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

FORM 10 - K

☒ ANNUAL REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Year Ended December 31, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Strategic Environmental & Energy Resources, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**000-54987**	**02-0565834**
(State or other jurisdiction of Incorporation or organization)	*(Commission File No.)*	*(IRS Employee Identification Number)*

751 Pine Ridge Road
Golden, CO 80403
(Address of Principal Executive Office)

303-295-6297
(Registrant's telephone number, including area code)

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

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

Title of Class
COMMON STOCK, $.001 par value

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐(Do not check if a smaller reporting company)	Smaller reporting company	☒

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter; 25,768,264 shares of common stock at a price of $.78 per share for an aggregate

market value of $20,099,246.

As of February 28, 2014 there were 49,654,702 shares of the registrant's $.001 par value common stock outstanding. No other class of equity securities is issued or outstanding.

Documents incorporated by reference: None

Strategic Environmental & Energy Resources, Inc.
Form 10-K for the year ended December 31, 2013

Table of Contents

PART I

Cautionary Statement Concerning Forward-Looking Statements

The information contained in this Annual Report may contain certain statements about SEER that are or may be "forward-looking statements" that is, statements related to future, not past, events, including forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on the current expectations of the management of SEER and are subject to uncertainty and changes in circumstances and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. Factors that could cause our results to differ materially from current expectations include, but are not limited to factors detailed in our reports filed with the U.S. Securities and Exchange Commission ("SEC"), including but not limited to those under the caption "Risk Factors" contained herein. In addition, these statements are based on a number of assumptions that are subject to change. The forward-looking statements contained in the information in this Annual Report may include all other statements in this document other than historical facts. Without limitation, any statements preceded or followed by, or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "approximates", "projects", "seeks", "sees", "should," "would," "expect," "positioned," "strategy," or words or terms of similar substance or derivative variation or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects; (ii) business and management strategies and the expansion and growth of SEER; (iii) the effects of government regulation on SEER's business, and (iv) our plans, objectives, expectations and intentions generally.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Additional particular uncertainties that could cause our actual results to be materially different than those expressed in forward-looking statements include: risks associated with our international operations; significant movements in foreign currency exchange rates; changes in the general economy, as well as the cyclical nature of our markets; availability and cost of raw materials, parts and components used in our products; the competitive environment in the areas of our planned industrial activities; our ability to identify, finance, acquire and successfully integrate attractive acquisition targets, expected earnings of SEER; the amount of and our ability to estimate known and unknown liabilities; material disruption at any of our significant manufacturing facilities; the solvency of our insurers and the likelihood of their payment for losses; our ability to manage and grow our business and execution of our business and growth strategies; our ability and the ability our customers to access required capital at a reasonable costs; our ability to expand our business in our targeted markets; the level of capital investment and expenditures by our customers in our strategic markets; our financial performance; our ability to identify, address and remediate any material weakness in our internal control over financial reporting; our ability to achieve or maintain credit ratings and the impact on our funding costs and competitive position if we do not do so; and other risk factors as disclosed herein under the caption "Risk Factors". Other unknown or unpredictable factors could also cause actual results to differ materially from those in any forward-looking statement.

Due to such uncertainties and risks, readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date hereof. SEER undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of SEER unless otherwise expressly stated.

ITEM 1. BUSINESS

Overview

Strategic Environmental & Energy Resources, Inc. ("the Company" or "SEER") was originally organized under the laws of the State of Nevada on February 13, 2002 for the purpose of acquiring one or more businesses, under the name of Satellite Organizing Solutions, Inc ("SOZG"). In March 2008, SOZG consummated a reverse merger with a non-public operating company called Strategic Environmental & Energy Resources, Inc., also a Nevada Corporation. SOZG's name was changed to Strategic Environmental & Energy Resources, Inc. SEER is dedicated to assembling complementary service and product businesses that provide safe, innovative, cost effective, and profitable solutions in the oil & gas, environmental, waste management and renewable energy industries. SEER currently operates four companies with three offices in the western and mid-western U.S. Through these operating companies, SEER provides products and services throughout the U.S. and has licensed and owned technologies with many customer installations throughout the U.S. Each of the four operating companies is discussed in more detail below.

The Company's domestic strategy is to grow internally through SEER's existing customer base and subsidiaries that have well established revenue streams and, simultaneously, establish long-term alliances with and/or acquire complementary domestic businesses in rapidly growing markets for environmental, water treatment and oil & gas services. At the same time, SEER intends to increase sales of new and patent-pending technologies into the growing markets of vapor/emission capture and control, renewable "green gas" capture and sale, Compressed Natural Gas ("CNG") fuel generation for fleet use, as well as general solid waste and medical/pharmaceutical waste destruction. Many of SEER's current operating companies share customer bases and each provides truly synergistic services and products.

The company now owns and manages four operating entities and one newly formed entity that has no operations to date.

Subsidiaries

REGS, LLC d/b/s Resource Environmental Group Services ("REGS"): **(operating since 1994)** provides general industrial cleaning services and waste management into many industry sectors but focuses on oil & gas production (upstream) (particularly water treatment services in the oil & gas fields) and refineries (downstream), but also services other sectors such as hospitals, universities and state/federal agencies.

Tactical Cleaning Company, LLC ("TCC"): (operating since 2005) provides cleaning services to the tanker rail car industry with offices in two states and a focus on both food-grade and petroleum based products, *i.e*., fuel oil and asphalt.

MV, LLC ("MV"): **(operating since 2003)** MV is an engineering/technology oriented company that designs and sells odor, vapor, and emission control systems for use in oil and gas production, refining, and biogas conversion in agricultural, food and beverage and landfill applications.

Paragon Waste Solutions, LLC ("PWS"): (formed late 2010) PWS is an operating company that has developed a patent-pending technology based on a pyrolytic destruction assisted by a "cold plasma" oxidation process. This process involves gasification of the solid waste and then a cold plasma oxidation process that makes possible the destruction of hazardous chemical and biological waste via a low temperature and low oxygen pyrolytic process. The term cold plasma refers to a low energy ionized gas that is generated by electrical discharges between two electrodes. PWS believes that our CoronaLux™ Technology, designed and intended for the "clean" destruction of hazardous chemical and biological waste *(i.e*., hospital "red bag" waste) should eliminate the need for costly segregation, transportation, incineration or landfill (with their associated legacy liabilities). PWS is a 54% owned subsidiary.

ReaCH4BioGas ("Reach") (originally known as Benefuels, LLC): (formed February 2013) owned 85% by SEER is a newly formed entity created to focus specifically on treating biogas for conversion to pipeline quality gas and/or CNG for fleet vehicles. Reach has had minimal operations as of December 31, 2013.

MV RCM Joint Venture: In April 2013, MV Technologies, Inc ("MV") and RCM International, LLC ("RCM") entered into a Joint Development and Marketing Agreement to develop, implement, market and distribute certain hybrid scrubber systems that employ elements of RCM Technology and MV Technology (the "Joint Venture"). The contractual Joint Venture shall have an initial term of five years and will automatically renew for successive one-year periods unless either Party gives the other Party one hundred and eighty (180) days notice prior to the applicable renewal date that it will not renew the Agreement or unless terminated in accordance with the terms of the Joint Venture Agreement.

Operations to date of the Joint Venture have been limited to formation activities.

Segment Information

The Company currently has identified four segments as follows:

		% of Annual Revenues	
		2013	**2012**
REGS	Industrial Cleaning	50%	45%
TCC	Rail Car Cleaning	21%	34%
MV	Environmental Solutions	29%	21%
PWS	Solid Waste	—	—

Reach is not currently operating but when operations commence would be part of the Environmental Solutions segment. The MV RCM Joint Venture is not currently operating but when operations commence would be part of the Environmental Solutions segment.

As of December 31, 2013 and 2012, we had two customers (Customer A and Customer B) with sales in excess of 10% of our revenue and combined were 43% and 30%, respectively of total revenues for the year ended December 31, 2013 and 2012. The loss of either one of these customers would have a material adverse effect on our business.

Financial Condition

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately $12.2 million as of December 31, 2013 and for the years ended December 31, 2013, and 2012, we incurred net losses of approximately $858,00 and $1.7 million, respectively. As of December 31, 2013 our current assets exceed our current liabilities by approximately $581,500 compared to December 31, 2012 where our current liabilities exceeded our current assets by $1.4 million. Our total assets exceed total liabilities at December 31, 2013 by approximately $2 million and at December 31, 2012 our liabilities exceeded our total assets by $1.2 million. The primary reason for this positive change is due to net proceeds of $3.7 million from the sale of common stock in 2013.

Realization of a major portion of our assets as of December 31, 2013, is dependent upon our continued operations. Accordingly, we have undertaken a number of specific steps to continue to operate as a going concern. In 2013, we raised approximately $3.7 million through the sale of common stock. For the period January 1, 2014 through February 28, 2014, the Company raised $590,000 from the ales of common stock and exercise of common stock warrants. In addition, we have focused on developing organic growth in our operating companies and improving margins through increased attention to pricing, aggressive cost management and overhead reductions. We made additions to our senior management team to support these initiatives, and focused on streamlining our business model to reduce our net loss. We also increased our business development efforts in MV to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. There can be no assurance that the Company will achieve the desired result of net income and positive cash flow from operations in future years. Management believes that current working capital will be sufficient to allow the Company to maintain its operations through December 31, 2014 and into the foreseeable future.

Industry

SEER, with its diverse services, technologies, and environmental solution offerings, participates in the worldwide markets of industrial cleaning, environmental compliance, renewable energy and waste minimization/management markets. There are ever-increasing regulations and statutory programs, state, federal and local, create and mandate the need for waste minimization and proper handling, storage, treatment and disposal of virtually all types of waste. These rules and regulations are increasingly governing air emissions and vapor control in virtually all types of industries.

The industrial waste management industry in North America was shaped first by the Resource Conservation and Recovery Act of 1976 (RCRA), which requires waste generators to, among other things, store and dispose of hazardous waste in accordance with specific regulations. Subsequent to the RCRA, growing national awareness of environmental issues, coupled with corporate and institutional awareness of environmental liabilities, have contributed to the growth of the industry and associated governing legislation on the state and federal levels.

Today, collection and disposal of solid and hazardous wastes are subject to local, state, and federal requirements and controls that regulate health, safety, the environment, zoning and land-use. Included in these regulations is the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), of the United States. CERCLA holds generators and transporters of hazardous substances, as well as past and present owners and operators of sites where there has been a hazardous release, strictly, jointly and severally liable for environmental cleanup costs resulting from the release or threatened release of hazardous materials.

The enactment of the federal *Clean Air Act of 1970* (CAA) resulted in a major shift in the federal government's role in air pollution control. This legislation authorized the development of comprehensive federal and state regulations to limit emissions from both stationary (industrial) sources and mobile sources. The Act has been amended and expanded in scope many time since its enactment and remains a major consideration for safely and responsibly conducting business in the U.S.

These and countless other similar regulatory programs mandate the need for environmental and industrial cleaning services and technologies such as those offered by SEER and its companies.

There are substantial barriers to entry in the waste management industry, including the high degree of expertise and training required, regulatory compliance, insurance, and licensing costs and procedures, strict federal, state, provincial and local permitting and oversight processes, and significant capital costs of equipment and qualified personnel.

Business Strategy

SEER's growth to date has been fueled by a combination of vertical integration, acquisitions, and organic growth. SEER acquired REGS, Tactical, and MV as wholly-owned subsidiaries. We intend to continue pursuing an aggressive strategy of both acquisitions and organic growth while expanding our geographic footprint into other regions of the United States and possibly into foreign markets. Potential acquisitions may include businesses that are complementary to our core businesses or companies that provide a similar set of services in regions where the Company does not currently have operations.

Through long-term relationships with partners in the up-stream oil and gas production sector, SEER will pursue new sources of service revenue, particularly in the treatment of "frack" and produced water (production and flowback water from drilling and hydraulic fracturing operations) at water treatment facilities in some of the most productive oil and gas fields in the country.

Upon full development of certain of our patent-pending technologies, we intend to explore license relationships with larger, established companies to generate sustainable revenue streams from both domestic and international applications.

Intellectual Property

MV was issued a patent in 2012 related to "Oil-Gas Vapor Collection, Storage, and Recovery System, etc." Patent No. US 8,206,124 B1. The patent will expire in 2029 unless otherwise extended. MV is in the process of expanding the scope and number of claims of this issued patent and has other pending applications arising out of and related to its odor control, vapor recovery, and renewable energy systems.

In 2013, PWS filed provisional and non-provisional patent applications arising out of and related to its waste disposal technology involving a pyrolitic first phase and a "cold plasma" second phase system referred to as "plasma light," or CoronaLux™ technology. In 2014, PWS filed a provisional patent related to volatile organic compound disposal. A pyrolytic process is basically the decomposition of any material in a very low oxygen atmosphere. The materials are decomposed with very little air (oxygen) being present, as compared to conventional burning or incineration. PWS is not dependent upon this patent for its business development, although the issuance of the patent would give PWS a competitive advantage.

Competition

The industrial services industry is highly competitive. Our competitors vary in size, geographical coverage and by the mix of services they offer. Our larger competitors include Philip Services, Clean Harbors, and Veolia Environmental Services. Additionally, we compete with a number of small and medium size companies. In the face of this competition we have been effective in growing our revenue due to the wide range of services we offer, a competitive pricing structure, our innovative and proprietary/patent pending technologies, a reputation for reliability, built over the nearly 20 years of business operations and the care we take in each customer project.

In all its businesses, the Company currently holds very small parts of very large and growing markets. MV competes by providing superior H2S "scrubbing" solutions that result in more cost efficient removal of H2S from process gas streams, with markedly lower cost media change out. H2S, or hydrogen sulfide, is the naturally occurring gas resulting from the decomposition of vegetation and organic materials in soil and ground waters that creates the odor of "rotten eggs." It is an offensive, unpleasant, and in high enough concentrations a toxic and deadly gas that must be removed from the gasses that escape during many industrial processes. REGS and Tactical Cleaning Company compete by offering superior customer response and lower total cost of service. PWS plans to compete by offering a unique on-site, on-demand waste destruction solution, eliminating the need for waste segregation, transportation, incineration, autoclaving and/or landfilling; in turn, eliminating all of the associated costs and legacy liabilities associated with current options for medical waste handling. We believe that the patent-pending CoronaLux™ technology results in a radically superior option in the medical waste management sector and ultimate emissions cleaner than other solutions available in the market.

Environmental Matters and Regulation

Significant federal environmental laws affecting us are the Resource Conservation and Recovery Act ("RCRA"), the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the "Superfund Act", the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act ("TSCA").

RCRA. RCRA is the principal federal statute governing hazardous waste generation, treatment, transportation, storage and disposal. Pursuant to RCRA, the U.S. Environmental Protection Agency (the "EPA") has established a comprehensive "cradle-to-grave" system for the management of a wide range of materials identified as hazardous or solid waste. States that have adopted hazardous waste management programs with standards at least as stringent as those promulgated by the EPA have been delegated authority by the EPA to administer their facility permitting programs in lieu of the EPA's program. Every facility that treats, stores or disposes of hazardous waste must obtain a RCRA permit from the EPA or an authorized state agency, unless a specific exemption exists, and must comply with certain operating requirements.

The Superfund Act. The Superfund Act is the primary federal statute regulating the cleanup of inactive hazardous substance sites and imposing liability for cleanup on the responsible parties. It also provides for immediate response and removal actions coordinated by the EPA, of the release of hazardous substances into the environment, and authorizes the government to respond to the release or threatened release of hazardous substances or to order responsible persons to perform any necessary cleanup. The statute provides for strict, and in certain cases, joint and several liability for these responses and other related costs, and for liability for the cost of damages to natural resources, to the parties involved in the generation, transportation and disposal of such hazardous substances. Under the statute, we may be deemed liable as a generator or transporter of a hazardous substance which is released into the environment, or as the owner or operator of a facility from which there is a release of a hazardous substance into the environment.

The Clean Air Act. The Clean Air Act was passed by Congress to control the emissions of pollutants into the air and requires permits to be obtained for certain sources of toxic air pollutants such as vinyl chloride, or criteria pollutants, such as carbon monoxide. In 1990, Congress amended the Clean Air Act to require further reductions of air pollutants with specific targets for non-attainment areas in order to meet certain ambient air quality standards. These amendments also require the EPA to promulgate regulations, which (i) control emissions of 189 hazardous air pollutants; (ii) create uniform operating permits for major industrial facilities similar to RCRA operating permits; (iii) mandate the phase-out of ozone depleting chemicals; and (iv) provide for enhanced enforcement.

Clean Water Act. This legislation prohibits discharges into the waters of the United States without governmental authorization and regulates the discharge of pollutants into surface waters and sewers from a variety of sources, including disposal sites and treatment facilities.

Toxic Substances Control Act. TSCA established a national program for the management of substances classified as PCBs, which include waste PCBs as well as RCRA wastes contaminated with PCBs. We conduct field services (remediation) activities that are regulated under provisions of the TSCA.

Other Federal Laws. In addition to regulations specifically directed at the transportation, storage, and disposal facilities, there are a number of regulations that may "pass-through" to the facilities based on the acceptance of regulated waste from affected client facilities. Each facility that accepts affected waste must comply with the regulations for that waste, facility or industry. In our transportation operations, we are regulated by the U.S. Department of Transportation, the Federal Railroad Administration, the Federal Aviation Administration and the U.S. Coast Guard, as well as by the regulatory agencies of each state in which we operate or through which our vehicles pass. Health and safety standards under the Occupational Safety and Health Act, or "OSHA", are applicable to all of our operations.

Pursuant to the EPA's authorization of their RCRA equivalent programs, a number of states have regulatory programs governing the operations and permitting of hazardous waste facilities. Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Our facilities are also subject to local siting, zoning and land use restrictions. Although our facilities occasionally have been cited for regulatory violations, we believe we are in substantial compliance with all federal, state and local laws regulating our business.

Income Taxes

The Company has filed federal and state tax returns through December 31, 2012. The tax periods for the years ending December 31, 2008 through 2012 are open to examination by federal and state authorities. The Company has not been contacted by federal and state taxing authorities regarding these open tax periods although there can be no assurance they will not commence investigative procedures.

In 2009 and 2010, the Company became delinquent for unpaid federal employer and employee payroll taxes and accrued interest and penalties related to the unpaid payroll taxes. Additionally, we had amounts outstanding for certain unpaid state payroll taxes and accrued interest and penalties applicable to 2012 and 2011. All interest and penalties related to the delinquent federal and state payroll taxes are included in the section labeled "other income and expenses" in the consolidated statement of operations.

In September 2011, we received approval from the Internal Revenue Service ("IRS") to begin paying our outstanding federal payroll tax and related interest and penalties liabilities totaling approximately $971,000, for the aforementioned years in installments (the "Installment Plan"). Under the Installment Plan, we were required to pay minimum monthly installments of $12,500 commencing September 2011, which increased to $25,000 per month in September 2012, until the liability is paid in full. Through the duration of the Installment Plan, the IRS continues to charge penalties and interest at statutory rates. If the conditions of the Installment Plan are not met, the IRS may cancel it and may demand the outstanding liability to be repaid through a levy on income, bank accounts or other assets, or by seizing certain of our assets. Additionally, the IRS has filed a notice of federal tax lien against certain of our assets to satisfy the obligation. The IRS is to release this lien if and when we pay the full amount due. As of December 31, 2013 and 2012, the outstanding balance due to the IRS was $958,300, and $1,045,400, respectively. Two of the officers' of the Company also have liability exposure for a portion of the taxes if the Company does not pay them.

In May 2013, the Company filed an Offer in Compromise with the IRS to reduce its outstanding liability to $250,000. While the Offer in Compromise is under review by the IRS, the Company requirement to pay $25,000 a month under the Installment Plan is suspended. As of December 31, 2013 the Offer in Compromise has not been accepted by the IRS and there can be no assurance that the Offer in Compromise will be accepted by the IRS.

As of December 31, 2013 and 2012, the amounts due for past due state payroll taxes, interest and penalties, was $0 and $35,400, respectively.

Insurance

To cover potential risks associated with the variety of services that the operating companies provide, we maintain adequate insurance coverages, including: 1) Casualty Insurance providing coverage for Commercial General Liability, Automotive Liability and Professional Liability Insurance in the amounts of $1 million each, respectively, per year; 2) Contractor's Pollution Liability Insurance, which has limits of $1 million per occurrence and $1 million in the aggregate; 3) Transportation Liability Insurance with a $1 million per occurrence; and, 4) An Excess Umbrella Liability Policy of $4 million per occurrence and $4 million aggregate limit overall.

Health, Safety and Compliance

Preserving the health and safety of our employees and the communities in which we operate, as well as remaining in compliance with local, state and federal rules and regulations are the highest priorities for us and our companies. We strive to maintain the highest professional standards in our compliance and health and safety activities. To achieve this objective, we have an in-house, full-time, health & safety officer and emphasize comprehensive training programs for new employees as well as ongoing mandatory refresher programs, and safety bonus programs for existing employees. These programs are administered at both the corporate and field levels on a daily basis. Our efforts to ensure the health and safety of employees have been formally recognized by our customers as well as by the Colorado Department of Labor and Employment.

Research and Development

Research and Development ("R&D") costs are charged to operations when incurred and are included in operating expenses. We spent approximately $188,900 and $416,000 on R&D for the year ended December 31, 2013 and 2012, respectively. Our R&D personnel develop products to meet specific customer, industry and market needs that we believe compete effectively against products distributed by other companies. Quality assurance programs are implemented into each development and manufacturing project, and we enforce strict quality requirements on components received from other manufacturing facilities. There are currently no customer-sponsored research activities outside of costs resulting from the development of products for a specific customer which are generally paid by the customer.

