audit Fees

The following presents fees for professional audit services rendered by Liebman Goldberg & Hymowitz, LLP for the audit of the Company's annual financial statements for 2008 and 2009:

	2008	2009
Audit fees	\$ 47,850	\$ 37,000
Audit related fees	—	—
Tax fees	1,800	—
All other fees	—	52,000
Total	<u>\$ 49,650</u>	<u>\$ 89,500</u>

Audit Fees: For 2008, consists of fees billed for professional services rendered for the audit of Explorations Group, Inc. (now known as Hawk Systems, Inc.) consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports in connection with statutory and regulatory filings or engagements, as well as the audit of Hawk Biometric's financial statements for the period ended September 30, 2008 and fiscal year ended December 31, 2008.

For 2009, consists of fees billed for professional services rendered for the audit of Hawk Systems, Inc. consolidated financial statements and review of the interim consolidated financial statements included in quarterly reports in connection with statutory and regulatory filings or engagements, as well as the audit of Hawk Biometric's financial statements for the period from September 30, 2008 through December 31, 2008.

Tax Fees: For 2008, consists of costs incurred in connection with tax compliance.

All Other Fees: For 2009, consists of costs incurred in connection with the audit of the financial statements for a proposed acquisition. The Company did not complete the acquisition.

OTHER BUSINESS

We know of no other business to be brought before the annual meeting. If, however, any other business should properly come before the annual meeting, the persons named in the accompanying proxy will vote proxies as in their discretion they may deem appropriate, unless they are directed by a proxy to do otherwise.

DEADLINE FOR SUBMISSION OF STOCKHOLDER PROPOSALS FOR 2012 ANNUAL MEETING

For business to be properly brought before our 2012 annual meeting by a stockholder which is not included in our proxy materials or is outside of the Rule 14a-8 process, the stockholder must have given written notice thereof to the board of directors of the Company, delivered or mailed to and received at the principal executive offices of the Company not less than 120 days prior to the anniversary date of the immediately preceding annual meeting. Thus, the deadline for providing us with timely notice of any stockholder proposal to be submitted outside of the Rule 14a-8 process for consideration at our 2012 annual meeting of stockholders, will be October 17, 2011. As to all such proposals which we do not have notice on or prior to October 17, 2011, discretionary authority shall be granted to the persons designated in our proxy related to the 2012 meeting to vote on such proposals.

Stockholders interested in presenting a proposal in our proxy materials for consideration at our 2012 annual meeting of stockholders may do so by following the procedures set forth in our By-Laws as well as prescribed in Rule 14a-8 under the Securities Exchange Act of 1934, as amended. To be eligible for inclusion in our proxy statement and form of proxy relating to the meeting, stockholder proposals must be received by our board of directors no later than August 31, 2011. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion.

After the October 17, 2011 deadline, a stockholder may present a proposal at our 2012 annual meeting of stockholders if it is submitted to our board of directors at the address below, but we are not obligated to present the matter in our proxy materials.

Should the 2012 annual meeting of stockholders be advanced or delayed by more than 30 days from February 14, 2012, we will inform stockholders of such change in our earliest possible quarterly report on Form 10-Q, or, if impracticable, by any means reasonably calculated to inform stockholders. If the 2012 annual meeting date is so modified, stockholders proposals will be considered timely if they are submitted within a reasonable time prior to the mailing of our proxy materials for the 2012 annual meeting.

Any stockholder proposals should be addressed to Mr. Douglas G. Scott, Director, Hawk Systems, Inc., at 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements, annual reports and/or Notice of Internet Availability of Proxy Materials. This means that only one copy of the Company’s proxy statement, annual report or Notice of Internet Availability of Proxy Materials, as the case may be, may have been sent to multiple stockholders in a household. The Company will promptly deliver upon written or oral request, a separate copy of any such documents to a stockholder if such stockholder calls or writes to the Company at the following address or phone number: Investor Relations, Hawk Systems, Inc., at 2385 NW Executive Center Drive, Suite 100, Boca Raton, FL 33431; or 1-866-752-8683. If a stockholder wishes to receive separate copies of the Company’s proxy statement, annual report or Notice of Internet Availability of Proxy Materials, as the case may be, in the future, or if a stockholder is receiving multiple copies and would like to receive only one copy per household, the stockholder should contact his, her or its bank, broker or other nominee record holder. Alternatively, the stockholder may contact the Company at the above-referenced address or telephone number.

ADDITIONAL INFORMATION

A copy of our 2009 Annual Report is available to each stockholder in connection with this proxy statement. The 2009 Annual Report is not a part of the proxy solicitation materials.

We file reports and other information with the SEC. Copies of these documents may be obtained at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may also obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330. Our SEC filings are also available on the SEC’s web site at <http://www.sec.gov>.

