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

FORM 10-K/A

(Amendment No. 1)

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

For the fiscal year ended December 31, 2019

OR

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

For the transition period from_____________ to _____________.

Commission file number 000-53316

TRANSBIOTEC, INC.

(Exact name of registrant as specified in its charter)

Delaware	**26-0731818**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
885 Arapahoe Road Boulder, CO	**80302**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (303) 443-4430

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

Title of each class	**Name of each exchange on which registered**
None	None

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

Common Stock, par value $0.001
(Title of class)

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 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☒
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Aggregate market value of the voting and non-voting stock held by non-affiliates as of June 30, 2019: $504,722 as based on last reported sales price of such stock ($0.0046) on June 30, 2019. The voting stock held by non-affiliates on that date consisted of 109,722,144 shares of common stock.

Applicable Only to Registrants Involved in Bankruptcy Proceedings During the Preceding Five Years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. As of April 10, 2020, there were 266,097,657 shares of common stock, $0.00001 par value, issued and outstanding.

Documents Incorporated by Reference

List hereunder the following documents if incorporated by reference and the Part of the Form 10-K (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) Any annual report to security holders; (2) Any proxy or information statement; and (3) Any prospectus filed pursuant to rule 424(b) or (c) of the Securities Act of 1933. The listed documents should be clearly described for identification purposes (e.g., annual report to security holders for fiscal year ended December 24, 1980). **None.**

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-K/A (the " **Amendment**") to our Annual Report on Form 10-K for the year ended December 31, 2019 (the "**Form 10-K**"), filed with the United States Securities and Exchange Commission on April 17, 2020 (the "**Original Filing Date**"), (i) to correct an error on the cover page of the Form 10-K regarding whether we have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files), and (ii) to insert the Report of Independent Registered Accounting Public Accounting Firm (the "**Report**"), which was inadvertently omitted from the Form 10-K.

This Amendment (i) correctly indicates that we have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files), and (ii) contains the Report of Independent Registered Accounting Public Accounting Firm required to be included with our financial statements. We have also included the financial statements and related notes that relate to the report but no changes were made to those financial statements and related notes from the versions submitted with our Form 10-K.

No other changes have been made to the Form 10-K. This Amendment speaks as of the Original Filing Date and does not reflect events that may have occurred subsequent to the Original Filing Date, and does not modify or update in any way the disclosures made in the Form 10-K.

TransBiotec, Inc.

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PART I

Special Note Regarding Forward Looking Statements

This Annual Report includes forward-looking statements within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). These statements are based on management's beliefs and assumptions, and on information currently available to management. Forward-looking statements include the information concerning possible or assumed future results of operations of the Company set forth under the heading "Management's Discussion and Analysis of Financial Condition or Plan of Operation." Forward-looking statements also include statements in which words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "consider," or similar expressions are used.

Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties, and assumptions. The Company's future results and shareholder values may differ materially from those expressed in these forward-looking statements. Readers are cautioned not to put undue reliance on any forward-looking statements.

ITEM 1 – BUSINESS

Corporate History

We were incorporated under the name Imagine Media, Ltd. on August 10, 2007. From inception through early 2009, our business was to publish and distribute Image Magazine, a monthly entertainment guide for the Denver, Colorado area. We generated only limited revenue and essentially abandoned our business plan in January 2009.

On September 19, 2011, we, Imagine Media, Ltd., a Delaware corporation, acquired approximately 52% of the outstanding shares of TransBiotec, Inc., ("TBT") from TBT's directors in exchange for 12,416,462 shares of our common stock. The accounting for this transaction was identical to that resulting from a reverse acquisition, except that no goodwill, or other intangibles were recorded, as the members of TransBioTec retained the majority of the outstanding common stock of Imagine Media LTD after the share exchange. These directors of TBT were Charles Bennington, Devadatt Mishal, Nicholas Limer, and Sam Satyanarayana. At the time, these shares represented approximately 52% of our outstanding common stock. TBT was a California corporation. In connection with this transaction, two of our officers resigned and Charles Bennington and Nicholas Limer were appointed as directors and as our President, Chief Executive Officer, and Chief Financial Officer, and our Secretary, respectively, and Ronald Williams was appointed as our Chief Technology Officer.

On January 17, 2012, our Board of Directors amended our Certificate of Incorporation changing our name from Imagine Media, Ltd. to TransBiotec, Inc. On January 31, 2012, we acquired approximately 45% of the remaining outstanding shares of TBT in exchange for 10,973,678 shares of our common stock. In connection with this transaction, two of our directors resigned and Sam Satyanarayana, Ronald Williams and Devadatt Mishal were appointed directors. Because of the September 2011 and January 2012 acquisitions of TBT common stock, we currently own approximately 98% of the outstanding shares of TBT, and we control its Board of Directors and officer positions. The remaining approximately 2% is owned by non-affiliated individuals that did not participate in the share exchange.

