KLEVER MARKETING INC
Form 10-Q/A
November 27, 2009

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

Amended FORM 10-Q

xQUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED September 30, 2009 Amended

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

For the transition period
from ___________________to_________________

Commission File Number: 0-18834

Klever Marketing, Inc.

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

Delaware	36-3688583
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2469 E Ft Union Blvd Suite 214, Cottonwood, UT 84121
(Address of principal executive offices)
Mailing address
P.O. Box 711308, Salt Lake City, UT 84171

(801) 847-6444
(Issuer's Telephone Number)

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

Indicate by check mark whether the registrant is a large accelerated file, 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 o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

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

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date. As of September 30, 2009, there were 42,768,302 shares of the issuer's $.01 par value common stock issued and outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

KLEVER MARKETING, INC.
(A Development Stage Company)
Balance Sheets

ASSETS

	September 30, 2009 (Unaudited)	December 31, 2008
CURRENT ASSETS		
Cash	$7,606	$851
Total Current Assets	7,606	851
FIXED ASSETS		
Office equipment	92,964	92,964
Less accumulated depreciation	(92,964)	(92,964)
Total Fixed Assets	-	-
OTHER ASSETS		
Patents, net	-	-
Total Other Assets	-	-
TOTAL ASSETS	$7,606	$851

KLEVER MARKETING, INC.
(A Development Stage Company)
Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

	September 30, 2009 (Unaudited)	December 31, 2008
CURRENT LIABILITIES		

Accounts payable	$346,449	$307,308
Accrued liabilities	668,984	651,898
Line-of-credit	-	20,423
Related party payables	9,000	9,000
Notes payable	45,000	45,000
Stock deposits	106,000	11,000
Total Current Liabilities	1,175,433	1,044,629
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock (par value $.01), 2,000,000 shares authorized		
287,595 shares issued and outstanding	2,876	2,876
Common stock (par value $.01), 50,000,000 shares authorized		
42,768,302 and 42,248,303 shares issued and outstanding at		
September 30, 2009 and December 31, 2008, respectively	427,683	422,483
Common stock to be issued, 469,752 shares	4,698	4,698
Subscription receivable	-	(23,000)
Treasury stock, 100,000	(1,000)	(1,000)
Paid in capital in excess of par value	16,306,760	16,059,016
Retained deficit	(3,333,785)	(3,333,785)
Deficit accumulated during development stage	(14,575,059)	(14,175,066)
Total Stockholders' Equity (Deficit)	(1,167,827)	(1,043,778)
TOTAL LIABILITIES AND STOCKHOLDERS'		
EQUITY (DEFICIT)	$7,606	$851

See accompanying unaudited notes to the financial statements.

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KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Operations
(Unaudited)

	For the Three Months Ended September 30, 2009	For the Three Months Ended September 30, 2008	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	From Inception of Development Stage On July 5, 1996 Through September 30, 2009
REVENUES	$-	$-	$-	$-	$256,000
EXPENSES					
Sales and marketing	-	-	-	-	163,306
General and administrative	181,505	13,973	380,792	74,246	10,825,302
Research and development	-	-	-	-	4,529,656
Total Expenses	181,505	13,973	380,792	74,246	15,518,264
OTHER INCOME (EXPENSE)					
Other income	-	164,991	-	214,991	503,843
Interest income	-	-	-	-	18,902
Interest expense	(5,997)	(9,460)	(19,201)	(22,103)	(2,616,201)
Forgiveness of debt	-	-	-	-	292,128
Gain on sale of assets	-	-	-	-	26,947
Capital gain on sale of investments	-	-	-	-	191,492
Total Other Income (Expense)	(5,997)	155,531	(19,201)	192,888	(1,582,889)
NET LOSS BEFORE INCOME TAXES	(187,502)	141,558	(399,993)	118,642	(16,845,153)
INCOME TAXES	-	-	-	-	1,300
NET LOSS BEFORE EXTRAORDINARY ITEMS	(187,502)	141,558	(399,993)	118,642	(16,846,453)
EXTRAORDINARY ITEM - TROUBLED DEBT RESTRUCTURING	-	-	-	-	2,271,394
NET LOSS	$(187,502)	$141,558	$(399,993)	$118,642	$(14,575,059)
BASIC LOSS PER SHARE	$(0.00)	$0.00	$(0.01)	$0.00	

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WEIGHTED AVERAGE NUMBER OF				
COMMON SHARES OUTSTANDING	42,701,273	46,762,303	42,416,410	46,760,055

See accompanying unaudited notes to the financial statements.