Employees

As of December 31, 2013, we employed approximately 69 full time non-union and salaried employees. There is some seasonality to our business which requires us to use day laborers.

Public Information

Persons interested in obtaining information on the Company may read and copy any materials that we file with the Commission at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at *http://www.sec.gov.*

ITEM 1A. RISK FACTORS

An investment in our securities involves certain risk factors, including those described below. Investors should carefully consider these risk factors along with information included or referred to in this report as well as other SEC filings before investing in our securities.

Risks Relating to Our Business

Our business and results of operations would be adversely affected if we are unable to secure reasonably priced insurance that is required for our operations.

Because our business sometimes involves the handling and disposal of hazardous materials, we are required to maintain insurance coverage that can be expensive. Our ability to continue conducting business could be adversely affected if we should become unable to secure sufficient insurance coverage, surety bonds and financial assurances at reasonable cost to meet our business and regulatory requirements. The availability of insurance could be affected by factors outside of our control as well as the insurers' or sureties' assessment of our risk.

The environmental services industry in which we participate is subject to significant economic and business risks.

Our future operating results may be affected by such factors as our ability to win new business and remain competitive in the face of price competition from competitors who are often larger and better capitalized than us; maintain and/or build market share in an industry that has experienced downsizing and consolidation; reduce costs without negatively impacting operations; minimize downtime and disruptions of operations; weather economic downturns or recessionary conditions.

A significant portion of our business is derived as a result of events and circumstances over which we have no control.

Certain services that we provide are impacted by events such as accidental spills of hazardous materials, increasingly stringent environmental regulations governing hazardous waste handling, and seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' spending for remedial activities. We do not control such factors and, as a result, our revenue and income can vary significantly from quarter to quarter and from year to year. Prior financial performance for certain periods may not be a reliable indicator of future performance for comparable periods in subsequent years.

Seasonality makes it harder for us to manage our business and for investors to evaluate our performance.

Our operations may be affected by seasonal fluctuations due to weather and budgetary cycles influencing the timing of customers' needs for remedial and other services that we provide. This seasonality in our business makes it harder for us to manage our business and for investors to evaluate our performance.

Our common stock is thinly traded, the prices at which it trades are volatile and the buying or selling actions of a few shareholders may adversely affect our stock price.

As of December 31, 2013, we had a public float, which is defined as shares outstanding minus shares held by our officers, directors, or beneficial holders of greater than 5% of our outstanding common stock and restricted common stock, of 15,270,787 shares, or 32% of our outstanding common stock. The average number of shares traded in any given day over the past year has been relatively small compared to the public float. Thus, the actions of a few shareholders either buying or selling shares of our common stock may adversely affect the price of the shares. Historically, thinly-traded securities such as our common stock have experienced extreme price and volume fluctuations that do not necessarily relate to operating performance.

Because our quarterly and annual operating results are difficult to predict and may fluctuate, the market price for our stock may be volatile.

Our operating results have fluctuated significantly in the past and may continue to fluctuate significantly in the future. Fluctuations in operating results may result in volatility of the price of our common stock. These quarterly and annual fluctuations may result from a number of factors, including the size of new contracts and when we are able to recognize the related revenue; our rate of progress under our contracts; the timing of customer and market acceptance of our products and service offerings; budgeting cycles of our customers; the mix of products and services sold; changes in demand for our products and services; level and timing of expenses for product development and sales, general and administrative expenses; competition; changes in our strategy; general economic conditions.

Personnel costs are a significant component of our budgeted expense levels and, therefore, our expenses are, to a degree, variable based upon our expectations regarding future revenue. Our revenue is difficult to forecast because the market for our products and services is rapidly changing, and our sales cycle and the size and timing of significant contracts varies substantially among customers. Accordingly, we may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall in revenue. Any significant shortfall from anticipated levels of demand for our products and services could adversely affect our business, financial condition, results of operations and cash flows.

Based on these factors, we believe our future quarterly and annual operating results may vary significantly from quarter to quarter and year to year. As a result, quarter-to-quarter and year-to-year comparisons of operating results are not necessarily meaningful nor do they indicate what our future performance will be. Furthermore, we believe that in future reporting periods if our operating results fall below the expectations of public market analysts or investors, it is possible that the market price of our common stock could go down.

Our results of operations could be negatively impacted if we are unable to manage our liquidity.

Our cash forecast indicates that we will have sufficient liquidity to cover anticipated operating costs as well as debt service payments for at least the next twelve months, but this could be negatively impacted if we are unable to invoice and collect from our customers in a timely manner, if our revenue levels fall below forecast, or expenses exceed what we projected, or an unexpected adverse event, or combination of events occurs. Therefore, if the timing of cash generated from operations is insufficient to satisfy our liquidity requirements, we may require access to additional funds to support our business objectives through debt restructuring, a credit facility or possibly the issuance of additional equity. Additional financing may not be available at all or, if available, may not be obtainable on terms that are favorable to us and not dilutive.

We depend on a limited number of significant customers for a substantial portion of our revenues, and the loss of one or more of these customers could adversely affect our business.

In the past, and currently, we earn a significant portion of our revenue from a relatively small number of customers. Although this has been mitigated somewhat by the expansion of our product, service and customer base through expansion into broader markets, the loss of any significant customer, delays in delivery or acceptance of any of our products by a customer, delays in the performance of services for a customer, or delays in collection of customer receivables could harm our business and operating results.

Our business depends largely on our ability to attract and retain talented employees.

Our ability to manage future expansion, if any, effectively will require us to attract, train, motivate and manage new employees successfully, to integrate new management and employees into our overall operations and to continue to improve our operations, financial and management systems. We may not be able to retain personnel or to hire additional personnel on a timely basis, if at all. Because of the complexity and training required in certain of our services, a significant time lag exists between the hiring date of technical and sales personnel and the time when they become fully productive. Our failure to retain personnel or to hire qualified personnel on a timely basis could adversely affect our business by impacting our ability to service certain customers and to secure new contracts.

We are subject to extensive environmental regulations that may increase our costs and potential liabilities.

The operations of all companies in the environmental services industry are subject to federal, state, provincial and local environmental requirements. Although increasing environmental regulation often presents new business opportunities for us, it also results in increased operating and compliance costs. Efforts to conduct our operations in compliance with all applicable laws and regulations, including environmental rules and regulations, require programs to promote compliance, such as training employees and customers, purchasing health and safety equipment, and in some cases hiring outside consultants. Even with these programs, we and other companies in the environmental services industry are faced with governmental enforcement proceedings, which can result in fines or other sanctions and require expenditures for remedial work on waste management facilities and contaminated sites. Certain of these laws impose strict and, under certain circumstances, joint and several liability for cleanup of releases of regulated materials, and also liability for related natural resource damages.

At some time in the future we may be required to pay fines or penalties due to regulatory enforcement proceedings and such fines or penalties could have a negative impact on our earnings. Additionally, regulatory authorities have the power to suspend or revoke permits or licenses needed for our operations, which may affect our customers' willingness to do business with us and/or out ability to conduct business. This, in turn, would impact our revenue and profitability. To date, we have never had any of our operating permits revoked, suspended or non-renewed involuntarily, although it is possible that could occur in the future.

Changes in environmental regulations or entry into related businesses may require us to make significant capital expenditures.

Changes in environmental regulations or our entry into new businesses can require us to make significant capital expenditures. Periodically the government revises rules and regulations regarding the handling and disposal of hazardous waste that requires us and other companies in the environmental services industry to invest in new equipment, training or other areas in order to remain in compliance. Additionally, because we intend to expand our business through the acquisition of complementary businesses, we anticipate the need raised additional capital to support such acquisitions. Future environmental regulations and acquisitions could cause us to make significant additional capital expenditures and adversely affect our results of operations and cash flow.

If our internal growth objectives prove to be inaccurate, our results of operations could be adversely affected.

While we believe that increasing environmental regulations and our growing product and services portfolio provide us with ample growth opportunities, it is possible that we will not be able to achieve our internal growth objectives due to potentialities such as a lack of growth capital, intense competition, regulatory issues, loss of permits and licenses, and other factors. Likewise, while we also intend to grow through acquisition, it is possible that we will be unable to grow this way due to lack of adequate financing, lack of viable acquisition candidates, competition for such acquisitions and other factors. To the extent that our growth objectives prove to be significantly different than actual results, our results of operations could be adversely affected.

Disruptions from terrorist activities or military actions may have an adverse effect on our business.

The continued threat of terrorism within the U.S. and acts of war may cause significant disruption to commerce throughout the world. Our business and results of operations could be materially and adversely affected to the extent that such disruptions result in delays or cancellations of customer orders, delays in collecting cash, a general decrease in corporate spending, or our inability to effectively market, manufacture or ship our products. We are unable to predict whether war and the threat of terrorism or the responses thereto will result in any long-term commercial disruptions or if such activities or responses will have any long-term material adverse effect on our business, results of operations, financial condition or cash flows.

We do business in a highly competitive industry and compete with companies that have substantially more resources that we do.

The industrial services industry is highly competitive. Several of the companies with which we compete are larger, offer more services and products, have better access to growth capital, have larger sales and marketing departments and larger workforces and other advantages that may make it difficult for us to win new business when in competition with them.

We have not paid and do not expect in the foreseeable future to pay dividends on our common stock.

We have not paid and do not anticipate paying for the foreseeable future any dividends on our common stock. We intend to reinvest future earnings, if any, into the operation and expansion of our business and payment of our outstanding debt.

Certain directors and officers own substantial amounts of our common stock and, as a group, will have the ability to exercise substantial influence over matters submitted to our stockholders for approval.

As of December 31, 2013, J John Combs III, President, CEO and Director of SEER and Michael J. Cardillo, Founder and President of our REGS, LLC subsidiary, and, beneficially held approximately 21.57% of our outstanding common stock. As a result, our directors and officers may be able to exercise substantial influence over matters submitted to our stockholders for approval, including the election of directors, any merger, consolidation or sale of all or substantially all of our assets or any other significant corporate transactions. These stockholders may also delay or prevent a change of control even if such a change of control would benefit our other stockholders. The significant concentration of stock ownership might cause the trading price of our common stock to decline if investors were to perceive that conflicts of interest may exist or arise over any such potential transactions. Potential future sales of common stock by our directors and executive officers, and our other principal stockholders, may cause our stock price to fall.

We depend on certain key personnel.

We are highly dependent on a limited number of key management personnel, particularly our President and CEO, J. John Combs III , Fortunato Villamagna, President of our subsidiary, PWS, Mike Cardillo, President of our subsidiary, REGS and John Jenkins, President of our subsidiary, MV. Our loss of key personnel to death, disability or termination, or our inability to hire and retain qualified personnel, could have a material adverse effect on our financial position, results of operations and cash flow.

General risk statement.

Based on all of the foregoing, we believe it is possible for future revenue, expenses and operating results to vary significantly from quarter to quarter and year to year. As a result, quarter-to-quarter and year-to-year comparisons of operating results are not necessarily meaningful or indicative of future performance. Furthermore, we believe that it is possible that in any given quarter or fiscal year our operating results could differ from the expectations of public market analysts or investors. In such event or in the event that adverse conditions prevail, or are perceived to prevail, with respect to our business or generally, the market price of our common stock would likely decline.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Location	Owned/Leased	Function	Building(s) Sq. Footage	Total Acreage
Commerce City, CO	Leased	REGS operations	10,000	1.5
Denver, CO	Leased	TC2 Rail car cleaning	1,200	1.5
Golden, CO (1)	Leased	MV operations	2,000	n/a
El Dorado, KS	Leased	TC2 Rail car Cleaning	2,200	5.0

On December 16, 2013, the Company executed a new lease for 9,750 square feet of office and warehouse space that will serve as the headquarters for SEER, MV and PWS. The lease commences on February 1, 2014 and terminates on January 31, 2019 unless otherwise extended.

ITEM 3. LEGAL PROCEEDINGS

Other than the disclosure in Note 8 to the Consolidated Financial Statements regarding the past due payroll taxes, we know of no material, existing or pending legal proceedings against us, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder of more than 5% of our issued and outstanding common stock, or associates of such persons, is an adverse party or has a material interest adverse to us.

ITEM 4. MINE SAFETY DISCLOSURES

None

PART II

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

Market Information for Common Stock

The Company's common stock is traded on the OTCQB marketplace, operated by OTC Markets Group under the symbol "SENR." The following table sets forth the range of high and low bid prices since the debut of public trading in our shares. The quotations reflect inter-dealer prices without retail mark-up, mark-down or commission and may not represent actual transactions.

	For the Years Ended December 31,			
	2013		2012	
	High	Low	High	Low
First Quarter	$ .75	$ .41	$ .90	$ .40
Second Quarter	$ .86	$ .69	$ .58	$ .40
Third Quarter	$ .94	$ .69	$ .52	$ .10
Fourth Quarter	$ 1.08	$ .77	$ .45	$ .34

Stockholders

As of February 28, 2014, there were approximately 134 shareholders holding 49,654,702 common shares issued and outstanding. There are no preferred shares issued or outstanding.

Dividends

We have not declared or paid a cash dividend on our common stock. We currently intend to retain future earnings, if any, to finance the growth and development of our business and, therefore, do not anticipate paying cash dividends in the foreseeable future.

Recent Sales of Unregistered Securities

During the year ended December 31,2013, we did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been previously reported in a Form 8-K or Form 10-Q.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, the registrant is not required to provide information for this item.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to assist in understanding our business and the results of our operations. It should be read in conjunction with the Consolidated Financial Statements and the related footnotes and "Risk Factors" that appear elsewhere in this Report. Certain statements in this Report constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, among others, uncertainties relating to general economic and business conditions; industry trends; changes in demand for our products and services; uncertainties relating to customer plans and commitments and the timing of orders received from customers; announcements or changes in our pricing policies or that of our competitors; unanticipated delays in the development, market acceptance or installation of our products and services; changes in government regulations; availability of management and other key personnel; availability, terms and deployment of capital; relationships with third-party equipment suppliers; and worldwide political stability and economic growth. The words "believe," "expect," "anticipate," "intend" and "plan" and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. Unless the context requires otherwise, when we refer to "we," "us" and "our," we are describing SEER and its consolidated subsidiaries on a consolidated basis.

Overview

SEER was formed as a publicly traded company in early 2008 through a reverse merger. SEER is dedicated to assembling complementary products and services businesses that provide safe, innovative, cost effective, and profitable solutions in the oil & gas, environmental, waste management and renewable energy industries. SEER currently operates four companies with three offices in the western and mid-western U.S. These companies have licensed and owned technologies with field use installations throughout the U.S.

The Company's domestic strategy is to grow internally through SEER's existing customer base and subsidiaries that have well established revenue streams and, simultaneously, establish long-term alliances with and/or acquire complementary domestic businesses in rapidly growing markets for environmental, water treatment and oil & gas services. At the same time, SEER intends to increase sales of new and patent-pending technologies into the fast growing markets of vapor/emission capture and control, renewable "green gas" capture and sale, CNG fuel generation, as well as medical and pharmaceutical waste destruction. Many of SEER's current operating companies share customer bases and each provides truly synergistic services and products.

Financial Condition

At December 31, 2013, we had approximately $582,000 in working capital, which represents an increase of approximately $2 million from $1.4 million in negative working capital at December 31, 2012. The significant improvement in our working capital results primarily from the net proceeds of an equity financing amounting to approximately $3.7 million raised in 2013 in order to reduce payables and finance losses from operations. As previously disclosed, the Company reached an agreement with the IRS for unpaid federal employer and employee payroll taxes, and accrued interest and penalties related to the unpaid payroll taxes. In accordance with the Installment Plan, we are required to pay minimum monthly installments of $12,500 which commenced September 2011, and increased to $25,000 per month in September 2012, until the liability is paid in full. In May 2013, the Company filed an Offer in Compromise with the IRS to reduce its outstanding liability to $250,000. While the Offer in Compromise is under review by the IRS, the Company's requirement to pay $25,000 a month under the Installment Plan is suspended. There can be no assurance that the Offer in Compromise will be accepted by the IRS. If the offer in compromise is not accepted by the IRS, the Company believes it can meet its $25,000 monthly obligation from existing operations and from approximately $250,000 in restricted cash, at December 31, 2013, that is being maintained by our attorney in a special trust account created for the purpose of making payments to the IRS in accordance with an Installment Plan. As of December 31, 2013, the outstanding balance due to the IRS was $958,300.

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has accumulated a deficit of approximately $12.2 million as of December 31, 2013, and $11.6 million as of December 31, 2012. For the years ended December 31, 2013, and 2012, we incurred net losses of approximately $ 858,000 and $1.7 million, respectively.

Realization of a major portion of our assets as of December 31, 2013 and 2012 is dependent upon our continued operations. Accordingly, we have undertaken a number of specific steps to continue to operate as a going concern. For the year ended December 31, 2013 and 2012, we had net proceeds of approximately $3.7 million and $1.3 million, respectively, through the sale of common stock. For the period January 1, 2014 through February 28, 2014, the Company raised $590,000 from the sale of common stock and the exercise of common stock warrants. In addition, for the years ended December 31, 2013 and 2012, we converted debt to equity of approximately $61,000 and $800,000, respectively. In addition, we have focused on developing organic growth in our operating companies and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions. We made additions to our senior management team to support these initiatives, and focused on streamlining our business model to improve profitability. We also increased our business development efforts in MV to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. There can be no assurance that the Company will achieve the desired result of net income and positive cash flow from operations in future years. Management believes that current working capital and proceeds from the sale of common stock in 2014 will be sufficient to allow the Company to maintain its operations through December 31, 2014 and into the foreseeable future.

Results of Operations

Results of Operations for the year ended December 31, 2013 compared to the Year Ended December 31, 2012

Total revenues were $11.6 million and $6.8 million for the years ended December 31, 2013 and 2012, respectively. The net increase in revenues of approximately $4.8 million, or 70%, in comparing the year ended December 31, 2013 to the year ended December 31, 2012 is primarily attributable to the approximately $2.7 million increase in revenues from our industrial cleaning segment, an increase in revenues from our environmental solutions segment of approximately $1.95 million and a slight increase in our railcar cleaning segment of approximately $113,000. The increase in revenue from our environmental solutions segment from 2012 to 2013 is the result of more projects in 2013 than in 2012. The slight increase in revenue from our railcar cleaning segment from 2012 to 2013 is primarily due to higher volume of rail cars services. The $2.7 million increase in revenues from 2013 to 2012 from our industrial cleaning segment was due to the cyclical nature of tank cleaning in the refining industry and the recovery from an interruption of service from a major client who had experienced a change of ownership in 2011. This change in ownership impacted revenues negatively in early 2012 but had no impact in 2013.

Operating costs, which include the cost of products, the cost of services and selling, general and administrative (SG&A) expenses, were $8.4 million for the year ended December 31, 2012 compared to $12.4 million for the year ended December 31, 2013. The $3.6 million or 74% increase in product and service cost in 2013 as compared to 2012 is directly attributable to the 70% increase in product and service revenue. Product costs, from our environmental solutions segment, increased from $1 million in 2012 to $2.3 million in 2013. The 120% increase in product costs is directly attributable to the 134% increase in product revenues, as discussed above. Product margins increased from 28% in 2012 to 32% in 2013. Overall service costs increased $2.33 million primarily as a result of an increase in service revenues of $2.7 million. Cost of services includes both industrial and rail car cleaning. The $2.33 million increase in service costs in our industrial cleaning segment from 2012 to 2013 is directly attributable to the $2.7 million increase in industrial cleaning service revenue from 2012 to 2013 as noted above. In our industrial cleaning segment, our margins increased from 20% in 2012 to 23% in 2013. Certain efficiencies are achieved as revenues increase. As a result of a significant increase in our industrial cleaning segment revenues, we are able to better utilize our staff more fully with significantly less down or non-billable time. Railcar cleaning cost of services increased by approximately $311,000, comparing 2012 to 2013. Part of the increase in railcar cleaning cost of service is due to a slight increase in revenue of $113,200, but we had higher costs in 2013 as compared to 2012 as a result of a mix of cars where we had more heavy cars in 2013 which have higher costs and not higher margins. Our margins decreased from 42% in 2012 to 31% in 2013 in our railcar cleaning segment. SG&A expense increased from approximately $3.55 million in 2012 to approximately $3.9 million in 2013, an increase of approximately $341,000. Stock issued for services, a component of SG&A, decreased from $512,000 in 2012 to $66,000 in 2013. Research and development was $412,000 in 2012 compared to $189,000 in 2013 and this expense is primarily attributable to the R&D spending in the medical waste segment. The reduction in stock for services expense and R&D expense was offset by increases in salaries and wages and professional fees. Salaries and wages, the single largest component of SG&A, increased from $.9 million in 2012 to $1.37 million in 2013. The increase in salaries and wages in 2013 over 2012 is due to i) salary increases, ii) bonuses earned as a result of revenue increases, and iii) the President of our PWS subsidiary was employed only 2 months in 2012 compared to 12 months in 2013. Professional fees increased from $137,000 in 2012 to $326,000 in 2013. The increased Professional fees in 2013 was attributable to i) preparation of tax returns for the period 2008 to 2012, ii) additional legal accounting and filing fees for preparation and review of our SEC filings in 2013, and iii) increased investor relation fees.