Because of the acquisition, TBT's business is our business and, unless otherwise indicated, any references to "us" or "we" include the business and operations of TBT. Due to our approximately 98% ownership of TBT, the approximately 2% non-controlling interest is combined with ours in the attached financial statements.

Our offices are located at 885 Arapahoe Road, Boulder, CO 80302, telephone number (303) 449-7235

Business Overview

General

We have developed an alcohol detection device called "SOBR", for which we are still performing beta testing. The device is a patented system for use in detecting alcohol in a person's system by measuring the ethanol content in their perspiration. Once SOBR is developed and tested, we plan to market the device to four primary business segments: (i) as an aftermarket-installed device to companies and institutions that employ or contract with vehicle drivers, such as trucking companies, limousine companies, and taxi cab companies, where the system will be marketed as a preventative drunk driving detection system, with a possible ignition locking device, (ii) the original equipment manufacturing (OEM) market, where the device would be installed in new vehicles during the original building of a vehicle, (iii) companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave or prior to leaving for a mission, and (iv) companies that would want to provide knowledge to their customers of their current alcohol level, such as lounge and bar owners, or customers attending a golfing event. We believe SOBR offers a unique solution to the national alcohol abuse problem.

We have developed a marketing plan that our management believes will gain market recognition for the SOBR device, primarily through trade shows, industry publications, general solicitation, social media, and public relations, as well as hopefully generating the demand for the SOBR device through the use of selling groups, such as channel sales, distributors, and independent sales contractors. We believe the primary market for the in-vehicle SOBR device initially is the commercial vehicle market, such as trucking companies, taxi cab companies, Uber, Lyft, limousine companies, and bus companies. Many of these companies have a significant financial interest in eliminating drunk drivers from their operations. Secondarily, individuals may desire to monitor a family member's vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

We believe the primarily market for the portable SOBR device is its use by companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave.

On May 6, 2019, we signed a definitive Asset Purchase Agreement (and signed an Amendment No. 1 dated March 9, 2020, together the " APA ") with IDTEC, LLC ("IDTEC"), under which IDTEC agreed to provide personnel, experience, and access to funding to assist with the development of our SOBR device, as well as to sell to us certain robotics assets, which our management believes are synergistic with our current assets, in exchange for shares of our common stock equal to 60% of our outstanding common stock after giving effect to a reverse stock split to be effected in connection with closing the transaction. The APA is subject to several conditions precedent, primarily: (i) we must be current in our reporting requirements under the Securities Exchange Act of 1934, as amended, (ii) we must complete a reverse stock split of our common stock such that approximately 8,000,000 shares will be outstanding immediately prior to closing the transaction with no convertible instruments other than as set forth in the APA and our authorized common stock must be reduced to 100,000,000 shares, and (iii) we must not have more than approximately $150,000 in current liabilities. We do not believe we will close this transaction until Spring of 2020. At the time of the closing of the transaction we estimate we will have approximately 266,194,217 shares of our common stock outstanding before factoring in any reverse stock split.

In advance of closing the transaction, IDTEC and a few other affiliated parties have been (i) loaning funds directly to us, (ii) spending funds for the general costs related to the transaction, and/or (iii) spending funds to further develop and enhance the current SOBR product. We are responsible for the funds loaned directly to us regardless if we close the transaction. However, if we do not close the transaction, we are not responsible for the funds spent that were related to the transaction (except those loaned directly to us) or funds spent to further develop the SOBR product. If we do close the transaction, all the funds spent by IDTEC and its affiliates for any reason related to the transaction will be turned into promissory notes at the closing of the APA and are expected to be around $1.5 million by the time we close the transaction.

The description of the APA set forth in this report is qualified in its entirety by reference to the full text of that document, and the amendment to the APA, which are attached as Exhibits 10._ and 10._, respectively, to this Annual Report on Form 10-K.

If the closing occurs, the assets being acquired under the APA are the same assets that were subject to the Letter of Intent with First Capital Holdings, LLC we previously announced our Current Report on Form 8-K filed with the Commission on November 6, 2018.

Principal Products and Services

(photo of Updated SOBR sensor)

Our only product is SOBR. The SOBR device is a patented device for use in detecting alcohol in a person's system by measuring the ethanol content in their perspiration and determining whether that level is over or under a preset level set by the installer or a trained technician. SOBR works by having an individual touch a sensor for approximately six seconds, the sensor is specific to ethanol. It detects ethanol secreted through sweat that emanates from the hands. The product is produced in two basic forms. The first is an in-vehicle system that can be connected to an interlock system to prevent the operation of the vehicle in the event the sensor detects measurable ethanol content. The second product is a portable unit that can be used anywhere.