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KLEVER MARKETING, INC.
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	From Inception of Development Stage On July 5, 1996 Through September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(399,993)	$118,642	(14,575,059)
Adjustments to reconcile net loss to net cash used by operating activities:			
Stock issued for general and administrative	37,500	-	1,042,482
Stock issued for research and development	-	-	62,850
Stock returned for services not rendered	(15,556)	-	(216,346)
Loss on sale/disposal of assets	-	-	486,536
Compensation expense from stock options	-	-	89,791
Stock issued for interest	-	-	135,226
Stock issued for accounts payable	-	-	243,458
Deferred income	-	-	(214,000)
Depreciation and amortization	-	-	1,912,883
Write-off bad debts	-	-	15,000
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	-	62,281
(Increase) decrease in other assets and prepaids	-	25,000	89,238
Increase (decrease) in accounts payable	39,141	6,599	253,245
Increase (decrease) in accrued liabilities	17,086	(155,120)	575,758
Net Cash Used by Operating Activities	(321,822)	(4,879)	(10,036,657)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition/sale of equipment, net	-	-	(587,801)
Acquisition/sale of patents	-	-	25,089
Acquisition/sale of stock, net	-	-	12,375
Net Cash Used by Investing Activities	$-	$-	$(550,337)

See accompanying unaudited notes to the financial statements.

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KLEVER MARKTING, INC.

(A Development Stage Company)
Statements of Cash Flows (Continued)
(Unaudited)

	For the Nine Months Ended September 30, 2009	For the Nine Months Ended September 30, 2008	From Inception of Development Stage On July 5, 1996 Through September 30, 2009
CASH FLOWS FROM FINANCING ACTIVITIES:			
Stock deposit	$95,000	$-	$ 106,000
Stock subscription received	23,000	-	23,000
Proceeds from capital stock issued	231,000	11,000	7,281,173
Proceeds from loans	-	-	3,473,252
Change in line-of-credit	(20,423)	(1,951)	-
Loan receivables	-	-	(15,000)
Principal payments on lease obligations	-	-	(18,769)
Cash payments on note payable	-	-	(279,730)
Net Cash Provided by Financing Activities	328,577	9,049	10,569,926
NET INCREASE (DECREASE) IN CASH	6,755	4,170	(17,068)
CASH AT BEGINNING OF PERIOD	851	375	24,674
CASH AT END OF PERIOD	$7,606	$4,545	$ 7,606
SUPPLEMENTAL DISCLOSURES			
Cash Paid For:			
Interest	$3,326	$-	$ 3,326
Income taxes	$-	$-	$ 1,300

See accompanying unaudited notes to the financial statements.

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 1 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited condensed financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim condensed financial statements include normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim condensed financial statements be read in conjunction with the Company's audited financial statements and notes thereto included in its December 31, 2008 Annual Report on Form 10-K. Operating results for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

NOTE 2 - LOSS PER SHARE

Following is a reconciliation of the loss per share for the three months and nine months ended September 30, 2009 and 2008:

	For the Three Months Ended September 30, 2009	2008
Net (loss) available to common shareholders	$ (187,502)	$ 141,558
Weighted average shares	42,709,425	46,762,303
Basic loss per share (based on weighted average shares)	$ (0.00)	$ 0.00

	For the Nine Months Ended September 30, 2009	2008
Net (loss) available to common shareholders	$ (399,993)	$ 118,642
Weighted average shares	42,419,157	46,760,055
Basic loss per share (based on weighted average shares)	$ (0.01)	$ 0.00

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KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 3 - GOING CONCERN

As shown in the accompanying unaudited financial statements, the Company incurred a net loss of $399,993 during the nine month period ended September 30, 2009 and, as of that date, the Company's current and total liabilities exceeded its current and total assets by $1,092,827. These factors, as well as the uncertain conditions that the Company faces relative to capital raising activities, create an uncertainty as to the Company's ability to continue as a going concern. The Company is seeking to raise additional capital through public and/or private placement offerings, targeting strategic partners in an effort to increase revenues, and expanding revenues through strategic acquisitions. The ability of the Company to continue as a going concern is dependent upon the success of capital offerings or alternative financing arrangements and expansion of its operations. The unaudited financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. As of September 30, 2009, the Company had cash and cash equivalents of $7,606. The Company will require additional funding during the next twelve months to finance the growth of its current operations and achieve its strategic objectives. Management is actively pursuing additional sources of financing sufficient to generate enough cash flow to fund its operations through 2009 and 2010. However management cannot make any assurances that such financing will be secured.