Total non-operating other expense was $110,600 in 2013 and $111,300 in 2012. In 2013, total non-operating other expense was primarily comprised of interest expense of $147,500, penalties and fees of $13,100, offset by a gain on debt conversion and other gains totaling $46,000. In 2012, total non-operating other expense was primarily comprised of interest expense of $347,400, penalties and fees of $26,200, offset by a gain on debt conversion of $305,800 and other expenses of $44,800. The decrease in interest expense from 2012 to 2013 was primarily related to i) amortization of debt discount of $92,000 in 2012 and ii) interest bearing debt of approximately $812,000 that was converted to equity in 2012. The gain on debt settlement in 2012 was due to the conversion of a note payable along with accrued interest of approximately $446,000 to common stock with a fair market value of approximately $149,000. In 2013, the gain on debt settlement was only $11,400.

There is no provision for income taxes for both the year ended December 31, 2013 and 2012, due to our net losses for both periods.

Net loss for the year ended December 31, 2013, before non-controlling interest, was $858,600 compared to a net loss of $1.7 million for the year ended December 31, 2012. The net loss attributable to SEER after deducting $238,900 for the non-controlling interest was $619,700 for 2013 as compared to $1.57 million for 2012, after deducting $199,700 for non-controlling interest.

Changes in Cash Flow

Operating Activities

Net cash used by operating activities during the year ended December 31, 2012 was $1.45 million compared to $120,100 net cash used by operating activities during the year ended December 31, 2013. Cash used by operating activities is driven by our net loss and adjusted by non-cash items and changes in operating assets and liabilities. Non-cash adjustments primarily include depreciation, amortization of intangible assets and stock based compensation expense. In 2013, net non-cash adjustments totaled $609,000 and in 2012, net non-cash adjustments totaled $830,000. In 2013, the net effect of changes in operating assets and liabilities was an increase in cash by approximately $129,000, primarily due to an increase in accounts payable and accrued liabilities of $642,000 offset by a reduction of billings in excess of revenue on uncompleted projects, a $122,000 reduction of payroll taxes payable and an increase in prepaid expenses of $272,000. In 2012, the net effect of changes in operating assets and liabilities was a reduction of cash by approximately $587,000, primarily due to an increase in accounts receivable of $816,400 from 2011 to 2012, an increase in restricted cash of $220,000 in 2012 compared to none in 2011 offset by a reduction in costs in excess of billings on uncompleted contracts of $130,400, an increase of $156,400 in accrued liabilities and related party notes payable and accrued interest and an increase of $289,400 in billings in excess of revenue on uncompleted contracts. This increase in accounts receivable is primarily due to a substantial increase in revenues in the 4th quarter of 2012 compared to the 4th quarter of 2011. The restricted cash in 2012 were funds set aside for payment to the IRS for past due payroll taxes. The increase in accrued liabilities and related party notes payable and accrued interest in 2012 was primarily increases in deferred compensation and accrued bonuses. In 2012 virtually all costs on long term contracts had been billed to customers in accordance with the terms of the contracts whereas in 2011 contract costs could not yet be billed in accordance with the terms of the contract. Billings in excess of revenue on uncompleted contracts increased in 2012 compared to 2011 primarily due to the timing of the entering into long term contracts and the terms of the contracts which usually allowed us to bill customers in advance of us incurring costs. The reduction of payroll taxes liabilities in 2012 was primarily due to the payments that were made to the IRS whereas in 2011 due to cash constraints not all payroll taxes were paid timely.

Investing activities

Net cash used in investing activities is primarily attributable to capital expenditures. Our capital expenditures were $1.2 million and $77,000 for the years ended December 31, 2013 and 2012, respectively. The significant increase in increases in property and equipment in 2013 was due to i) $709,000 in finished and work in process PWS CoronaLux™ systems, ii) $397,000 in equipment additions for REGS and iii) $46,000 in equipment additions for MV.

Financing Activities

Net cash provided by financing activities was $3.6 million for 2013 compared to $1.5 million for 2012. The significant increase in 2013 was attributable to net proceeds from the sale of common stock of $3.7 million, offset by $205,000 in payments on notes payable and capital lease obligations and $4,000 in payments on related party notes payable in 2013 compared to 2012 net proceeds from the sale of common stock of $1.3 million, proceeds from notes payable of $575,000 offset by $308,000 in payments on notes payable and capital lease obligations and $69,000 in payments on related party notes payable.

Critical Accounting Policies, Judgments and Estimates

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of intangible assets; valuation allowances and reserves for receivables, inventory and deferred income taxes; revenue recognition related to contracts accounted for under the percentage of completion method; share-based compensation; and loss contingencies, including those related to litigation. Actual results could differ from those estimates.

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are recorded at the invoiced amounts less an allowance for doubtful accounts and do not bear interest. The allowance for doubtful accounts is based on our estimate of the amount of probable credit losses in our accounts receivable. We determine the allowance for doubtful accounts based upon an aging of accounts receivable, historical experience and management judgment. Accounts receivable balances are reviewed individually for collectability, and balances are charged off against the allowance when we determine that the potential for recovery is remote. An allowance for doubtful accounts of approximately $76,000 and $92,000 had been reserved as of December 31, 2013 and 2012, respectively.

We are exposed to credit risk in the normal course of business, primarily related to accounts receivable. Our customers operate primarily in the oil production and refining, rail transport, biogas generating and wastewater treatment industries in the United States. Accordingly, we are affected by the economic conditions in these industries as well as general economic conditions in the United States. To limit credit risk, management periodically reviews and evaluates the financial condition of its customers and maintains an allowance for doubtful accounts. As of December 31, 2013 and 2012, we do not believe that we have significant credit risk.

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including accounts receivable and accounts payable, are carried at cost, which approximates their fair value due to their short-term maturities. We believe that the carrying value of notes payable with third parties, including their current portion, approximate their fair value, as those instruments carry market interest rates based on our current financial condition and liquidity. We believe the amounts due to related parties also approximate their fair value, as their carried interest rates are consistent with those of our notes payable with third parties.

Long-lived Assets

We evaluate the carrying value of long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset is considered to be impaired when the anticipated undiscounted future cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. No impairment was determined as of December 31, 2013 and 2012.

Revenue Recognition

We recognize revenue related to contract projects and services when all of the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. Our revenue is primarily comprised of services related to industrial cleaning and railcar cleaning, which we recognize as services are rendered.

Product revenue generated from projects, which include the manufacturing of products, for removal and treatment of hazardous vapor and gasses is accounted for under the percentage-of-completion method for projects with durations in excess of three months and the completed-contract method for all other projects. Total estimated revenue includes all of the following: (1) the basic contract price (2) contract options and (3) change orders. Once contract performance is underway, we may experience changes in conditions, client requirements, specifications, designs, materials and expectations regarding the period of performance. Such changes are “change orders” and may be initiated by us or by our clients. In many cases, agreement with the client as to the terms of change orders is reached prior to work commencing; however, sometimes circumstances require that work progress without obtaining client agreement. Revenue related to change orders is recognized as costs are incurred if it is probable that costs will be recovered by changing the contract price. The Company does not incur pre-contract costs. Under the percentage-of-completion method, we recognize revenue primarily based on the ratio of costs incurred to date to total estimated contract costs. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses are identified and included as additional loss. Provisions for estimated losses on contracts are shown separately as liabilities on the balance sheet, if significant, except in circumstances in which related costs are accumulated on the balance sheet, in which case the provisions are deducted from the accumulated costs. A provision as a liability is reported as a current liability.

For contracts accounted for under the percentage-of-completion method, we include in current assets and current liabilities amounts related to construction contracts realizable and payable. Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits recognized to date over billings to date, and are recognized as a current asset. Billings in excess of costs and estimated earnings on uncompleted contracts represents the excess of billings to date over the amount of contract costs and profits recognized to date, and are recognized as a current liability.

Stock-based Compensation

We account for stock-based awards at fair value on the date of grant, and recognize compensation over the service period that they are expected to vest. We estimate the fair value of stock options and stock purchase warrants using the Black-Scholes option pricing model. The estimated value of the portion of a stock-based award that is ultimately expected to vest, taking into consideration estimated forfeitures, is recognized as expense over the requisite service periods. The estimate of stock awards that will ultimately vest requires judgment, and to the extent that actual forfeitures differ from estimated forfeitures, such differences are accounted for as a cumulative adjustment to compensation expenses and recorded in the period that estimates are revised.

Recently issued accounting pronouncements

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all new or revised ASU's.

New Accounting Pronouncements Implemented

In the first quarter of 2013, the Company adopted guidance issued by the Financial Accounting Standards Board (the "FASB") that simplifies how an entity tests indefinite-lived intangibles for impairment. The amended guidance allows companies to first assess qualitative factors to determine whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. The adoption of this guidance had no impact on the Company's financial position and results of operations.

During the fiscal first quarter of 2013, the Company adopted the FASB guidance related to additional reporting and disclosure of amounts reclassified out of accumulated other comprehensive income (AOCI). Under this new guidance, companies are required to disclose the effect of significant reclassifications out of AOCI on the respective line items on the income statement if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety o net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional details about those amounts. This update became effective for annual and interim reporting periods for fiscal years beginning after December 15, 2012. The adoption of this guidance had no impact on the Company's financial position and results of operations.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU No. 2013-11 requires that entities with an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability, when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law, thereby eliminating diversity in practice regarding this presentation issue. This new guidance is effective prospectively for annual reporting periods beginning on or after December 15, 2013, although retrospective application in permitted. We are currently assessing the impact of this guidance, if any, on our condensed consolidated financial statements

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, the registrant is not required to provide information for this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information regarding Financial Statements and Supplementary Data appears on pages F-1 through F- 27 under the caption "Consolidated Balance Sheets," "Consolidated Statements of Operations," "Consolidated Statements of Stockholders' Equity," "Consolidated Statements of Cash Flows" and "Notes to Consolidated Financial Statements."

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

None

ITEM 9A. CONTROLS AND PROCEDURES

We carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Principal Accounting Officer concluded that our disclosure controls and procedures were effective as of December 31, 2013.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed 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. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on its assessment of internal control over financial reporting, management has concluded that, as of December 31, 2013, our internal control over financial reporting was effective.

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

Changes In Internal Control Over Financial Reporting

There were no significant changes in our internal control over financial reporting during the three months ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Set forth below is certain information concerning the individuals that are currently serving as executive officers and/or members of the board of directors of SEER. Each of the biographies of the directors listed below also contains information regarding such person's service as a director, business experience, director positions with other public companies held currently or at any time during the past five years, and the experience, qualifications, attributes and skills that the board of directors considered in selecting each of them to serve as a director of SEER.

Joseph John Combs III, Esq., 56, *CEO, Chairman, President and Secretary.* Mr. Combs, a SEER Founder, is currently Chairman of the Board of Directors, and CEO. He also serves as General Counsel. Mr. Combs has been Vice President of REGS since 2004, was the founder and President of Tactical Cleaning in 2005, and remains its President. Before joining the Company he owned and operated the law firm of Combs & Associates from 1989 to 2003. Prior to that he was an associate in the law firm of Berman & Blanchard in Los Angeles from 1987 to 1989, and an associate in the law firm of Parker, Milliken, Clark, O'hara & Samuelian, in Los Angeles from 1983 to 1987. His experience in private practice has included corporate maintenance, international finance, and business litigation. Over the last 30 years he has served as an officer and director of various sized corporations, both public and private, and is currently a Director and Officer of Armada Water Assets, Inc. For the past five years Mr. Combs has not served as a director of a public company. He received his B.A. from the University of Colorado, with honors, and a J*uris Doctorate* from Duke University School of Law in 1983. Mr. Combs was chosen as a Director because of his leadership experience, public company experience, experience serving on the boards of directors and committees of both public and private entities and other experience as a practicing attorney. Effective January 1, 2013 Mr. Combs receives an annual salary of $165,000 and participation in an incentive compensation program.

John Jenkins, 63, *Former Executive Vice President, former Director and President of MV LLC.* From January 2011 until his resignation as a Director on January 31, 2014, Mr. Jenkins served as a member of the Company's Board of Directors and Mr. Jenkins served as the Company's Executive Vice President from January 2011 until January 30, 2014, and he continues to serve as President of MV LLC, one of the Company's wholly owned operating entities. For the five years immediately prior to his engagement by the Company, he served as a consultant to a number of small technology companies, providing support for operating and strategy development as well as corporate governance. In the last five years, Mr. Jenkins has served on the Board of Directors of two public companies, Idea Fabrik PLC and SmartMove. John obtained his B.S. in Mechanical Engineering from the University of Washington in 1973 and a *Juris Doctorate* from the University of Denver in 1977. Mr. Jenkins was chosen as a Director because of his leadership experience, industry experience and experience serving on the boards of directors and committees of both public and private entities. His current compensation includes an Annual Salary of $100,000, effective January 1, 2013, and participation in an incentive compensation program.

Christopher H. Dieterich, 66, *Director and former Secretary.* Chris is the founder and managing partner of Dieterich & Associates, a litigation and commercial law firm based in Los Angeles, California, providing legal services to entrepreneurial and emerging technology companies during the past 33 years. His firm specializes in venture capital and private equity financings, as well as in SEC compliance issues for public companies. He obtained his undergraduate engineering degree from Virginia Tech, graduate engineering degree from UC Berkeley (1970) and graduated from the joint Law and Economics program at UCLA in 1979, after serving six years in the US Air Force as a flight instructor in advanced jets. He has been a Director of the Company since 2008 and was Secretary from 2008 until November 2013. Mr. Dieterich was chosen as a Director because of his experience in a broad range of businesses as well experience serving on the boards of directors and committees of private entities. He receives no salary from the Company.

Monty Lamirato, 58, *Chief Financial Officer* Mr. Lamirato has been our Chief Financial Officer since joining the Company as a consultant on March 1, 2013. Prior to joining the Company, Mr. Lamirato has been a consulting Chief Financial Officer from April 2009 and served as Chief Financial Officer of ARC Group Worldwide, Inc., a provider of wireless network components, from August 2001 to March 2009, as the VP Finance for GS2.Net, Inc, an application service provider, from November 2000 to May 2001, and from June 1999 to October 2000 he served as VP Finance for an e-commerce retailer. Mr. Lamirato has been a certified public accountant in the State of Colorado since 1978. His current annual compensation as a consultant is $90,000.

None of the officers or our sole Director have been the subject of a conviction in a criminal proceeding, or named as a defendant in a pending criminal proceeding, or had an order, judgment or decree entered by a court of competent jurisdiction that in any way enjoined, barred, suspended or otherwise limited that officers or Directors involvement in any business, securities, commodities or banking activities; nor has any officer or Director been the subject of any finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or been the subject of the entry of an order by self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited any officer's or Director's involvement in any type of business of securities activities.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the compensation for each of our named executive officers for the financial years ended December 31, 2013 and 2012.

Name and Title	Fiscal Year	Base Salary	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total Compensation
J. John Combs III	2013	$165,000	$ 59,500	—	—	—	—	—	$ 224,500
CEO, President, Secretary	2012	$125,000	—	—	$ 13,500	—	—	—	$ 138,500
Monty R. Lamirato (1)	2013	$ 70,200							$ 70,200
Acting CFO	2012	—	—	—	—	—	—	—	—
Chris Dieterich Director	2013	—	—	—	—	—	—	—	—
	2012	—	—	—	—	—	—	—	—
John Jenkins	2013	$100,000	$ 28,300	—		—	—	—	$ 128,300
Executive Vice President, former Director	2012	$ 72,000	—	—	$ 10,800	—	—	—	$ 82,800
Fortunato Villamagna	2013	$150,000	—	—	—	—	—	—	$ 150,000
President, Paragon Waste Systems	2012	$150,000	—	—	—	—	—	—	$ 150,000
Mike Cardillo	2013	$140,000	$ 58,300	—		—	—	—	$ 198,300
President, REGS LLC	2012	$125,000	—	—	$ 13,500	—	—	—	$ 138,500

(1) Paid as an outside consultant

Employment Agreements

There are no written employment agreements or contracts with any named executives.

Grants of Plan-Based Awards

Name and Principal Position	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Award	Grant Date Fair Value of Awards
J John Combs III, CEO, President, Secretary	1/1/2012	—	300,000	$ .50	$ 13,500
John Jenkins, Executive VP, former Director	1/1/2012	—	240,000	$ .50	$ 10,800
Chris Dieterich, Director	—	—	—	—	—
Fortunato Villamagna, President PWS	—	—	—	—	—
Mike Cardillo, President REGS	1/1/2012	—	300,000	$ .50	$ 13,500

No options were exercised by the executive officers during the years ended December 31, 2013 and 2012.

Subsequent to December 31, 2013 Mr. Jenkins exercised 180,000 options in a cashless exercise receiving 110,124 shares of restricted common stock.

On November 6, 2013, the Board of Directors of the Company adopted the 2013 Equity Incentive Plan (the "2013 Plan") and directed that it be presented to the shareholders for their adoption and approval. The 2013 Plan has not yet been approved by the shareholders of the Company and as of December 31, 2013 no shares have been issued pursuant to the 2013 Plan. The 2013 Plan is administered by the Board of Directors. Under the 2013 Plan, the Company reserved 4,000,000 shares of its common stock to be issued to employees, directors, consultants, and advisors as either Incentive Stock Options or Nonstatutory Stock Options. The purchase price of the common stock subject to each Incentive Stock Option shall not be less than the fair market value (as determined in the 2013 Plan), or in the case of the grant of an Incentive Stock Option to a principal stockholder, not less that 110% of fair market value of such common stock at the time such option is granted. The purchase price of the common stock subject to each Nonstatutory Stock Option shall be determined at the time such option is granted, but in no case less than 100% of the fair market value of such shares of common stock at the time such option is granted. The 2013 Plan shall terminate ten years from the date of its adoption by our shareholders, and no option shall be granted after termination of the 2013 Plan.

Outstanding Equity Awards at Fiscal Year-End December 31, 2013

	Option Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)(c)	Option Expiration Date
J John Combs III, CEO, President, Secretary	225,000(b)	75,000(b)	$ .50	12/31/15
John Jenkins, Executive VP, former Director	180,000(a)	60,000(a)	$ .50	12/31/15
Chris Dieterich, Director	—	—	—	—
Fortunato Villamagna, President PWS	—	—	—	—
Mike Cardillo, President REGS	225,000(b)	75,000(b)	$ .50	12/31/15

(a) 240,000 options were issued on January 1, 2012 and 15% vest on January 1, 2012, 15% vest on June 30, 2012, 15% vest on December 31, 2012, 15 % vest on June 30, 2013, 15% vest on December 31, 2013, 15% vest on June 30, 2014 and 10% vest on December 31, 2014. Subsequent to December 31, 2013 Mr. Jenkins exercised 180,000 options in a cashless exercise receiving 110,124 shares of restricted common stock.

(b) 300,000 options were issued on January 1, 2012 and 15% vest on January 1, 2012, 15% vest on June 30, 2012, 15% vest on December 31, 2012, 15 % vest on June 30, 2013, 15% vest on December 31, 2013, 15% vest on June 30, 2014 and 10% vest on December 31, 2014.

(c) Represents weighted average exercise price.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The number of shares beneficially owned includes shares of Common Stock with respect to which the persons named below have either investment or voting power. A person is also deemed to be the beneficial owner of a security if that person has the right to acquire beneficial ownership of that security within 60 days through the exercise of an option or through the conversion of another security. Except as noted, each beneficial owner has sole investment and voting power with respect to the Common Stock.

Common Stock not outstanding that is subject to options or other convertible securities or rights is deemed to be outstanding for the purpose of computing the percentage of Common Stock beneficially owned by the person holding such options or other convertible securities or rights, but is not deemed to be outstanding for the purpose of computing the percentage of Common Stock beneficially owned by any other person.

The following table sets forth information regarding the beneficial ownership of Strategic Environmental & Energy Resources' common stock as of December 31, 2013, by (i) each person known to beneficially own more than 5% of the common stock of the Company, (ii) each of the Company's executive officers, (iii) each member of the Board of Directors of the Company and (iv) all of the executive officers and Board members as a group. As of December 31, 2013, 47,911,975 shares of our Common Stock were issued and outstanding.

Name and Address of Beneficial Owners	Number of Shares Beneficially Owned (1)	Percentage of Class
Joseph John Combs III CEO, President, Chairman, Secretary 751 Pine Ridge Road Golden, Co 80403	5,331,315(2)	11.08%
Michael Cardillo President, REGS 7801 Brighton Road, Commerce City, CO 80022	5,050,316(3)	10.49%
John Jenkins Former Executive Vice President and former Director and President of MV LLC 751 Pine Ridge Road Golden, Co 80403	327,080(4)	0.68%
Monty R. Lamirato Chief Financial Officer 751 Pine Ridge Road Golden, Co 80403	33,333	*
Chris Dieterich Director and former Secretary 751 Pine Ridge Road Golden, Co 80403	—	—
Fortunato Villamagna President, PWS 751 Pine Ridge Road Golden, Co 80403	1,995,000(5)	4.16%
Clyde Berg 10050 Bandley Drive Cupertino, CA 95014-2102	4,165,000(6)	8.43%
All Officers and Directors as a Group (6 persons)	12,737,044	26.1%

* Less than one percent.