The in-vehicle unit can be in any machine, including automobiles, buses, trucks, boats and aircraft. Once the driver touches the sensor for approximately six seconds, the SOBR device detects ethanol secreted through sweat that emanates from the hands. If the vehicle is fitted with an interlock device, then the ethanol level is instantly translated into an engine “start” or “no-start” signal. SOBR can also initiate random real-time tests while the vehicle is operating to ensure that the operator’s ethanol level does not increase over the preset limit after the vehicle is started. If the system is tampered with while parked, the vehicle will not start. If the device is tampered with while driving, alarms will activate, such as the vehicle lights and horn, drawing attention to the vehicle. If a vehicle is equipped with a Global Positioning System, or Data Transmission Module, SOBR can alert fleet operators or others monitoring a vehicle of the detection of alcohol above preset levels.

When SOBR is installed in a vehicle, the system is virtually unnoticeable, unlike breathalyzer ignition interlock systems. SOBR requires approximately one hour to install in a vehicle. The control box can be mounted under the dash in the interior of the vehicle. In new vehicles the sensor can be installed as part of the steering wheel. In retrofits, the sensor is installed on the dashboard for easy access. We believe that our cost to manufacture a SOBR device will be approximately $100, and if the unit is installed in a vehicle the installation cost will be approximately $75. We estimate a per unit sales price range of $500 to $550, SOBR requires a semi-annual recalibration much like current smog devices. The recalibration is accomplished with a hand held device plugged into the control box and requires a trained technician approximately one hour to complete.

We plan to license the installation and recalibration rights to the automotive service industry.

The portable unit is similar in size and looks like a black, non-flip mobile telephone and can be temporarily attached to a solid fixture for more convenient usage. The portable unit can be used to test individuals before they are allowed to perform certain functions. As a portable unit the system will signal through the use of lights whether the tested individual is over a preset level. The company utilizing the device may then use the information how it sees fit.

Marketing

We have developed a marketing plan that our management believes will gain market recognition, as well as hopefully generate demand, for the SOBR device, primarily through trade shows, industry publications, general solicitation, social media, and public relations. We plan to sell the SOBR device through the use of selling groups, such as channel sales, distributors, and independent sales contractors. We believe the primary market for the in-vehicle SOBR device initially is the commercial vehicle market, such as trucking companies, taxi cab companies, limousine companies, and bus companies. Many of these companies have a significant financial interest in eliminating drunk drivers from their operations. Secondarily, individuals may desire to monitor a family member’s vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

We believe the primary market for the portable SOBR device is its use by companies and institutions that have an interest in monitoring their employees’ or contractors’ alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave.

As a result, we initially plan to market SOBR to the voluntary, commercial market:

- o commercial transportation companies that operate tractor trailers, taxis, construction vehicles, boats, trains, aircraft and other vehicles;
- o local, state and federal government agencies that operate fire trucks, police cars and public transportation systems; and
- o individuals that desire to monitor a family member's vehicle, such as a vehicle operated by a minor.
- o a variety of government and military employees, such as sailors in the Navy who might be tested before boarding a ship after off-base leave.

We plan to establish a distribution system of individuals and companies including value-added resellers (VARS), channel sales teams, and independent contractors, to sell the products to the market.

Manufacturing

We manufactured the prototype SOBR devices we have to date (approximately 10 devices) in-house from over-the-counter components. The primary part is the sensor, which is an over-the-counter sensor, which we program in-house with our proprietary programming to have the sensor perform the necessary functions in the SOBR device. Currently, we use one specific sensor from one manufacturer but we believe that we would be able to use other sensor in the event this manufacturer stopped selling the sensor we currently use.

Eventually, if we grow and need to mass manufacture the device, we are planning to manufacture of all components of the SOBR, as well as component assembly, through subcontracted to third parties and perform the final assembly, testing and calibration of the SOBR device at the company's Colorado location. In order to assemble the SOBR device, a manufacturer only needs the space, manpower, and common, non-exotic equipment.

We are actively working with outside engineering firms for testing and validation. We are progressing and encouraged with the initial findings. We have ongoing discussions with a couple of industrial design firms to work with us on the final design for the launch of the product. We expect to complete our final internal testing in 2019 and move forward with the steps necessary to bring a much-needed product to market. We had research and development costs during the year ended December 31, 2019, which are included in general and administrative expenses in the attached financial statements.

