FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FILER

IQ BIOMETRIX INC

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Mailing Address
10600 N DE ANZA BOULEVARD
CUPERTINO CA 95014

Business Address
10600 N DE ANZA BOULEVARD
CUPERTINO CA 95014
5592222229

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

(Mark One)

|X| QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2004

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT

For the transition period from to

Commission file number 000-24001

IQ BIOMETRIX, INC.

(Exact name of small business issuer as specified in its charter)

Delaware	76-0552098
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

39111 Paseo Padre Parkway, Suite 304, Fremont, California 94538
(Address of principal executive offices)

(510) 795-2900 (Issuer's telephone number)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of March 31, 2004 the registrant had 23,903,545 shares of its common stock outstanding.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Transitional Small Business Disclosure Format (Check one): Yes |_| No |X|

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FORM 10-QSB REPORT

March 31, 2004

PART I. FINANCIAL STATEMENTS

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED BALANCE SHEET

March 31, 2004

<TABLE>
<CAPTION>

ASSETS	
<S>	<C>
CURRENT ASSETS:	
Cash	$ 72,686
Trade accounts receivable, net of allowance for doubtful accounts of $0	34,433
Inventory	4,821
Other	149,809
Total current assets	261,749
INTANGIBLES, net	96,557
OFFICE EQUIPMENT, net	6,568
Total assets	$ 364,874
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Convertible debentures, net of discount	$ 1,546,136
Accounts payable	52,995
Accrued expenses	226,000
Total current liabilities	1,825,131
COMMITMENTS	
STOCKHOLDERS' DEFICIT:	
Preferred stock, $.01 par value; 10,000,000 shares authorized, none issued -	
Common stock, $.01 par value; 50,000,000 shares authorized, 23,903,545 shares outstanding, $239,036; additional paid-in capital $9,344,854; Accumulated deficit ($11,044,147)	
Total stockholders' deficit	(1,460,257)
Total liabilities and stockholders' deficit	$ 364,874

</TABLE>

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

IQ BIOMETRIX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

<TABLE>
<CAPTION>

<S>	For the three months ended March 31, 2004 <C>	2003 <C>	For the nine months ended March 31, 2004 <C>	2003 <C>
Revenue - software sales	$ 72,158	$ 44,986	$ 210,512	$ 73,291
Operating expenses				
Cost of sales	32,503	3,181	83,585	17,303
Sales and marketing	122,799	28,416	303,613	114,300
General and administrative	2,376,315	300,125	4,687,869	855,324
Research and development	21,750	6,330	171,918	86,597
Interest, net	383,561	6,206	1,108,009	25,318
Impairment	0	0	20,042	52,401
Depreciation/Amortization	993	6,818	7,668	20,328
Total operating expenses	2,937,921	351,076	6,382,703	1,171,571
Net Loss	$ (2,865,763)	$ (306,090)	$ (6,172,191)	$ (1,098,280)
Basic and Diluted net loss per share	($ 0.13)	($ 0.02)	($ 0.29)	($ 0.07)
Weighted average shares outstanding	22,225,077	17,088,647	21,171,763	16,702,777

</TABLE>

IQ BIOMETRIX, INC
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

<TABLE>
<CAPTION>

<S>	For the nine months ended March 31, 2004 <C>	2003 <C>
OPERATING ACTIVITIES:		
Net loss	$(6,172,191)	$(1,098,280)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	50,689	20,328
Stock Warrants issued as interest on loans	--	19,112
Common stock issued for services	4,023,131	64,868
Non cash compensation expense	479,234	--
Writeoff of advance to former director	--	52,401
Amortization of debt discount	894,668	--
Changes in assets and liabilities:		
Accounts receivable	(28,460)	(3,248)
Advance to IQ Entertainment	--	(26,121)
Inventory	1,187	12,000
Prepaid expenses	(111,927)	--
Accounts payable and accrued expenses	152,821	221,309
Net cash used in operating activities	(710,848)	(737,631)

Investing activities		
Purchase of fixed assets	(1,845)	--
Purchase of intellectual property	(62,002)	--
Note receivable	50,000	--
Increase in deposits	--	(950)
Net cash used in investing activities	(13,847)	(950)
Financing activities		
Proceeds from sale of common stock	--	200,000
Proceeds from exercise of options	49,700	--
Proceeds from new convertible notes payable	700,000	400,000
Payments on demand notes payable	(50,000)	--
Proceeds from demand notes payable	--	50,000
Net cash provided by financing activities	699,700	650,000
Net increase (decrease) in cash	(24,995)	(88,581)
Cash, beginning of year	97,681	92,213
Cash, end of year	72,686	3,632

</TABLE>

IQ BIOMETRIX, INC.

NOTES TO INTERIM FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of IQ Biometrix, Inc. have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-QSB and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for 2003 as reported in the 10-KSB have been omitted.

STOCK BASED COMPENSATION:

The Company accounts for its employee stock-based compensation plans in accordance with the instrinsic value method under Accounting Principles Board ("APB") Opinion No. 25, Accounting for Stock Issued to Employees. The Company granted 450,000 options to purchase common stock to employees in the three months ending March 31, 2004. All employee options vest over 24 months, and have an exercise price of $1.50. No expense was recorded for these options under the intrinsic value method for the three months ending March 31, 2004.

The following table illustrates the effect on net loss and net loss per share if the Company had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net loss available to common stockholders, as reported	$(2,865,763)	$ (306,090)
Less: stock based compensation determined under fair value based method	(786,810)	--
Pro forma net loss	$(3,652,573)	$ (306,090)
Basic and diluted net loss per share		
As reported	$ (0.13)	$ (0.02)
Pro forma	$ (0.16)	$ (0.02)

Third party consultants were issued options to purchase 310,000 shares of common stock with a five year life and exercise prices ranging from $1.28 to $1.50. Total non-cash expense of $449,234 based on fair value using the Black Scholes method was recorded as of March 31, 2004.

NOTE 2 - CONVERTIBLE NOTES PAYABLE

Under generally accepted accounting principles in the United States, IQ Biometrix is required to record the value of beneficial conversion features of convertible debentures as a debt discount. In addition, the value of any underlying warrants determined using the Black Scholes method is also recorded as a debt discount. This debt discount will be amortized and charged to interest expense over the term of the respective debenture agreements. In the event the investors convert the debentures prior to the maturity of the agreements, then generally accepted accounting principles require IQ Biometrix to expense the unamortized balance of the debt discount in full. During the three months ended March 31, 2004, no debentures were converted.

NOTE 3 - STOCK ISSUANCES

* During the nine month period ended March 31, 2004, IQ Biometrix issued 452,840 shares for $49,700 in cash pursuant to option exercises. During the three month period ended March 31, 2004, 180,000 shares were exercised for $18,000 in cash pursuant to option exercises.

* During the nine month period ended March 31, 2004, IQ Biometrix issued 3,524,072 shares to consultants for corporate development, marketing, investment banking, investor relations and sales support services valued at $4,023,131. During the three month period ended March 31, 2004, IQ Biometrix issued 925,403 shares to consultants for corporate development, marketing, investment banking, investor relations and sales support services valued at $1,683,499.

* During the nine month period ended March 31, 2004, IQ Biometrix issued 189,637 shares to a board member in repayment of debt, and payment for consulting services and expense reimbursements valued at $123,264.

* During the nine month period ended March 31, 2004, IQ Biometrix issued 71,111 shares in payment of intellectual property valued at $66,000 in the nine month period ended March 31, 2004.

* During the nine month period ended March 31, 2004, IQ Biometrix issued 60,000 shares in payment of accrued but unpaid interest valued at $55,800.

* During the nine month period ended March 31, 2004, IQ Biometrix issued 700,000 shares issued related to accrued stock issuance totaling $168,000 at June 30, 2003.

