

Edgar Filing: DEER VALLEY CORP - Form 424B3

DEER VALLEY CORP
Form 424B3
October 02, 2006

Filed pursuant to Rule 424(b)(3)
Registration No. 333-133377

PROSPECTUS SUPPLEMENT NO. 3
TO PROSPECTUS DATED JULY 26, 2006

DEER VALLEY CORPORATION

UP TO 43,556,851 SHARES

COMMON STOCK

This prospectus supplement supplements information contained in the prospectus dated July 26, 2006 relating to the offer and sale by the selling shareholders identified in the prospectus of up to 43,556,851 shares of our common stock. This prospectus supplement includes our attached Current Report on Form 8-K, which was filed with the U.S. Securities and Exchange Commission on September 27, 2006.

The information contained in such report is dated as of the date of such report. This prospectus supplement should be read in conjunction with the prospectus dated July 26, 2006, which is to be delivered with this prospectus supplement. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the prospectus dated July 26, 2006, including any supplements or amendments thereto.

INVESTING IN THE SHARES INVOLVES RISKS AND UNCERTAINTIES. SEE "RISK FACTORS" BEGINNING ON PAGE 10 OF THE PROSPECTUS DATED JULY 26, 2006 AND THE RISK FACTORS INCLUDED IN OUR ANNUAL REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 2005.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus supplement is October 2, 2006.

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

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 21, 2006

Edgar Filing: DEER VALLEY CORP - Form 424B3

Mr. Logan led the group which founded a manufactured housing company, Pinnacle Homes of Alabama. Mr. Logan served as served as President and General Manager of Pinnacle until the company was purchased in 1998. Following the buy-out, Pinnacle became a division of Patriot Homes of Indiana, and Mr. Logan continued as General Manager of the Pinnacle Division until 2003. Mr. Logan holds a degree in Business Administration from Mississippi State University.

Charles L. Murphree, Jr. ("Chet") is a corporate Director, Vice President, and Regional Sales Director of DVHB. As one of the founders of DVHB, since April of 2004 Mr. Murphree has served as a Corporate Director, Sales Manager and Vice President of DVHB. From 2003 until 2004, Mr. Murphree served as Plant Manager for Clayton Homes, Inc. From 2000 through 2003, Mr. Murphree worked as General Manager of the Energy and LifeStyle Divisions of Southern Energy Homes, Inc. Mr. Murphree graduated from the University of Alabama Huntsville with a Bachelor of Science in Business Administration.

John Steven Lawler is a Corporate Director and Director of Finance of DVHB. As part of the DVHB's founding group, since April 2004 Mr. Lawler, a certified public accountant, has served as Director of Finance for DVHB. From 2001 until 2004, he served as ERP and IT Project Manager for Cavalier Homes, Inc. From 1999 until 2001, Mr. Lawler worked as the ERP Team Leader for Financial Accounting for Cavalier Homes, Inc. Mr. Lawler holds a Bachelor of Science in Business Administration from the University of Alabama.

CERTAIN RELATIONSHIPS AND TRANSACTIONS

Except as set forth below, there were no transactions during the last two fiscal years, and there are no proposed transactions to which the Company or its subsidiary was or is to become a party, in which any of the new directors or members of their immediate families had, or is to have, a direct or indirect material interest.

Joel Stephen Logan, II, Charles L. Murphree, Jr., and John Steven Lawler were three of eight original owners who founded DVHB as a private company in early 2004. On January 18, 2006, the Company, through its wholly owned subsidiary Deer Valley Acquisitions Corp. ("DVA"), acquired 100% of the outstanding capital stock of DVHB from the founders for an aggregate cash purchase price of \$6,500,000 (the "DVH Acquisition"). Joel Stephen Logan, II owned approximately 30% of the stock of DVHB sold to the Company, Charles L. Murphree, Jr. owned approximately 20% of the stock of DVHB sold to the Company, and John Steven Lawler owned approximately 10% of the stock of DVHB sold to the Company. Pursuant to the terms of the DVH Acquisition, Joel Stephen Logan, II, Charles L. Murphree, Jr., and John Steven Lawler were entitled to serve on the board of the Company. The Company had no relationship with DVHB or the eight former owners of DVHB prior to the DVH Acquisition.