Competition

Currently, to our knowledge, breath analyzer ignition interlocks are the only products on the market that can detect alcohol and lock the ignition system of a vehicle. There are several limitations inherent with current design of breath analyzers that can be circumvented and are invasive in their appearance and use. At present, their market is substantially made up of the mandated market (the legal market as a punitive testing device). If breath analyzer sales occur outside the mandated market, to our knowledge, that represents a much smaller sales number as percentage of business.

We believe SOBR has the following advantages over the majority of traditional breath analyzers:

- Can be programmed to work during the entire operation of the vehicle without distracting the driver;
- The system can be considered as non-invasive comparatively;
- Easy retro fit installation;
- Unobtrusive in the vehicle;
- Difficult to circumvent;
- Possible opportunity for the consumer to obtain insurance discounts that could offset some costs of the system. Although presently no insurance company is offering a premium discount, nor do we see that happening in the near future.

To date the breath analyzer companies are predominantly focused on the mandated market and are not pursuing the commercial market with the same effort.

Intellectual Property

As a portable unit, the system will signal through the use of lights that the tested individual is over a preset level.

When SOBR is installed in a vehicle the system is less noticeable than the most common breathalyzer ignition interlock systems. SOBR requires approximately one hour to install in a vehicle. The control box can be mounted under the dash in the interior of the vehicle. In new vehicles, the sensor can be installed as part of the steering wheel as well as many other places in the vehicle that are convenient easily assessable to the driver. In retrofits, the sensor is installed on the dashboard for easy access. We believe that our cost to manufacture a SOBR device will be approximately $100, and if the unit is installed in a vehicle, the installation cost will be approximately $75. SOBR requires a semi-annual recalibration much like current smog devices. The recalibration is accomplished with a hand held device plugged into the control box and requires a trained technician approximately one hour to complete.

We plan to license the installation and recalibration rights to various retail and service businesses in the automotive service industry.

SOBR is protected by the following two patents, filed with the United States Patent and Trademark Office.

1. Patent 6620108, which expires on December 26, 2021, pertains to the technology that identifies the vehicle's operator.
2. Patent 9296298, which expires on December 9, 2034, pertains to an alcohol detection system for vehicle driver testing with integral temperature compensation.

Since we have not generated revenue to date from any of the above patents, and we are still in the developmental stage, we expensed the patent costs; therefore, they are not recognized as intangible assets on the balance sheet.

Government Regulation

At the present time, only the judicially-mandated market is regulated. Devices sold into this market must be approved by state government agencies. Since we plan to enter this market last, we will not, initially, be subject to government regulation. However, we realize we would be subject to regulation if and when we were to enter the mandated market.

Regarding the use in vehicles, we believe SOBR offers a unique solution to the national drunk driving problem and have been and are continuing to perform beta testing of SOBR for this use. Our objective is to grow our sales and manufacturing of SOBR by aggressively pursuing the original equipment market ("OEM") once final beta testing is completed. We intend to seek an experienced OEM partner to introduce SOBR to the new automotive market. We believe that an increase in public awareness and consumer interest as well as potential cost savings will generate a demand for alcohol sensing technology. We hope that auto manufactures will begin installing SOBR as a factory installed option. If that happens, we expect it would occur for some time in the future. We will also market SOBR to international car manufacturers that may want to gain a market advantage over domestic auto manufacturers. We will seek to enter other markets as well, such as commercial trucking, as well as seek to have included in federal legislation a requirement that alcohol sensing devices with ignition locking systems be retrofitted in all vehicles in the U.S. France is one country that has created laws that mandate vehicles to have an alcohol detection device on all private vehicles.

Regarding the use in monitoring employees and contractors in certain industries, such as surgeons, pilots and the military, we are in the process of meeting with potential customers in certain identified business segments.

Currently, we do not have the money or funding to achieve the above goals and we will not be able to achieve our goals unless we are successful in obtaining funding through this offering and potentially future offerings as well, all which may serve to dilute the ownership position of our current and future shareholders.

Employees

As of December 31, 2019, we have two employees, namely Kevin Moore, our Chief Executive Officer, and David Gandini, our Chief Revenue Officer. Our President and Chief Financial Officers are independent contractors.

Available Information

We are a fully reporting issuer, subject to the Securities Exchange Act of 1934. Our Quarterly Reports, Annual Reports, and other filings can be obtained from 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. You may also 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.

As a smaller reporting company, we are not required to provide a statement of risk factors. However, we believe this information may be valuable to our shareholders for this filing. We reserve the right to not provide risk factors in our future filings. Our primary risk factors and other considerations include:

We have a limited operating history and historical financial information upon which you may evaluate our performance.