NOTE 5 - SUBSEQUENT EVENTS:

On April 15, 2004, IQB and Wherify Wireless, Inc. ("Wherify") jointly announced the signing of a definitive agreement under which Wherify Acquisition, Inc., a wholly-owned subsidiary of IQB, would be merged with and into Wherify and Wherify would become a wholly-owned subsidiary of IQB. Under the proposed transaction, IQB would issue to Wherify shareholders a number of shares of IQB common stock equal to four times the number of shares of IQB common stock issued and outstanding immediately prior to the merger, including shares of IQB common stock issuable upon exercise of warrants and conversion of debentures but excluding shares issuable upon exercise of stock options held by IQB employees and shares issued after the date of the merger agreement in certain financings. The proposed transaction has been unanimously approved by the boards of directors of IQB and Wherify and is subject to several terms and conditions, including approval by both the stockholders of IQB and the shareholders of Wherify. If either party terminates the proposed merger under circumstances specified in the merger agreement such party would be required to pay the other party a termination fee of $500,000. Upon completion of the merger, IQB would change its name to "Wherify Wireless, Inc." The full text of the merger agreement is attached as an exhibit to the Report on Form 8-K filed by IQB with the SEC on April 19, 2004.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Forward-Looking Statements

In addition to historical information, this report contains predictions, estimates and other forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934 that relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. These risks and other factors include those listed under "Risk Factors" and elsewhere in this Registration Statement, and some of which we may not know. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology. In addition, these forward-looking statements include, but are not limited to, statements regarding the following:

* our belief that our FACES(TM) technology will help solve the growing need for effective tools to fight crime and terrorism as well as offering potential applications relating to other industries;

* our belief that our InterCode(TM) coding system is a breakthrough feature that can serve as the first international standard in the generation of unique alphanumeric codes for facial recognition data;

* our belief that international markets represent a significant market for our products and services;

* our belief that we have ample room to penetrate further the public security/law enforcement agencies segment of the market;

* our intention to compete vigorously in terms of price, product features, product performance, ease of use, quality of support and service, and company reputation;

* our expectations regarding the sources from which we will finance our operations;

* our expectations regarding the amount of funds we will need in the future;

* our expectations regarding the focus of our sales efforts on our existing customers;

* our expectations regarding the amount of additional development expenses needed to pursue our research and development strategy;

* our expectations regarding the timing of the rollout, release or public availability of any products of ours now or hereafter under development;

* our expectations regarding our receipt of revenues from training users of our products;

* our intentions and expectations regarding the future availability of now undeterminable revenue opportunities arising out of our technology;

* our expectations regarding the abilities and use in certain locations of our FACES(TM) technology;

* our intentions regarding the protection of our proprietary information;

* our expectations and intentions regarding our ability to make available the finest facial composite technology on the market;

* our intentions regarding the continued development and refinement of our existing products, and the development and commercialization of various computer programs and products using the InterCode(TM) technology;

* our intentions regarding the continuation of our direct selling efforts; and

* our intentions regarding our marketing and sales efforts.

These statements are only predictions and are subject to risks and uncertainties, including the following:

* the difficulty of forecasting revenues due to weakness and uncertainties related to general economic conditions and overall demand within our markets and among our current and prospective customers;

* our ability to introduce and gain customer acceptance of new products on a timely basis;

* the availability and timely distribution of governmental funding;

* our ability to obtain additional debt or equity financing at all or on reasonable terms;

* the failure to execute on our acquisition and partnering strategies and our expansion into potential new markets, which may prevent achievement of profitability in a timely manner;

* our ability to introduce and gain customer acceptance of new products on a timely basis;

* the protection of our proprietary technology

* unforeseen development delays for new products that limit our ability to generate revenues;

OVERVIEW

IQ Biometrix, Inc. is a provider of biometric software and services primarily to law enforcement agencies and the security industry and is headquartered in Fremont, California. IQ Biometrix markets, distributes and sells a facial composite software tool called FACES(TM) to federal, state and local law enforcement agencies and the security industry in the United States and abroad.

During fiscal year 2003 we derived substantially all of our revenues from sales of our FACES(TM) 3.0 product. In July 2003, we launched FACES(TM) 4.0. FACES(TM) 4.0 contains significant enhancements and new features over FACES(TM) 3.0, including the ability to use the TRAK service offered by SocialTech, Inc., which allows any police officer to create high-resolution photo bulletins and share them electronically with other law enforcement jurisdictions, the media, and the community where appropriate. Revenues in fiscal years 2003 and 2004 were derived from a diverse customer base sold mainly in units of 1 to 50. No customer was responsible for more than 2% of revenues. Approximately 69% of the increase in our revenues for the current quarter and 75% for the nine months ended March 31, 2004 was due to an increase in our pricing. The number of licenses sold increased by 15% for the current quarter, but is down 15% for the nine months ended March 31, 2004. In March 2004, the Company held its first training session, which it sold out. The idea is to package a one day training session at a reduced fee with the purchase of the software.

In March, 2004, we entered into a strategic relationship with a leading training organization to offer classes and training programs to existing and potential customers in witness interviewing techniques and advanced uses of the FACES(TM) technology, such as age progression, creating virtual lineups and integrating composites with video and photo enhancement technology, to produce more accurate composites and maximize the potential of the FACES(TM) technology. The Company charges the attendees of these training sessions a fee, which includes a fee for training services as well as a software license fee for the Company's FACES software. In March 2004, the Company held its first training session. The Company has scheduled additional sessions over the next several months.

We market and sell our products both directly through our own sales force as well as indirectly through resellers and distributors in the United States. To date, most of our sales have been in North America; however, we recently began to seek relationships with international distributors and resellers to sell our products internationally. We are continually reviewing our sales and distribution strategy to seek ways to increase sales of our product and revenues.

Cost of revenues currently consists of inventory, product shipping and packaging costs.

Sales and marketing expenses consist primarily of salaries, commissions and related expenses for personnel engaged in marketing, sales and customer support, as well as costs associated with promotional activities and related travel expenses. Commissions are accrued at the rate of 20% of net revenues per quarter. We are currently maintaining staffing and costs at current levels as the Company works towards completion of the pending merger with Wherify Wireless.

General and administrative expense consists primarily of salaries and related expenses for executive, finance, accounting, information technology, facilities, and human resources personnel. We expect these expenses to increase only slightly over the next quarter in the areas of legal, accounting and outside services as we prepare filings and other information needed for the pending merger with Wherify Wireless.

Research and development expense consists primarily of salaries and related personnel expense, fees paid to consultants and outside service providers, and other expenses related to the design, development, testing and enhancement of our products. Currently we are focusing our attention on is on FACES 5.0. We are also continually seeking other products and intellectual property that could be used to enhance our current product and/or product line. We expense our research and development costs as they are incurred. We believe that a significant level of investment for product research and development is required to remain competitive.

On April 15, 2004, IQB and Wherify Wireless, Inc. ("Wherify") jointly announced the signing of a definitive agreement under which Wherify Acquisition, Inc., a wholly-owned subsidiary of IQB, would be merged with and into Wherify and Wherify would become a wholly-owned subsidiary of IQB. Under the proposed transaction, IQB would issue to Wherify shareholders a number of shares of IQB common stock equal to four times the number of shares of IQB common stock issued and outstanding immediately prior to the merger, including shares of IQB common stock issuable upon exercise of warrants and conversion of debentures but excluding shares issuable upon exercise of stock options held by IQB employees and shares issued after the date of the merger agreement in certain financings. The proposed transaction has been unanimously approved by the boards of directors of IQB and Wherify and is subject to several terms and conditions, including approval by both the stockholders of IQB and the shareholders of Wherify. If either party terminates the proposed merger under circumstances specified in the merger agreement such party would be required to pay the other party a termination fee of $500,000. Upon completion of the merger, IQB would change its name to "Wherify Wireless, Inc." The full text of the merger agreement is attached as an exhibit to the Report on Form 8-K filed by IQB with the SEC on April 19, 2004.

RESULTS OF OPERATIONS

Revenues increased approximately 187% to $210,500 for the nine months ended March 31, 2004 from $73,300 for the nine months ended March 31, 2003. In the three months ended March 31, 2004 revenues increased 60% to $72,200 as compared to $45,000 for the three months ended March 31, 2003. Revenues increased in the relevant periods primarily because we released our new FACES(TM) version 4.0 in July of 2003 and substantially increased our license fee. Approximately 69% of the increase in our revenues for the three months ended March 31, 2004 was due to an increase in our pricing, and the number of licenses sold increased by approximately 15%. Approximately 75% of the increase in our revenues for the nine months ended March 31, 2004 was due to an increase in our pricing, and the number of licenses sold decreased by approximately 15%. 2004 revenues were derived primarily from the sale of FACES(TM) 4.0 while 2003 revenues were from the sale of our FACES(TM) version 3.1 and FACES(TM) version LE products.

Sales and marketing expense increased 166% to $303,600 for the nine months ended March 31, 2004 from $114,300 for the nine months ended March 31, 2003. The increase was due to increased promotions and marketing expenses incurred in conjunction with the release of FACES 4.0 and additional sales staff added to try and better penetrate the market. Of these expenses, $268,000 were paid with common stock. In the three months ended March 31, 2004 sales and marketing expense increased 332% to $122,800 from $28,400 for the three months ended March 31, 2003. Sales and marketing expense increased primarily due to an increase in sales staff of $20,000, marketing services of $45,000 and accrued commissions of $30,000.