NOTE 4 - STOCK OPTIONS

Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123(R). SFAS No. 123(R) requires employee equity awards to be accounted for under the fair value method. Accordingly, share-based compensation is measured at grant date, based on the fair value of the award. Prior to January 1, 2006, the Company accounted for awards granted to employees under its equity incentive plans under the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related interpretations, and provided the required pro forma disclosures prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) as amended.

Under the modified prospective method of adoption for SFAS No. 123 (R), the compensation cost recognized by the Company beginning on January 1, 2006 includes (a) compensation cost for all equity incentive awards granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original provisions of SFAS No. 123, and (b) compensation cost for all equity incentive awards granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123 (R). The Company uses the straight-line attribution method to recognize share-based compensation costs over the service period of the award. Upon exercise, cancellation, forfeiture, or expiration of stock options, or upon vesting or forfeiture of restricted stock units, deferred tax assets for options and restricted stock units with multiple vesting dates are eliminated for each vesting period on a first-in, first-out basis as if each vesting period was a separate award. To calculate the excess tax benefits available for use in offsetting future tax shortfalls as of the date of implementation, the Company followed the alternative transition method discussed in FASB Staff Position No. 123(R)-3.

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 4 - STOCK OPTIONS (Continued)

The shareholders approved, by a majority vote, the adoption of the 1998 Stock Incentive Plan (the "Plan"). As amended on August 11, 2003, the Plan reserves 20,000,000 shares of common stock for issuance upon the exercise of options which may be granted from time-to-time to officers, directors and certain employees and consultants of the Company or its subsidiaries. The Plan permits the award of both qualified and non-qualified incentive stock options. On August 18, 2003, the Company registered its "Amended Stock Incentive Plan of Klever Marketing, Inc." on Form S-8.

As of September 30, 2009, 748,800 options were outstanding. During the three months and nine months ended September 30, 2009 and 2008, the Company granted no stock options.

The following table sets forth the options and warrants outstanding as of September 30, 2009 and December 31, 2008.

	Option/Warrants Shares	Weighted Average Exercise Price	Weighted Average Fair Value
Options & warrants outstanding, December 31, 2008	748,800	$ 0.75	$ 0.03
Granted	-	-	-
Expired	(25,000)	(0.10)	(0.00)
Options & warrants outstanding, September 30, 2009	723,800	$ 0.43	$ 0.03

Exercise Price Range	Shares/Warrants Outstanding	Weighted-Average Exercise Price	Shares/Warrants Currently Exercisable	Weighted-Average Exercise Price Currently Exercisable	Weighted-Average Contractual Remaining Life (months)
$ 0.50	391,900	$ 0.50	391,900	$ 0.50	5
$ 1.00	331,900	$ 1.00	331,900	$ 1.00	5
	723,800		723,800		

NOTE 5 - PREFERRED STOCK

On February 7, 2000, the Board of Directors authorized and established "Class A Voting Preferred Stock" ("Class A Shares") as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class A Shares consisted of 1,000,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class A voting preferred stock to 55,000 shares.

Class A Shares are convertible into Common Stock at an initial conversion price of $2.60 (subject to adjustment).

Holders of Class A Shares shall be entitled to receive when and as declared by the Board of Directors of the Company out of any funds at the time legally available therefore dividends at the rate of $2.20 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividend shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class A Shares, Series 1, for each outstanding Class A Share, on each dividend payment date. In addition, each holder of Class A Shares shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis. If there is a split or dividend on the Common Stock, then the Class A Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class A Shares.

Class A Shareholders shall be entitled to one vote for each share of Common Stock into which such Class A Shares could then be converted, and shall have voting rights and powers equal to that of a holder of Common Stock. The Holders of Class A Shares shall vote with the holders of Common Stock and not as a separate class.

Class A Shares carry a liquidation preference of $26 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class A Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 1, 2002. The redemption price shall be $26 per share together with accrued but unpaid dividends on such shares, if any.