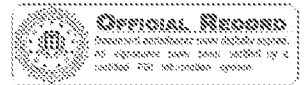
By Order of the Board of Directors,

/s/ David Coriaty

David Coriaty

Director

Boca Raton, FL
December 29, 2010



UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION**Import Form**

Form Type: FD-302

Date: 03/01/2013

Title: (U) 302 of [REDACTED]

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b7C

Approved By: A/SSRA [REDACTED]

Drafted By: [REDACTED]

Case ID #: 318B-MM-2736815 (U) Hawk Biometrics;
[REDACTED]
High Yield Securities Fraud

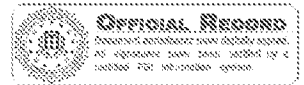
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Synopsis: (U) 302 of [REDACTED]

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UNCLASSIFIED



Date of entry 02/21/2013

[redacted] was interviewed at the New York Field Office of the Federal Bureau of Investigation (FBI), 26 Federal Plaza, New York, New York. After being advised of the identities of the interviewing Agents and the nature of the interview, [redacted] provided the following information:

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[REDACTED] In [REDACTED] was approached by [REDACTED] [REDACTED] about an investment in HAWK BIOMETRICS (HAWK). [REDACTED] was pitching many brokers on the floor around this time. [REDACTED] did not recall if [REDACTED] was on the board of HAWK at the time of the investment pitch, but knew [REDACTED] was on the board of HAWK at some point in time.

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[REDACTED] understood HAWK to be a company involved in the development and production of biometric scanners for various applications.

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[REDACTED] believed [REDACTED] spoke to him and other brokers in an informal setting initially, and [REDACTED] at some point held a formal meeting to discuss the investment in HAWK. There were approximately 7-15 people in the formal meeting. [REDACTED] provided [REDACTED] with a pamphlet describing the company and the investment.

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[REDACTED] in HAWK in late spring or early summer of 2008. He received a stock certificate for his investment. [REDACTED] knows other traders invested between \$125,000 and \$300,000 each. [REDACTED] [REDACTED] invested [REDACTED], through investments and loans to HAWK. Not including [REDACTED] believed \$1 million or more was invested in HAWK by people he knew who were approached by [REDACTED].

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After his investment, [REDACTED] attended another pitch meeting with [REDACTED]. There was also a representative from CRESTA CAPITAL at this meeting. At this meeting, [REDACTED] asked the investors for more money. [REDACTED] claimed the company had products in the pipeline, but no production yet. [REDACTED] claimed HAWK had the only biometrics product that could be used in car ignitions. [REDACTED] also claimed [REDACTED]

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	thought about investing in HAWK.
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Investigation on 02/20/2013 at New York, New York, United States (In Person)

File # 318B-MM-2736815 Date drafted 02/21/2013

by _____

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b7C

318B-MM-2736815

Continuation of FD-302 of Interview of [REDACTED], On 02/20/2013, Page 2 of 3

b6
b7C

[REDACTED] initial investment was for [REDACTED] shares of HAWK. At some point, [REDACTED] told [REDACTED] HAWK went public through a reverse merger with a public company. After the reverse merger, [REDACTED] had [REDACTED] shares of HAWK at \$1.50 per share. Once HAWK started trading, the price dropped quickly to \$0.20 or \$0.40 per share. HAWK shares now trade at less than \$0.01 per share, and the stock has gone through a 6-to-1 or 12-to-1 reverse split.

b6
b7C

One trader who invested in HAWK was [REDACTED] telephone number [REDACTED] and now is a [REDACTED] flew to Florida to visit HAWK's operations. [REDACTED] was asked to go as well, but did not.

b6
b7C

[REDACTED] learned from [REDACTED] that HAWK funds were being used for personal expenses for [REDACTED] and others within the company. [REDACTED] and [REDACTED]

b6
b7C

[REDACTED] spoke to people within HAWK, HAWK's accounting firm, HAWK's brokerage firm, and HAWK's law firm regarding the expenses. [REDACTED] has not gotten any answers. [REDACTED] believed the law firm was GREENBERG & TROUTMAN. Most of [REDACTED] information came from [REDACTED]

b6
b7C

[REDACTED] has emailed and spoken to [REDACTED] several times over the last two years. [REDACTED] last saw [REDACTED] in person approximately one month ago. [REDACTED]

b6
b7C

[REDACTED] emailed [REDACTED] regarding the use of HAWK funds. [REDACTED] gave answers which [REDACTED] felt were not sufficient. [REDACTED] did not speak to [REDACTED]

b6
b7C

[REDACTED] were somehow involved in HAWK, but [REDACTED] did not know how. [REDACTED] was also involved in the company. [REDACTED] a company called FIST, was also involved with HAWK. HAWK and FIST had a business deal.

b6
b7C

[REDACTED] believed [REDACTED] learned what was going on within HAWK, and [REDACTED] was paid off. There are other people who have been paid commissions through HAWK for work that was not done.

[REDACTED] family members own HAWK stock, but they did not purchase the stock.

b6
b7C

[REDACTED] has read online that there could be as much as \$30 million

b6
b7C

318B-MM-2736815

Continuation of FD-302 of Interview of [REDACTED], On 02/20/2013, Page 3 of 3

b6
b7C

invested in HAWK. Based on the amounts [REDACTED] knows were invested, and loans he knows of, [REDACTED] felt this could be a reasonable number.

b6
b7C

[REDACTED] stated at current time, he believed his financial status qualified him as an accredited investor. At the time of his investment, his financial status was not as robust and he may not have qualified as an accredited investor at that time. He was told to fill out a form to state he was an accredited investor, but no investors filled out the form.

b6
b7C

[REDACTED] did not receive any return on his investment.

b6
b7C

[REDACTED] advised he kept documents and emails related to his investment in HAWK, and correspondence regarding the use of HAWK funds for personal expenses. [REDACTED] agreed to provide this information to interviewing Agents at a later date.

b6
b7C

①

only 2nd

[redacted]

↳ [redacted]

b6
b7C

on board Hawk @ some pt.