(1) "Beneficial ownership" is defined in the regulations promulgated by the U.S. Securities and Exchange Commission as having or sharing, directly or indirectly (1) voting power, which includes the power to vote or to direct the voting, or (2) investment power, which includes the power to dispose or to direct the disposition, of shares of the common stock of an issuer. The definition of beneficial ownership includes shares underlying options or warrants to purchase common stock, or other securities convertible into common stock, that currently are exercisable or convertible or that will become exercisable or convertible within 60 days. Unless otherwise indicated, the beneficial owner has sole voting and investment power.
(2) Consists of 5,106,315 shares owned by Mr. Combs and options to purchase 225,000 shares of common stock, which are currently exercisable.
(3) Consists of 4,725,316 shares owned by M. Cardillo and options to purchase 225,000 shares of common stock, which are currently exercisable.
(4) Consists of options to purchase 180,000 shares of common stock and warrant to purchase 25,000 shares of common stock, both of which are currently exercisable and shares owned by John Jenkins IRA for which Mr. Jenkins has beneficial ownership.
(5) Consists of 1,995,000 shares owned by Black Stone Management Services, Inc. LLC, owned 25 % by Mr. Villamagna and 75% by 3 children of Mr. Fortunato from which Mr. Fortunato has beneficial ownership.
(6) Consists of 2,690,000 shares owned by Mr. Berg and warrants to purchase 1,475,000 shares of common stock, which are currently exercisable.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

For the year ended December 31, 2013 and 2012 we had revenues of $494,700 and $203,300, respectively, from a customer, Harley Dome, in which our CEO/President is a member of the Board of Directors of Armada Water Assets, Inc, the parent company of Harley Dome. Black Stone Management Services, LLC, in which Fortunato Villmagna is Chairman and a managing member, is a minority shareholder of Armada Water Assets, Inc.

In 2010, the Company and Black Stone Management Services, LLC ("Black Stone") formed PWS whereby 1,000,000 membership units were issued, the Company acquired 60% (600,000) of the membership units in PWS and Black Stone acquired 40% (400,000) of the membership units in PWS, respectively. FortunatoVillamagna, who serves as President of our subsidiary PWS, is a managing member and Chairman of Black Stone. In June 2012, the Company and Blackstone each allocated 10% of their respective membership units in PWS to two individuals, one of which is Mr. Combs, a shareholder and CEO/President of the Company and one which is Mr. Cardillo, a shareholder of the Company and President of a REGS. There was no value to the units at the time of the allocation. In 2013, Black Stone sold 10% of its membership units to a third party receiving 875,000 shares of common stock of the Company and other equity interests. As of December 31, 2013 the Company owns 54% of the membership units, Black Stone 26% of the membership units, a third party owns 10% of the membership units and two related party individuals, noted above, each own 5% each of the membership units.

In September 2013, PWS entered into an Exclusive Use License and Joint Operations Agreement ("License Agreement") with Sterall Inc. ("Sterall"). Black Stone is a minority shareholder of Sterall.

In March 2012, the Company entered into an Irrevocable License & Royalty Agreement with PWS that grants PWS an irrevocable world-wide license to the IP in exchange for a 5% royalty on all revenues from PWS and its affiliates. The term shall commence as of the date of this Agreement and shall continue for a period not to exceed the life of the patent or patents filed by the Company. PWS may sub license the IP and any revenue derived from sub licensing shall be included in the calculation of Gross Revenue for purposes of determining royalty payments due the Company. Royalty payments are due 30 days after the end of each calendar quarter. PWS generated no revenue for the years ended December 31, 2013 and 2012, therefore no royalties were due.

Notes payable, related parties

In February 2011, we executed a secured, promissory note with one of our officers, Mr. John Jenkins, in the amount of $50,000 (the "2011 Officer Note"). The 2011 Officer Note is secured by certain assets in MV and bears interest at 8% per annum and was originally due on August 15, 2011. As additional consideration, we issued to the officer a five-year warrant to purchase 25,000 shares of our common stock at an exercise price of $0.60 per share. We valued the warrant at approximately $6,000 using the Black-Scholes model and recorded this amount as a debt discount. The debt discount was fully amortized during 2011. On December 31, 2013, the balance of the note and accrued interest which totaled $61,404 was converted into 122,080 shares of common stock.

Notes payable, related parties and accrued interest due to certain related parties as of December 31, 2013 and 2012 are as follows:

	2013	2012
Note payable dated February 2004, bearing interest at 8% per annum, originally due January 2008; assigned to CEO, Mr. Combs, by a third party in 2010; due on demand, in default	$ 97,000	$ 97,000
Note payable due to Mr. Cardillo, President of our subsidiary, REGS, interest at 8% per annum, originally due February 2009, in default	—	4,200
2011 Officer Note (see description above), in default	—	50,000
Accrued interest	39,900	39,200
	$ 136,900	$ 190,400

Review, Approval or Ratification of Transactions with Related Persons

The Company does not maintain a written policy with respect to related party transactions and our board of directors does not routinely review potential transactions with those parties we have identified as related parties prior to the consummation of the transaction.

Director Independence

As of this filing, only one of the directors is considered independent. In 2014, the company intends to identify and elect two or more independent directors.

Board Meetings and committees; annual meeting attendance

There was one board meeting held in 2013, which was attended by the three directors. There were two board meetings held in 2012, both of which were fully attended by the three directors.

There is no Nominating Committee for directors, which the Company considers reasonable, as there is no direct compensation to directors who are not also officers, and there is no liability insurance available for errors and omissions, should they occur. Therefore, the Company has found it extremely difficult to attract independent directors.

Audit Committee

As of this filing, there was no audit committee. In 2014, the Company intends to form an audit committee to oversee all matters related to the Company's financial activities and reporting requirements.

Audit Committee Financial Expert

None

Compensation Committee

As of this filing there was no compensation committee. In 2014, the Company intends to form a compensation committee to oversee all matters related to the Company's compensation plans and packages.

Promoters and Certain Control Persons

In connection with the Private Placement during the fourth quarter of 2013, the Company accrued $200,000 in placement fees to Corporate Capital Group, as brokerage fees. In addition, we accrued $53,000 in placement fees and issued a warrant to purchase 50,000 shares having a five-year exercise period and a strike price of $1.00 per share. The warrants were valued at $11,500.

ITEM 14. Principal Accountant Fees and Services

The following table presents aggregate fees billed to the Company for professional services rendered by L J Soldinger Associates, LLC. for the years ended December 31, 2013 and 2012

	2013 Fees	2012 Fees
Audit Fees	$ 121,200	$ 67,200
Audit-Related Fees	—	—
Tax Fees	40,900	—
Total Fees	$ 162,100	$ 67,200

Audit Fees were for professional services rendered for the audit of the Company's annual consolidated financial statements and review of consolidated financial statements included in the Company's Quarterly Reports on Form 10-Q and services that are normally provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements. The 2012 fees include only the annual audit fees, whereas 2013 includes the annual audit fees, review of Form 10 Registration Statement and amendments thereto and review of Form 10-Q for the quarter ended September 31, 2013.

Audit-Related Fees were for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees."

Tax Fees were for professional services rendered for federal, state and international tax compliance, tax advice and tax planning. The 2013 tax fees were for the preparation of the Company's returns for the years 2008 through 2012.

ITEM 15. FINANCIAL STATEMENTS AND EXHIBITS

a) Financial Statements

The following financial statements are included as Exhibit 99.1 and are hereby incorporated by reference:

Audited Financial Statements

(b) Exhibits

The following documents are filed as exhibits to this Registration Statement:

3.1	Articles of Incorporation, dated February 13, 2002 (1)
3.2	Amendment to the Articles of Incorporation, dated December 19, 2007, changing the name and effecting a reverse (1)
3.3	Bylaws of the corporation, effective February 13, 2002 (1)
4.1	$225,000 Convertible Note and Note Agreement of the Corporation, issued February 14, 2012 (2)
4.2	Form of Warrant, having a 3-year life with $0.50 exercise price (1)
4.3	Form of Warrant, having a 5-year life with $0.50 exercise price (1)
10.1	Agreement for acquisition of MV, dated June 13, 2008 (1)
10.2	Agreement for acquisition of intellectual property from Black Stone Management Services, LLC, dated August 10, 2011 (1)
10.3	Agreement for Merger with Satellite Organizing Solutions, Inc. (1)
10.4	Consulting Agreement between the Company and Monty R. Lamirato, dated October 8, 2013 (3)
10.5	Irrevocable License and Royalty Agreement between the Company and Paragon Waste Solutions, LLC, dated March 21, 2012 (3)
10.6	SEER 2013 Equity Incentive Plan
10.7	Form of Option Grant SEER 2013 Equity Incentive Plan
14.1	Code of Ethics (1)
21.1	Subsidiaries of Registrant (1)
31.1	Certification of Principal Executive Officer
31.2	Certification of Principal Financial Officer
32.1	Certification of Principal Executive Officer (Section 1350)
32.2	Certification of Principal Financial Officer (Section 1350)
99.1	Financial Statements

(1) Incorporated by reference to the Company's Report on Form 10 filed May 21, 2013.
(2) Incorporated by reference to the Company's Report on Form 10 Amendment No. 1 filed July 23, 2013.
(3) Incorporated by reference to the Company's Report on Form 10-Q filed November 14, 2013

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: March 26, 2014

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.

By */s/ J. John Combs*
J. John Combs III
Chief Executive Officer with Responsibility to sign on behalf of Registrant as a Duly authorized officer and principal executive officer

By /s/ *Monty Lamirato*
Monty Lamirato
Chief Financial Officer with responsibility to sign on behalf of Registrant as a duly authorized officer and principal financial officer

Exhibit 10.6

Strategic Environmental & Energy Resources, Inc.

SEER 2013 Equity Incentive Plan

Adopted by the Board of Directors: November 6, 2013
Approved by the Stockholders: _____
Termination Date: November 5, 2023

1. Purpose.

The purpose of the SEER 2013 Equity Incentive Plan is to attract, retain and motivate employees, officers, directors, consultants, agents, advisors and independent contractors of the Company and its Related Companies by providing them the opportunity to acquire a proprietary interest in the Company and to align their interests and efforts to the long-term interests of the Company's shareholders.

2. General.

(a) Establishment of the Plan, Effective Date. Strategic Environmental & Energy Resources, Inc, a Nevada corporation ("SEER"), hereby establishes this incentive compensation plan to be known as the "SEER 2013 Equity Incentive Plan," as set forth in this document (the "Plan"). The Plan shall become effective upon the date on which the Plan is approved by the affirmative vote of the holders of a majority of the Shares which are present or represented and entitled to vote and voted at a meeting (the "Effective Date"), which approval must occur within the period ending twelve (12) months before or after the date the Plan is adopted by the Board. The Plan shall remain in effect as provided in Section 6(a).

(b) Eligible Stock Award Recipients. The persons eligible to receive Stock Awards are Employees, Directors and Consultants.

(c) Available Stock Awards. The Plan provides for the grant of the following Stock Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights, (iv) Restricted Stock Awards, and (v) Restricted Stock Unit Awards.

(d) Purpose. The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Stock Awards as set forth in Section 2(b), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Stock Awards.

3. Administration.

(a) Administration by Board. The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 3(c).

(b) Powers of Board. The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time (A) which of the persons eligible under the Plan shall be granted Stock Awards; (B) when and how each Stock Award shall be granted; (C) what type or combination of types of Stock Award shall be granted; (D) the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award.

(ii) To construe and interpret the Plan and Stock Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Stock Award fully effective.

(iii) To settle all controversies regarding the Plan and Stock Awards granted under it.

(iv) To accelerate the time at which a Stock Award may first be exercised or the time during which a Stock Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Stock Award stating the time at which it may first be exercised or the time during which it will vest.

(v) To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vi) To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Stock Awards granted under the Plan into compliance therewith, subject to the limitations, if any, of applicable law. However, except as provided in Section 10(a) relating to Capitalization Adjustments, to the extent required by applicable law, stockholder approval shall be required for any amendment of the Plan that either (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Stock Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Stock Awards available for issuance under the Plan. Except as provided above, rights under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(vii) To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Section 422 of the Code regarding Incentive Stock Options.

(viii) To approve forms of Stock Award Agreements for use under the Plan and to amend the terms of any one or more Stock Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Stock Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however,* that, the rights under any Stock Award shall not be impaired by any such amendment unless (i) the Company requests the consent of the affected Participant, and (ii) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Stock Awards if necessary to maintain the qualified status of the Stock Award as an Incentive Stock Option or to bring the Stock Award into compliance with Section 409A of the Code.

(ix) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Stock Awards.

(x) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

(xi) To effect, at any time and from time to time, with the consent of any adversely affected Participant, (A) the reduction of the exercise price (or strike price) of any outstanding Option or SAR under the Plan, (B) the cancellation of any outstanding Option or SAR under the Plan and the grant in substitution therefore of (1) a new Option or SAR under the Plan or another equity plan of the Company covering the same or a different number of shares of Common Stock, (2) a Restricted Stock Award, (3) a Restricted Stock Unit Award, (4) cash and/or (5) other valuable consideration (as determined by the Board, in its sole discretion), or (C) any other action that is treated as a repricing under generally accepted accounting principles; *provided, however*, that no such reduction or cancellation may be effected if it is determined, in the Company's sole discretion, that such reduction or cancellation would result in any such outstanding Option becoming subject to the requirements of Section 409A of the Code.

(c) Delegation to Committee. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

(d) Delegation to an Officer. The Board may delegate to one or more Officers of the Company the authority to do one or both of the following: (i) designate Officers and Employees of the Company or any of its Subsidiaries to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Officers and Employees; *provided, however,* that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding the foregoing, the Board may not delegate authority to an Officer to determine the Fair Market Value pursuant to Section 14(t) below.

(e) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

4. Shares Subject to the Plan.

(a) Share Reserve. Subject to the provisions of Section 10(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards beginning on the Effective Date shall not exceed 4,000,000 shares (the "***Share Reserve***") plus an annual increase to be added as of the first day of the Company's fiscal year beginning in 2015 equal to the least of (i) 1%% of the outstanding Common Stock on a fully diluted basis as of the end of the Company's immediately preceding fiscal year. Furthermore, if a Stock Award (i) expires or otherwise terminates without having been exercised in full or (ii) is settled in cash (*i.e.*, the holder of the Stock Award receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be issued pursuant to the Plan. For clarity, the limitation in this Section 4(a) is a limitation in the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 4(a) does not limit the granting of Stock Awards except as provided in Section 8(a).

(b) Reversion of Shares to the Share Reserve. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares which are forfeited shall revert to and again become available for issuance under the Plan. Also, any shares reacquired by the Company pursuant to Section 9(g) or as consideration for the exercise of an Option shall again become available for issuance under the Plan. Notwithstanding the provisions of this Section 4(b), any such shares shall not be subsequently issued pursuant to the exercise of Incentive Stock Options.

(c) Incentive Stock Option Limit. Notwithstanding anything to the contrary in this Section 4(c), subject to the provisions of Section 10(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options shall be 4,000,000 shares of Common Stock.

(d) Source of Shares. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

5. Eligibility.

(a) Eligibility for Specific Stock Awards. Incentive Stock Options may be granted only to employees of the Company or a "parent corporation" or "subsidiary corporation" thereof (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405, unless the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

(b) Ten Percent Stockholders. A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

(c) Consultants. A Consultant shall not be eligible for the grant of a Stock Award if, at the time of grant, either the offer or the sale of the Company's securities to such Consultant is not exempt under Rule 701 because of the nature of the services that the Consultant is providing to the Company, because the Consultant is not a natural person, or because of any other provision of Rule 701, unless the Company determines that such grant need not comply with the requirements of Rule 701 and will satisfy another exemption under the Securities Act as well as comply with the securities laws of all other relevant jurisdictions**.**

6. Provisions Relating to Options and Stock Appreciation Rights.

Each Option or SAR shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Stock Award Agreement or otherwise) the substance of each of the following provisions:

(a) Term. Subject to the provisions of Section 5(b) regarding Ten Percent Stockholders, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Stock Award Agreement.

(b) Exercise Price. Subject to the provisions of Section 5(b) regarding Incentive Stock Options granted to Ten Percent Stockholders, the exercise price (or strike price) of each Option or SAR shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Option or SAR is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise price (or strike price) lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR if such Option or SAR is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and 424(a) of the Code (whether or not such Stock Awards are Incentive Stock Options). Each SAR will be denominated in shares of Common Stock equivalents.

(c) Consideration for Options. The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

(i) by cash, check, bank draft or money order payable to the Company;

(ii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

(iv) by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however,* that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; *provided, further,* that shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations;

(v) according to a deferred payment or similar arrangement with the Optionholder; *provided, however*, that interest shall compound at least annually and shall be charged at the minimum rate of interest necessary to avoid (A) the imputation of interest income to the Company and compensation income to the Optionholder under any applicable provisions of the Code, and (B) the classification of the Option as a liability for financial accounting purposes; or

(vi) in any other form of legal consideration that may be acceptable to the Board.

(d) Exercise and Payment of a SAR. To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

(e) Transferability of Options and SARs. The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs shall apply:

(i) Restrictions on Transfer. An Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option or SAR to such extent as permitted by Rule 701 and in a manner consistent with applicable tax and securities laws upon the Participant's request.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, an Option or SAR may be transferred pursuant to a domestic relations order; *provided, however,* that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) Beneficiary Designation. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate shall be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise.

(f) Vesting Generally. The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of performance goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 6(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) Termination of Continuous Service. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Stock Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than thirty (30) days if necessary to comply with applicable state laws unless such termination is for Cause) or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(h) Extension of Termination Date. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, if the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause or upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period of three (3) months after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Stock Award Agreement.

(i) Disability of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of the Option or SAR as set forth in the Stock Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(j) Death of Participant. Except as otherwise provided in the applicable Stock Award Agreement or other agreement between the Participant and the Company, in the event that (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Stock Award Agreement after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Stock Award Agreement, which period shall not be less than six (6) months if necessary to comply with applicable state laws), or (ii) the expiration of the term of such Option or SAR as set forth in the Stock Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the time specified herein or in the Stock Award Agreement (as applicable), the Option or SAR shall terminate.

(k) Termination for Cause. Except as explicitly provided otherwise in a Participant's Stock Award Agreement, if a Participant's Continuous Service is terminated for Cause, the Option or SAR shall terminate upon the termination date of such Participant's Continuous Service, and the Participant shall be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

(l) Non-Exempt Employees. No Option or SAR granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any shares of Common Stock until at least six months following the date of grant of the Option or SAR. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, in the event of the Participant's death or Disability, upon a Corporate Transaction or a Change in Control in which the vesting of such Options or SARs accelerates, or upon the Participant's retirement (as such term may be defined in the Participant's Stock Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines) any such vested Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(m) Early Exercise of Options. An Option may, but need not, include a provision whereby the Optionholder may elect at any time before the Optionholder's Continuous Service terminates to exercise the Option as to any part or all of the shares of Common Stock subject to the Option prior to the full vesting of the Option. Subject to the "Repurchase Limitation" in Section 9(l), any unvested shares of Common Stock so purchased may be subject to a repurchase right in favor of the Company or to any other restriction the Board determines to be appropriate. Provided that the "Repurchase Limitation" in Section 9(l) is not violated, the Company shall not be required to exercise its repurchase right until at least six (6) months (or such longer or shorter period of time required to avoid classification of the Option as a liability for financial accounting purposes) have elapsed following exercise of the Option unless the Board otherwise specifically provides in the Option Agreement.

(n) Right of Repurchase. Subject to the "Repurchase Limitation" in Section 9(l), the Option or SAR may include a provision whereby the Company may elect to repurchase all or any part of the vested shares of Common Stock acquired by the Participant pursuant to the exercise of the Option or SAR.

(o) Right of First Refusal. The Option or SAR may include a provision whereby the Company may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the shares of Common Stock received upon the exercise of the Option or SAR. Such right of first refusal shall be subject to the "Repurchase Limitation" in Section 9(l). Except as expressly provided in this Section 6(o) or in the Stock Award Agreement, such right of first refusal shall otherwise comply with any applicable provisions of the Bylaws of the Company.

7. Provisions of Restricted Stock Awards and Restricted Stock Units.

(a) Restricted Stock Awards. Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided, however*, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

(i) **Consideration**. A Restricted Stock Award may be awarded in consideration for (A) cash or cash equivalents, (B) past or future services actually or to be rendered to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) **Vesting**. Subject to the "Repurchase Limitation" in Section 9(l), shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

(iii) **Termination of Participant's Continuous Service**. If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right, any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

(iv) **Transferability**. Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

(v) **Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

(b) **Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical, *provided, however,* that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

(i) **Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board in its sole discretion and permissible under applicable law.

(ii) **Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

(iii) **Payment**. A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

(iv) **Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

(v) Dividend Equivalents. Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all the terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

(vi) Termination of Participant's Continuous Service. Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

(vii) Compliance with Section 409A of the Code. Notwithstanding anything to the contrary set forth herein, any Restricted Stock Unit Award granted under the Plan that is not exempt from the requirements of Section 409A of the Code shall contain such provisions so that such Restricted Stock Unit Award will comply with the requirements of Section 409A of the Code. Such restrictions, if any, shall be determined by the Board and contained in the Restricted Stock Unit Award Agreement evidencing such Restricted Stock Unit Award. For example, such restrictions may include, without limitation, a requirement that any Common Stock that is to be issued in a year following the year in which the Restricted Stock Unit Award vests must be issued in accordance with a fixed pre-determined schedule.

8. Covenants of the Company.

(a) Availability of Shares. During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

(b) Securities Law Compliance. The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however,* that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

(c) No Obligation to Notify. The Company shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

9. Miscellaneous.

(a) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) Corporate Action Constituting Grant of Stock Awards. Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

(d) No Employment or Other Service Rights. Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Stock Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) Incentive Stock Option $100,000 Limitation. To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars ($100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(f) Investment Assurances. The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (x) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(g) Withholding Obligations. Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to a Stock Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Stock Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding payment from any amounts otherwise payable to the Participant; (iv) withholding cash from a Stock Award settled in cash; or (v) by such other method as may be set forth in the Stock Award Agreement.

(h) Electronic Delivery. Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically or posted on the Company's intranet.

(i) Deferrals. To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Stock Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Stock Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

(j) Compliance with Section 409A. To the extent that the Board determines that any Stock Award granted hereunder is subject to Section 409A of the Code, the Stock Award Agreement evidencing such Stock Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Stock Award Agreements shall be interpreted in accordance with Section 409A of the Code.