You should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies that, like us, are in their early stages of development. We may not successfully address these risks and uncertainties or successfully implement our existing and new products. If we fail to do so, it could materially harm our business and impair the value of our common stock. Even if we accomplish these objectives, we may not generate the positive cash flows or profits we anticipate in the future. We were incorporated in Delaware on August 10, 2007. Our business to date business focused on developing and improving our product, filing patents, and hiring management and staff personnel. Unanticipated problems, expenses and delays are frequently encountered in establishing a new business and developing new products. These include, but are not limited to, inadequate funding, lack of consumer acceptance, competition, product development, and inadequate sales and marketing. The failure by us to meet any of these conditions would have a materially adverse effect upon us and may force us to reduce or curtail operations. No assurance can be given that we can or will ever operate profitably.

We may not be able to meet our future capital needs.

To date, we have not generated any revenue and we have limited cash liquidity and capital resources. Our future capital requirements will depend on many factors, including our ability to develop our products, cash flow from operations, and competing market developments. We will need additional capital in the near future. Any equity financings will result in dilution to our then-existing stockholders. Sources of debt financing may result in high interest expense. Any financing, if available, may be on unfavorable terms. If adequate funds are not obtained, we will be required to reduce or curtail operations.

If we cannot obtain additional funding, our product development and commercialization efforts may be reduced or discontinued and we may not be able to continue operations.

We have historically experienced negative cash flows from operations since our inception and we expect the negative cash flows from operations to continue for the foreseeable future. Unless and until we are able to generate revenues, we expect such losses to continue for the foreseeable future. As discussed in our financial statements, there exists substantial doubt regarding our ability to continue as a going concern.

Product development efforts are highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations through one or more methods, including but not limited to, issuing additional equity or debt.

In addition, we may also raise additional capital through additional equity offerings, and licensing our future products in development. While we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that we will be successful in licensing our future products. Based on our current projections, we believe we have insufficient cash on hand to meet our obligations as they become due based on current assumptions. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

Current economic conditions and capital markets are in a period of disruption and instability which could adversely affect our ability to access the capital markets, and thus adversely affect our business and liquidity.

The current economic conditions largely caused by the coronavirus pandemic have had, and likely will continue to have for the foreseeable future, a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. The recent, substantial losses in worldwide equity markets could lead to an extended worldwide recession. We may face significant challenges if conditions in the capital markets do not improve. Our ability to access the capital markets has been and continues to be severely restricted at a time when we need to access such markets, which could have a negative impact on our business plans. Even if we are able to raise capital, it may not be at a price or on terms that are favorable to us. We cannot predict the occurrence of future disruptions or how long the current conditions may continue.

The coronavirus pandemic is causing disruptions in the workplace, which will have negative repercussions on our business if they continue for an extended period time.

We are closely monitoring the coronavirus pandemic and the directives from federal and local authorities regarding not only our workforce, but how it impacts companies we work with for the development of our SOBR device. As more states and localities implement social distancing and "work from home" regulations more and more companies will be forced to either shut down, slow down or alter their work routines. Since the development and testing of our SOBR device is a "hands on" process these alternative work arrangements could significantly slow down our anticipated schedules for the development, marketing and leasing/sale of our SOBR device, which could have a negative impact our business.

Because we face intense competition, we may not be able to operate profitably in our markets.

The market for our product is highly competitive and is becoming more so, which could hinder our ability to successfully market our products. We may not have the resources, expertise or other competitive factors to compete successfully in the future. We expect to face additional competition from existing competitors and new market entrants in the future. Many of our competitors have greater name recognition and more established relationships in the industry than we do. As a result, these competitors may be able to:

- develop and expand their product offerings more rapidly;
- adapt to new or emerging changes in customer requirements more quickly;
- take advantage of acquisition and other opportunities more readily; and
- devote greater resources to the marketing and sale of their products and adopt more aggressive pricing policies than we can.

If our products do not gain expected market acceptance, prospects for our sales revenue may be affected.

We intend to use the SOBR device in the commercial market, as opposed to the judicially-mandated market. Currently, most alcohol sensing devices are breath analyzers used in the judicially-mandated market where the use is usually required by law as a punishment for committing a crime. We will be asking commercial industries, auto manufacturers, companies that have commercial vehicles as their primary business (limousine companies, taxi cab companies, truck drivers, etc.), and companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities (such as surgeons, pilots, and the military), to adopt a new requirement that their employees or contractors must abide in order to remain employed. While we believe this will be attractive to many companies and industries, we must achieve some level of market acceptance to be successful. If we are unable to achieve market acceptance, our investors could lose their entire investment.

If critical components become unavailable or contract manufacturers delay their production, our business will be negatively impacted.