Plen to back on floor

pamphlet

Forced mty - with 7 - 15
seats on floor

[redacted]

- [redacted]

- some info, some lean

b6
b7C

[redacted] - [redacted]

others - 125 - 200K

around 1m, in the room - about

[redacted]

b6
b7C

late gang - not sure of - juv

ga one chunk

[redacted] - [redacted]

mtg - w/

[redacted]

~~before~~ before

b6
b7C

[redacted] - asked for more of

create capital w/ [redacted]

what gave me of

clans - stuff in pipeline

(2)

Clams only product can be put in cars
Biology for research

Claimed [] suits that of []

didn't [] - [] []

b6
b7C

~~last~~ []

spoke face-to-face last month

[]

[] - told [] two reverse []

b6
b7C

instead []

had []

@ 6.50

fridays - run less - make 20-40 cars

dropped - low order - 01

@ or 12 for 1 reverse

documents from []

receipts

[]

↳ [] []

b6
b7C

[]

b6
b7C

[] and [] have receipts

(3)

Firm of [] has stock - no \$ up

b6
b7C

Rates - involved, but from what
[] told re: Rates

b6
b7C

[] / [] []
[] - []

Flew down to see operation
for in FL

[] asked, did not go

b6
b7C

[] - info from []

Called [] with L-hold
out firm

Probase firm

Law firm - Greenberg & Trotter
Chicago firm

no great late times

Emails [] - 2 trs

Emailed [] - asking questions

b6
b7C

Got answers, not sufficient

[] - agree to - got com, pledged over

9

Asked [] re: loan

b6
b7C

Other investors - some as w/m

Ballpark cut

Lead on the entire - \$30 m in cut was cut

2 shares

a loan

300

[] SWC [] involved

[] - also involved

blank - deal w/ first

[] first

b6
b7C

[] thinks [] learned, that had CFF

[] [] involved

Others Paid Consulting Fees For nothing

[] - lawsuit, 1 m in fees spent

b6
b7C

LOAN - could have cut

Accounted investor

told [] to fill out form - what filled out

5

@ time - met not have been questioned

ordered clear - getting it

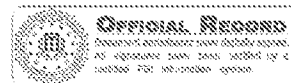
\$0 back from informant

don't give out forms

got sure cert -

☐ - email 2 weeks ago - all info in PDF

b6
b7C



FEDERAL BUREAU OF INVESTIGATION

Date of entry 03/12/2013

b6
b7C

[REDACTED] was telephonically interviewed regarding his investment in Hawk Biometrics (Hawk). After being advised of the identity of the interviewing agent and the nature of the interview, [REDACTED] provided the following information:

[REDACTED] became acquainted with another trader named [REDACTED]. Sometime around summer of 2008, [REDACTED] solicited [REDACTED] to invest in Hawk. Hawk was described as a private corporation that was in the process of becoming a publicly traded company. [REDACTED] remembered [REDACTED] describing the product that Hawk was developing as a good product, but [REDACTED] did not recall any paperwork describing the technology nor did he receive any documents related to his investment. [REDACTED] did not receive any investment documents, subscription agreements, or a prospectus of any kind.

b6
b7C

During the summer of 2008, [REDACTED] invested [REDACTED] via two checks written to Hawk Biometrics. This was a private purchase of Hawk stock. Hawk was a private corporation at the time of this investment. [REDACTED] believed he also invested an additional [REDACTED] for a total investment of [REDACTED].

b6
b7C

[REDACTED] and lost track of [REDACTED]. During this time, Hawk became a publicly traded company called Hawk Systems. Hawk Systems stock fell well below the price that [REDACTED] paid for Hawk stock. [REDACTED] believed his investment in Hawk was just a bad business decision, until he heard rumors that fraud may have been a big reason as to why he lost his investment. [REDACTED] heard rumors of embezzlement within Hawk from other traders that invested through [REDACTED]. Soon after hearing these rumors, [REDACTED] contacted [REDACTED] who told him that everything would be all right with the company. During this same conversation, [REDACTED]

b6
b7C

Investigation on 02/28/2013 at West Palm Beach, Florida, United States (Phone)

File # 318B-MM-2736815

Date drafted 03/12/2013

by

b6
b7C

318B-MM-2736815

Continuation of FD-302 of Interview of [REDACTED], On 02/28/2013, Page 2 of 2 **b6**
b7C

[REDACTED] advised that [REDACTED]
[REDACTED] that also lost money investing in Hawk. [REDACTED] may **b6**
have additional information related to fraud committed by [REDACTED] and **b7C**
[REDACTED]

b6
b7C

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Physical 1A/1C Cover Sheet for Serial Export