General and administrative expense increased 448% to $4,687,869 for the nine months ended March 31, 2004 from $855,300 for the nine months ended March 31, 2003. In the three months ended March 31, 2004, general and administrative expense increased 692% to $2,376,300 from $300,100. The increased spending was mainly for investor relations of $1,277,000, investment banking and business consulting fees of $1,364,000, legal and audit fees of $828,000, and payroll of $615,000. The use of these services is related to the company's search for additional sources of capital, partnering or acquisition opportunities and creating and maintaining the corporate infrastructure needed in a public company. Of these expenses, approximately $3,977,000 was paid in the form of shares of our common stock. The increase in general and administrative expenses, during the three months ended March 31, 2004, was mainly for investor relations expenses of $986,000, investment banking and business consulting fees of $413,000, legal fees of $245,000, and payroll of $217,000. Of these expenses, approximately $1,981,000 was paid in the form of shares of our common stock. The use of these services is related to the company's search for additional sources of capital, partnering or acquisition opportunities. The use of these funds in the three months ended March 31, 2004 was primarily related to the Company's search for additional sources of capital, partnering and acquisition opportunities as well as day to day operations.

Research and development expense increased 99% to $171,900 for the nine months ended March 31, 2004 from $86,600 for the nine months ended March 31, 2003. In the three months ended March 31, 2004, research and development expense increased 244% to $21,750 from $6,300 for the three months ended March 31, 2003. The increase in research and development costs are primarily as a result of costs incurred in the planning and development of our next generation software and researching products and intellectual property for potential partnering opportunities. Of these expenses, approximately $165,000 were paid with shares of our common stock. We anticipate research and development expenses for the development of our next generation product as well as our ongoing analysis of third party products and intellectual property to approach $225,000 in fiscal 2004.

Interest expense increased 4,276% to $1,108,000 for the nine months ended March 31, 2004 from $25,300 for the nine months ended March 31, 2003. In the three months ended March 31, 2004 interest expense increased 6,080% to $383,600 from $6,200 for the three months ended March 31, 2003. All increases are related to the amount of issued debt of $1,800,000 compared to $200,000 at March 31, 2004 and 2003, respectively and the amortization of the debt discounts related to this debt in 2004.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2004, we had cash and cash equivalents of approximately $73,000. Net cash used in operations decreased to $666,900 for the nine months ended March 31, 2004 compared with $737,600 for the nine months ended March 31, 2003. The $82,700 improvement was primarily the result of the issuance of 3,834,072, shares of common stock issued in lieu of cash for services of $5,304,200 offsetting the difference in operating loss of $4,594,700 and amortization of debt discount of $358,300 offset by the reduction of payables and accrued liabilities of $597,000 and the increase in inventory of $10,000.

Net cash provided by financing activities was approximately the same at $699,700 and $650,000 for the nine months ended March 31, 2004 and 2003 respectively. The Company is still searching for additional financing to help fund its future growth and cash flow needs. No additional funding has been received halfway through since halfway through the quarter ended December 31, 2003. As mentioned in the subsequent/recent events sections of this filing, a short term loan has been put in place to help with some of the Company's short term cash needs.

From our inception in 2002 we have financed our operations primarily through private sales of common stock and convertible debentures. We have negative working capital totaling $1,563,000 which consists primarily of $1,676,000 of convertible investor notes, which is net of debt discounts (for price discounts and warrant issuances) totaling $303,900 and includes accrued interest of $130,000.

There is a "Going Concern" reservation in our auditor's opinion for the year ended June 30, 2003. We are currently seeking sources of capital as we believe we may have difficulty meeting and servicing our current operating cash flow requirements in the next one to three months. At March 31, 2004 we had cash of $73,000; accounts payable of $53,000, and accrued liabilities of $226,000.

By June 1, 2004, $750,000 of the convertible notes become due and payable. We have no assurances that these notes will be converted into common stock per the terms of the debentures. We currently have no borrowings available to us under any credit arrangement, and we will look for additional debt and equity financings should cash provided from operations be insufficient to support our debt obligations and our ongoing operations of the business. Adequate funds may not be available on terms acceptable to us. If additional funds are raised through the issuance of equity securities, dilution to existing stockholders may result. If funding is insufficient at any time in the future, we may be unable to develop or enhance our products or services, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our financial position, results of operations and cash flows. The Company has no material commitments for capital expenditures and there are no anticipated material capital expenditures that are reasonably expected to have a material impact on the Company.

Even with financing, there can be no assurance that we will achieve profitability. Due to these factors, we believe that period-to-period comparisons of our results of operations are not necessarily a good indication of future performance. The results of operations in some future periods may be below the expectations of analysts and investors.

We expect operating losses and negative operating cash flows to continue for at least the next twelve months, because of expected increases in expenses related to brand development; marketing and other promotional activities; increases in personnel; the expansion of infrastructure and customer support services; strategic relationship development; and potential acquisitions of related complementary businesses. We believe the expenses incurred here will help us to build the infrastructure necessary to increase revenues both through organic growth and through acquisitions, which we believe hold the key to our future revenue growth. We feel it will take additional products, either created in house or acquired through acquisitions, to help us increase revenue, and ultimately to reach profitability. However, we can make no assurances that these activities will achieve the desired results of increased revenues, nor that any increase in revenues will be enough to bring the company to profitability and positive cash flow.

Pursuant to the merger agreement with Wherify Wireless, Inc., at closing the Company is required to have $4,000,000 in cash on its most recent regularly prepared balance sheet and that if such funds are raised from the sale of equity securities, that such sales be done at a minimum price of $1.00 per share. The Company will be seeking additional financing from third parties in order to meet this obligation.

CRITICAL ACCOUNTING POLICIES

INTANGIBLE ASSETS

Our intangible assets consist of a customer list acquired in the JVWEB / IQ Biometrix acquisition in March 2002 and the FACES software code. We recorded the cost of the software and amortize the cost over the estimated useful life of 3 years. We review the value of our intangible assets quarterly and determine its value. At March 31, 2004 we had a net carrying value for our intangible assets of $97,000.

REVENUE RECOGNITION

We adopted revenue recognition policies that comply fully with the guidance in Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements." Revenue consists of shipped customer orders and completed services. Revenue is not recognized until the product has been shipped or the service completed and there is a certainty of payment.

We account for the licensing of software in accordance with American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 97-2, Software Revenue Recognition. The application of SOP 97-2 requires judgment, including whether a software arrangement includes multiple elements, and if so, whether vendor-specific objective evidence (VSOE) of fair value exists for those elements. Changes to the elements in a software arrangement, the ability to identify VSOE for those elements, the fair value of the respective elements, and changes to a product's estimated life cycle could materially impact the amount of earned and unearned revenue. Judgment is also required to assess whether future releases of certain software represent new products or upgrades and enhancements to existing products.

INFLATION

In our opinion, inflation has not had a material effect on our operations.

CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer/Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company maintains that the controls and procedures in place do provide reasonable assurance that all necessary disclosures are communicated as required.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

RISK FACTORS

RISKS RELATED TO OUR FINANCIAL RESULTS

WE CURRENTLY LACK LIQUIDITY AND WE WILL NEED TO RAISE ADDITIONAL EQUITY OR DEBT FINANCING TO FUND OUR OPERATIONS.

To date, we have had no meaningful revenues and there is a "Going Concern" reservation in our auditor's opinion for the year ended June 30, 2003. We have heretofore financed our business through the procurement of capital investments. At March 31, 2004, we had cash, cash equivalents and short-term investments of $73,000; our accounts payable were approximately $52,000, and we had accrued expenses of $226,000. In order to address our immediate liquidity issues, we are seeking additional debt or equity financing. We currently do not have any credit arrangements. We may not be able to obtain additional debt or equity financing. If successful in raising additional financing, we may not be able to do so on terms that are not excessively dilative to existing stockholders or less costly than existing sources of financing. Failure to secure additional financing in a timely manner and on favorable terms in the future could have a material adverse impact on our financial performance and stock price and require us to implement certain cost reduction initiatives and curtail our operations.

In addition, any financing arrangement may have potentially adverse effects on us or our stockholders. Debt financing (if available and undertaken) may involve restrictions limiting our operating flexibility. Moreover, if we issue equity securities to raise additional funds, the following results may occur:

* The percentage ownership of our existing stockholders will be reduced;

* Our stockholders may experience additional dilution in net book value per share;

* The new equity securities may have rights, preferences or privileges senior to those of the holders of our common stock.

We are seeking to increase our revenues by increasing sales of our existing products through the expansion of our marketing program and our sales force. We are also exploring the development of new products that are synergistic to our existing business and actively seeking out acquisition and partnering prospects that would complement our existing product offerings, augment our market coverage, or enhance our technological capabilities. There can be no assurance that we will be successful in increasing sales of our existing products, developing or locating new products, or consummating any acquisitions or partnering transactions. Even if we were able to develop or acquire new products, there can be no assurance that sales of these new products would result in increased revenues, in which case our business, results of operations and financial condition would be materially and adversely affected.