Currently, we manufacture the limited number of SOBR™ prototype devices we have developed by applying our proprietary know-how to "off the shelf" parts and components. However, if we are successful in our growth plan, eventually we will have to contract out our manufacturing of the devices. At that time, the stability of component supply will be crucial to determining our manufacturing process. Due to the fact we currently manufacture the device from "off the shelf" parts and components, all of our critical devices and components are supplied by certain third-party manufacturers, and we may be unable to acquire necessary amounts of key components at competitive prices.

If we are successful in our growth, outsourcing the production of certain parts and components would be one way to reduce manufacturing costs. We plan to select these particular manufacturers based on their ability to consistently produce these products according to our requirements in an effort to obtain the best quality product at the most cost effective price. However, the loss of all or one of these suppliers or delays in obtaining shipments would have an adverse effect on our operations until an alternative supplier could be found, if one may be located at all. If we get to that stage of growth, such loss of manufacturers could cause us to breach any contracts we have in place at that time and would likely cause us to lose sales.

If our contract manufacturers fail to meet our requirements for quality, quantity and timeliness, our business growth could be harmed.

We eventually plan to outsource the manufacturing of SOBR to contract manufacturers. These manufacturers will procure most of the raw materials for us and provide all necessary facilities and labor to manufacture our products. If these companies were to terminate their agreements with us without adequate notice, or fail to provide the required capacity and quality on a timely basis, we would be delayed in our ability or unable to process and deliver our products to our customers.

Our products could contain defects or they may be installed or operated incorrectly, which could reduce sales of those products or result in claims against us.

Although we have quality assurance practices to ensure good product quality, defects still may be found in the future in our future products.

End-users could lose their confidence in our products and Company when they unexpectedly use defective products or use our products improperly. This could result in loss of revenue, loss of profit margin, or loss of market share. Moreover, because our products may be employed in the automotive industry, if one of our products is a cause, or perceived to be the cause, of injury or death in a car accident, we would likely be subject to a claim. If we were found responsible, it could cause us to incur liability, which could interrupt or even cause us to terminate some or all of our operations.

If we are unable to recruit and retain qualified personnel, our business could be harmed.

Our growth and success highly depend on qualified personnel. Competition in the industry could cause us difficulty in recruiting or retaining a sufficient number of qualified technical personnel, which could harm our ability to develop new products. If we are unable to attract and retain necessary key talents, it would harm our ability to develop competitive product and retain good customers and could adversely affect our business and operating results.

We may be unable to adequately protect our proprietary rights.

We currently have three "use" patents covering the SOBR device and one other pending with the USPTO. These are not patents over the components of the device, but instead covering the use of those components in the SOBR device. Our ability to compete partly depends on the superiority, uniqueness and value of our intellectual property. To protect our proprietary rights, we will rely on a combination of patent, copyright and trade secret laws, confidentiality agreements with our employees and third parties, and protective contractual provisions. Despite these efforts, any of the following occurrences may reduce the value of our intellectual property:

- Our applications for patents relating to our business may not be granted and, if granted, may be challenged or invalidated;
- Issued patents may not provide us with any competitive advantages;
- Our efforts to protect our intellectual property rights may not be effective in preventing misappropriation of our technology;
- Our efforts may not prevent the development and design by others of products or technologies similar to or competitive with, or superior to those we develop; or
- Another party may obtain a blocking patent and we would need to either obtain a license or design around the patent in order to continue to offer the contested feature or service in our products.

We may become involved in lawsuits to protect or enforce our patents that would be expensive and time consuming.

In order to protect or enforce our patent rights, we may initiate patent litigation against third parties. In addition, we may become subject to interference or opposition proceedings conducted in patent and trademark offices to determine the priority and patentability of inventions. The defense of intellectual property rights, including patent rights through lawsuits, interference or opposition proceedings, and other legal and administrative proceedings, would be costly and divert our technical and management personnel from their normal responsibilities. An adverse determination of any litigation or defense proceedings could put our pending patent applications at risk of not being issued.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, during the course of this kind of litigation, confidential information may be inadvertently disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could have a material adverse effect on our business and our financial results.

The internal controls we utilize to produce reliable financial reports have material weaknesses. If we continue to have material weaknesses in our internal controls, we may not be able to report our financial results accurately or timely or to detect fraud, which could have a material adverse effect on our business.