(k) Compliance with Exemption Provided by Rule 12h-1(f). If: (i) the aggregate of the number of Optionholders and the number of holders of all other outstanding compensatory employee stock options to purchase shares of Common Stock equals or exceeds five hundred (500), and (ii) the assets of the Company at the end of the Company's most recently completed fiscal year exceed $10 million, then the following restrictions shall apply during any period during which the Company does not have a class of its securities registered under Section 12 of the Exchange Act and is not required to file reports under Section 15(d) of the Exchange Act: (A) the Options and, prior to exercise, the shares of Common Stock acquired upon exercise of the Options may not be transferred until the Company is no longer relying on the exemption provided by Rule 12h-1(f) promulgated under the Exchange Act ("***Rule 12h-1(f)***"), except: (1) as permitted by Rule 701(c) promulgated under the Securities Act, (2) to a guardian upon the disability of the Optionholder, or (3) to an executor upon the death of the Optionholder (collectively, the "***Permitted Transferees***"); *provided, however*, the following transfers are permitted: (i) transfers by the Optionholder to the Company, and (ii) transfers in connection with a change of control or other acquisition involving the Company, if following such transaction, the Options no longer remain outstanding and the Company is no longer relying on the exemption provided by Rule 12h-1(f); *provided further*, that any Permitted Transferees may not further transfer the Options; (B) except as otherwise provided in (A) above, the Options and shares of Common Stock acquired upon exercise of the Options are restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" as defined by Rule 16a-1(h) promulgated under the Exchange Act, or any "call equivalent position" as defined by Rule 16a-1(b) promulgated under the Exchange Act by the Optionholder prior to exercise of an Option until the Company is no longer relying on the exemption provided by Rule 12h-1(f); and (C) at any time that the Company is relying on the exemption provided by Rule 12h-1(f), the Company shall deliver to Optionholders (whether by physical or electronic delivery or written notice of the availability of the information on an internet site) the information required by Rule 701(e)(3), (4), and (5) promulgated under the Securities Act every six (6) months, including financial statements that are not more than one hundred eighty (180) days old; *provided, however*, that the Company may condition the delivery of such information upon the Optionholder's agreement to maintain its confidentiality.

(l) Repurchase Limitation. The terms of any repurchase right shall be specified in the Stock Award Agreement. The repurchase price for vested shares of Common Stock shall be the Fair Market Value of the shares of Common Stock on the date of repurchase. The repurchase price for unvested shares of Common Stock shall be the lower of (i) the Fair Market Value of the shares of Common Stock on the date of repurchase or (ii) their original purchase price. However, the Company shall not exercise its repurchase right until at least six (6) months (or such longer or shorter period of time necessary to avoid classification of the Stock Award as a liability for financial accounting purposes) have elapsed following delivery of shares of Common Stock subject to the Stock Award, unless otherwise specifically provided by the Board.

10. Adjustments upon Changes in Common Stock; Other Corporate Events.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 4(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 4(c), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

(b) Dissolution or Liquidation. Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however,* that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions shall apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the holder of the Stock Award or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. Except as otherwise stated in the Stock Award Agreement, in the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board shall take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

(i) arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

(ii) arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

(iii) accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

(iv) arrange for the lapse of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

(v) cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

(vi) make a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the holder of the Stock Award would have received upon the exercise of the Stock Award, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action with respect to all Stock Awards or with respect to all Participants.

(d) Change in Control. A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur.

11. Termination or Suspension of the Plan.

(a) Plan Term. The Board may suspend or terminate the Plan at any time. Unless sooner terminated by the Board pursuant to Section 3, the Plan shall automatically terminate on the day before the tenth (10th) anniversary of the earlier of (i) the date the Plan is adopted by the Board, or (ii) the date the Plan is approved by the stockholders of the Company. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) No Impairment of Rights. Suspension or termination of the Plan shall not impair rights and obligations under any Stock Award granted while the Plan is in effect except with the written consent of the affected Participant.

12. Effective Date of Plan.

This Plan shall become effective on the Effective Date.

13. Choice of Law.

The law of the State of Nevada shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

14. Definitions. As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) "***Affiliate***" means, at the time of determination, any "parent" or "majority-owned subsidiary" of the Company, as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "majority-owned subsidiary" status is determined within the foregoing definition.

(b) "***Board***" means the Board of Directors of the Company.

(c) "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company (through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards No. 123 (revised). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(d) "***Cause***" shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term means with respect to a Participant, the occurrence of any of the following events: (i) such Participant's commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the United States or any state thereof; (ii) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (iii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iv) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (v) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause shall be made by the Company in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Stock Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(e) "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date this Plan is adopted by the Board, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided, however,* that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing definition or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Stock Awards subject to such agreement; *provided, however,* that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(f) "***Code***" means the Internal Revenue Code of 1986, as amended, as well as any applicable regulations and guidance thereunder.

(g) "***Committee***" means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 3(c).

(h) "***Common Stock***" means the common stock of the Company.

(i) "***Company***" means Strategic Environmental & Energy Recourses, Inc. ("SEER"), a Nevada corporation.

(j) "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a "Consultant" for purposes of the Plan.

(k) "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director, or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, shall not terminate a Participant's Continuous Service; *provided, however*, if the Entity for which a Participant is rendering service ceases to qualify as an Affiliate, as determined by the Board in its sole discretion, such Participant's Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a Director shall not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in a Stock Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(l) "***Corporate Transaction***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) the consummation of a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

(ii) the consummation of a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

(iii) the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(m) "***Director***" means a member of the Board.

(n) "***Disability***" means the inability of a Participant to engage in any substantially gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(o) "***Effective Date***" means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, or (ii) the date this Plan is adopted by the Board.

(p) "***Employee***" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an "Employee" for purposes of the Plan.

(q) "***Entity***" means a corporation, partnership, limited liability company or other entity.

(r) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(s) "***Exchange Act Person***" means any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that "Exchange Act Person" shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities.

(t) "***Fair Market Value***" means, the closing price for a share of the Company's Common Stock on the principal securities market on which it trades, on any given date during regular trading, or if not trading on that date, such price on the last preceding date on which the Common Stock was traded, unless determined otherwise by the Committee using such methods or procedures as it may establish in compliance with Section 409A of the Code or, in the case of an Incentive Stock Option, in compliance with Section 422 of the Code.

(u) "***Incentive Stock Option***" means an option that qualifies as an "incentive stock option" within the meaning of Section 422 of the Code and the regulations promulgated thereunder.

(v) "***Nonstatutory Stock Option***" means an Option that does not qualify as an Incentive Stock Option.

(w) "***Officer***" means any person designated by the Company as an officer.

(x) "***Option***" means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(y) "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(z) "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(aa) "***Own***," "***Owned***," "***Owner***," "***Ownership***" A person or Entity shall be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(bb) "***Participant***" means a person to whom a Stock Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(cc) "***Plan***" means this SEER, Inc. 2013 Equity Incentive Plan.

(dd) "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(a).

(ee) "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ff) "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(b).

(gg) "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

(hh) "***Rule 405***" means Rule 405 promulgated under the Securities Act.

(ii) "***Rule 701***" means Rule 701 promulgated under the Securities Act.

(jj) "***Securities Act***" means the Securities Act of 1933, as amended.

(kk) "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 6.

(ll) "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(mm) "***Stock Award***" means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, or a Stock Appreciation Right.

(nn) "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(oo) "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) .

(pp) "***Ten Percent Stockholder***" means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.

Exhibit 10.7

Strategic Environmental & Energy Resources, Inc.
Stock Option Grant Notice
(2013 Equity Incentive Plan)

Strategic Environmental & Energy Resources, Inc. (the "***Company***"), pursuant to its 2013 Equity Incentive Plan (the "***Plan***"), hereby grants to Optionholder an option to purchase the number of shares of the Company's Common Stock set forth below. This option is subject to all of the terms and conditions as set forth in this notice, in the Option Agreement, the Plan and the Notice of Exercise, all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Option Agreement will have the same definitions as in the Plan or the Option Agreement. If there is any conflict between the terms in this notice and the Plan, the terms of the Plan will control.

Optionholder:	
Date of Grant:	
Vesting Commencement Date:	
Number of Shares Subject to Option:	
Exercise Price (Per Share):	
Total Exercise Price:	
Expiration Date:	

Type of Grant: £ Incentive Stock Option[1] £ Nonstatutory Stock Option

Exercise Schedule: £ Same as Vesting Schedule £ Early Exercise Permitted

Vesting Schedule: One-fourth of the shares vest one year after the Vesting Commencement Date; the balance of the shares vest in a series of 36 successive equal monthly installments measured from the first anniversary of the Vesting Commencement Date, subject to Optionholder's Continuous Service as of each such date.

Payment: By one or a combination of the following items (described in the Option Agreement):

- ☐ By cash, check, bank draft or money order payable to the Company
- ☐ Pursuant to a Regulation T Program if the shares are publicly traded
- ☐ By delivery of already-owned shares if the shares are publicly traded
- ☐ If and only to the extent this option is a Nonstatutory Stock Option, and subject to the Company's consent at the time of exercise, by a "net exercise" arrangement

[1] If this is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options) cannot be first *exercisable* for more than $100,000 in value (measured by exercise price) in any calendar year. Any excess over $100,000 is a Nonstatutory Stock Option.

Cashless Exercise: surrender of this Option at the principal office of the Company together with notice of cashless election, in which event the Company shall issue Holder a number of shares of Common stock computed using the following formula:

$$X = Y (A-B)/A$$

where X = the number of shares of Common Stock to be issued to Holder.

Y = the number of shares of Common Stock for which this Option is being exercised.

A = the Market Price of one (1) share of Common Stock (for purposes of this Section 4, the "Market Price" shall be defined as the average Closing Bid Price of the Common Stock for the five (5) trading days prior to the Date of Exercise of this Option (the "Average Closing Price"), as reported by the O.T.C. Bulletin Board, National Association of Securities Dealers Automated Quotation System ("Nasdaq") Small Cap Market, or if the Common Stock is not traded on the Nasdaq Small Cap Market, the Average Closing Price in any other over-the-counter market; provided, however, that if the Common Stock is listed on a stock exchange, the Market Price shall be the Average Closing Price on such exchange for the five (5) trading days prior to the date of exercise of the Options. If the Common Stock is/was not traded during the five (5) trading days prior to the Date of Exercise, then the closing price for the last publicly traded day shall be deemed to be the closing price for any and all (if applicable) days during such five (5) trading day period.

B = the Exercise Price.

For purposes hereof, the term "Closing Bid Price" shall mean the closing bid price, on the O.T.C. Bulletin Board, the National Market System ("NMS"), the New York stock Exchange, the Nasdaq Small Cap Market, or if no longer traded on the O.T.C. Bulletin Board, the NMS the New York Stock Exchange, the Nasdaq Small Cap Market, the "Closing Bid Price" shall equal the closing price on the principal national securities exchange or the over-the-counter system on which the Common Stock is so traded and, if not available, the mean of the high and low prices on the principal national securities exchange on which the Common Stock is so traded. For purposes of Rule 144, and sub-section (d)(3)(ii) thereof, it is intended, understood and acknowledged that the Common Stock issuable upon exercise of this Option in a cashless exercise transaction shall be deemed to have been acquired at the time is Option was issued. Moreover, it is intended, understood and acknowledged that the holding period for the Common Stock issuable upon exercise of this Option in a cashless exercise transaction shall be deemed to have commenced on the date this Option was issued.

Additional Terms/Acknowledgements: By accepting this option, Optionholder consents to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company. Optionholder acknowledges receipt of, and understands and agrees to, this Stock Option Grant Notice, the Option Agreement and the Plan. Optionholder acknowledges and agrees that this Stock Option Grant Notice and the Option Agreement may not be modified, amended or revised except as provided in a writing signed by Optionholder and a duly authorized officer of the Company or as otherwise provided in the Plan. Optionholder further acknowledges that as of the Date of Grant, this Stock Option Grant Notice, the Option Agreement, and the Plan set forth the entire understanding between Optionholder and the Company regarding this stock option award and supersede all prior oral and written agreements, promises and/or representations on that subject with the exception of (i) options previously granted and delivered to Optionholder, and (ii) the following agreements only: _____.

Strategic Environmental & Energy Resources, Inc.

By: _____
Signature
Title: _____
Date: _____

Optionholder:

_____
Signature
Date: _____

Attachments: Option Agreement, 2013 Equity Incentive Plan and Notice of Exercise

Attachment I

Strategic Environmental & Energy Resources, Inc.
2013 Equity Incentive Plan

Option Agreement
(Incentive Stock Option or Nonstatutory Stock Option)

Pursuant to your Stock Option Grant Notice ("***Grant Notice***") and this Option Agreement, Strategic Environmental & Energy Resources, Inc. (the "***Company***") has granted you an option under its 2013 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice at the exercise price indicated in your Grant Notice. The option is granted to you effective as of the date of grant set forth in the Grant Notice (the "***Date of Grant***"). If there is any conflict between the terms in this Option Agreement and the Plan, the terms of the Plan will control. Capitalized terms not explicitly defined in this Option Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan.

The details of your option, in addition to those set forth in the Grant Notice and the Plan, are as follows:

1. Vesting. Your option will vest as provided in your Grant Notice. Vesting will cease upon the termination of your Continuous Service.

2. Number of Shares and Exercise Price. The number of shares of Common Stock subject to your option and your exercise price per share in your Grant Notice will be adjusted for Capitalization Adjustments.

3. Exercise Restriction for Non-Exempt Employees. If you are an Employee eligible for overtime compensation under the Fair Labor Standards Act of 1938, as amended (that is, a "***Non-Exempt Employee***"), and except as otherwise provided in the Plan, you may not exercise your option until you have completed at least six months of Continuous Service measured from the Date of Grant, even if you have already been an employee for more than six months. Consistent with the provisions of the Worker Economic Opportunity Act, you may exercise your option as to any vested portion prior to such six month anniversary in the case of (i) your death or disability, (ii) a Corporate Transaction in which your option is not assumed, continued or substituted, (iii) a Change in Control or (iv) your termination of Continuous Service on your "retirement" (as defined in the Company's benefit plans).

4. Exercise prior to Vesting ("Early Exercise"). If permitted in your Grant Notice (*i.e.*, the "Exercise Schedule" indicates "Early Exercise Permitted") and subject to the provisions of your option, you may elect at any time that is both (i) during the period of your Continuous Service and (ii) during the term of your option, to exercise all or part of your option, including the unvested portion of your option; *provided, however,* that:

(a) a partial exercise of your option will be deemed to cover first vested shares of Common Stock and then the earliest vesting installment of unvested shares of Common Stock;

(b) any shares of Common Stock so purchased from installments that have not vested as of the date of exercise will be subject to the purchase option in favor of the Company as described in the Company's form of Early Exercise Stock Purchase Agreement;

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred; and

(d) if your option is an Incentive Stock Option, then, to the extent that the aggregate Fair Market Value (determined at the Date of Grant) of the shares of Common Stock with respect to which your option plus all other Incentive Stock Options you hold are exercisable for the first time by you during any calendar year (under all plans of the Company and its Affiliates) exceeds $100,000, your option(s) or portions thereof that exceed such limit (according to the order in which they were granted) will be treated as Nonstatutory Stock Options.

5. Method of Payment. You must pay the full amount of the exercise price for the shares you wish to exercise. You may pay the exercise price in cash or by check, bank draft or money order payable to the Company or in any other manner ***permitted by your Grant Notice,*** which may include one or more of the following:

(a) Provided that at the time of exercise the Common Stock is publicly traded, pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of Common Stock, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds. This manner of payment is also known as a "broker-assisted exercise", "same day sale", or "sell to cover".

(b) Provided that at the time of exercise the Common Stock is publicly traded, by delivery to the Company (either by actual delivery or attestation) of already-owned shares of Common Stock that are owned free and clear of any liens, claims, encumbrances or security interests, and that are valued at Fair Market Value on the date of exercise. "Delivery" for these purposes, in the sole discretion of the Company at the time you exercise your option, will include delivery to the Company of your attestation of ownership of such shares of Common Stock in a form approved by the Company. You may not exercise your option by delivery to the Company of Common Stock if doing so would violate the provisions of any law, regulation or agreement restricting the redemption of the Company's stock.

(c) If this option is a Nonstatutory Stock Option, subject to the consent of the Company at the time of exercise, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issued upon exercise of your option by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price. You must pay any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment. Shares of Common Stock will no longer be outstanding under your option and will not be exercisable thereafter if those shares (i) are used to pay the exercise price pursuant to the "net exercise," (ii) are delivered to you as a result of such exercise, and (iii) are withheld to satisfy your tax withholding obligations.

(d) Pursuant to the following deferred payment alternative:

(i) Not less than 100% of the aggregate exercise price, plus accrued interest, will be due four years from date of exercise or, at the Company's election, upon termination of your Continuous Service.

(ii) Interest will be compounded at least annually and will be charged at the minimum rate of interest necessary to avoid (1) the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement and (2) the classification of your option as a liability for financial accounting purposes.

(iii) In order to elect the deferred payment alternative, you must, as a part of your written notice of exercise, give notice of the election of this payment alternative and, in order to secure the payment of the deferred exercise price to the Company hereunder, if the Company so requests, you must tender to the Company a promissory note and a pledge agreement covering the purchased shares of Common Stock, both in form and substance satisfactory to the Company, or such other or additional documentation as the Company may request.

6. Whole Shares. You may exercise your option only for whole shares of Common Stock.

7. Securities Law Compliance. In no event may you exercise your option unless the shares of Common Stock issuable upon exercise are then registered under the Securities Act or, if not registered, the Company has determined that your exercise and the issuance of the shares would be exempt from the registration requirements of the Securities Act. The exercise of your option also must comply with all other applicable laws and regulations governing your option, and you may not exercise your option if the Company determines that such exercise would not be in material compliance with such laws and regulations (including any restrictions on exercise required for compliance with Treas. Reg. 1.401(k)-1(d)(3), if applicable).

8. Term. You may not exercise your option before the Date of Grant or after the expiration of the option's term. The term of your option expires, subject to the provisions of Section 5(h) of the Plan, upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, your Disability or your death (except as otherwise provided in Section 8(d) below); *provided, however,* that if during any part of such three month period your option is not exercisable solely because of the condition set forth in the section above relating to "Securities Law Compliance," your option will not expire until the earlier of the Expiration Date or until it has been exercisable for an aggregate period of three months after the termination of your Continuous Service; *provided further,* that if (i) you are a Non-Exempt Employee, (ii) your Continuous Service terminates within six months after the Date of Grant, and (iii) you have vested in a portion of your option at the time of your termination of Continuous Service, your option will not expire until the earlier of (x) the later of (A) the date that is seven months after the Date of Grant, and (B) the date that is three months after the termination of your Continuous Service, and (y) the Expiration Date;

(c) 12 months after the termination of your Continuous Service due to your Disability (except as otherwise provided in Section 8(d)) below;

(d) 18 months after your death if you die either during your Continuous Service or within three months after your Continuous Service terminates for any reason other than Cause;

(e) the Expiration Date indicated in your Grant Notice; or

(f) the day before the 10th anniversary of the Date of Grant.

If your option is an Incentive Stock Option, note that to obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the Date of Grant and ending on the day three months before the date of your option's exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. The Company has provided for extended exercisability of your option under certain circumstances for your benefit but cannot guarantee that your option will necessarily be treated as an Incentive Stock Option if you continue to provide services to the Company or an Affiliate as a Consultant or Director after your employment terminates or if you otherwise exercise your option more than three months after the date your employment with the Company or an Affiliate terminates.

9. Exercise.

(a) You may exercise the vested portion of your option (and the unvested portion of your option if your Grant Notice so permits) during its term by (i) delivering a Notice of Exercise (in a form designated by the Company) or completing such other documents and/or procedures designated by the Company for exercise and (ii) paying the exercise price and any applicable withholding taxes to the Company's Secretary, stock plan administrator, or such other person as the Company may designate, together with such additional documents as the Company may then require.

(b) By exercising your option you agree that, as a condition to any exercise of your option, the Company may require you to enter into an arrangement providing for the payment by you to the Company of any tax withholding obligation of the Company arising by reason of (i) the exercise of your option, (ii) the lapse of any substantial risk of forfeiture to which the shares of Common Stock are subject at the time of exercise, or (iii) the disposition of shares of Common Stock acquired upon such exercise.

(c) If your option is an Incentive Stock Option, by exercising your option you agree that you will notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your option that occurs within two years after the Date of Grant or within one year after such shares of Common Stock are transferred upon exercise of your option.

(d) By exercising your option you agree that you will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company held by you, for a period of 180 days following the effective date of a registration statement of the Company filed under the Securities Act or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rules or regulation (the "***Lock-Up Period***"); *provided, however*, that nothing contained in this section will prevent the exercise of a reacquisition or repurchase option, if any, in favor of the Company during the Lock-Up Period. You further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to your shares of Common Stock until the end of such period. You also agree that any transferee of any shares of Common Stock (or other securities) of the Company held by you will be bound by this Section 9(d). The underwriters of the Company's stock are intended third party beneficiaries of this Section 9(d) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto.

10. Transferability. Except as otherwise provided in this Section 10, your option is not transferable, except by will or by the laws of descent and distribution, and is exercisable during your life only by you.

(a) Certain Trusts. Upon receiving written permission from the Board or its duly authorized designee, you may transfer your option to a trust if you are considered to be the sole beneficial owner (determined under Section 671 of the Code and applicable state law) while the option is held in the trust. You and the trustee must enter into transfer and other agreements required by the Company.