On September 24, 2000, the Board of Directors authorized and established “Class B Voting Preferred Stock” (“Class B Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class B Shares consisted of 250,000, 125,000 shares thereof were designated as Series 1 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class B voting preferred stock to 42,000 shares.

Class B Shares are convertible into Common Stock at an initial conversion price of $1.70 (subject to adjustment).

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 5 - PREFERRED STOCK (Continued)

Holders of Class B Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class B Shares, of the same Series for which the dividend is accrued, for each outstanding Class B Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class B Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class B Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class B Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class B Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class B Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class B Shares.

Class B Shareholders shall be entitled to one vote for each share of Common Stock into which such Class B Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class B Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class B Shares shall carry a liquidation preference of $17 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class B Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after March 24, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $17.00 per share together with accrued but unpaid dividends on such shares, if any.

On January 2, 2001, the Board of Directors authorized and established “Class C Voting Preferred Stock” (“Class C Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class C Shares consisted of 500,000, 125,000 shares thereof were designated as Series 1 shares and 125,000 shares thereof were designated as Series 2 shares. On May 20, 2002, the Board of Directors amended the number of authorized shares of Class C voting preferred stock to 150,000 shares. Class C Shares are convertible into Common Stock at an initial conversion price of $.66 (subject to adjustment).

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 5 - PREFERRED STOCK (Continued)

Holders of Class C Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class C Shares, of the same Series for which the dividend is accrued, for each outstanding Class C Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class C Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class C Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class C Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class C Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class C Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class C Shares.

Class C Shareholders shall be entitled to one vote for each share of Common Stock into which such lass C Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class C Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class C Shares shall carry a liquidation preference of $6.60 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class C Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after July 2, 2004 for Series 1, and such date as determined by the Board of Directors for each additional Series. The redemption price shall be $6.60 per share together with accrued but unpaid dividends on such shares, if any.

On May 20, 2002, the Board of Directors authorized and established “Class D Voting Preferred Stock” (“Class D Shares”) as a class of its $.01 par value, 2,000,000 shares authorized, preferred stock. Class D Shares consist of 500,000 shares thereof are designated as “Class D Voting Preferred Stock” (the “Class D Shares”).

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 5 - PREFERRED STOCK (Continued)

Class D Shares are convertible into Common Stock at an initial conversion price of $1.05 (subject to adjustment).

Holders of Class D Shares shall be entitled to receive when and as declared by the Board of Directors of the Corporation out of any funds at the time legally available therefore dividends at the rate of the Original Issue Price divided by 11.8181818 per share per annum, payable semi-annually on the first day of January and July of each year. Such dividends shall accrue on each such share from the date of its original issuance and shall accrue from day to day, whether or not earned or declared. Such dividends shall be cumulative and may be paid in cash or in kind through the distribution of .0425 Class D Shares for each outstanding Class D Share, on each dividend payment date; provided, that if such dividends in respect of any period shall not have been paid or declared and set apart for payment for all outstanding Class D Shares by each payment date, then until all unpaid dividends thereon shall be paid or set apart for payment to the holders of such shares, the Corporation may not pay, declare or set apart any dividend or other distribution on its shares of Common Stock or other shares junior to the Class D Shares, nor may any other distributions, redemptions or other payments be made with respect to the shares of Common Stock or other junior shares. In addition to the foregoing, each holder of a Class D Share shall be entitled to receive, when and as declared, a dividend equal to each dividend declared and paid on the shares of Common Stock, on a share for share basis, so the holders of the Class D Shares shall be entitled to participate equally on a share for share basis with the holders of the shares of Common Stock. If there is a share split or dividend on the Common Stock, then the Class D Share dividends shall be adjusted as if a similar split or dividend had occurred with respect to the Class D Shares.

Class D Shareholders shall be entitled to one vote for each share of Common Stock into which such Class D Shares could then be converted and shall have voting rights and powers equal to the voting rights and powers of a holder of shares of Common Stock. The holders of Class D Shares shall vote with the holders of shares of Common Stock and not as a separate class.

Class D Shares shall carry a liquidation preference of $10.50 per share plus any accrued but unpaid dividends on such shares, if any, and adjusted for combinations, splits, dividends or distributions of shares of stock with respect to such shares.

The Class D Shares shall be redeemable by the Company, in whole or in part, at the option of the Board of Directors of the Company, at any time and from time to time on or after May 14, 2007. The redemption price shall be $10.50 per share together with accrued but unpaid dividends on such shares, if any.