Created From: 318B-MM-2736815

Serial 8

Package: 1A2

Stored Location: None

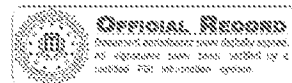
Summary: (U) [REDACTED]
interview notes

Acquired By: [REDACTED]

Acquired On: 2013-02-28

Attachment: (U) [REDACTED]
Interview Notes

b6
b7C



FEDERAL BUREAU OF INVESTIGATION

Date of entry 03/22/2013

[REDACTED] was interviewed at her residence located at [REDACTED]. After being advised of the identities of the interviewing agents and the nature of the interview, [REDACTED] provided the following information:

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b7C

[REDACTED]. She believed [REDACTED] was the only signor on all of the Hawk bank accounts. [REDACTED] believed Hawk was some sort of biometrics company that developed computer chips related to the security of cars and boats.

b6
b7C

[REDACTED] During that time, [REDACTED] [REDACTED] were friendly with neighbors [REDACTED] and would frequently socialize with them. [REDACTED] were two of the neighbors that [REDACTED] would usually socialize with. [REDACTED] did not believe that [REDACTED] and [REDACTED] were affiliated with Hawk in any way. She only knew them as neighbors and not as individuals that were associated with Hawk.

b6
b7C

The individuals that [REDACTED] knew to be affiliated with Hawk in some way were [REDACTED] remembered meeting these individuals at one time or another and remembered [REDACTED] speak of them as people who were involved in Hawk. However, she did not remember [REDACTED] ever speak of [REDACTED] as being associated or involved in Hawk at any point in time. [REDACTED] was not sure whether [REDACTED] [REDACTED] was associated with Hawk.

b6
b7C

[redacted] remembered [redacted] speak of manufacturing something, but she did not have any knowledge of any sales by Hawk. [redacted] stated that she was never at the Hawk office. According to [redacted], the corporate check books

b6
b7C

Investigation on 03/22/2013 at West Palm Beach, Florida, United States (In Person)

File# 318B-MM-2736815

Date drafted 03/22/2013

by

b6
b7C

318B-MM-2736815

Continuation of FD-302 of Interview of [REDACTED], On 03/22/2013, Page 2 of 2

b6
b7C

for Hawk were kept at [REDACTED] advised that she never signed any checks for [REDACTED] she never purchased cashier's checks for him, and she had no knowledge of whether [REDACTED] ever delegated anyone to write checks for him. However, she was asked one time by [REDACTED] to record a payment for him in a ledger which was also kept at his residence. [REDACTED] recalled that [REDACTED] took a trip to Vegas sometime in 2007, but she had no knowledge as to the reason for the trip or how he paid for the trip.

b6
b7C

[REDACTED] added that she was recently subpoenaed to be deposed regarding a civil suit against [REDACTED] and Hawk, but she was never called to be deposed.

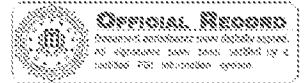
b6
b7C

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Physical 1A/1C Cover Sheet for Serial Export

Created From: 318B-MM-2736815
Serial 9
Package: 1A3
Stored Location: None
Summary: (U) Interview notes re
[REDACTED]
Acquired By: [REDACTED]
Acquired On: 2013-03-22
Attachment: (U) Interview notes re
[REDACTED]

b6
b7C



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FEDERAL BUREAU OF INVESTIGATION**Electronic Communication****Title:** (U) Investor List**Date:** 05/24/2013**From:** MIAMI

MM-PB1

Contact: [REDACTED]**Approved By:** [REDACTED]b6
b7C**Drafted By:** [REDACTED]**Case ID #:** 318B-MM-2736815

(U) Hawk Biometrics;

[REDACTED]

High Yield Securities Fraud

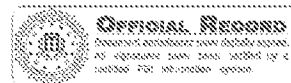
b6
b7C**Synopsis:** (U) A list of victim investors provided by [REDACTED]**Full Investigation Initiated:** 05/15/2012**Administrative Notes:** (U) Reference [REDACTED] 302 dated 02/28/2013.**Enclosure(s):** Enclosed are the following items:b6
b7C

1. (U) A list of victim investors provided by [REDACTED]

Details:b6
b7C

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FEDERAL BUREAU OF INVESTIGATION**Electronic Communication****Title:** (U) Hawk systems summary of bank records.**Date:** 06/10/2013**From:** MIAMI

MM-PB1

Contact: [REDACTED]**Approved By:** [REDACTED]b6
b7C**Drafted By:** [REDACTED]**Case ID #:** 318B-MM-2736815

(U) Hawk Biometrics;

[REDACTED]

High Yield Securities Fraud

b6
b7C**Synopsis:** (U) Summary of records analysis by PBSO Analyst, [REDACTED]
regarding [REDACTED]b6
b7C
b7D**Full Investigation Initiated:** 05/15/2012**Enclosure(s):** Enclosed are the following items:

1. (U) [REDACTED]
2. (U) [REDACTED]
3. (U) [REDACTED]

b7D

Details:

Attached are the following documents regarding the Hawk Systems case:

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b7C
b7D

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Title: (U) Hawk systems summary of bank records.