(b) Domestic Relations Orders. Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your option pursuant to the terms of a domestic relations order, official marital settlement agreement or other divorce or separation instrument as permitted by Treasury Regulation 1.421-1(b)(2) that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss the proposed terms of any division of this option with the Company prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. If this option is an Incentive Stock Option, this option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(c) Beneficiary Designation. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form approved by the Company and any broker designated by the Company to handle option exercises, designate a third party who, on your death, will thereafter be entitled to exercise this option and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, your executor or administrator of your estate will be entitled to exercise this option and receive, on behalf of your estate, the Common Stock or other consideration resulting from such exercise.

11. Right of First Refusal. Shares of Common Stock that you acquire upon exercise of your option are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right; *provided, however,* that if your option is an Incentive Stock Option and the right of first refusal described in the Company's bylaws in effect at the time the Company elects to exercise its right is more beneficial to you than the right of first refusal described in the Company's bylaws on the Date of Grant, then the right of first refusal described in the Company's bylaws on the Date of Grant will apply. The Company's right of first refusal will expire on the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on a national securities exchange or quotation system.

12. Right of Repurchase. To the extent provided in the Company's bylaws in effect at such time the Company elects to exercise its right, the Company will have the right to repurchase all or any part of the shares of Common Stock you acquire pursuant to the exercise of your option.

13. Option not a Service Contract. Your option is not an employment or service contract, and nothing in your option will be deemed to create in any way whatsoever any obligation on your part to continue in the employ of the Company or an Affiliate, or of the Company or an Affiliate to continue your employment. In addition, nothing in your option will obligate the Company or an Affiliate, their respective stockholders, boards of directors, officers or Employees to continue any relationship that you might have as a Director or Consultant for the Company or an Affiliate.

14. Withholding Obligations.

(a) At the time you exercise your option, in whole or in part, and at any time thereafter as requested by the Company, you hereby authorize withholding from payroll and any other amounts payable to you, and otherwise agree to make adequate provision for (including by means of a "same day sale" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company), any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or an Affiliate, if any, which arise in connection with the exercise of your option.

(b) If this option is a Nonstatutory Stock Option, then upon your request and subject to approval by the Company, and compliance with any applicable legal conditions or restrictions, the Company may withhold from fully vested shares of Common Stock otherwise issuable to you upon the exercise of your option a number of whole shares of Common Stock having a Fair Market Value, determined by the Company as of the date of exercise, not in excess of the minimum amount of tax required to be withheld by law (or such lower amount as may be necessary to avoid classification of your option as a liability for financial accounting purposes). If the date of determination of any tax withholding obligation is deferred to a date later than the date of exercise of your option, share withholding pursuant to the preceding sentence will not be permitted unless you make a proper and timely election under Section 83(b) of the Code, covering the aggregate number of shares of Common Stock acquired upon such exercise with respect to which such determination is otherwise deferred, to accelerate the determination of such tax withholding obligation to the date of exercise of your option. Notwithstanding the filing of such election, shares of Common Stock will be withheld solely from fully vested shares of Common Stock determined as of the date of exercise of your option that are otherwise issuable to you upon such exercise. Any adverse consequences to you arising in connection with such share withholding procedure will be your sole responsibility.

(c) You may not exercise your option unless the tax withholding obligations of the Company and/or any Affiliate are satisfied. Accordingly, you may not be able to exercise your option when desired even though your option is vested, and the Company will have no obligation to issue a certificate for such shares of Common Stock or release such shares of Common Stock from any escrow provided for herein, if applicable, unless such obligations are satisfied.

15. Tax Consequences. You hereby agree that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes your tax liabilities. You will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from your option or your other compensation. In particular, you acknowledge that this option is exempt from Section 409A of the Code only if the exercise price per share specified in the Grant Notice is at least equal to the "fair market value" per share of the Common Stock on the Date of Grant and there is no other impermissible deferral of compensation associated with the option. Because the Common Stock is not traded on an established securities market, the Fair Market Value is determined by the Board, perhaps in consultation with an independent valuation firm retained by the Company. You acknowledge that there is no guarantee that the Internal Revenue Service will agree with the valuation as determined by the Board, and you will not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that the valuation determined by the Board is less than the "fair market value" as subsequently determined by the Internal Revenue Service.

16. Notices. Any notices provided for in your option or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by mail by the Company to you, five days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this option by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this option, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

17. Governing Plan Document. Your option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your option, and is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. If there is any conflict between the provisions of your option and those of the Plan, the provisions of the Plan will control.

Attachment III

Notice of Exercise

Strategic Environmental & Energy Resources, Inc.
7801 Brighton Road
Commerce City, CO 80022

Date of Exercise: _____

This constitutes notice to Strategic Environmental & Energy Resources, Inc. (the "***Company***") under my stock option that I elect to purchase the below number of shares of Common Stock of the Company (the "***Shares***") for the price set forth below.

Type of option (check one):	Incentive £	Nonstatutory £
Stock option dated:	_____	_____
Number of Shares as to which option is exercised:	_____	_____
Certificates to be issued in name of:	_____	_____
Total exercise price:	$ _____	$ _____
Cash payment delivered herewith:	$ _____	$ _____
Value of _____ Shares delivered herewith[1]:	$ _____	$ _____
Value of _____ Shares pursuant to net exercise[2]:	$ _____	$ _____
Regulation T Program (cashless exercise[3]):	$ _____	$ _____

By this exercise, I agree (i) to provide such additional documents as you may require pursuant to the terms of the 2013 Equity Incentive Plan (ii) to provide for the payment by me to you (in the manner designated by you) of your withholding obligation, if any, relating to the exercise of this option, and (iii) if this exercise relates to an incentive stock option, to notify you in writing within 15 days after the date of any disposition of any of the Shares issued upon exercise of this option that occurs within two years after the date of grant of this option or within one year after such Shares are issued upon exercise of this option.

1 Shares must meet the public trading requirements set forth in the option. Shares must be valued in accordance with the terms of the option being exercised, and must be owned free and clear of any liens, claims, encumbrances or security interests. Certificates must be endorsed or accompanied by an executed assignment separate from certificate.

2 The option must be a Nonstatutory Stock Option, and Strategic Environmental & Energy Resources, Inc. must have established net exercise procedures at the time of exercise, in order to utilize this payment method.

3 Shares must meet the public trading requirements set forth in the option.

I hereby make the following certifications and representations with respect to the number of Shares listed above, which are being acquired by me for my own account upon exercise of the option as set forth above:

I acknowledge that the Shares have not been registered under the Securities Act of 1933, as amended (the "***Securities Act***"), and are deemed to constitute "restricted securities" under Rule 701 and Rule 144 promulgated under the Securities Act. I warrant and represent to the Company that I have no present intention of distributing or selling said Shares, except as permitted under the Securities Act and any applicable state securities laws.

I further acknowledge that I will not be able to resell the Shares for at least 90 days after the stock of the Company becomes publicly traded (*i.e.,* subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934) under Rule 701 and that more restrictive conditions apply to affiliates of the Company under Rule 144.

I further acknowledge that all certificates representing any of the Shares subject to the provisions of the Option will have endorsed thereon appropriate legends reflecting the foregoing limitations, as well as any legends reflecting restrictions pursuant to the Company's Articles of Incorporation, Bylaws and/or applicable securities laws.

I further agree that, if required by the Company (or a representative of the underwriters) in connection with the first underwritten registration of the offering of any securities of the Company under the Securities Act, I will not sell, dispose of, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any shares of Common Stock or other securities of the Company for a period of 180 days following the effective date of a registration statement of the Company filed under the Securities Act (or such longer period as the underwriters or the Company will request to facilitate compliance with FINRA Rule 2711 or NYSE Member Rule 472 or any successor or similar rule or regulation) (the "***Lock-Up Period***"). I further agree to execute and deliver such other agreements as may be reasonably requested by the Company or the underwriters that are consistent with the foregoing or that are necessary to give further effect thereto. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such period.

Very truly yours,

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, J. John Combs III, certify that:

1. I have reviewed this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, 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 registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer 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 Registrant 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 Registrant, including its consolidated Subsidiary, 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) Evaluated the effectiveness of the Registrant'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 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

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant'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 Registrant'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 Registrant's internal control over financial reporting.

Dated: March 26, 2014

/s/ *J. John CombsIII*
J. John Combs III
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Monty Lamirato, certify that:

1. I have reviewed this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, 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 registrant as of, and for, the periods presented in this report;

4. The Registrant'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 Registrant and have:

(e) 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 Registrant, including its consolidated Subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(f) 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;

(g) Evaluated the effectiveness of the Registrant'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

(h) 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

5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant'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 Registrant'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 Registrant's internal control over financial reporting.

Dated: March 26, 2014

/s/ *Monty Lamirato*
Monty Lamirato
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc. (the "Company") for the year period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. John Combs III, 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, to the best of my knowledge:

(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 consolidated financial condition and results of operations of the Company.

/s/ *J. John Combs III*
J. John Combs III
President and Chief Executive Officer
March 26, 2014

EXHIBIT 32.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
Pursuant to 18 U.S.C. 1350
(Section 906 of the Sarbanes-Oxley Act of 2002)

In connection with this Annual Report on Form 10-K of Strategic Environmental & Energy Resources, Inc. (the "Company") for the year ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Monty Lamirato, 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, to the best of my knowledge:

(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 consolidated financial condition and results of operations of the Company.

/s/ Monty Lamirato
Monty Lamirato
Chief Financial Officer
March 26, 2014

Exhibit 99.1 Financial Statements

Annual Audited Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Strategic Environmental & Energy Resources, Inc.

We have audited the accompanying consolidated balance sheets of Strategic Environmental & Energy Resources, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years then ended. Strategic Environmental & Energy Resources, Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Strategic Environmental & Energy Resources, Inc. as of December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

L J Soldinger Associates, LLC

Deer Park, Illinois

March 26, 2014

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS

ASSETS	December 31, 2013	December 31, 2012
Current assets:		
Cash	$ 2,419,100	$ 70,400
Cash – restricted	250,000	220,000
Accounts receivable, net of allowance for doubtful accounts of $76,000 and $92,900, respectively	1,170,000	1,173,800
Costs and estimated earnings in excess billings on uncompleted contracts	78,500	35,500
Inventory	22,400	46,000
Prepaid expenses and other assets	253,000	41,600
Total current assets	4,193,000	1,587,300
Property and equipment, net	1,762,900	752,100
Intangible assets, net	379,500	450,900
Other assets	36,800	9,400
TOTAL ASSETS	$ 6,372,200	$ 2,799,700
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	$ 1,506,800	$ 1,323,300
Accrued liabilities	924,200	499,100
Billings in excess of costs and estimated earnings on uncompleted contracts	170,300	327,400
Current portion of payroll taxes payable	250,600	335,400
Customer deposits	118,000	—
Current portion of notes payable and capital lease obligations	504,700	319,800
Notes payable - related parties, including accrued interest	136,900	190,400
Total current liabilities	3,611,500	2,995,400
Payroll taxes payable, net of current portion	720,800	745,400
Notes payable and capital lease obligations, net of current portion	48,100	281,600
Total liabilities	4,380,400	4,022,400
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Preferred stock; $.001 par value; 5,000,000 shares authorized; -0- shares issued	—	—
Common stock; $.001 par value; 70,000,000 shares authorized; 47,911,975 and 40,229,434 shares issued and outstanding 2013 and 2012, respectively	47,900	40,300
Common stock subscribed	50,000	100,000
Additional paid-in capital	14,597,700	10,532,200
Stock subscription receivable	(50,000)	(100,000)
Accumulated deficit	(12,215,200)	(11,595,500)
Non-controlling interest	(438,600)	(199,700)
Total stockholders' equity (deficit)	1,991,800	(1,222,700)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 6,372,200	$ 2,799,700

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

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
Revenue:	2013	2012
Products	$ 3,375,600	$ 1,439,800
Services	8,238,400	5,401,600
Total revenue	11,614,000	6,841,400
Operating expenses:		
Products costs	2,288,200	1,037,800
Services costs	6,183,900	3,832,500
Selling, general and administrative expenses	3,889,900	3,548,900
Total operating expenses	12,362,000	8,419,200
Loss from operations	(748,000)	(1,577,800)
Other income (expense):		
Interest income	4,000	1,300
Interest expense	(147,500)	(347,400)
Penalties and late fees	(13,100)	(26,200)
Gain on conversion of debt to equity	—	305,800
Gain on debt settlements	11,400	—
Other	34,600	(44,800)
Total non-operating expense, net	(110,600)	(111,300)
Net loss	(858,600)	(1,689,100)
Less: Net loss attributable to non-controlling interest	(238,900)	(199,700)
Net loss attributable to SEER common stockholders	$ (619,700)	$ (1,489,400)
Net loss per share, basic and diluted	$ (.01)	$ (0.05)
Weighted average shares outstanding – basic and diluted	43,251,500	32,963,000

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

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Additional Paid-in	Common Stock	Stock Subscription	Accumulated	Non-controlling	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Subscribed	Receivable	Deficit	Interest	Equity
Balances, January 1, 2012	—	—	27,364,000	$ 27,500	$ 8,036,600		—	$(10,106,100)	—	$ (2,042,000)
Sale of common stock and warrants, net of fees			6,225,000	6,200	1,308,800			—		1,315,000
Sale of common stock and warrants with bridge loans			350,000	300				—		300
Debt discount related to bridge loans					93,900			—		93,900
Conversion of bridge loans and related interest into common stock			1,790,400	1,800	356,200			—		358,000
Conversion of note payable into common stock			900,000	900	147,600			—		148,500
Issuance of common stock for note receivable			500,000	500	99,500		(100,000)	—		—
Issuance of common stock for services			3,100,000	3,100	508,400			—		511,500
Vesting of warrants for services				—	21,200			—		21,200
Stock-based compensation				—	60,000			—		60,000
Net loss								(1,489,400)	(199,700)	(1,689,100)
Balances, December 31, 2012	—	—	40,229,400	40,300	10,532,200	100,000	(100,000)	(11,595,500)	(199,700)	(1,222,700)
Sale of common stock and warrants, net of fees			7,428,500	7,400	3,685,600					3,693,000
Debt discount related to bridge loans			5,000	—	4,900					4,900
Issuance of common stock upon exercise of option			14,500	—	10,600					10,600
Issuance of common stock for services			112,500	100	66,000					66,100
Conversion of related party debt to equity			122,100	100	61,300					61,400
Issuance of warrant for services					57,700					57,700
Proceeds from stock subscription					100,000	(100,000)	100,000			100,000
Common stock subscription						50,000	(50,000)			—
Payment of stock subscription					5,000					5,000
Stock-based compensation					74,400					74,400
Net loss								(619,700)	(238,900)	(858,600)
Balances, December 31, 2013	—	—	47,912,000	$ 47,900	$ 14,597,700	$ 50,000	$ (50,000)	(12,215,200)	$ (438,600)	$ 1,991,800

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

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Year Ended December 31,	
Cash flows from operating activities:	2013	2012
Net loss	$ (858,600)	$ (1,689,100)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Provision for doubtful accounts receivable	33,800	115,600
Depreciation and amortization	373,200	327,900
Stock-based compensation expense	208,800	592,800
Gain on extinguishment of debt	(11,400)	(305,800)
Amortization of debt discount	4,900	99,900
Changes in operating assets and liabilities:		
Cash – restricted	(30,000)	(220,000)
Accounts receivable	(30,000)	(816,400)
Costs in Excess of billings on uncompleted contracts	(43,000)	130,400
Inventory	23,600	(43,800)
Prepaid expenses and other assets	(271,800)	300
Accounts payable	191,700	(28,700)
Accrued liabilities and related party notes payable accrued interest	450,300	156,400
Billings in excess of revenue on uncompleted contracts	(157,100)	289,400
Deferred revenue	118,000	—
Payroll taxes payable	(122,500)	(54,700)
Net cash used in operating activities	(120,100)	(1,445,800)
Cash flows from investing activities:		
Purchase of property and equipment	(1,155,700)	(76,900)
Proceeds from the sale of property and equipment	(13,900)	—
Net cash used in investing activities	(1,169,600)	(76,900)
Cash flows from financing activities:		
Proceeds from notes payable	50,000	575,000
Payments of notes payments and capital lease obligations	(205,300)	(308,500)
Payments of related party notes payable and accrued interest	(4,300)	(69,500)
Proceeds from the sale of common stock and warrants, net of expenses	3,798,000	1,315,000
Net cash provided by financing activities	3,638,400	1,512,000
Net increase (decrease) in cash	2,348,700	(10,700)
Cash at the beginning of year	70,400	81,100
Cash at the end of year	$ 2,419,100	$ 70,400

STRATEGIC ENVIRONMENTAL & ENERGY RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS – Continued

Supplemental disclosures of cash flow information:

Cash paid for interest	$ 12,200	$ 74,500
Supplemental disclosure of noncash financing and investing activities:		
Accounts receivable offset against notes payable	—	$ 5,000
Conversion of accounts payable and accrued expenses to notes payable	—	$ 66,900
Conversion of delinquent notes payable and accrued interest into shares of common stock		$ 148,500
Conversion of convertible note payable and accrued interest into shares of common stock	$ 61,400	$ 358,000
Discount on note payable		$ 99,900
Purchase of assets under capital leases	$ 110,000	$ 121,300
Transfer of prepaid asset to equipment	$ 33,000	$ —
Fully depreciated assets written off	$ 96,400	—

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

NOTE 1 - ORGANIZATION AND FINANCIAL CONDITION

Organization

Strategic Environmental & Energy Resources, Inc. ("SEER", "we" or the "Company"), a Nevada corporation, is a provider of industrial products and services in the environmental, energy, and rail transportation sectors. SEER has three wholly-owned operating subsidiaries which provide industrial services to companies in the petroleum, industrial, manufacturing, and medical industries: REGS, LLC (d/b/a Resource Environmental Group Services ("REGS")) provides mobile cleaning services to refineries and other entities in Colorado, Wyoming, Oklahoma, Kansas and Utah and also operates a site in Utah, on behalf of another company, to treat frac water resulting from oil and gas exploration; Tactical Cleaning Company, LLC ("TCC") provides cleaning services to railcar tankers from its sites in Colorado and Kansas; MV, LLC ("MV"), located in Colorado, designs and builds emission and odor control units for refineries, municipalities and other corporate entities; and two majority-owned subsidiaries, Paragon Waste Solutions, LLC ("PWS") and ReaCH4Biogas ("Reach"). PWS was formed in November 2010, and is currently owned 54% by SEER (see Note 7). PWS is developing specific opportunities to deploy and commercialize certain patent-pending technologies for a cold plasma oxidation process that makes possible the clean destruction of hazardous chemical and biological waste (*i.e*., hospital red bag waste) without traditional incineration with harmful emissions. Reach (originally known as BeneFuels, LLC), was formed in February 2013, is currently owned 85% by SEER and focuses specifically on treating biogas for conversion to pipeline quality gas and/or CNG for fleet vehicles. Reach had no operations as of December 31, 2013 except for some de minimis start-up costs.

Principals of Consolidation

The accompanying consolidated financial statements include the accounts of SEER, its wholly-owned subsidiaries, REGS, TCC and MV and its majority-owned subsidiaries PWS and Reach, since their respective acquisition or formation dates. All material intercompany accounts, transactions, and profits have been eliminated in consolidation.

Basis of Presentation - Liquidity

As shown in the accompanying consolidated financial statements, the Company has experienced recurring losses, and has an accumulated deficit of approximately $12.2 million as of December 31, 2013 and for the years ended December 31, 2013, and 2012, we incurred net losses of approximately $858,000 and $1.7 million, respectively. As of December 31, 2013, our current assets exceeded our current liabilities by $581,500. As of December 31, 2013 our assets exceed our liabilities by approximately $2 million.

Realization of a major portion of our assets as of December 31, 2013, is dependent upon our continued operations. Accordingly, we have undertaken a number of specific steps to continue to operate as a going concern. In 2013, we increased our revenues by approximately 70% over the prior year and reduced our loss from operations by $829,800. In addition, in 2013 we raised approximately $3.7 million through the sale of common stock and converted approximately $61,000 in debt to equity. We continue to focus on organic growth in our operating companies and improving gross and net margins through increased attention to pricing, aggressive cost management and overhead reductions. We made additions to our senior management team to support these initiatives, and focused on streamlining our business model to improve profitability. We also increased our business development efforts in MV to address opportunities identified in expanding markets attributable to increased interest in energy conservation and emission control regulations. There can be no assurance that the Company will achieve the desired result of net income and positive cash flow from operations in future years. Management believes that current working capital and funds available from future equity financings will be sufficient to allow the Company to maintain its operations through December 31, 2014 and into the foreseeable future.

Reclassifications

Certain reclassifications have been made in the 2012 consolidated financial statements to conform to the 2013 presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make a number of estimates and assumptions related to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of intangible assets; valuation allowances and reserves for receivables and inventory and deferred income taxes; revenue recognition related to contracts accounted for under the percentage of completion method; share-based compensation; and loss contingencies, including those related to litigation. Actual results could differ from those estimates.

Cash and Cash Equivalents

We consider all highly liquid debt investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. Periodically, we maintain deposits in financial institutions in excess of federally insured limits. At September 30, 2013 this amount was approximately $2.1 million. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2013 and 2012, we did not hold any assets that would be deemed to be cash equivalents.

Restricted Cash

At December 31, 2013 and 2012, the Company had $250,000 and $220,000, respectively of self-imposed restricted cash that was maintained by its attorney in a special trust account created for the purpose of making payments to the IRS in accordance with an installment plan (see Note 8).