NOTE 6 - SIGNIFICANT TRANSACTIONS

As a result of cash proceeds received during the nine months ended, the Company issued a total of 1,019,999 shares of common stock for total cash proceeds of $306,000 or $0.30 per share. The Company also received during the nine months ended September 30, 2009 an additional $20,000 as a stock deposit for shares not yet issued (66,667 shares) at $0.30 per share.

KLEVER MARKETING, INC.
(A Development Stage Company)
Notes to Financial Statements
For the Nine Months Ended September 30, 2009

NOTE 6 - SIGNIFICANT TRANSACTIONS (Continued)

On August 10, 2009, the Company signed an agreement with an investment banking firm to assist the Company in raising $2,500,000 in additional capital to support the growth and working capital needs of the Company. The agreement continues until the consummation of a funding transaction or for a period of 90 days, unless terminated earlier in writing. No assurance can be given, however, that any funds will be raised under this agreement. If funds are raised, the Company will pay the investment banking firm an offering cost of 5% of the proceeds received, plus warrants for 250,000 common shares, exercisable at $0.30 per share for a two-year period. The agreement also calls for a non-refundable fee of $30,000.

NOTE 7 - SUBSEQUENT EVENTS

Effective October 2, 2009, the Company's Board of Directors approved an amendment to the Company's Articles of Incorporation to increase the authorized common shares from 50,000,000 shares to 250,000,000 shares.

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

This following information specifies certain forward-looking statements of management of the company. Forward-looking statements are statements that estimate the happening of future events and are not based on historical fact. Forward-looking statements may be identified by the use of forward-looking terminology, such as "may", "shall", "could", "expect", "estimate", "anticipate", "predict", "probable", "possible", "should", "continue", or similar terms, variatio terms or the negative of those terms. The forward-looking statements specified in the following information have been compiled by our management on the basis of assumptions made by management and considered by management to be reasonable. Our future operating results, however, are impossible to predict and no representation, guaranty, or warranty is to be inferred from those forward-looking statements.

The assumptions used for purposes of the forward-looking statements specified in the following information represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances. As a result, the identification and interpretation of data and other information and their use in developing and selecting assumptions from and among reasonable alternatives require the exercise of judgment. To the extent that the assumed events do not occur, the outcome may vary substantially from anticipated or projected results, and, accordingly, no opinion is expressed on the achievability of those forward-looking statements. We cannot guaranty that any of the assumptions relating to the forward-looking statements specified in the following information are accurate, and we assume no obligation to update any such forward-looking statements.

We advise anyone relying upon this report that any statement of earnings by the company for the quarter ending September 30, 2009, have been obtained solely through the reduction, adjustment or termination of various debt obligations and does not in any way reflect revenues to the company. The company continues as a development company without revenues and with continuing substantial expenses, yielding a net loss from operations if considered apart from reduction of debt. The company continues to search for merger or acquisition candidates or possible entities to whom it may sell or license its patent interest, but makes no warranty or assurance that it will be successful in any of these endeavors. Further, there is no assurance that the company can continue to operate without cash flows or revenues and during the past year has relied exclusively upon interim capital financing for its continuation.

Plan of Operation

The 3rd Quarter 2009 witnessed a milestone in Klever Marketing's recent growth. "The Market" outlet in Park City, Utah, began pilot operation of the new Giving Cart shopping cart device coupled with the Chime-Time Awards Program ($5-$25 hourly merchandise awards awarded randomly each hour), which is scheduled to run through mid-December 2009. Greeters offer the units stored in a kiosk to customers with a 70-80% acceptance rate. The feedback has been quite positive. This launch was successfully accomplished in the planned 6-month time period from product definition through development, prototype testing, installation and operation. The Time Domain location technology was successfully installed into the Giving Cart unit and store infrastructure and is performing up to Company expectations. The offsite control of the devices through web-based, wireless access has also performed as planned, and we continue to enhance this monitoring and control software. The units are delivering advertisements to customers as they walk through the aisles and in front of the products advertised. As an incentive to the retailer, the device also advertises store specials provided by the retailer. The most popular features have been the Chime Time Awards Program, the advertisements and the store directory for the time it saves customers in locating a product.