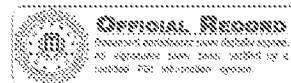
Re: 318B-MM-2736815, 06/10/2013



b7D

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FEDERAL BUREAU OF INVESTIGATION**Complaint Form**

Title: (U) Securities Fraud - HAWK
BIOMETRICS [REDACTED]

Date: 06/17/2013

b6
b7C

Approved By: [REDACTED]

Drafted By: [REDACTED]

Case ID #: 318B-MM-2736815 (U) Hawk Biometrics;
[REDACTED]
High Yield Securities Fraud

b6
b7C

Complaint Synopsis: (U) Complainant invested [REDACTED] in HAWK BIOMETRICS stock on the premise that it was a profitable investment due to contract for distribution of biometric fingerprint readers held by HAWK, which were never produced and such contract was not real. Complainant's stock is worth nothing, causing Complainant to have lost [REDACTED]

b6
b7C

Full Investigation Initiated: 05/15/2012

Enclosure(s): Enclosed are the following items:

1. (U) Supporting Documents from Complainant
2. (U) [REDACTED] Business Card
3. (U) Handwritten Notes for HAWK BIOMETRIC Complaint

b6
b7C

Received On: 06/11/2013

Receipt Method: In Person

Received By: [REDACTED]

b6
b7C

Incident Type: Criminal Activity

Occurrences:

From: 06/01/2006 12:00 AM EDT **To:** 06/11/2013 12:00 AM EDT

Complaint Details:

In June 2006, Complainant, [REDACTED]

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b7C

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Title: (U) Securities Fraud - HAWK BIOMETRICS, [REDACTED]
Re: 318B-MM-2736815, 06/17/2013

b6
b7C

[REDACTED]

b6
b7C

In 2008, [REDACTED] introduced Complainant to [REDACTED] of HAWK BIOMETRIC TECHNOLOGIES (now called HAWK SYSTEMS). [REDACTED] took Complainant to lunch and told Complainant that HAWK was a good company to invest in as it was a profitable company, with a contract with MAGNA CORP, for which they were in production and in process of fulfilling. [REDACTED] said they had developed the technology for and were producing a biometric fingerprint reader for high-end cars so that no one but those whose fingerprints had been imputed into the system would be able to start the car. Along with the fingerprint reader itself, was accompanying software. [REDACTED]

b6
b7C

[REDACTED] also told Complainant that [REDACTED] of CRESTSTAR FINANCIAL in New York, would monetarily back HAWK so the investment was safe. Through a wire transfer facilitated by [REDACTED] Complainant bought [REDACTED] of HAWK BIOMETRICS stock using [REDACTED] [REDACTED] To date, the stock is listed with zero value, and to Complainant's knowledge, HAWK has never made products for distribution, and contract [REDACTED] claimed HAWK had with MAGNA CORP never existed. Additionally, at the lunch meeting Complainant had with [REDACTED] claimed that HAWK stock was listed stock at that time. However, Investors Capital, through whom Complainant had an IRA and wanted to include the HAWK stock, sent a letter of refusal to accept HAWK stock into Complainant's IRA. Complainant believes the refusal was on account of HAWK not being listed stock as [REDACTED] claimed it to be.

b6
b7C

Complainant currently holds [REDACTED] shares of HAWK stock, and it is worth nothing.

b6
b7C

Additionally, the other [REDACTED] which had remained in the managed account under [REDACTED] was lost by [REDACTED] completely and as of December 2012, the balance of that managed account is now \$0.00.

b6
b7C

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Title: (U) Securities Fraud - HAWK BIOMETRICS/[REDACTED]
Re: 318B-MM-2736815, 06/17/2013

b6
b7C

Pre-Assessment Findings:

71 will be uploaded to case file 318B-MM-2736815. Complainant will be interviewed thoroughly

Recommended Action: File to Existing Case

Entities:

[REDACTED] (Victim, Person, U.S. Person? Yes)

b6
b7C

Victim Information

Victimized From: 06/01/2006

Victimized To: 06/11/2013

Total Loss (USD) [REDACTED]

Identification Number

Social Security Account: [REDACTED]

Name/Biographical Information

Name: [REDACTED]

Born: [REDACTED]

Minor? No

Has Diplomatic Status? No

b6
b7C

Location

Address: [REDACTED]

City: [REDACTED]

State: [REDACTED]

Zip Code: [REDACTED]

Country: United States

Relationship: Residence

b6
b7C

Communication Account 1

Type: Telephone

Account: [REDACTED]

Relationship: Utilizes

Comment: Home phone number

Communication Account 2

Type: Telephone

Account: [REDACTED]

Comment: Cell phone

b6
b7C

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Title: (U) Securities Fraud - HAWK BIOMETRICS, [REDACTED]

Re: 318B-MM-2736815, 06/17/2013

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b7C

[REDACTED] (Main, Person, U.S. Person? Unknown)

Name/Biographical Information

Minor? No

Occupation: [REDACTED]

Has Diplomatic Status? No

Comment: [REDACTED] with Smart Money of Boca Raton,
Florida

b6
b7C

Smart Money (Reference, Organization, U.S. Person? Unknown)

Hawk Biometrics Technologies (Main, Person, U.S. Person? Unknown)

Location

Address: 777 South Flagler Drive
Ste. 800 WTA

City: West Palm Beach

State: FL

Zip Code: 33401

Country: United States

Relationship: Employment

[REDACTED] (Main, Person, U.S. Person? Unknown)

b6
b7C

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Explorations Group Acquires Hawk Biometric Technologies, Inc.