OUR LIMITED OPERATING HISTORY MAKES AN EVALUATION OF US AND OUR FUTURE EXTREMELY DIFFICULT.

In early fiscal 2004, we began selling our FACES(TM) 4.0 product, and we have generated very limited revenues from its sale. Given our extremely limited revenues to date and our current limited cash resources, if our revenues in any period are lower than we project, our business, results of operations and financial condition would be materially and adversely affected. In addition, our ability to forecast accurately our quarterly revenue and expenses is limited due to a number of factors, including:

* The fact that we currently derive substantially all of our revenues from sales of our FACES (TM) software product and our expectation that we will continue to derive substantially all of our revenues from this product for the foreseeable future;

* The market's limited acceptance of our product to date;

* Our ability to develop and increase our customer base;

* Our need to expand our distribution capability;

* Our ability to implement and successfully execute our sales and marketing strategy;

* Our need to introduce new products and services to respond to technological and competitive developments and customer needs;

* Our ability to manage the growth we are seeking to realize;

* Our ability to respond to competitive developments;

* Our dependence on our current executive officers and key employees;

* Our ability to provide superior customer service and order fulfillment.

There can be no assurance that we can successfully address some or all of these risks but our failure to do so could materially and adversely affect our business, prospects, financial condition and results of operations.

WE HAVE A HISTORY OF LOSSES AND DO NOT KNOW WHEN WE MAY BECOME PROFITABLE OR IF WE DO BECOME PROFITABLE WHETHER WE CAN SUSTAIN PROFITABILITY.

We have incurred net losses of $11,044,147 since inception. As of March 31, 2004, we had an accumulated stockholder deficit of $1,460,257 million and we expect to continue to incur net losses for the foreseeable future. We also expect to incur significant product development, sales and marketing and general and administrative expenses. As a result, we will need to generate increased revenues to achieve profitability and we may not be able to generate sufficient revenues to achieve profitability. To increase our revenues, we must increase sales of our existing products and introduce new products that we have either developed internally or acquired through other arrangements. While we believe we can grow our revenues from our existing product through internal actions, the rate of growth will most likely not allow us to achieve our breakeven quarterly revenue level in a timely manner. Therefore, we continue to evaluate business combinations and partnering arrangements in our core business areas that would improve our market share position, increase our revenue, improve on our net loss position and accelerate our ability to reach profitability. While we are seeking acquisitions that we believe would improve our financial results, a completed acquisition may not provide the anticipated financial results, thus leading to continuing net losses. Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. We are seeking to increase our revenues by increasing the sales of our existing products through the expansion of our marketing program and our sales force. We are also exploring the development of new products that are synergistic to our existing business and actively seeking out acquisition and partnering prospects that would complement our existing product offerings, augment our market coverage, or enhance our technological capabilities. There can be no assurance that we will be successful in increasing sales of our existing products or in developing or locating new products. Even if we were able to develop or acquire new products, there can be no assurance that sales of these new products would result in increased revenues, in which case our business, results of operations and financial condition would be materially and adversely affected.

FLUCTUATIONS IN OUR BUSINESS AND OPERATING RESULTS MAY MATERIALLY AND ADVERSELY AFFECT THE TRADING PRICE OF OUR COMMON STOCK.

We expect that our operating results will fluctuate in the future due to a number of factors many of which are outside of our control. These factors include the following:

* Customer concentration; most of our current and prospective customers are local, state and federal law enforcement agencies, many of which are experiencing their worst budget crisis in years;

* Budgetary cycles of governmental agencies;

* Overall demand for our products;

* Our ability to attract new customers at a steady rate;

* The rate at which we or our competitors introduce new products, the rate at which these products acquire market acceptance, and the cost required to develop these products;

* Technical defects in our products that could delay product shipments or increase the costs of introducing new products;

* Changes in the pricing of our products or those of our competitors;

* The amount and timing of capital expenditures and other costs relating to the expansion of our operations;

* Costs relating to our marketing programs and our business in general;

* General economic conditions.

Any of the foregoing factors may cause our operating expenses to be disproportionately high or cause our revenue and operating results to fluctuate causing our business, financial condition and operating results to be adversely affected. In addition, to respond to changes in our competitive environment, we may occasionally make certain decisions from which we may benefit in the long run. However, in the short run, such decisions could materially and adversely affect our quarterly results of operations and financial condition. Due to all of the foregoing factors, in some future quarter our operating results may fall below our expectations and those of our stockholders. In such event, the trading price of our common stock could be materially adversely affected. Further, we believe that period-to-period comparisons of our financial results may not be very meaningful. Accordingly, you should not conclude that such comparisons indicate future performance.

RISKS RELATED TO OUR BUSINESS

OUR BUSINESS WILL NOT GROW UNLESS THE MARKET FOR BIOMETRIC SOLUTIONS EXPANDS BOTH DOMESTICALLY AND INTERNATIONALLY.

Our revenues are derived from the sale of biometric products. Biometric solutions have not gained widespread commercial acceptance. We cannot accurately predict the future growth rate, if any, or the ultimate size of the biometric technology market. The expansion of the market for our products and services depends on a number of factors including without limitation:

o the cost, performance and reliability of our products and services and the products and services of competitors;

o customers' perception of the perceived benefit of biometric solutions;

o public perceptions of the intrusiveness of these solutions and the manner in which firms are using the information collected;

o public perceptions regarding the confidentiality of private information;

o proposed or enacted legislation related to privacy of information;

o customers' satisfaction with our products and services; and

o marketing efforts and publicity regarding these products and services.

IF WE FAIL TO GENERATE REPEAT OR EXPANDED BUSINESS FROM OUR CURRENT AND PROSPECTIVE CUSTOMERS, OUR BUSINESS WILL BE SERIOUSLY HARMED.

We believe that our success will depend on the continued growth of our customer base as well as the sale of new and enhanced products to our existing customers. Over 150,000 licenses to pre-4.0 versions of our FACES(TM) product have been distributed to law enforcement agencies in the United States and we expect to focus a large part of our sales and marketing efforts with respect to our new products on these existing customers. If we are to be successful in generating sales from our existing customers, we will need to convince them that our new products provide them with additional benefits. In addition, our ability to attract new customers will depend on a variety of factors, including the reliability and cost-effectiveness of our products and our ability to effectively market our

products. If we fail to generate repeat and expanded business from our current and prospective customers, our operating results will be seriously harmed.

IF WE FAIL TO PROMOTE OUR BRAND NAME SUCCESSFULLY OR IF WE INCUR SIGNIFICANT EXPENSES PROMOTING AND MAINTAINING OUR BRAND NAME, OUR BUSINESS COULD BE HARMED.

Due in part to the emerging nature of the market for our products and the substantial resources available to some of our competitors, there may be a limited time opportunity for us to achieve and maintain a significant market share. Developing and maintaining awareness of our brand name is critical to achieving widespread acceptance of our products. Furthermore, we believe that the importance of brand recognition will increase as competition in the market for products such as ours increases. Successfully promoting and positioning our brand will depend largely on the effectiveness of our marketing efforts. To attract and retain customers and to promote and maintain our brands in response to competitive pressures, we may need to increase our marketing budget or otherwise to increase substantially our financial commitment to creating and maintaining brand loyalty among vendors and consumers. If we are unable for financial reasons to increase our sales and marketing budget or if we are unable to successfully promote our brand, our business will suffer.

OUR REVENUES ARE DEPENDENT UPON THE AVAILABILITY AND TIMELY DISTRIBUTION OF GOVERNMENTAL FUNDING.

Many of our prospective customers are local, state and federal law enforcement and other governmental and quasi-governmental agencies. The ability of these prospective customers to purchase our products are heavily dependent on the availability or continued availability of federal, state or local government funds or grants and general tax funding, including funding by the Office of Homeland Security. Such funding may not be approved or, if approved, it may not be available for the purchase of our products or solutions, and even if such funding is approved and available, such funds may be subject to termination at any time at the sole discretion of the government body providing or receiving such funds.

RAPID TECHNOLOGICAL CHANGE IN OUR MARKET COULD CAUSE OUR PRODUCTS TO BECOME OBSOLETE OR REQUIRE US TO REDESIGN OUR PRODUCTS.