An effective internal control environment is necessary for us to produce reliable financial reports and is an important part of our effort to prevent financial fraud. We are required to periodically evaluate the effectiveness of the design and operation of our internal controls over financial reporting. Based on these evaluations, we have concluded in this report, as well as our prior reports, that we have material weaknesses in our internal controls and enhancements, modifications, and changes to our internal controls are necessary in order to eliminate these weaknesses. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure of human judgment. In addition, control procedures are designed to reduce rather than eliminate business risks. If we continue to fail to maintain an effective system of internal controls we may be unable to produce reliable, timely financial reports or prevent fraud, which could have a material adverse effect on our business, including subjecting us to sanctions or investigation by regulatory authorities, such as the Securities and Exchange Commission. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements, which could cause the market price of our common stock to decline or limit our access to capital.

Our common stock has been thinly traded and we cannot predict the extent to which a trading market will develop.

Our common stock is quoted on the OTC Markets. Our common stock is thinly-traded compared to larger more widely known companies. Thinly traded common stock can be more volatile than common stock trading in an active public market. We cannot predict the extent to which an active public market for our common stock will develop or be sustained.

We may not be able to identify, negotiate, finance or close future acquisitions.

One component of our growth strategy focuses on acquiring additional companies or assets. We may not, however, be able to identify, audit, or acquire companies or assets on acceptable terms, if at all. Additionally, we may need to finance all or a portion of the purchase price for an acquisition by incurring indebtedness. There can be no assurance that we will be able to obtain financing on terms that are favorable, if at all, which will limit our ability to acquire additional companies or assets in the future. Failure to acquire additional companies or assets on acceptable terms, if at all, would have a material adverse effect on our ability to increase assets, revenues and net income and on the trading price of our common Stock.

We may acquire businesses without any apparent synergies with our current operations of alcohol detection devices.

In an effort to diversify our sources of revenue and profits, we may decide to acquire businesses without any apparent synergies with our current alcohol detection device operations. For example, we believe that the acquisition of technologies unrelated to alcohol detection devices may be an important way for us to enhance our stockholder value. Notwithstanding the critical importance of diversification, some members of the investment community and research analysts would prefer that micro-cap or small-cap companies restrict the scope of their activity to a single line of business, and may not be willing to make an investment in, or recommend an investment in, a micro-cap or small-cap company that undertakes multiple lines of business. This situation could materially adversely impact our company and the trading price of our stock.

We may not be able to properly manage multiple businesses.

We may not be able to properly manage multiple businesses. Managing multiple businesses would be more complicated than managing a single line of business, and would require that we hire and manage executives with experience and expertise in different fields. We can provide no assurance that we will be able to do so successfully. A failure to properly manage multiple businesses could materially adversely affect our company and the trading price of our stock.

We may not be able to successfully integrate new acquisitions.

Even if we are able to acquire additional companies or assets, we may not be able to successfully integrate those companies or assets. For example, we may need to integrate widely dispersed operations with different corporate cultures, operating margins, competitive environments, computer systems, compensation schemes, business plans and growth potential requiring significant management time and attention. In addition, the successful integration of any companies we acquire will depend in large part on the retention of personnel critical to our combined business operations due to, for example, unique technical skills or management expertise. We may be unable to retain existing management, finance, engineering, sales, customer support, and operations personnel that are critical to the success of the integrated company, resulting in disruption of operations, loss of key information, expertise or know-how, unanticipated additional recruitment and training costs, and otherwise diminishing anticipated benefits of these acquisitions, including loss of revenue and profitability. Failure to successfully integrate acquired businesses could have a material adverse effect on our company and the trading price of our stock.

Our acquisitions of businesses may be extremely risky and we could lose all of our investments.

We may invest in other technology businesses or other risky industries. An investment in these companies may be extremely risky because, among other things, the companies we are likely to focus on: (1) typically have limited operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (2) tend to be privately-owned and generally have little publicly available information and, as a result, we may not learn all of the material information we need to know regarding these businesses; (3) are more likely to depend on the management talents and efforts of a small group of people; and, as a result, the death, disability, resignation or termination of one or more of these people could have an adverse impact on the operations of any business that we may acquire; (4) may have less predictable operating results; (5) may from time to time be parties to litigation; (6) may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence; and (7) may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. Our failure to make acquisitions efficiently and profitably could have a material adverse effect on our business, results of operations, financial condition and the trading price of our stock.

Future acquisitions may fail to perform as expected.

Future acquisitions may fail to perform as expected. We may overestimate cash flow, underestimate costs, or fail to understand risks. This could materially adversely affect our company and the trading price of our Stock.

Competition may result in overpaying for acquisitions.

Other investors with significant capital may compete with us for attractive investment opportunities. These competitors may include publicly-traded companies, private equity firms, privately held buyers, individual investors, and other types of investors. Such competition may increase the price of acquisitions, or otherwise adversely affect the terms and conditions of acquisitions. This could materially adversely affect our company and the trading price of our stock.