NEW YORK, Feb. 19 /PRNewswire-FirstCall/ – Explorations Group Inc. (OTCBulletinBoard: EXGI) , announced today that it has acquired Florida-based Hawk Biometric Technologies, Inc., a developer of patented biometric systems for the automotive, real estate and maritime industries. Hawk Biometric's signature PASS(TM) product integrates fingerprint scanning into a vehicle's operating system and permits operation by only authorized drivers. Combined with optional GPS capabilities, PASS(TM) allows vehicle owners to remotely monitor, track, geo-fence, speed check and disable PASS(TM) equipped vehicles.

David Coriaty, CEO of Hawk Biometric and the new CEO of Explorations stated "by joining with Explorations, we now have the opportunity to leverage our substantial biometrics intellectual property and the ability to access additional capital to pursue distribution, marketing, and manufacturing relationships to broaden our penetration into multiple market verticals." Eric Brown, the departing CEO of Explorations said "we are thrilled to have the entire Hawk Biometric team join us. The acquisition of Hawk Biometric should be just the first step in our long term plan to build shareholder value."

Shareholders of Hawk Biometric received a total of 800,000 shares of Explorations' Series B preferred stock, each share of which is convertible into 100 shares of Explorations' common stock. Explorations is planning a 1-for-6 reverse split of its common stock. The Series B preferred shares will not be affected by such stock split. Explorations expects to spin-off its parking garage assets to its shareholders of record as of February 18, 2009.

Statements in this press release that are not statements of historical or current fact constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other unknown factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. In addition to statements which explicitly describe such risks and uncertainties, readers are urged to consider statements labeled with the terms "believes," "should," "intends," "will," or "plans" to be uncertain and forward-looking. The forward-looking statements contained herein are also subject generally to other risks and uncertainties that are described from time to time in the Company's reports and registration statements filed with the Securities and Exchange Commission.



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processing /:~:/

[redacted]

[redacted]

[redacted]

[redacted]

DDIS
SSA

[redacted]

[redacted]

b6
b7C

[redacted]

[redacted]

[redacted]

Invested through [redacted] - [redacted]
facilitated bank wire transfer for [redacted] to
purchase Hawk Biometric Technologies -
now Hawk Systems.

[redacted] was told by [redacted]
that Hawk Stock was listed, but
later received a letter from 'Invest'
stating it was not listed.

b6
b7C

Hawk Biometrics / [redacted]
777 S. Flagler Dr. Ste. 800 WTA
West Palm Beach, FL 33401

- Money was

[redacted]

- When [redacted] met w/ [redacted] - they
told [redacted] that Hawk was producing product &
had a contract w/ Magna & were working towards
fulfilling - pitched as a profitable investment

b6
b7C

b6
b7C

value still
today

- Stock is zero for Hawk & to [] knowledge, they have never made products for distribution to his knowledge.

they also told him that [] of Creststar Financial & would place money behind Hawk Biometrics so this was a safe investment.

b6
b7C

- So though [] has [] in stock for Hawk, it is worth nothing.

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FOI/PA
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FOI/PA# 1379042-0

Total Deleted Page(s) = 43

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[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

b6
b7C

Kevin

[redacted]

Met

[redacted]

then

[redacted]

17 investors - before it went public \$1.7 Total

2006 + 2007
✓ 5

[redacted]

- NO SUBSC AGN DOC

[redacted]

- talked it up
good product

[redacted]

- 2010 -

[redacted]

- sent e-mails saying people
fraud.

- 1/2012 - sales meeting
wife went to a sales mtg.

[redacted]

Auto License

b6
b7C

Said everything would
be alright
blame [redacted]

[redacted]

- invested earlier

[prospective 2008]

7/22/13

here
lived 2010

[redacted]

[redacted]

-

[redacted]

b6
b7C

- Never worked for Hawk -

known Bravetti Company

developed clip - cars, boats

[redacted]

[redacted]

Lived in Gardens 6 mos

b6
b7C

2008 -

[redacted]

[redacted]

- don't recall being auth to sign checks

off. w/ Hawk Met

[redacted]

[redacted]

[redacted]

Not affiliated w/ Hawk as far as she knows

[redacted]

- Not known if affiliated - wasn't ^{she} included

Lived in

[redacted]

Not sure

[redacted]

b6
b7C

[redacted]

- Not heard him speak of [redacted] & [redacted] assoc. w/ company.

heard talks about putting - always trying to close a deal but no knowledge of Sale

- served w/ ~~Supervisor~~ to be deposed
never deposed.

✓ [REDACTED]

b6
b7C

- Never signed ✓ for him - once he asked to
record a point in ledger.
didn't believe ✓ book at home
house
She ~~was~~ never at office.