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are recorded at the invoiced amounts less an allowance for doubtful accounts. The allowance for doubtful accounts is based on our estimate of the amount of probable credit losses in our accounts receivable. We determine the allowance for doubtful accounts based upon an aging of accounts receivable, historical experience and management judgment. Accounts receivable balances are periodically reviewed for collectability, and balances are charged off against the allowance when we determine that the potential for recovery is remote. An allowance for doubtful accounts of approximately $76,000 and $92,900 had been reserved as of December 31, 2013 and 2012, respectively.

We are exposed to credit risk in the normal course of business, primarily related to accounts receivable. Our customers operate primarily in the oil production and refining, rail transport, biogas generating and wastewater treatment industries in the United States. Accordingly, we are affected by the economic conditions in these industries as well as general economic conditions in the United States. To limit credit risk, management periodically reviews and evaluates the financial condition of its customers and maintains an allowance for doubtful accounts. As of December 31, 2013, we do not believe that we have significant credit risk.

As of December 31, 2013, we had three customers who comprised approximately 41.6% of our accounts receivable. As of December 31, 2012, we had four customers who comprised 60.8% of our accounts receivable.

As of December 31, 2013, we had two customers with sales in excess of 10% of our revenue and combined were 42% of total revenues. As of December 31, 2012, we had two customers with sales in excess of 10% of our revenue and combined were 30% of total revenues.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

The carrying amounts of our financial instruments, including accounts receivable and accounts payable, are carried at cost, which approximates their fair value due to their short-term maturities. We believe that the carrying value of notes payable with third parties, including their current portion, approximate their fair value, as those instruments carry market interest rates based on our current financial condition and liquidity. We believe the amounts due to related parties also approximate their fair value, as their carried interest rates are consistent with those of our notes payable with third parties.

Fair Value

As defined in authoritative guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date ("exit price"). To estimate fair value, the Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable.

The authoritative guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1" measurements) and the lowest priority to unobservable inputs ("Level 3" measurements). The three levels of the fair value hierarchy are as follows:

Level 1 - Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Other inputs that are observable, directly or indirectly, such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

In instances in which multiple levels of inputs are used to measure fair value, hierarchy classification is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Inventory

Inventory is stated at the lower of cost or market, generally using the specific identification method. Our inventory is primarily comprised of accumulated costs related to MV contracts. These costs represent recoverable costs incurred for production, including materials, engineering time billed as incurred and allocable operating overhead. Inventories are reviewed periodically and items considered to be slow-moving or obsolete are reduced to estimated net realizable value through an appropriate reserve. At December 31, 2013 and 2012, there were no inventory reserves.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Expenditures for replacements, renewals and betterments are capitalized. Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of generally five to seven years for equipment, five to ten years for vehicles and three years for computer related assets. Assets are depreciated starting at the time they are placed into service. A portion of depreciation expense is charged to cost of product revenue on the consolidated statement of operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property and Equipment, continued

Leasehold improvements are amortized using the straight-line method over the shorter of the lease term (including reasonably assured renewal periods), which range from three to seven years, or their estimated useful life.

Intangible Assets

Intangible assets with estimable useful lives are amortized using the straight-line method over their respective estimated useful lives verses their estimated residual values, and are reviewed for impairment annually, or whenever events or circumstances indicate their carrying amount may not be recoverable. We conduct our annual impairment test on December 31 of each year. The Company has evaluated its intangibles for impairment and has determined that intangibles were not impaired.

Long-lived Assets

We evaluate the carrying value of long-lived assets for impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An asset is considered to be impaired when the anticipated undiscounted future cash flows of an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. No impairment was determined as of December 31, 2013 and 2012.

Revenue Recognition

We recognize revenue related to contract projects and services when all of the following criteria are met: (i) persuasive evidence of an agreement exists, (ii) delivery has occurred or services have been rendered, (iii) the sales price is fixed or determinable, and (iv) collectability is reasonably assured. Our revenue is primarily comprised of services related to industrial cleaning and railcar cleaning, which we recognize as services are rendered.

Product revenue generated from projects, which include the manufacturing of products, for removal and treatment of hazardous vapor and gasses is accounted for under the percentage-of-completion method for projects with durations in excess of three months and the completed-contract method for all other projects. Total estimated revenue includes all of the following: (1) the basic contract price, (2) contract options, and (3) change orders. Once contract performance is underway, we may experience changes in conditions, client requirements, specifications, designs, materials and expectations regarding the period of performance. Such changes are “change orders” and may be initiated by us or by our clients. In many cases, agreement with the client as to the terms of change orders is reached prior to work commencing; however, sometimes circumstances require that work progress without obtaining client agreement. Revenue related to change orders is recognized as costs are incurred if it is probable that costs will be recovered by changing the contract price. The Company does not incur pre-contract costs. Under the percentage-of-completion method, we recognize revenue primarily based on the ratio of costs incurred to date to total estimated contract costs. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses are identified and included as additional loss. Provisions for estimated losses on contracts are shown separately as liabilities on the balance sheet, if significant, except in circumstances in which related costs are accumulated on the balance sheet, in which case the provisions are deducted from the accumulated costs. A provision as a liability is reported as a current liability.

For contracts accounted for under the percentage-of-completion method, we include in current assets and current liabilities amounts related to construction contracts realizable and payable. Costs and estimated earnings in excess of billings on uncompleted contracts represent the excess of contract costs and profits recognized to date over billings to date, and are recognized as a current asset. Billings in excess of costs and estimated earnings on uncompleted contracts represents the excess of billings to date over the amount of contract costs and profits recognized to date, and are recognized as a current liability.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Stock-based Compensation

We account for stock-based awards at fair value on the date of grant, and recognize compensation over the service period that they are expected to vest. We estimate the fair value of stock options and stock purchase warrants using the Black-Scholes option pricing model. The estimated value of the portion of a stock-based award that is ultimately expected to vest, taking into consideration estimated forfeitures, is recognized as expense over the requisite service periods. The estimate of stock awards that will ultimately vest requires judgment, and to the extent that actual forfeitures differ from estimated forfeitures, such differences are accounted for as a cumulative adjustment to compensation expenses and recorded in the period that estimates are revised.

Research and Development

Research and development costs are charged to expense as incurred. Such expenses were $188,900 and $416,000 for the years ended December 31, 2013 and 2012, respectively.

Income Taxes

The Company accounts for income taxes pursuant to *Accounting Standards Codification* ("ASC") 740, *Income Taxes,* which utilizes the asset and liability method of computing deferred income taxes. The objective of this method is to establish deferred tax assets and liabilities for any temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized or settled.

ASC 740 also provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the financial statements. Tax positions must meet a "more-likely-than-not" recognition threshold at the effective date to be recognized. During the years ended December 31, 2013 and 2012 the Company recognized no adjustments for uncertain tax positions.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were recognized at December 31, 2013 and 2012. The Company expects no material changes to unrecognized tax positions within the next twelve months.

The Company has filed federal and state tax returns through December 31, 2012. The tax periods for the years ending December 31, 2008 through 2012 are open to examination by federal and state authorities.

Recently issued accounting pronouncements

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all new or revised ASU's.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recently issued accounting pronouncements, continued

New Accounting Pronouncements Implemented

In the first quarter of 2013, the Company adopted guidance issued by the Financial Accounting Standards Board (the "FASB") that simplifies how an entity tests indefinite-lived intangibles for impairment. The amended guidance allows companies to first assess qualitative factors to determine whether it is more-likely-than-not that an indefinite-lived intangible asset is impaired as a basis for determining whether it is necessary to perform the quantitative impairment test. The adoption of this guidance had no impact on the Company's financial position and results of operations.

During the fiscal first quarter of 2013, the Company adopted the FASB guidance related to additional reporting and disclosure of amounts reclassified out of accumulated other comprehensive income (AOCI). Under this new guidance, companies are required to disclose the effect of significant reclassifications out of AOCI on the respective line items on the income statement if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are not required under GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures required under GAAP that provide additional details about those amounts. This update became effective for annual and interim reporting periods for fiscal years beginning after December 15, 2012. The adoption of this guidance had no impact on the Company's financial position and results of operations.

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU No. 2013-11 requires that entities with an unrecognized tax benefit and a net operating loss carryforward or similar tax loss or tax credit carryforward in the same jurisdiction as the uncertain tax position present the unrecognized tax benefit as a reduction of the deferred tax asset for the loss or tax credit carryforward rather than as a liability, when the uncertain tax position would reduce the loss or tax credit carryforward under the tax law, thereby eliminating diversity in practice regarding this presentation issue. This new guidance is effective prospectively for annual reporting periods beginning on or after December 15, 2013, although retrospective application in permitted. We are currently assessing the impact of this guidance, if any, on our consolidated financial statements

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following:

	December 31,	
	2013	2012
Field and shop equipment	$ 1,361,100	$ 1,051,900
Vehicles	516,700	382,500
Waste destruction equipment	164,900	—
Waste destruction equipment in progress	542,500	—
Furniture and office equipment	27,500	24,500
Leasehold improvements	55,500	55,500
Equipment, construction in progress	30,600	—
	2,698,800	1,514,400
Less: accumulated depreciation and amortization	(935,900)	(762,300)
Property and equipment, net	$ 1,762,900	$ 752,100

NOTE 3 - PROPERTY AND EQUIPMENT, continued

Depreciation expense and amortization of leasehold improvements for the years ended December 31, 2013 and 2012, were $287,900 and $242,800, respectively.

Property and equipment included the following amounts for leases that have been capitalized at December 31:

	2013	2012
Field and shop equipment	$ 241,500	$ 148,500
Less: accumulated amortization	(27,000)	(29,500)
	$ 214,500	$ 119,000

NOTE 4 – INTANGIBLE ASSETS

Intangible assets were comprised of the following:

	December 31, 2013		
	Gross carrying amount	Accumulated amortization	Net carrying value
Customer list	$ 42,500	(33,900)	$ 8,600
Technology	725,700	(365,800)	359,900
Trade name	54,600	(43,600)	11,000
	$ 822,800	(443,300)	$ 379,500

	December 31, 2012		
	Gross carrying amount	Accumulated amortization	Net carrying value
Customer list	$ 42,500	$ (27,800)	$ 14,700
Technology	712,100	(294,700)	417,400
Trade name	54,600	(35,800)	18,800
	$ 809,200	$ (358,300)	$ 450,900

The estimated useful lives of the intangible assets range from seven to ten years. Amortization expense was $85,100 for each of the years ended December 31, 2013 and 2012. The estimated aggregate amortization expense for each of the next five years is as follows:

2014	$ 85,100
2015	77,000
2016	71,200
2017	71,200
2018	35,500
Thereafter	39,500
	$ 379,500

NOTE 5 - ACCRUED LIABILITIES

Accrued liabilities were comprised of the following:

	December 31, 2013	December 31, 2012
Accrued compensation and related taxes	$ 451,500	$ 385,100
Accrued stock offering costs	216,000	—
Accrued interest	73,200	61,600
Accrued material and other job related costs	71,700	30,700
Other	111,800	21,700
	$ 924,200	$ 499,100

NOTE 6 - UNCOMPLETED CONTRACTS

Costs, estimated earnings and billings on uncompleted contracts are as follows:

	December 31, 2013	December 31, 2012
Revenue Recognized	$ 331,100	$ 63,800
Less: Billings to date	(252,600)	(28,300)
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 78,500	$ 35,500
Billings to date	$ 606,700	$ 775,800
Revenue recognized	(436,400)	(448,400)
Billings in excess of costs and estimated earnings on uncompleted contracts	$ 170,300	$ 327,400

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC

In 2010, the Company and Black Stone Management Services, LLC (“Black Stone”) formed PWS, whereby 1,000,000 membership units were issued. The Company acquired 60% (600,000) of the membership units in PWS and Black Stone acquired the remaining 40% (400,000). FortunatoVillamagna, who serves as President of our PWS subsidiary, is a managing member and Chairman of Black Stone. In June 2012, the Company and Blackstone each allocated 10% of their respective membership units in PWS to two individuals, one of whom is an officer and shareholder of the Company and one of whom is a shareholder of the Company and an officer of a subsidiary. There was no value attributable to the units at the time of the allocation. In 2013 Black Stone sold 10% of its membership units to an outside third party and received 875,000 shares of common stock of the Company as well as other equity interests. Therefore at December 31, 2013 the Company owned 54% of the membership units of PWS, Black Stone owned 26%, an outside third party 10% and two related parties (as noted above), each owned 5%.

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC, continued

In August, 2011, we acquired certain waste destruction technology intellectual property (the "IP") from Black Stone in exchange for 1,000,000 shares of our common stock valued at $100,000. As noted above Mr. Villamagna, who serves as President of our subsidiary PWS, is a managing member and Chairman of Black Stone. We estimated the useful life of the IP at ten years, which was consistent with the useful life of other technology included in our intangible assets, and management's initial assessment of the potential marketability of the IP. In March 2012, the Company entered into an Irrevocable License & Royalty Agreement with PWS that grants PWS an irrevocable world-wide license to the IP in exchange for a 5% royalty on all revenues from PWS and its affiliates. The term commenced as of the date of the Agreement and shall continue for a period not to exceed the life of the patent or patents filed by the Company. PWS may sub license the IP and any revenue derived from sub licensing shall be included in the calculation of Gross Revenue for purposes of determining royalty payments due the Company. Royalty payments are due 30 days after the end of each calendar quarter. PWS generated no revenue for the years ended December 31, 2013 and 2012, therefore no royalties were due.

Since its inception through December 31, 2013, we have provided approximately $1,341,300 in funding to PWS for working capital and the further development and construction of a prototype and commercial waste destruction unit. Black Stone has made no capital contributions or other funding to PWS. The intent of the operating agreement is that we will provide the funding as an advance against future earnings distributions made by PWS.

In September 2013, PWS entered into an Exclusive Use License and Joint Operations Agreement ("License Agreement") with Sterall Inc. ("Sterall"). The License Agreement grants to Sterall the use of the PWS Technology for an initial five year term for the State of Florida, renewable for two additional five year terms, for the treatment and/or destruction of any and all regulated medical waste from any sources. The agreement requires Sterall to pay a $300,000 License Initiation Fee and in order for Sterall to maintain its exclusive license for the State of Florida, a total of $200,000 shall be paid to PWS by May 23, 2014 regardless of net operating profits of Sterall ("NOP"). As of December 31, 2013, the license initiation fee has not been paid. During the initial 5-year term, a minimum of $500,000 of total royalty payments to PWS must be made, out of NOP or otherwise (in addition to the $300,000 Initial Fee, set forth below), in order for the second-phase five-year term to be exclusive. During the second-phase five-year term, a minimum of $750,000 of royalty must be paid, out of NOP or otherwise, in order for the third phase five-year term to be exclusive. PWS will receive a one-time license initiation fee of $300,000 payable from NOP of Sterall as a priority payment before any other distributions or payouts. Sterall can take delivery of additional CoronaLux waste destruction units upon payment of a placement fee per unit of either $168,000 or $207,000 depending upon the size of the unit. The unit placement fees do not include freight, start-up and commissioning costs, which shall be borne by the facility. Paragon, at its sole discretion will select the installation, startup and commissioning teams.

Commencing immediately royalty fees based on Sterall's NOP for the Initial Facility Fee and ongoing royalties shall be paid on the fifteenth of each month for the succeeding month's revenue for PWS's specified allocation of NOP as set forth below, except that effective January 1, 2014 Sterall shall pay the greater of i) a minimum of $7,500 or 2) PWS's effective NOP allocation.

- Phase I Distribution- All NOP shall first be allocated and paid out 75% to PWS and 25% to Sterall until the first $1,200,000 in distributions are made to the joint venture partners ($900,000PWS/$300,000 Sterall).

- Phase II Distribution - Thereafter, NOP shall be allocated and paid out 25% to PWS and 75% to Sterall until the next $800,000 in distributions are made to the joint venture partners ($200,000 PWS/$600,000 Sterall).

- Phase III Distribution - Thereafter, all NOP shall be allocated and paid out 50%-50% to each joint venture partner for so long as Sterall's Initial Facility operates and generates NOP.

NOTE 7– INVESTMENT IN PARAGON WASTE SOLUTIONS LLC, continued

The License Agreement also specifies payments of unit placement fees and NOP distributions for each new facility established by Sterall either within the exclusive license territory or non-exclusive territory. In accordance with the License Agreement, Sterall has been granted a non-exclusive use license in several other states and minimum royalty payments are due if CoronaLux waste destruction units are placed in these territories in addition to NOP distributions.

NOTE 8 - PAYROLL TAXES PAYABLE

In 2009 and 2010, the Company became delinquent for unpaid federal employer and employee payroll taxes and accrued interest and penalties related to the unpaid payroll taxes. Additionally, we had amounts outstanding for certain unpaid state payroll taxes and accrued interest and penalties applicable to 2012 and 2011. All interest and penalties related to the delinquent federal and state payroll taxes are included in the section labeled “other income and expenses” in the consolidated statement of operations.

In September 2011, we received approval from the Internal Revenue Service (“IRS”) to begin paying our outstanding federal payroll tax and related interest and penalties liabilities totaling approximately $971,000, for the aforementioned years in installments (the “Installment Plan”). Under the Installment Plan, we were required to pay minimum monthly installments of $12,500 commencing September 2011, which increased to $25,000 per month in September 2012, until the liability is paid in full. Through the duration of the Installment Plan, the IRS continues to charge penalties and interest at statutory rates. If the conditions of the Installment Plan are not met, the IRS may cancel it and may demand the outstanding liability to be repaid through a levy on income, bank accounts or other assets, or by seizing certain of our assets. Additionally, the IRS has filed a notice of federal tax lien against certain of our assets to satisfy the obligation. The IRS is to release this lien if and when we pay the full amount due. As of December 31, 2013 and 2012, the outstanding balance due to the IRS was $958,300, and $1,045,400, respectively. Two of the officers of the Company also have liability exposure for a portion of the taxes if the Company does not pay them.

In May 2013, the Company filed an Offer in Compromise with the IRS to reduce its outstanding liability to $250,000. While the Offer in Compromise is under review by the IRS, the Company requirement to pay $25,000 a month under the Installment Plan is suspended. As of December 31, 2013, the IRS has not accepted our Offer in Compromise and there can be no assurance that the Offer in Compromise will be accepted by the IRS.

	December 31, 2013	December 31, 2012
Federal payroll tax, interest, penalties	$ 958,300	$ 1,045,400
State payroll tax, interest, penalties	—	35,400
Total	$ 958,300	$ 1,080,800

NOTE 9 – DEBT

In June 2011, we issued an unsecured promissory note to a third party in the amount of $40,000 (the "June 2011 Note") bearing interest at a rate of 10% per annum and a three year warrant to purchase 13,000 shares of our common stock at an exercise price of $1.00 per share. In addition, a second note payable, to the same third party, in the amount of $25,000 plus $3,000 of accrued interest was also converted into the June 2011 Note, resulting in a new principal balance of $68,000. Principal payments were due beginning November 2011 and the June 2011 Note is in default as of December 31, 2013 and 2012, as no payments have been made to date. We valued the warrant at $170 using the Black-Scholes model and recorded this amount as a debt discount. The debt discount was fully amortized during 2011.

The Company entered into a loan agreement evidenced by a convertible secured promissory note with Advanced Technology Materials, Inc. on February 14, 2012. The amount of the convertible secured promissory note is $225,000. The loan agreement allows for an additional $225,000 to be borrowed upon meeting certain defined milestones and stipulates the Company provide the lenders, among other things, a security agreement which also identifies the collateral, a development agreement, and use the loan proceeds for projects and transactions contemplated in the term sheet and development agreement. The registration rights agreement has not been executed by the parties to the loan. The note bears interest at 5 percent per annum. The entire loan and/or unpaid balance of the loan and accrued interest can be converted into the Company's common stock at $0.50 per share at any time at the option of the holder. However, if the lender does not convert any of the principal or interest into common stock, then $112,500 of principal plus accrued interest will be due on demand on or after December 31, 2014.

NOTE 9 – DEBT, continued

Debt as of December 31, 2013 and 2012, was comprised of the following:

	2013	2012
June 2011 Note (See above)	$ 68,000	$ 68,000
Note payable dated February 2012, interest at 5% per annum, $112,500 is due December 31, 2014, convertible in whole or in part to common stock at $.50 per share.	225,000	225,000
Promissory note dated April 2008, secured by certain of our assets, bearing interest at 6.65% per annum; 60 monthly payments of $14,276, maturing April 2013.	—	70,200
Promissory note dated December 2009, unsecured, bearing interest at 6% per annum, six monthly payments ranging from $10,000 to $25,000 commencing February 2010, balloon payment for outstanding balance due July 2010. The promissory note was in default as of December 31, 2013 and 2012. (Note 18)	104,200	104,200
Promissory note dated November 2010, unsecured, bearing interest at 8% per annum, balloon payment for outstanding balance due October 2011. The promissory note was in default as of December 31, 2012 and was repaid in 2013.	—	25,000
Capital lease obligations, secured by certain assets, maturing September 2011 through August 2016	155,600	109,000
Total notes payable and capital lease obligations	552,800	601,400
Less: current portion, including debt discount	(504,700)	(319,800)
Notes payable and capital lease obligations, long-term	$ 48,100	$ 281,600

Debt maturities as of December 31, 2013 are as follows:

Year:	
2014	$ 504,700
2015	46,500
2016	1,600
	$ 552,800

Future minimum lease payments under capital leases, which include bargain purchase options, are as follows at December 31, 2013:

2014	$ 110,900
2015	55,200
2016	600
Total minimum lease payments	166,700
Amount representing interest	(11,100)
Present value of lease payments	155,600
Less current portion	(107,500)
Non-current portion	$ 48,100

NOTE 10 – RELATED PARTY TRANSACTIONS

Notes payable, related parties

In February 2011, we executed a secured, promissory note with one of our officers in the amount of $50,000 (the "2011 Officer Note"). The 2011 Officer Note is secured by certain assets in MV and bears interest at 8% per annum. The note was originally due on August 15, 2011, but as of December 31, 2012 was due on demand. As additional consideration for the change in terms, we issued a five year warrant to purchase 25,000 shares of our common stock at an exercise price of $0.60 per share to the officer. We valued the warrant at approximately $6,000 using the Black-Scholes model and recorded this amount as a debt discount. The debt discount was fully amortized during 2011. On December 31, 2013, the balance of the note and accrued interest which totaled $61,404 was converted into 122,080 shares of common stock.