We expect that our market will be characterized by rapid technological change, frequent new product introductions and enhancements, uncertain product life cycles, changing customer demands and evolving industry standards, any of which can render existing products obsolete. We believe that our future success will depend in large part on our ability to develop new and effective products in a timely manner and on a cost effective basis. As a result of the complexities inherent in our product, major new products and product enhancements can require long development and testing periods, which may result in significant delays in the general availability of new releases or significant problems in the implementation of new releases. In addition, if we or our competitors announce or introduce new products our current or prospective customers may defer or cancel purchases of our products, which could materially adversely affect our business, operating results and financial condition. Our failure to develop successfully, on a timely and cost effective basis, new products or new product enhancements that respond to technological change, evolving industry standards or customer requirements would have a material adverse affect on our business, operating results and financial condition.

IF WE LOSE ANY KEY PERSONNEL, OR FAIL TO ATTRACT AND RETAIN ADDITIONAL PERSONNEL, WE MAY BE UNABLE TO CONTINUE DEVELOPING OUR BUSINESS AND PRODUCT LINE.

The loss of the services of one or more of our key personnel could materially adversely affect our business, operating results and financial condition. We cannot guarantee that we will be able to retain our key personnel. Our future success also depends on our continuing ability to attract, assimilate and retain highly qualified sales, technical and managerial personnel. Competition for these individuals is intense, and there can be no assurance that we can attract, assimilate or retain necessary personnel in the future.

FAILURE TO EXPAND OUR SALES AND DISTRIBUTION CHANNELS AND MANAGE OUR SALES AND DISTRIBUTION RELATIONSHIPS COULD SIGNIFICANTLY REDUCE OUR REVENUES.

We sell our products through a network of distributors and resellers. Our success will depend on our ability to manage relationships with our existing network of distributors and resellers and to expand our network of resellers and distributors. The sale of our products by our distributors and resellers depends on the effectiveness of their selling efforts and their ability to meet their own responsibilities under agreements with customers in a timely manner. At times, our distributors and resellers may also offer products of our competitors and our agreements with them have no minimum purchase commitments. We cannot assure you that we will be able to expand our distribution channels, manage our distribution relationships successfully or that our distributors and resellers will market and sell our products effectively. Our failure to manage successfully our distribution relationships or the failure of our distributors and resellers to sell our products could reduce our revenues and have a material adverse effect on business, results of operations and financial conditions.

RISKS RELATED TO DEVELOPING OUR PRODUCTS

SUBSTANTIALLY ALL OF THE SOFTWARE DEVELOPMENT FOR OUR FACES(TM) 4.0 PRODUCT WAS OUTSOURCED TO A THIRD PARTY. IF WE CONTINUE TO USE THIRD PARTY DEVELOPERS FOR FUTURE PRODUCT RELEASES WE MAY IN THE FUTURE BE SUBJECT TO DELAYS IN PRODUCT RELEASES, ENHANCEMENTS AND UPGRADES AS WELL AS QUALITY CONTROL ISSUES.

We outsourced the development of our FACES(TM) 4.0 software to Entreprise Cogniscience, Inc. an independent software developer. Although, FACES(TM) 4.0 was commercially released in 2003, we have discovered and we may continue to discover errors and defects in FACES(TM) 4.0. The fact that we do not directly control the development of our product subjects us to the risk that we may experience delays in issuing error corrections or enhancements to our most recent release. Recently, Entreprise Cogniscience was acquired by a third party. While, the agreement between us and Entreprise Cogniscience is binding upon any successor-in-interest to Entreprise Cogniscience, we cannot guarantee that the acquiror will devote as many resources to fulfilling the agreement as Entreprise Cogniscience did before the acquisition or that the quality of their work will meet our specifications. If the successor-in-interest fails to devote as many resources to our product or if the quality of their work does not meet our specification, it could lead to delays in releasing any error corrections or bug fixes. In addition, if we continue to use Entreprise Cogniscience or another independent software developer to develop future releases or products, we may experience delays in future product releases, enhancements and upgrades, as well as difficulties in maintaining quality control which may lead to higher than expected error and defect rates, all of which could have an adverse effect on our business, results of operations and financial condition.

WE DEPEND ON THIRD-PARTY TECHNOLOGY FOR THE DEVELOPMENT OF OUR SOFTWARE. IF WE WERE TO TERMINATE OUR RELATIONSHIP WITH SUCH THIRD PARTY PROVIDER, WE COULD EXPERIENCE DELAYS IN FUTURE PRODUCT RELEASES AND IMPROVEMENTS PRODUCTS.

Entreprise Cogniscience, the third party software developer that assisted us in the development of FACES(TM) 4.0, used a proprietary environment based on LISP to develop our software. If we were to bring our software development in-house or if our relationship with Entreprise Cogniscience were otherwise to terminate, we would need to port our source code to a new development environment, which may cause us to experience delays in future product releases, enhancements and upgrades, as well as higher than expected error and defect rates, all of which could have an adverse effect on our business, results of operations and financial condition.

OUR SOFTWARE PRODUCTS ARE COMPLEX AND MAY CONTAIN UNKNOWN DEFECTS THAT COULD RESULT IN NUMEROUS ADVERSE CONSEQUENCES.

Complex software products such as ours often contain latent errors or defects, particularly when first introduced, when new versions or enhancements are released and when configured for a specific customer. We currently have experienced errors and defects in our most recent release. However, there can be no assurance that despite testing, defects and errors will not be found in current versions, new versions or enhancements of our products after commencement of commercial shipments, any of which could result in damage to our reputation, the loss of sales, a diversion of our product development resources, or a delay in market acceptance, and thereby materially adversely affecting our business, operating results and financial condition. The computer hardware environment is characterized by a wide variety of non-standard configurations that make prerelease testing for programming or compatibility errors very difficult and time consuming. Despite our testing, errors may still be discovered in some new products or enhancements after the products or enhancements are delivered to customers. Furthermore, there can be no assurance that our products will meet all of the expectations and demands of our customers. The failure of our products to perform to customer expectations could give rise to warranty claims. Any of these claims, even if not meritorious, could result in costly litigation or divert management's attention and resources. We do not currently maintain any general liability insurance. Any general liability insurance that we may carry could be insufficient to protect us from all liability that may be imposed under any asserted claims. Although through our license agreements with customers we try to include provisions designed to limit our exposure to potential claims, such limitation of liability provisions may not be effective as a result of existing or future laws or unfavorable judicial decisions.

We outsource the packaging of our product, which consists of transferring our FACES(TM) software onto compact discs, quality control testing and packaging the CDs and manuals, to Stephen Gould Corporation in Sacramento, CA. There are a number of software packaging companies that we could use in the event our current vendor becomes unavailable. We have multiple sources for compact discs. Quality control tests are selectively performed on finished products. We also outsource our product fulfillment to OnFullfillment Inc. in Newark, CA, which stores inventory, packages and ships orders.

We presently manage all our own information processing, vendor management, logistics services, licensing, and related supporting functions from our Fremont, California office.

IF THE USE OF OUR PRODUCTS IS DEEMED TO BE AN INVASION OF PERSONAL PRIVACY RIGHTS OUR BUSINESS MAY SUFFER.

From time to time, biometric products such as ours have been the focus of organizations and individuals seeking to curtail or eliminate the use of these technologies on the grounds that these technologies may be used to diminish personal privacy rights. In the event that such initiatives result in restrictive legislation, the market for products such as ours may be adversely affected.

IF WE GROW OUR BUSINESS AS PLANNED, WE MAY NOT BE ABLE TO MANAGE PROPERLY OUR GROWTH, WHICH MAY IMPEDE OUR ABILITY TO ACHIEVE PROFITABILITY.

If we are successful in growing our business as we plan, our operations may expand rapidly and significantly. Any rapid growth could put a significant strain on our management, operational and financial resources. In order to manage the growth of our operations, we will be required to expand existing operations, to implement new operational, financial and inventory systems, procedures and controls, including improvement of our financial and other internal management systems, and to hire, train, manage and expand our employee base. If we are unable to manage growth effectively, our business, results of operations and financial condition will be materially adversely affected. In addition, if we are successful in growing our business as we plan, we expect operating expenses to increase, and as a result, we will need to generate increased revenue to achieve and maintain profitability. In particular, as we grow our business, we would incur additional costs and expenses related to:

* The expansion of our sales force and distribution channels;

* The expansion of our product and services offerings;

* Development of relationships with strategic business partners;

* The expansion of management and infrastructure;

* Brand development, marketing and other promotional activities.

Costs associated with these activities could delay our ability to achieve or maintain profitability.

OUR ACQUISITION STRATEGY MAY BE UNSUCCESSFUL, WHICH MAY HARM OUR ABILITY TO GROW REVENUES.

We believe that our future success depends on our ability to introduce and market new products and services that we have either developed internally or acquired through strategic combinations or partnering relationships. We intend to actively seek out acquisition and partnering prospects that would complement our existing product offerings, augment our market coverage, or enhance our technological capabilities. This strategy is subject to inherent risks associated with the potential integration of additional operations, the extent of management time and attention required, and related costs and expenses associated with the execution of this strategy.