Following signing of an agreement with a Southern California investment banking firm, the Company is working with them to secure funding on a best efforts basis for the next level of supermarket installations planned for 2010. Funding of $2.5 million is being sought to be available in two tranches. No assurance can be given that any funds will be raised under this agreement. If funds are realized, the Company will award a 5% fee, plus warrants for

250,000 common shares at a strike price of $.30 per share expiring in 2 years. In addition the Company has already paid a $20,000 retainer and a balance of $10,000-will be paid upon delivery of a term sheet and funding.

The Company is considering several opportunities in Southern California and Utah for expansion into the Phase 2 store operations with a goal of developing both POS and Frequent Shopper Loyalty Card capability into the Giving Cart and kiosk system. A decision on these opportunities expected during the next quarter.

Also notable during this quarter was the Company’s success in regaining qualification on the Electronic Bulletin Board (EBB). This listing is expected to be quite beneficial to the Company as it seeks additional capital and growth since now institutional investors can invest and purchase stock in the Company. Along with this move the Company has recapitalized the number of common shares from 50 million to 250 million shares in accordance with majority shareholder consent.

To continue to protect the Company's patent rights, our patent attorneys have filed for additional trademarks.

During the 3Q, 2009, the Company issued a net of 316,666 common shares for stock subscriptions for which the Company received new capital.

During the nine months ending September 30, 2009, the Line of Credit of $20,423 has been paid in full.

Anticipated Business Development in the Next 12 Months

Business development over the next year will attempt to implement the Company's strategy to:

1. Continue to demonstrate the benefits of The Giving Cart shopping device to retailers and customers through the demonstration program at "The Market" in Park City, Utah. Analytics information will be developed on increased basket lift, effectiveness of "Point of Selection" advertising, convenience and services offered to customers and overall viability of the Company technology and patents.

2. Secure the next level of retail market customer in Southern California (approximately 20 stores) with additional stores in Utah. Expand the features and services offered by the Giving Cart and introduce the benefits of a loyalty program using targeted digital media that recognizes customer buying habits.

3. Expand the Company's marketing staff and branding in preparation for these new markets.

4. Set in motion the steps for the 3rd level of store expansion in 2010 with a national grocery chain.

No assurance or warranty can be given that the Company will be successful in these endeavors.

Results of Operations - For the three months and nine months ended September 30, 2009, the Company had a net loss of $187,502 and $399,993 respectively. For the comparable three months and nine months ended September 30, 2008, the Company had a net loss of $141,558 and $118,642. The increased loss was due to final assembly and installation of the new shopping cart unit now installed in the pilot test market in Park City.

Liquidity and Capital Resources - The Company requires working capital principally to fund its proposed research and development and operating expenses for which the Company has relied primarily on short-term borrowings and the issuance of restricted common stock. There are no formal commitments from banks or other lending sources for lines of credit or similar short-term borrowings, but the Company has been able to raise minimal additional working capital that has been required to prevent the assets from wasting away. From time to time in the past, required short-term borrowings have been obtained from a principal shareholder or other related entities to obtain working capital through the issuance of restricted common stock to fund operations and fund its revised business plan.

Cash flows. Operating and development activities used cash of approximately $381,822 and $4,879 for the nine months ended September 30, 2009 and 2008, respectively. The increased loss was also due to development expenditures for the new shopping cart unit to be installed in the pilot test market in August.

Investing activities have used cash of approximately $0 and $0 for the three months ended September 30, 2009 and 2008, respectively.

Financing activities provided cash of approximately $328,577 and $9,049 for the nine months ended September 30, 2009 and 2008, respectively. Financing activities represent sales of the Company's restricted stock, and earlier borrowings.

At the present time the Company has no bank line of credit or other assured sources of capital, but has entered the best efforts funding commitments described above. The Company continues to explore merger, acquisition or other related business development activities with various parties.

Factors That May Affect Future Results - Management's Discussion and Analysis contains information based on management's beliefs and forward-looking statements that involved a number of risks, uncertainties, and assumptions. There can be no assurance that actual results will not differ materially for the forward-looking statements as a result of various factors, including but not limited to the following:

1. The demonstration store may not yield the results anticipated
2. The company may not be able to obtain the rights to place the technology in additional stores as presently anticipated,
3. The company may not be able to obtain anticipated financing from investors.

The foregoing statements are based upon management's current assumptions.

Off-Balance Sheet Arrangements. We have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4(T). Controls and Procedures

Evaluation of disclosure controls and procedures. We maintain controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon our evaluation of those controls and procedures performed as of September 30, 2009, the date of this report, our chief executive officer and the principal financial officer concluded that our disclosure controls and procedures were effective. The Company implemented an independent Audit Committee as of July 10, 2009.