Notes payable, related parties and accrued interest due to certain related parties as of December 31, 2013 and 2012 are as follows:

	2013	2012
Note payable dated February 2004, bearing interest at 8% per annum, originally due January 2008; assigned to CEO by a third party in 2010; due on demand, in default at December 31, 2013 and 2012	$ 97,000	$ 97,000
Note payable due to President of our subsidiary, REGS, interest at 8% per annum, originally due February 2009, in default at December 31, 2012	—	4,200
2011 Officer Note (see description above), in default at December 31, 2012	—	50,000
Accrued interest	39,900	39,200
	$ 136,900	$ 190,400

We believe the stated interest rates on the related party notes payable represent reasonable market rates based on the note payable arrangements we have executed with third parties.

For the years ended December 31, 2013 and 2012 we had revenues of $494,700 and $203,300, respectively, from a customer, Harley Dome, in which our CEO/President is a member of the Board of Directors of Armada Water Assets, Inc, the parent company of Harley Dome. Black Stone Management Services, LLC, in which Fortunato Villmagna is Chairman and a managing member and President of our subsidiary PWS, is a minority shareholder of Armada Water Assets, Inc.

In September 2013, PWS entered into an Exclusive Use License and Joint Operations Agreement ("License Agreement") with Sterall Inc. ("Sterall"). Black Stone in which Fortunato Villmagna is Chairman and a managing member and President of our subsidiary PWS, is a minority shareholder of Sterall.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

Future commitments under non-cancellable operating leases for office and warehouse space as of December 31, 2013 are as follows:

Year		
2014	$	297,000
2015		313,800
2016		260,000
2017		267,700
2018		277,200
Thereafter		414,400
Total	$	1,830,100

For the years ended December 31, 2013 and 2012, rent expense was $301,700 and $292,100, respectively.

Other Joint Ventures Operations

In April 2013, MV Technologies, Inc ("MV") and RCM International, LLC ("RCM") entered into a Joint Development and Marketing Agreement to develop, implement, market and distribute certain hybrid scrubber systems that employ elements of RCM Technology and MV Technology (the "Joint Venture"). The contractual Joint Venture shall have an initial term of five years and will automatically renew for successive one year periods unless either Party gives the other Party one hundred and eighty (180) days notice prior to the applicable renewal date that it will not renew the Agreement or unless terminated in accordance with the terms of this Agreement.

RCM shall supply, under license to MV for use in the Joint Venture only, RCM biological scrubber technology and MV shall supply, under license to RCM for use in the Joint Venture only, MV Technology, including its products marketed under the H2SPlus™ System trademark or trade name. The sale of biogas conditioning products having both biological and chemical scrubber components by either party will be subject to a royalty of up to 17% due to the joint venture.

Absent specific agreement to the contrary, each Party that sells a Product ("Selling Party") shall pay, upon sale of such Product, a royalty of seventeen percent (17%) (the "Royalty Payment") of the Standard Market Price, composed of a fifteen percent increment and a two percent increment. So long as, at the close of business on the day that the sale of the Product is finalized, the balance within the JV Account is less than ten thousand dollars ($10,000), the Selling Party shall pay the two percent increment into the JV Account and the fifteen percent increment to the other Party. If, at the close of business on the day that the sale of the Product is finalized, the balance within the JV Account is ten thousand dollars ($10,000) or greater, the Selling Party shall pay to the other Party the entire Royalty Payment; that is, both the fifteen percent increment and the two percent increment.

Venture Costs will be paid first from the JV Account to the extent that said account has available funds. Venture Costs in excess of funds available in the JV Account shall be equally shared between the Parties. Equalizing payments by the Parties shall be made quarterly and within thirty (30) days of the date of the respective quarterly reconciliation that shall be conducted on March 31, June 30, September 30 and December 31 each year during which the Agreement is in effect. Operations to date of the Joint Venture have been limited to formation activities.

NOTE 12 – EQUITY TRANSACTIONS

Common Stock – Authorized common stock of the Company consists of 70,000,000 shares of $.001 par value, of which 47,911,975 shares were issued and outstanding at December 31, 2013.

Preferred Stock – Authorized preferred stock consists of 5,000,000 shares of preferred stock, $.001 par value, no shares of preferred stock are issued and outstanding.

2013 Common Stock Transactions

During 2013, we executed subscription agreements for the sale of units in two separate private placements.

In December 2012, we initiated a private placement ("December 2012 PP") for the sale of a unit comprised of 200,000 shares and 100,000 warrants for $50,000. Each warrant is exercisable for a period of three years at an exercise price of $.50 per share. A total of 14.58 units (2,916,000 shares) were sold in 2013 for proceeds of $729,000. The fair market value of the common stock warrant was determined using the Black-Scholes valuation model and resulted in a valuation of $.035. As such, the $.25 unit price was allocated $.20 and $.05 to the common stock and warrant, respectively.

In October 2013, we initiated a private placement ("October 2013 PP") for the sale of a unit comprised of 70,000 shares and 35,000 warrants for $50,000. Each warrant is exercisable for a period of five years at an exercise price of $1.00 per share. A total of 64.25 units (4,497,500 shares) were sold in 2013 for gross proceeds of $3,212,500 and proceeds net of $254,800 in commission weres $2,957,700. In addition to the commission, a warrant was issued for 50,000 shares, exercisable for a period of five years at $1.00 per share. The fair market value of the common stock warrant was determined using the Black-Scholes valuation model and resulted in a valuation of $.115. As such, the $.715 unit price was allocated $.60 and $.115 to the common stock and warrant, respectively.

In June 2013, we sold 15,000 shares of common stock for $6,300 or $.42 per share.

In 2013, we issued 112,500 shares of common stock for consulting services valued at $66,100.

On December 31, 2013, the holder of a related party note payable converted the note payable and accrued interest totaling $61,400 into 122,080 shares of common stock (see Note 10).

In 2013 we issued 14,500 shares of common stock upon exercise of a common stock option.

2012 Common Stock Transactions

During 2012, we executed subscription agreements for the sale of units in various private placements. Each unit was priced at $50,000 and was comprised of 250,000 shares our common stock and 125,000 warrants. Each warrant is exercisable for a period of five years at an exercise price of $0.50 per share. Under the 2012 Private Placements, we sold a total of 5,825,000 shares of common stock and 2,912,500 warrants for net cash proceeds of $1,165,000. The fair market value of the common stock warrant was determined using the Black-Scholes valuation model and resulted in a valuation of $.035. As such, the $.20 unit price was allocated $.165 and $.035 to the common stock and warrant, respectively. In 2012 we also sold 200,000 shares of our common stock at $.50 per share to a private investor for cash proceeds of $100,000. In December 2012, we initiated a new private placement comprised of 200,000 shares and 100,000 warrants for $50,000. One unit was subscribed to in 2012.

During 2012, the Company received a subscription receivable of $100,000 for the purchase of two units consisting of 500,000 shares of common stock and 250,000 warrants. As of December 31, 2012 the subscription receivable was still outstanding and the receivable was reported in stockholders equity.

During 2012, the Company issued 3.1 million shares of common stock for services valued at $512,000.

NOTE 12 – EQUITY TRANSACTIONS, continued

2012 Common Stock Transactions, continued

During 2012, the Company issued 900,000 shares of common stock, valued at $148,500 or $.165 per share, upon the conversion of a delinquent note payable of $446,500 resulting in a gain on debt settlement of $305,800.

During 2012, the Company received $350,000 in return for issuing convertible debt. The convertible debt accrued interest at 8% per annum and was due the earlier of May 31, 2013 or the completion of an additional equity raise of at least $500,000. As an inducement to enter into the convertible debt, the convertible note holders received 350,000 shares of common stock and warrants to purchase 350,000 shares of common stock at $.50 per share exercisable for a period of five years. The convertible debt also contained a conversion feature whereby the payee has the option to convert the note and any accrued and unpaid interest to common stock at a rate of $.20 per share. The proceeds from the convertible debt was allocated to the common stock and warrants based on their relative fair values and the intrinsic value on the embedded conversion feature resulted in an increase in additional paid in capital and a debt discount of $93,900. The fair value of the warrants was approximately $23,000 using the Black-Scholes Option Pricing Model and the fair value of the common stock was approximately $55,000, based on the cash selling price. In 2012, the convertible debt and accrued interest totaling $358,000 was converted into 1,790,400 shares of common stock. The Company recorded a discount related to the common stock, warrants and beneficial conversion feature which was fully amortized upon conversion.

Warrants

In 2013, the Company issued 270,000 warrants for services, all of which vested in 2013. The warrants were valued at $46,200.

In 2013, the Company extended warrants that were due to expire in 2013 to April 30, 2014. The Company recorded an expense of $11,500 in connection with these extensions.

In September 2010 the Company issued warrants to purchase 250,000 shares of the Company's common stock, of which 48,217 vested in 2012. The Company recorded consulting expense of $6,900 in 2012. In 2012 the Company issued 200,000 warrants, of which 150,000 vested in 2012 and the remaining 50,000 vested in 2013. The exercise price is $0.40. The Company recorded $14,300 of expense in 2012.

A summary of warrant activity for the years ended December 31, 2013 and December 31, 2012 is presented as follows:

	Number of Warrants	Exercise Price
Warrants Outstanding at January 1, 2012	2,917,000	$0.50 to $1.50
Issued	3,562,500	$0.40 to $0.50
Exercised	—	—
Forfeited/expired/canceled	(140,000)	—
Warrants Outstanding at January 1, 2013	6,339,500	$0.40 to $1.50
Issued	3,976,750	$.50 to $1.00
Exercised	—	—
Forfeited/expired/canceled	(605,000)	$.50 to $1.50
Warrants Outstanding at December 31, 2013	9,711,250	$.50 to $1.00

NOTE 13 – STOCK-BASED COMPENSATION AND EMPLOYEE BENEFIT PLAN

Except as noted below, we do not have a qualified stock option plan, but have issued stock purchase warrants and stock options on a discretionary basis to employees, directors, service providers and outside consultants.

On November 6, 2013, the Board of Directors of the Company adopted the 2013 Equity Incentive Plan (the "2013 Plan") and directed that it be presented to the shareholders for their adoption and approval. The 2013 Plan has not yet been approved by the shareholders of the Company, and as of December 31, 2013 no shares have been issued pursuant to the 2013 Plan. The 2013 Plan is administered by the Board of Directors. Under the 2013 Plan, the Company reserved 4,000,000 shares of its common stock to be issued to employees, directors, consultants, and advisors as either Incentive Stock Options or Nonstatutory Stock Options. The purchase price of the common stock subject to each Incentive Stock Option shall not be less than the fair market value (as determined in the 2013 Plan), or in the case of the grant of an Incentive Stock Option to a principal stockholder, not less that 110% of fair market value of such common stock at the time such option is granted. The purchase price of the common stock subject to each Nonstatutory Stock Option shall be determined at the time such option is granted, but in no case less than 100% of the fair market value of such shares of common stock at the time such option is granted. The 2013 Plan shall terminate ten years from the date of its adoption by our shareholders, and no option shall be granted after termination of the 2013 Plan.

The Company utilizes ASC 718, *Stock Compensation,* related to accounting for share-based payments and, accordingly, records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards. The Black Scholes option pricing model was used to estimate the fair value of the options granted. This option pricing model requires a number of assumptions, of which the most significant are: expected stock price volatility, the expected pre-vesting forfeiture rate, and the expected option term (the amount of time from the grant date until the options are exercised or expire). The Company estimated a volatility factor utilizing a weighted average of comparable published volatilities. The Company applied the simplified method to determine the expected term of grants. The risk free interest rate is based on or approximates the U.S. Treasury yield curve in effect at the time of the grant.

Stock compensation expense for stock options is recognized on a straight-line basis over the vesting period of the award. The Company accounts for stock options as equity awards.

Share-based compensation expense recognized in the statements of operations is based on awards ultimately expected to vest, which considers estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company recognizes the expense or benefit from the effect of adjusting the estimated forfeiture rate in the period that the forfeiture estimate changes.

The weighted average estimated fair value of stock option grants and the weighted average assumptions that were used in calculating such values for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Risk-free interest rate	34%-1.52%	.36%
Expected volatility	76%	77%
Expected life (in years)	2-3.5	3.67
Dividend rate	0	0
Weighted-average estimated fair value per award	$ .28	$ .05

For the years ended December 31, 2013 and 2012, we recorded stock-based compensation of $74,400 and $60,100, respectively, which is included in selling, general and administrative expense in our consolidated statements of operations.

NOTE 13 – STOCK-BASED COMPENSATION AND EMPLOYEE BENEFIT PLAN, continued

A summary of stock option activity for the year ended December 31, 2013 is presented as follows:

	Number Of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Weighted Average Grant Date Fair Value Value
Outstanding at January 1, 2013	2,234,000	$ .60	2.4 years	$ .13
Granted	855,000	$ .71	3.4 years	$ .27
Exercised	(14,461)	$ —	—	$ —
Forfeited/expired/canceled	(833,439)	$ —	—	—
Outstanding at December 31, 2013	2,241,100	$ .57	2.1 years	$ .08
Vested and exercisable at December 31, 2013	1,572,767	$ .57	2.1 years	$ .06

A summary of stock option activity for the year ended December 31, 2012 is presented as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Weighted Average Grant Date Fair Value Value
Outstanding at January 1, 2012	752,667	$ 1.01	2.4 years	$ .47
Granted	1,800,000	$ .50	3.7 years	$ .05
Exercised	—	—	—	—
Forfeited/expired/canceled	(318,667)	$ —	—	—
Outstanding at December 31, 2012	2,234,000	$ .60	2.4 years	$ .13
Vested and exercisable at December 31, 2012	1,242,026	$ .68	2.14 years	$ .19

As of December 31, 2013, there was approximately $72,900 of total unrecognized compensation cost related to non-vested stock options that is expected to be recognized over a weighted-average period of approximately three years.

Employee Benefit Plan

We have a defined contribution 401(k) plan that covers substantially all employees. Additionally, at the discretion of management, we may make contributions to eligible participants, as defined. During the years ended December 31, 2013 and 2012, we made contributions of approximately $39,600 and $30,700, respectively.

NOTE 14 – NET LOSS PER SHARE

Basic net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding. Diluted net loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding plus the number of common shares that would be issued assuming exercise or conversion of all potentially dilutive common shares. Potentially dilutive securities are excluded from the calculation when their effect would be anti-dilutive. For all years presented in the consolidated financial statements, all potentially dilutive securities have been excluded from the diluted share calculations as they were anti-dilutive as a result of the net losses incurred for the respective years. Accordingly, basic shares equal diluted shares for all years presented.

Potentially dilutive securities were comprised of the following:

	December 31,	
	2013	2012
Warrants	9,711,250	6,339,500
Options	2,241,100	2,234,000
Convertible notes payable	225,000	225,000
	12,977,350	8,798,500

NOTE 15 - SEGMENT INFORMATION AND MAJOR SEGMENT CUSTOMERS

The Company currently has identified four segments as follows:

REGS	Industrial Cleaning
TCC	Rail Car Cleaning
MV	Environmental Solutions
PWS	Solid Waste

Reach is not currently operating but when operations commence would be part of the Environmental Solutions segment.

The composition of our reportable segments is consistent with that used by our chief operating decision maker to evaluate performance and allocate resources. All of our operations are located in the U.S. We have not allocated corporate selling, general and administrative expenses, interest expense, depreciation and amortization and stock-based compensation to the segments. All intercompany transactions have been eliminated.

Segment information as of December 31, 2013 and 2012 and for the years then ended is as follows:

2013	Industrial Cleaning	Railcar Cleaning	Environmental Solutions	Solid Waste	Corporate	**Total**
Revenue	$5,788,300	$2,450,100	$ 3,375,600	—	—	$11,614,000
Depreciation and amortization (1)	$ 213,700	$ 21,400	$ 127,900	100	$ 10,100	$ 373,200
Interest expense	$ 66,000	$ 47,400	$ 12,400	—	$ 21,700	$ 147,500
Stock-based compensation	—	—	—	—	$ 48,600	$ 48,600
Net income (loss)	$ 531,300	$ 242,500	$ 358,400	$ (518,800)	$(1,472,000)	$ (858,600)
Capital expenditures (cash and noncash)	$ 507,300	$ 3,100	$ 79,300	$ 709,000	—	$ 1,298,700
Total assets	$1,408,800	$ 657,700	$ 866,800	$ 710,900	$ 2,728,000	$ 6,372,200

NOTE 15 - SEGMENT INFORMATION AND MAJOR SEGMENT CUSTOMERS, continued

2012	Industrial Cleaning	Railcar Cleaning	Environmental Solutions	Solid Waste	Corporate	Total
Revenue	$3,064,700	$2,336,900	$ 1,439,800	$ —	$ —	$ 6,841,400
Depreciation and amortization (1)	$ 172,400	$ 29,500	$ 116,000	$ —	$ 10,000	$ 327,900
Interest expense	$ 121,900	$ 41,200	$ 13,100	$ —	$ 127,700	$ 303,900
Stock-based compensation	$ —	$ —	$ —	$ —	$ 571,600	$ 571,600
Net income (loss)	$ (145,300)	$ 397,200	$ (142,000)	$ (434,200)	$(1,364,800)	$(1,689,100)
Capital expenditures (cash and noncash)	$ 6,300	$ 1,700	$ 68,900	$ —	$ —	$ 76,900
Total assets	$1,350,000	$ 444,300	$ 892,300	$ 1,000	$ 112,200	$ 2,799,800

(1) Includes depreciation of property, equipment and leasehold improvement and amortization of intangibles

Customer Concentrations by Segment

Industrial Cleaning

As of December 31, 2013 and 2012, we had two customers with sales in excess of 10% of industrial cleaning segment revenue and combined were 85% and 66%, respectively, of segment revenues.

Railcar Cleaning

As of December 31, 2013 we had one customer with sales in excess of 10% of railcar cleaning segment revenue and that customer was 11% of segment revenues. As of December 31, 2012, we had two customers with sales in excess of 10% of railcar cleaning segment revenue and combined were 28% of segment revenues.

Environmental Solutions

As of December 31, 2013 and 2012, we had three customers with sales in excess of 10% of environmental solutions segment revenue and combined were 40% and 53%, respectively, of segment revenues.

NOTE 16 - INCOME TAXES

As of December 31, 2013, we estimate we will have net operating loss carryforwards available to offset future federal income tax of approximately $6.6 million. These carryforwards will expire between the years 2028 through 2031. Under the Tax Reform Act of 1986, the amount of and the benefit from net operating losses that can be carried forward may be limited in certain circumstances. Events that may cause changes in the our tax carryovers include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period. Therefore, the amount available to offset future taxable income may be limited. We carry a deferred tax valuation allowance equal to 100% of total deferred assets. In recording this allowance, we have considered a number of factors, but chiefly, our operating losses from inception. We have concluded that a valuation allowance is required for 100% of the total deferred tax assets as it is more likely than not that the deferred tax assets will not be realized.

Deferred tax assets, all of which were long-term, were comprised of the following as of December 31, 2013 and 2012:

	2013	2012
Allowance for doubtful accounts	$ 29,000	$ 35,900
Accrued expenses	21,000	66,300
Current deferred tax asset	50,000	102,200
Intangible and fixed assets	(218,000)	(25,500)
NOL carryforward	2,538,000	2,225,200
Long-term deferred tax asset	2,320,000	2,199,700
Total deferred tax asset	2,370,000	2,301,900
Less valuation allowance	(2,370,000)	(2,301,900)
Net deferred tax asset	$ —	$ —

The benefit for income taxes differed from the amount computed using the U.S. federal income tax rate of 34% for December 31, 2013 and 2012 as follows:

	2013	2012
Income tax benefit (federal and state)	$ 210,0000	$ 574,200
Non-deductible items	(18,000)	(306,000)
State and other benefits included in valuation	(123,900)	66,700
Change in valuation allowance	(68,100)	(334,900)
Income tax benefit	$ —	$ —

NOTE 17 - ENVIRONMENTAL MATTERS AND REGULATION

Significant federal environmental laws affecting us are the Resource Conservation and Recovery Act (“RCRA”), the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), also known as the “Superfund Act”, the Clean Air Act, the Clean Water Act, and the Toxic Substances Control Act (“TSCA”).

Pursuant to the EPA’s authorization of their RCRA equivalent programs, a number of states have regulatory programs governing the operations and permitting of hazardous waste facilities. Our facilities are regulated pursuant to state statutes, including those addressing clean water and clean air. Our facilities are also subject to local siting, zoning and land use restrictions. Although our facilities occasionally have been cited for regulatory violations, we believe we are in substantial compliance with all federal, state and local laws regulating our business.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated the impact of events occurring after December 31, 2013 up to the date the financial statements were available for issuance. These statements contain all necessary adjustments and disclosures resulting from that evaluation.

For the period January 1, 2014 through February 28, 2014, the Company raised $590,000 from the sales of common stock and exercise of common stock warrants.

In February 2014, we settled an outstanding note payable that was in default, totaling $104,200 in principal and $20,200 in accrued interest for payment of $100,000, resulting in a gain on debt settlement of $24,400.