The eight former owners of DVHB, including Joel Stephen Logan, II, Charles L. Murphree, Jr., and John Steven Lawler, purchased shares in the Company's subsequent Series A Preferred Stock Offering, which closed on January 18, 2006. The eight former owners of DVHB purchased an aggregate of \$500,000 in shares of Series A Convertible Preferred Stock, Series A Common Stock Purchase Warrants, and Series B Common Stock Purchase Warrants.

Also, in connection with the DVH Acquisition, DVA entered into the Earnout Agreement, pursuant to which, aggregate payments up to a maximum of \$6,000,000 may be paid to the former owners of DVHB, as an earnout, based upon the net income before taxes of DVHB. Joel Stephen Logan, II, Charles L. Murphree, Jr., and John Steven Lawler are each a party to the Earnout Agreement.

On January 25 2006, the Company approved DVHB entering into a Sales

Edgar Filing: DEER VALLEY CORP - Form 424B3

Contract with Steve J. Logan to purchase real property located at 7668 Highway 278 in Sulligent, Alabama (the "Sulligent Property"). On April 18, 2006, DVHB purchased the Sulligent Property from Steve J. Logan. The Sulligent Property consists of a 65,992 square foot manufacturing plant located on approximately 13 acres of land. The Company paid the purchase price for the Sulligent Property of \$725,000, in cash. Prior to acquiring the Sulligent Property, DVHB's plant on the Sulligent Property operated, beginning on February 20, 2006, under a short-term lease. Steven J. Logan is the father of DVHB's President, and General Manager, Joel Logan. The purchase of the Sulligent Property was approved by the disinterested members of DVHB's Board of Directors and the Chief Executive Officer of the Company.

The disinterested members of the board of DVHB have approved a consulting agreement between DVHB and Steve J. Logan, the father of Joel Stephen Logan, II. Under the consulting agreement, Steve Logan agreed to remain as a personal guarantor on a loan on the property owned by DVHB in Guin, Alabama and to provide real estate consulting services from time to time, as requested. DVHB, in return, agreed to pay Steve Logan \$5,000 per month for five years and to assume the mortgage on the Guin property. Steve Logan's personal guaranty allowed DVHB to obtain a materially lower interest rate than it would have otherwise been able to obtain. There are no specific minimum hours which Steve Logan must work.

ITEM 7.01 REGULATION FD DISCLOSURE

On September 25, 2006, the Company issued a news release entitled "DEER VALLEY CORPORATION ANNOUNCES THE ADDITION OF THREE NEW DIRECTORS TO ITS BOARD," a copy of which is attached hereto as Exhibit 99.01.

The information contained in this Item 7.01 on Form 8-K and Exhibits 99.01 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

The following exhibits are filed with this Form 8-K:

EXHIBIT NO.	DESCRIPTION
3.02	Bylaws of Deer Valley Corporation (1)
10.01	Securities Purchase and Share Exchange Agreement (2)
10.02	Earnout Agreement (2)
10.03	Sulligent Property Purchase Agreement (3)
99.01	Press Release (4)

(1) Previously filed as an Exhibit to the Form 8-K filed with the United States Securities and Exchange Commission on July 28, 2006.

(2) Previously filed as an Exhibit to the Form 8-K filed with the United States Securities and Exchange Commission on January 25, 2006.

(3) Previously filed as an Exhibit to the Form 8-K filed with the United States Securities and Exchange Commission on April 24, 2006.

(4) Filed herewith.

SIGNATURE

Edgar Filing: DEER VALLEY CORP - Form 424B3

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

DEER VALLEY CORPORATION

By: /s/ Charles G. Masters

Name: Charles G. Masters

Title: President, Chief Executive Officer

Dated: September 27, 2006