Never purchased cashier ✓'s

No knowledge that he ever delegated
writing ✓'s to anyone.

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1379042-0

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UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/11/2012

To: Newark

From: Newark

Squad C5

Contact: SA [REDACTED]

Approved By: [REDACTED] *MB*

b6
b7C

Drafted By: [REDACTED] *mh*

Case ID #: 318B-NK-NEW *120377* (Pending)

Title: HAWK SYSTEMS INC
SECURITIES FRAUD
OO:NK

Synopsis: Request to open above captioned investigation.

Details: Captioned investigation was predicated on CHS
information [REDACTED]

b6
b7C
b7D

b7D

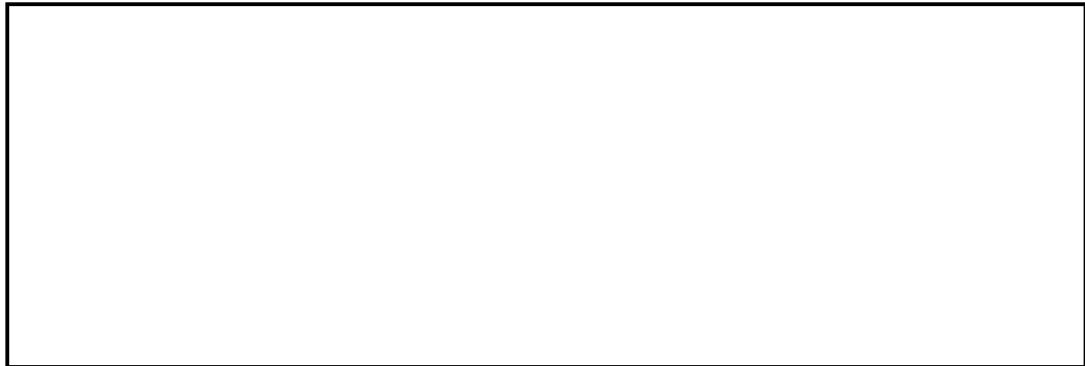
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UNCLASSIFIED

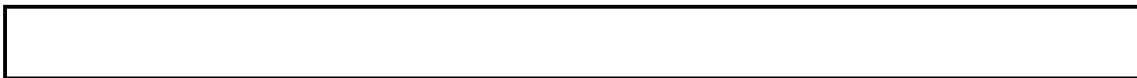
318B-NK-120377-1

UNCLASSIFIED

To: Newark From: Newark
Re: 318B-NK-NEW (Pending), 05/11/2012



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b7C
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b7D



b5
b6
b7C

It is requested that captioned investigation be opened and assigned to SA [redacted] with SA [redacted] as the co-case agent.

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♦♦

UNCLASSIFIED

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/21/2012

To: Newark

From: Newark

C-5

Contact: SA [REDACTED]

Approved By: [REDACTED]

Drafted By: [REDACTED]

mh VM

JM

b6
b7C

Case ID #: 318B-NK-120377 - 3

Title: HAWK SYSTEMS INC
SECURITIES FRAUD
NK:OO

Synopsis: To report investigation results from [REDACTED]

b6
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b7D

Enclosure(s): Reports detailed below.

Details: Attached are following documents furnished [REDACTED]

b6
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b7D

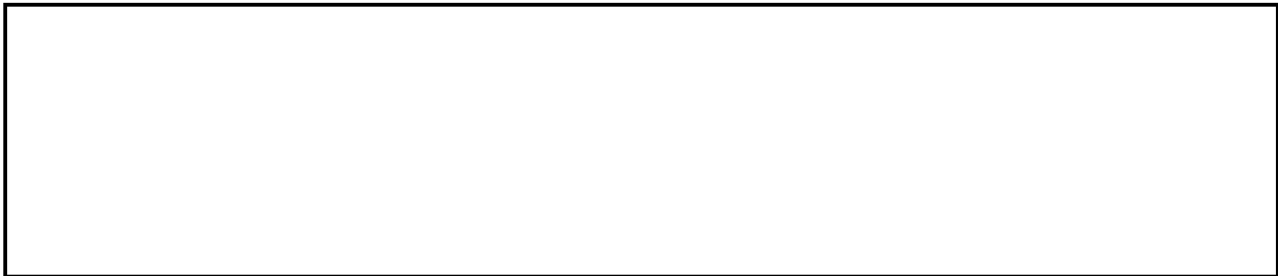
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318B-NK-120377-3

UNCLASSIFIED

To: Newark From: Newark
Re: 318B-NK-120377, 05/21/2012



b7D

All Documentation listed above is enclosed in a FD-340(1-A) envelope.

♦♦

UNCLASSIFIED

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FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/22/2012

To: Newark

From: Newark
C-5

Contact: SA [REDACTED]

Approved By: [REDACTED] *Jlt*

Drafted By: [REDACTED] *mh*

Case ID #: 318B-NK-120377-4

Title: HAWK SYSTEMS INC
SECURITIES FRAUD
NK:OO

Synopsis: To report investigation results from [REDACTED]

Enclosure(s): Reports detailed below.