Controls and Procedures.

Changes in internal controls. There were no changes in our internal control over financial reporting that occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The Company in connection with its CFO, Audit Committee and independent financial advisors, is continuing to work towards compliance with Sarbanes-Oxley Section 404 internal controls and procedures.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

During 2006, Arthur Portugal, a former officer of the Company, filed a formal claim asserted for approximately $125,000 for past due executive compensation including stock options. Mr. Portugal previously filed a formal administrative wage claim in California which is inactive and no longer pending. As of September 30, 2009, the Company has accrued compensation of $96,700 update for Mr. Portugal as part of his employment agreement. The Company also has accrued notes payable of $12,017 due to Mr. Portugal.

Item 1A. Risk Factors.

Not applicable.

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

During the 3rd Quarter, the Company sold 750,000 common shares to individuals or affiliates (PSF, Inc, 500,000 shares, Robert Campbell, 250,000 shares) for $225,000 used for ongoing expenses during the quarter. In addition, the Company issued 207,815 shares of stock to individuals or affiliates (Richard Peterson 25,624 shares; Mahalo LLC 62,191 shares; Jeremiah Cox 120,000 shares) for prior obligations for which no new revenue was received.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to Vote of Security Holders

The Company mailed a shareholder letter dated October 8, 2009 advising shareholders of recent activities. A shareholder meeting is anticipated in 2010 at a date not yet scheduled.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number Title of Document. All documents listed below have been previously filed unless indicated by an asterisk "*":

3.01	Restated Certificate of Incorporation of Klever Marketing, Inc. a Delaware corporation (1)
3.02	Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class Voting Preferred Stock, Series 1, of Klever Marketing, Inc., dated February 7, 2000 (2)
3.03	Bylaws, as amended (2)
4.01	Amended Certificate of Designation of Rights, Privileges and Preferences: Rights of A Class of Voting Preferred Stock, Series 1, of Klever Marketing, Inc., Dated February 7, 2000 (3)
4.02	Certificate of Designation of Rights, Privileges and Preferences of Class B Voting Preferred Stock, of Klever Marketing, Inc., dated September 24, 2000 (3)
4.03	Certificate of Designation of Rights, Privileges and Preferences of Class C Voting Preferred Stock, of Klever Marketing, Inc., dated January 2, 2001 (3)
4.04	Certificate of Designation of Rights, Privileges and Preferences of Class D Voting Preferred Stock, of Klever Marketing, Inc., dated June 14, 2002 (5)
4.05	Amendment to the Certificates of Designation of Rights, Privileges and Preferences of Class A, B, and C Voting Preferred Stock, of Klever Marketing, Inc., dated June 12, 2002 (5)
10.01	Separation Agreement between Paul G. Begum and the Registrant Dated January 8, 2001 (2)
10.02	Stock Incentive Plan, effective June 1, 1998 (2)
10.03	Amended and Restated Promissory Note (Secured) of the Registrant payable to Presidio Investments, LLC, dated June 27, 2000, with Financing Statement and Exhibit "A" (2)
10.04	Intercreditor Agreement between Seabury Investors III, Limited Partnership, The Olson Foundation, Presidio Investments, LLC, and the Registrant dated August 27, 2001 (4)
10.05	Asset Purchase Agreement, dated August 27, 2004 (6)
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

(1) Incorporated herein by reference from Registrant's Form 10KSB, dated June 20, 1997.
(2) Incorporated herein by reference from Registrant's Form 10KSB, dated March 29, 2001
(3) Incorporated herein by reference from Registrant's Form 10QSB, dated May 15, 2001.
(4) Incorporated herein by reference from Registrant's Form 10QSB, dated May 15, 2002.
(5) Incorporated herein by reference from Registrant's Form 10QSB, dated August 19, 2002.
(6) Incorporated herein by reference from Registrant's Form 10QSB, dated November 19, 2004.

SIGNATURES

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

Klever Marketing, Inc.
(Registrant)

Date: Novmeber 19, 2009 By: /s/ Paul G. Begum
Paul G. Begum
Chairman
(Principal Executive Officer)

Date: Novmeber 19, 2009 By: /s/ Robert Campbell
Robert Campbell
(Principal Financial Officer)