WE WILL FACE TECHNICAL, OPERATIONAL AND STRATEGIC CHALLENGES THAT MAY PREVENT US FROM SUCCESSFULLY INTEGRATING BUSINESSES WE MAY ACQUIRE IN THE FUTURE.

Execution of our acquisition and partnering strategy could result in a number of financial consequences, including without limitation:

* Use of cash resources that would reduce our financial reserves;

* Issuance of stock that would dilute our current stockholders' percentage ownership;

* Incurrence of debt;

* Assumption of liabilities;

* Increased operational and administrative complexity of our business;

* Higher fixed expenses, which require a higher level of revenues to maintain gross margins; and

* Incurrence of expenses related to in-process research and development and the possible impairment of goodwill and other intangible assets, which could result in large one-time write-offs.

Furthermore, acquisitions involve numerous operational risks, including:

* Problems related to the integration and management of acquired technology, products, operations, information systems and personnel of the acquired company;

* Problems completing product development programs of the acquired company and consolidating research and development efforts;

* Unanticipated costs or liabilities;

* Diversion of management's attention from our core business;

* Diversion of resources from our existing business, products or technologies;

* Adverse effects on existing business relationships with suppliers and customers;

* Risks associated with entering markets in which we have no or limited prior experience; and

* Potential loss of key employees, particularly those of the acquired organizations.

The integration of businesses that we may acquire could be a complex, time consuming and expensive process. We must operate as a combined organization utilizing common information and communication systems, operating procedures, financial controls and human resources practices to be successful. We cannot guarantee that any future acquisitions will result in sufficient revenues or earnings to recover our investment in, or expenses related to, these acquisitions or that any synergies will develop. If we are not successful in integrating acquired businesses or if expected earnings or synergies do not materialize, we could be forced to attempt to resell or cease operations of acquired businesses. In either event, we would likely incur significant expenses as well as non-cash charges to write-off acquired assets, which could seriously harm our financial condition and operating results.

RISKS RELATED TO OUR INTELLECTUAL PROPERTY

OUR SUCCESS DEPENDS ON OUR ABILITY TO PROTECT OUR INTELLECTUAL PROPERTY.

Our future success depends upon our proprietary technology. We are protecting our proprietary information through the use of patent, copyright, trademark, trade secret laws, confidentiality procedures and contractual provisions. Notwithstanding our efforts to protect our proprietary technology, policing unauthorized use or copying of our proprietary information is difficult, unauthorized use or copying occurs from time to time, and litigation to enforce intellectual property rights could result in significant costs and diversion of resources. Any patents we obtain in the future may be circumvented, challenged, invalidated or designed around by other companies. Despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property. Moreover, the laws of some foreign jurisdictions do not afford the same degree of protection to our proprietary rights as do the laws of the United States, and effective trademark, copyright, and trade secret protection may not be available in every country in which our products are distributed. Furthermore, our competitors may independently develop similar technology that substantially limits the value of our intellectual property. Our inability to protect adequately our intellectual property for these or other reasons could materially and adversely affect our business, financial condition and operating results.

In addition, third parties may at some point claim certain aspects of our business infringe their intellectual property rights. While we are not currently subject to nor are aware of any such claim, any future claim (with or without merit) could result in one or more of the following:

* Significant litigation costs;

* Diversion of resources, including the attention of management;

* Our agreement to pay certain royalty and/or licensing fees; and

* Cessation of our rights to use, market, or distribute such technology.

Any of these developments could materially and adversely affect our business, results of operations and financial condition. In the future, we may also need to file lawsuits to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Whether successful or unsuccessful, such litigation could result in substantial costs and diversion of resources. Such costs and diversion could materially and adversely affect our business, results of operations and financial condition.

OUR FINANCIAL PERFORMANCE MAY BE ADVERSELY AFFECTED BY COMPETITION.

The market for our products is characterized by significant and increasing competition. Most of our current and potential competitors have longer operating histories and significantly greater financial, technical and marketing resources than we do. We expect competition to intensify in the future as new companies enter the market on a regular basis. There can be no assurance that existing or future competitors will not develop or offer products that provide significant performance, price or other advantages over those we offer. Such a development could result in price reductions or displacement of our products, which could materially adversely affect our business, results of operations and financial condition.

RISKS RELATED TO OUR CORPORATE GOVERNANCE

OUR AUTHORIZED PREFERRED STOCK EXPOSES STOCKHOLDERS TO CERTAIN RISKS.

Our Certificate of Incorporation authorizes the issuance of up to 10,000,000 shares of preferred stock, par value $.01 per share. No shares of preferred stock have been issued to date. The authorized preferred stock constitutes what is commonly referred to as "blank check" preferred stock. This type of preferred stock allows the Board of Directors to divide the preferred stock into series, to designate each series, to fix and determine separately for each series any one or more relative rights and preferences and to issue shares of any series without further stockholder approval. Preferred stock authorized in series allows our Board of Directors to hinder or discourage an attempt to gain control of the Company by a merger, tender offer at a control premium price, proxy contest or otherwise. Consequently, the preferred stock could entrench our management. In addition, the market price of our common stock could be materially and adversely affected by the existence of the preferred stock.

OUR COMMON STOCK HAS A LIMITED AND VOLATILE TRADING HISTORY.

Our common stock trades in the United States on the Over-the-Counter Electronic Bulletin Board (OTCBB). The number of shares traded daily has been extremely limited and the prices at which our common stock has traded have fluctuated fairly widely. See "PRICE RANGE OF COMMON STOCK." There can be no assurance as to the prices at which our common stock will trade in the future, although they may continue to fluctuate significantly. Prices for our common stock will be determined in the marketplace and may be influenced by many factors, including the following:

* The depth and liquidity of the markets for our common stock;

* Investor perception of us and the industry in which we operate;

* General economic and market conditions; and

* The effect that of any of the events highlighted in these Risk Factors may have on our business should they occur.

WE HAVE THE ABILITY AND THE OBLIGATION TO ISSUE ADDITIONAL SHARES OF COMMON STOCK IN THE FUTURE, AND SUCH FUTURE ISSUANCE MAY MATERIALLY ADVERSELY AFFECT STOCKHOLDERS.

We have various abilities and obligations to issue additional shares of common stock in the future. These abilities and obligations include the following:

* Approximately 523,073 registered shares of our common stock are available for issuance to outside consultants to compensate them for services provided;

* Options to purchase approximately 3,020,000 shares of our common stock were outstanding as of April 30, 2004;

* Warrants to purchase approximately 2,531,200 shares of common stock were outstanding as of April 30, 2004;

* Debentures, convertible into 4,873,750 shares of common stock had been issued as of April 30, 2004

The options and warrants described above permit the holders to purchase shares of common stock at specified prices. These purchase prices may be less than the then current market price of our common stock. Any shares of common stock issued pursuant to these options or warrants (or the convertible debentures described above) would further dilute the percentage ownership of existing stockholders. The terms on which we could obtain additional capital during the life of these options, warrants or convertible debentures may be adversely affected because of such potential dilution. Finally, we may issue additional shares in the future other than as listed above. There are no preemptive rights in connection with our common stock. Thus, the percentage ownership of existing stockholders may be diluted if we issue additional shares in the future. For issuances of shares and grants of options to consultants, our Board of Directors will determine the timing and size of the issuances and grants, and the consideration or services required thereof. Our Board of Directors intends to use its reasonable business judgment to fulfill its fiduciary obligations to our then existing stockholders in connection with any such issuance or grant. Nonetheless, future issuances of additional shares could cause immediate and substantial dilution to the net tangible book value of shares of common stock issued and outstanding immediately before such transaction. Any future decrease in the net tangible book value of such issued and outstanding shares could materially and adversely affect the market value of the shares.

SALES OF OUR COMMON STOCK, INCLUDING THOSE SHARES COVERED BY THIS PROSPECTUS (WHICH UPON EFFECTIVENESS OF THIS REGISTRATION STATEMENT MAY BE SOLD AT ANY PRICE AND AT ANY TIME), COULD REDUCE THE PRICE OF OUR COMMON STOCK.

After the registration statement has become effective, the holders of the shares covered by this prospectus may sell the shares registered pursuant to this registration statement at any price and at any time determined by them without limitation. The price of our common stock may be adversely affected upon the sale of the shares registered hereby.

THE TRADING PRICE OF OUR COMMON STOCK ENTAILS ADDITIONAL REGULATORY REQUIREMENTS, WHICH MAY NEGATIVELY AFFECT SUCH TRADING PRICE.