Details: Attached are following documents furnished [REDACTED]

[REDACTED]

[REDACTED]

All Documentation listed above is enclosed in a FD-340(1-A) envelope.

♦♦

UNCLASSIFIED

318B-NK-120377-4

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FEDERAL BUREAU OF INVESTIGATION**Precedence:** ROUTINE**Date:** 06/01/2012**To:** Newark**From:** Newark

Newark

Contact: [REDACTED]**Approved By:** [REDACTED] *ME/dm***Drafted By:** [REDACTED] *M***Case ID #:** 318B-NK-120377 (Pending) - 5
188B-NK-C113379-C (Pending)**Title:** VICTIM NOTIFICATION FORM**Synopsis:** HIGH YIELD SECURITIES FRAUD**Reference:** 318B-NK-120377 Serial 1**Details:**

VnsCase#: 318B-NK-120377

CAgtName: [REDACTED]

PContact: Person

BusName :

BusEIN :

BusAcct :

VicFirN : [REDACTED]

VicMidN : [REDACTED]

VicLastN: [REDACTED]

SSAN :

VicDate : 20120511

VicDOD :

VicMinor: N

DOB :

Race : U

Sex : U

Addr : [REDACTED]

Addr2 :

City : [REDACTED]

State :

Country :

Zip : [REDACTED]

Email :

HPhone :

Fax :

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318B-NK-120377-5

To: Newark From: Newark
Re: 318B-NK-120377, 06/01/2012

VWrkAddr:
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VWrkCity:
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WEmail :
WPhone :
WFax :
VicPager:
NOKFirN :
NOKMidN :
NOKLastN:
NOKRel :
NOKAddr :
NOKAddr2:
NOKCity :
NOKState:
NOKCtry :
NOKZip :
NOKHEmal:
NOKWEmal:
NOKHPho :
NOKWPho :
NOKHFax :
NOKWFax :
NOKPager:
GrdFirN :
GrdMidN :
GrdLastN:
GrdRel :
GrdAddr :
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GrdState:
GrdCtry :
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GrdPager:
PropRet : N
TotLoss : 000000000
Lang. :
Disable :

To: Newark From: Newark
Re: 318B-NK-120377, 06/01/2012

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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1379042-0

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FD-340 (Rev. 4-11-03)

File Number 318B-WK-120377

Field Office Acquiring Evidence Newark

Serial # of Originating Document 3

Date Received 3/30/12

From

[Redacted Box]

(Name of Contributor/Interviewee)

(Address)

(City and State)

By

SA [Redacted Box]

To Be Returned ☐ Yes

☒ No

Receipt Given ☐ Yes

☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure

☐ Yes

☒ No

Federal Taxpayer Information (FTI)

☐ Yes

☒ No

Title:

Reference: E/C

(Communication Enclosing Material)

Description: ☐ Original notes re interview of

[Redacted Box]

**DO NOT
DESTROY**
FOIPA# 1379042

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FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1379042-0

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File Number 3188-NK-120377Field Office Acquiring Evidence NewarkSerial # of Originating Document 4Date Received 5-21-12From

(Name of Contributor/Interviewee)

(Address)

(City and State)

By SA To Be Returned ☐ Yes☒ NoReceipt Given ☐ Yes☒ NoGrand Jury Material - Disseminate Only Pursuant to Rule 6 (e)
Federal Rules of Criminal Procedure☐ Yes☒ No

Federal Taxpayer Information (FTI)

☐ Yes☒ No

Title:

Reference: E/C

(Communication Enclosing Material)

Description: ☐ Original notes re interview ofb6
b7C
b7Db6
b7Cb6
b7C
b7D

UNCLASSIFIED

FEDERAL BUREAU OF INVESTIGATION

Precedence: ROUTINE

Date: 05/14/2012

To: Miami

Attn: C-1
SSA [redacted]

From: Miami

PB-1/PBRA

Contact: SA [redacted]

b6
b7C

Approved By: [redacted] *SVB*

Drafted By: [redacted]

wjl

b6
b7C

Case ID #: 318C-MM-110818 (Pending)-AA137
318C-MM-110818

Title: [redacted]

b7E

Synopsis: To open sub file in captioned matter.

Administrative: Reference telephone call between SSA [redacted]
PB-1, and SSA [redacted] C-1, on 05/14/2012.

b6
b7C

Details: On 05/07/12, SSA [redacted] and writer met with
[redacted] of the Palm Beach County Sheriff's
Office, Financial Crimes Unit, regarding the principals of Hawk
Biometrics (Hawk), a fingerprint security technology company.

b6
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UNCLASSIFIED

Per SA [redacted] Sub AA137
Title - Hawk Biometrics

*08A SUBJ
SUB FILE
TO SA
5/15/12
MAS
SVB*

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318C-MM-110818-AA137-1

UNCLASSIFIED

To: Miami From: Miami
Re: 318C-MM-110818, 05/14/2012

[REDACTED]

b6
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[REDACTED]

b6
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Based on the suspected criminal activity, it is suggested that [REDACTED]

[REDACTED]

b7E

[REDACTED]. It is therefore requested that this matter be opened as a sub file in captioned matter and assigned to writer.

♦♦

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