The trading price of our common stock is currently below $5.00 per share. As a result of this price level, trading in our common stock is subject to the requirements of certain rules promulgated under the Securities Exchange Act of 1934. These rules require additional disclosure by broker dealers in connection with any trades generally involving any non-NASDAQ equity security that has a market price of less than $5.00 per share, subject to certain exceptions. Such rules require the delivery, before any "penny stock" transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith, and impose various sales practice requirements on broker dealers who sell penny stocks to persons other than established customers and accredited investors (generally institutions). For these types of transactions, the broker-dealer must determine the suitability of the penny stock for the purchaser and receive the purchaser's written consent to the transaction before sale. The additional burdens imposed upon broker dealers by such requirements may discourage broker-dealers from effecting transactions in our common stock affected. As a consequence, the market liquidity of our common stock could be severely limited by these regulatory requirements.

STOCKHOLDERS HAVE NO GUARANTEE OF DIVIDENDS.

The holders of our common stock are entitled to receive dividends when, as and if declared by the Board of Directors out of funds legally available therefore.

To date, we have not declared nor paid any cash dividends. The Board of Directors does not intend to declare any dividends in the foreseeable future, but instead intends to retain all earnings, if any, for use in our business operations.

ITEM 3. CONTROLS AND PROCEDURES

In accordance with the Securities and Exchange Act of 1934, as amended, we carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2004, to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There has been no change in our internal controls over financial reporting that occurred during the three and nine months ended March 31, 2004, that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

RECENT SALES OF UNREGISTERED SECURITIES

On January 1, 2004, the Company issued an option to purchase 60,000 shares of its common stock to consultants for business consulting services. The consultants are accredited investors and the issuance of the options and the common stock underlying the options are claimed to be exempt pursuant to Sections 4(2) and 4(6) of the Securities Act of 1933.

On January 26, 2004, the Company issued 25,000 shares of its common stock to a former member of the board of directors as compensation for duties performed in that capacity and 48,841 shares to Seth Horn its former Chief Financial Officer as compensation for duties performed in that function. Both individuals are accredited investors and the issuance of the common stock is claimed to be exempt pursuant to Sections 4(2) and 4(6) of the Securities Act of 1933.

On February 5, 2004, the Company issued 75,000 shares of its common stock to a consultant for investor relations services. The consultant is an accredited investor and the issuance of the common stock is claimed to be exempt pursuant to Sections 4(2) and 4(6) of the Securities Act of 1933.

On March 1, 2004, the Company issued an option to purchase an aggregate of 250,000 shares of common stock to its legal counsel for legal services performed for the Company. The individuals are accredited investors and the issuance of the options and the common stock underlying the options are claimed to be exempt pursuant to Sections 4(2) and 4(6) of the Securities Act of 1933.

On March 2, 2004, the Company issued 450,000 shares of its common stock to a consultant for investor relations services performed for the Company. The consultant is an accredited investor and the issuance of the common stock is claimed to be exempt pursuant to Sections 4(2) and 4(6) of the Securities Act of 1933.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. Exhibits:

Exhibit No.	Description
10.36	Consulting Agreement between the Company and Livikakis Financial Communications Inc.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K: None.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IQ BIOMETRIX, INC.
(Registrant)

Date May 17, 2004 /s/ William Scigliano

President & CEO

Date May 17, 2004 /s/ Michael Walsh

Chief Financial Officer

CONSULTING AGREEMENT

This Consulting Agreement (the "Agreement"), is made effective as of January 1, 2004, by and between IQ BIOMETRIX, INC., a Delaware corporation (the "Company") and LIVIAKIS FINANCIAL COMMUNICATIONS, INC., a California corporation (the "Consultant").

RECITALS

WHEREAS, Company desires to engage certain services of Consultant to represent the Company in investors' communications and public relations with existing shareholders, brokers, dealers and other investment professionals as to the Company's current and proposed activities, and to consult with management concerning such Company activities (collectively, the "Services" as defined in greater detail herein);

NOW THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the parties hereto covenant and agree as follows:

1) Term of Consultancy. Company hereby agrees to retain the Consultant to act in a consulting capacity to the Company, and the Consultant hereby agrees to provide the Services to the Company, commencing effective as of January 1, 2004 (the "Commencement Date"), and ending on December 31, 2004 after the close of the business day (the "Termination Date"), unless sooner terminated as provided hereunder.

2) Duties of Consultant. The Consultant agrees that it will generally provide the specified consulting services (the "Services") described on Exhibit A attached hereto.

3) Allocation of Time and Energies. The Consultant hereby promises to perform and discharge faithfully the responsibilities which may be assigned to the Consultant from time to time by the officers and duly authorized representatives of the Company in connection with the conduct of its financial and public relations and communications activities, so long as such activities are in compliance with applicable securities laws and regulations. Consultant and staff shall diligently and thoroughly provide the consulting services required hereunder. Although no specific hours-per-day requirement will be required, Consultant and the Company agree that Consultant will perform the duties set forth herein above in a diligent and professional manner. It is explicitly understood that Consultant's performance of its duties hereunder will in no way be measured by the price of the Company's common stock, nor the trading volume of the Company's common stock. It is also understood that Consultant is a legal entity, not an individual, and as such, Consultant will not be deemed to have breached this Agreement if any member, officer or director of Consultant leaves the firm or dies or becomes physically unable to perform any meaningful activities during the term of the Agreement, provided the

Consultant otherwise performs its obligations under this Agreement.

4) Remuneration.

a) As the sole and complete compensation for the delivery to Company of the Services, the Company shall grant Consultant 575,000 shares of the common stock of the Company, such shares granted pursuant to this section 4(a) to be restricted securities (the "Restricted Shares"). Distribution of such shares shall be as follows:

(1) Consultant shall receive 125,000 shares, which Company shall use its best efforts to deliver on, or as soon as practicable after, March 31, 2004;

(2) Consultant shall receive 150,000 shares, which Company shall use its best efforts to deliver on, or as soon as practicable after, June 30, 2004;

(3) Consultant shall receive 150,000 shares, which Company shall use its best efforts to deliver on, or as soon as practicable after, September 30, 2004; and

(4) Consultant shall receive 150,000 shares, which Company shall use its best efforts to deliver on, or as soon as practicable after, December 31, 2004.

b) Each certificate of shares in IQBM Common Stock referenced in section 4(a), when delivered shall constitute payment for Consultant's agreement to consult to the Company and are nonrefundable, non-apportionable, and non-ratable; such shares of common stock are not a prepayment for future services. For example, if the Company decides to terminate this Agreement for any reason whatsoever, it is agreed and understood that Consultant will not be requested or demanded by the Company to return any of the shares of Common Stock paid to it hereunder. Further, if and in the event IQBM is acquired in whole or in part, during the term of this agreement, it is agreed and understood Consultant will not be requested or demanded by the Company to return any of the shares of Common stock in IQBM already delivered to it hereunder.

c) Notwithstanding anything herein to the contrary, in the event of the termination of this Agreement prior to September 30, 2004, Consultant shall not be entitled to a distribution of the shares set forth in section 4(a)(4) above; however, any such termination shall not release the Company from the obligation to deliver to Consultant the shares set forth in section 4(a)(1), (2) and (3). In the event of termination of this Agreement on or subsequent to September 30, 2004 but prior to the Termination Date, such termination shall not release the Company from the obligation to deliver to Consultant the shares set forth in section 4(a)(1), (2), (3) and (4).

5) Consultant's Representations. Consultant represents and warrants to the

Company, to the best of its knowledge, as follows:

a. Entirely for Own Account. Consultant understands that Company is making this Agreement with the Consultant in reliance upon the Consultant's representation to Company, which by the Consultant's execution of this Agreement the Consultant hereby confirms, that the Securities will be acquired for investment for the Consultant's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Consultant has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Consultant further represents that the Consultant does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

b. Disclosure of Information. Consultant has received and reviewed information about the Company and has had an opportunity to discuss the Company' business, management and financial affairs with its management. Consultant understands and acknowledges that such discussions, as well as any written information issued by Company, (i) were intended to describe the aspects of the Company's business and prospects which Company believes to be material, but were not necessarily an exhaustive description, and (ii) may have contained forward-looking statements involving known and unknown risks and uncertainties which may cause Company's actual results in future periods or plans for future periods to differ materially from what was anticipated and that no representations or warranties were or are being made with respect to any such forward-looking statements or the probability of achieving any of the results projected in any of such forward-looking statements.

c. Investment Experience. The Consultant acknowledges that it is able to fend for itself, can bear the economic risk of its investment and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment in the Securities. Consultant's acceptance of the Securities as consideration for the Services is reasonable in relation to the Consultant's net worth, which is in excess of ten (10) times the Consultant's cost basis in the Shares. Notwithstanding the foregoing, Consultant represents that it has consulted with independent legal counsel and/or tax, financial and business advisors, to the extent the Consultant deemed necessary.

d. Accredited Investor. The Consultant is an "accredited investor" within the meaning of SEC Rule 501 of Regulation D and a "Purchaser" within the meaning of 25102 (f) (2) of the California Corporate Securities Law of 1968, each as now in effect and shall submit to Company such further assurances of such status as may be reasonably requested by either.

e. Restricted Securities. The Consultant understands that the Securities it is receiving are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Securities Act of 1933 (the "Act") only in certain limited circumstances, and not unless the Company has received an opinion of counsel reasonably satisfactory to the Company that such resale or transfer is exempt from the registration requirements of that Act. In this connection, the Consultant represents that it is familiar with SEC Rule 144, as now in effect, and understands the resale limitations imposed thereby and by the Act.

f. Legends. It is understood that the certificates evidencing the shares may bear one or all of the following legends:

> "THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER SUCH ACT AND/OR APPLICABLE STATE SECURITIES LAWS, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED." and

Any legend required by applicable state securities laws.

g. Other Representations. (i) It is not required to maintain any licenses and registrations under federal or any state regulations necessary to perform the services set forth herein, (ii) the performance of the services set forth under this Agreement will not violate any rule or provision of any regulatory agency having jurisdiction over Consultant, (iii) Consultant and its officers and directors are not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws, and (iv) it is not a securities Broker-Dealer or a registered investment advisor.

6) Company's Representations. Company represents and warrants that, to the best of its knowledge, (i) it has not violated any rule or provision of any regulatory agency having jurisdiction over the Company, and (ii) it is not the subject of any investigation, claim, decree or judgment involving any violation of the SEC or securities laws.

7) Assignment. The rights or obligations of Consultant under this Agreement may not be assigned. Any assignment in violation of the foregoing shall be null and void.

8) Expenses. Except as otherwise provided, Consultant agrees to pay for all its expenses. Consultant shall only be reimbursed by Company for extraordinary expenses (travel required by/or specifically requested by the Company, luncheons or dinners to large groups of investment professionals, mass faxing to a sizable percentage of the Company's constituents, investor conference calls, print advertisements in publications, etc.) which have been approved in advance in writing by an officer of the Company, which approval may be withheld in the sole and absolute discretion of the Company.

9) Information of Company. The Company warrants and represents that all oral communications, written documents or materials furnished to Consultant by the Company with respect to financial affairs, operations, profitability and strategic planning of the Company are accurate and Consultant may rely upon the accuracy thereof without independent investigation. Notwithstanding the foregoing, the Company will make available to Consultant the opportunity to ask questions of, and receive information from William Scigliano, the Chief Executive Officer and President of the Company, concerning the Company and its prospects and opportunities. No other person (including other officers and directors of the Company) other than Mr. Scigliano is authorized to give any information or make any representations in connection with the Company's activities or prospects. Only information delivered to Consultant in writing by Mr. Scigliano may be relied upon as having been authorized by the Company. All information delivered by Mr. Scigliano should be deemed confidential unless and until so indicated in writing by Mr. Scigliano or unless such information is information which Consultant can establish (i) was publicly known and made generally available in the public domain prior to the time of disclosure to Consultant by Mr. Scigliano, or (ii) after disclosure to Consultant becomes publicly known because intentionally made generally available by the Company or is published by an independent third party not under obligation of confidentiality, and through no action or inaction of Consultant. Consultant hereby represents and warrants that all information provided to third parties pertaining to the Company shall be true and correct and authorized in advance by Mr. Scigliano as public information. Consultant shall hold Company harmless from any and all liability, expenses or claims arising from the disclosure or use of inaccurate information or information not authorized for disclosure to the general public.

10) Information Delivered by Consultant to Public. Consultant covenants that all oral communications, written documents or materials regarding the Company delivered or furnished by Consultant to any third party shall be based upon and accurately reflect the information given Consultant by Company.

11) Status as Independent Contractor. Consultant's engagement pursuant to this Agreement shall be as independent contractor, and not as an employee, officer or other agent of the Company. No party to this Agreement shall represent or hold itself out to be the employer or employee of the other. Consultant further acknowledges the consideration provided hereinabove is a gross amount of consideration and that the Company will not withhold from such consideration any amounts as to income taxes, social security payments or any other payroll taxes. All such income taxes and other such payment shall be made or provided for by Consultant and the Company shall have no responsibility or duties regarding such matters. No party possesses the authority to bind any other party in any agreements without the express written consent of the entity to be bound.

12) Attorney's Fees. If any legal action or any arbitration or other proceeding is brought for the enforcement or interpretation of this Agreement,

or because of an alleged dispute, breach, default or misrepresentation in connection with or related to this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs in connection with that action or proceeding, in addition to any other relief to which it or they may be entitled.

13) Waiver. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by such other party.

14) Choice of Law, Jurisdiction and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. The parties agree that San Francisco County, California will be the venue of any dispute and will have jurisdiction over all parties.

15) Complete Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof. This Agreement and its terms may not be changed orally but only by an agreement in writing signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

16) Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. A party may execute this Agreement and transmit its signature by facsimile, which shall be fully binding, and the party taking such actions shall deliver a manually signed original as soon as is practicable.

17) Further Assurances. Each party agrees to cooperate fully with the other and to execute such further instruments, documents and agreements and to give such further written assurances, as may be reasonably requested by the other to better evidence and reflect the transactions described herein and contemplated hereby, and to carry into effect the intents and purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed, all as of date first above written.

"COMPANY" IQ BIOMETRIX, INC.

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Date: March 26, 2004 By: /s/ Bill Scigliano

Bill Scigliano, CEO

"CONSULTANT" LIVIAKIS FINANCIAL COMMUNICATIONS, INC.

Date: March 26, 2004 By: /s/ John Liviakis

John Liviakis, President

EXHIBIT A

DESCRIPTION OF SERVICES

a) Assist the Company in raising capital through introductions. (It is understood Consultant is not an "investment banking" firm);

b) Consult and assist the Company in developing and implementing appropriate plans and means for presenting the Company and its business plans, strategy and personnel to the financial community, establishing an image for the Company in the financial community, and creating the foundation for subsequent financial public relations efforts;

c) Introduce the Company to the financial community;

d) With the cooperation of the Company, maintain an awareness during the term of this Agreement of the Company's plans, strategy and personnel, as they may evolve during such period, and consult and assist the Company in communicating appropriate information regarding such plans, strategy and personnel to the financial community;

e) Assist and consult the Company with respect to its (i) relations with stockholders, (ii) relations with brokers, dealers, analysts and other investment professionals, and (iii) financial public relations generally;

f) Perform the functions generally assigned to stockholder relations and public relations departments in major corporations, including responding to telephone and written inquiries (which may be referred to the Consultant by the Company); preparing press releases for the Company with the Company's involvement and approval of press releases, reports and other communications with or to shareholders, the investment community and the general public; consulting with respect to the timing, form, distribution and other matters related to such releases, reports and communications; and, at the Company's request and subject to the Company's securing its own rights to the use of its names, marks, and logos, consulting with respect to corporate symbols, logos, names, the presentation of such symbols, logos and names, and other matters relating to corporate image;

g) Upon the Company's direction and approval, disseminate information regarding the Company to shareholders, brokers, dealers, other investment community professionals and the general investing public;

h) Upon the Company's approval, conduct meetings, in person or by telephone, with brokers, dealers, analysts and other investment professionals to communicate with them regarding the Company's plans, goals and activities, and assist the Company in preparing for press conferences and other forums involving the media, investment professionals and the general investment public;

i) At the Company's request, review business plans, strategies, mission statements budgets, proposed transactions and other plans for the purpose of advising the Company of the public relations implications thereof; and

j) Otherwise perform as the Company's consultant for public relations and relations with financial professionals.

CERTIFICATION

I, William Scigliano, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of IQ Biometrix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the realiability of financial reporting and the preparation of financial statements of external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed,

based on our most recent evaluation of internal control over financial reporting, to small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ William Scigliano

William Scigliano
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Michael Walsh, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of IQ Biometrix, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the small business issuer and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: May 17, 2004

/s/ Michael Walsh

Michael Walsh
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IQ Biometrix, Inc. (the "Company") on Form 10-QSBFC for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Scigliano, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William Scigliano

William Scigliano
Chief Executive Officer

May 17, 2004

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of IQ Biometrix, Inc. (the "Company") on Form 10-QSB for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Walsh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C.

Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Walsh

Michael Walsh
Chief Financial Officer

May 17, 2004