We may have insufficient resources to cover our operating expenses and the expenses of raising money and consummating acquisitions.

We have limited cash to cover our operating expenses and to cover the expenses incurred in connection with money raising and a business combination. It is possible that we could incur substantial costs in connection with money raising or a business combination. If we do not have sufficient proceeds available to cover our expenses, we may be forced to obtain additional financing, either from our management or third parties. We may not be able to obtain additional financing on acceptable terms, if at all, and neither our management nor any third party is obligated to provide any financing. This could have a negative impact on our company and our stock price.

The nature of our proposed future operations is speculative and will depend to a great extent on the businesses which we acquire.

While management typically intends to seek a merger or acquisition of privately held entities with established operating histories, there can be no assurance that we will be successful in locating an acquisition candidate meeting such criteria. In the event we complete a merger or acquisition transaction, of which there can be no assurance, our success if any will be dependent upon the operations, financial condition and management of the acquired company, and upon numerous other factors beyond our control. If the operations, financial condition or management of the acquired company were to be disrupted or otherwise negatively impacted following an acquisition, our company and our stock price would be negatively impacted.

We may make actions that will not require our stockholders' approval.

The terms and conditions of any acquisition could require us to take actions that would not require stockholder approval. In order to acquire certain companies or assets, we may issue additional shares of common or preferred stock, borrow money or issue debt instruments including debt convertible into capital stock. Not all of these actions would require our stockholders' approval even if these actions dilute our shareholders' economic or voting interest.

Our investigation of potential acquisitions will be limited.

Our analysis of new business opportunities will be undertaken by or under the supervision of our executive officers and directors. Inasmuch as we will have limited funds available to search for business opportunities and ventures, we will not be able to expend significant funds on a complete and exhaustive investigation of such business or opportunity. We will, however, investigate, to the extent believed reasonable by our management, such potential business opportunities or ventures by conducting a so-called "due diligence investigation". In a so-called "due diligence investigation", we intend to obtain and review materials regarding the business opportunity. Typically such materials will include information regarding a target business' products, services, contracts, management, ownership, and financial information. In addition, we intend to cause our officers or agents to meet personally with management and key personnel of target businesses, ask questions regarding the company's prospects, tour facilities, and conduct other reasonable investigation of the target business to the extent of our limited financial resources and management and technical expertise. Any failure of our typical "due diligence investigation" to uncover issues and problems relating to potential acquisition candidates could materially adversely affect our company and the trading price of our stock.

We will have only a limited ability to evaluate the directors and management of potential acquisitions.

We may make a determination that our current directors and officers should not remain, or should reduce their roles, following money raising or a business combination, based on an assessment of the experience and skill sets of new directors and officers and the management of target businesses. We cannot assure you that our assessment of these individuals will prove to be correct. This could have a negative impact on our company and our stock price.

We may be dependent on outside advisors to assist us.

In order to supplement the business experience of management, we may employ accountants, technical experts, appraisers, attorneys or other consultants or advisors. The selection of any such advisors will be made by management and without any control from shareholders. Additionally, it is anticipated that such persons may be engaged by us on an independent basis without a continuing fiduciary or other obligation to us.

We may be unable to protect or enforce the intellectual property rights of any target business that we acquire or the target business may become subject to claims of intellectual property infringement.

After completing a business combination, the procurement and protection of trademarks, copyrights, patents, domain names, and trade secrets may be critical to our success. We will likely rely on a combination of copyright, trademark, trade secret laws and contractual restrictions to protect any proprietary technology and rights that we may acquire. Despite our efforts to protect those proprietary technology and rights, we may not be able to prevent misappropriation of those proprietary rights or deter independent development of technologies that compete with the business we acquire. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. It is also possible that third parties may claim we have infringed their patent, trademark, copyright or other proprietary rights. Claims or litigation, with or without merit, could result in substantial costs and diversions of resources, either of which could have an adverse effect on our competitive position and business. Further, depending on the target business or businesses that we acquire, it is likely that we will have to protect trademarks, patents, and domain names in an increasing number of jurisdictions, a process that is expensive and may not be successful in every location. These factors could negatively impact our company and the trading price of our stock.

Integrating acquired businesses may divert our management's attention away from our day-to-day operations and harm our business.

Acquisitions generally involve significant risks, including the risk of overvaluation of potential acquisitions and risks in regard to the assimilation of personnel, operations, products, services, technologies, and corporate culture of acquired companies. Dealing with these risks may place a significant burden on our management and other internal resources. This could materially adversely affect our business and the trading price of our stock.

We may fail to manage our growth effectively.

Future growth through acquisitions and organic expansion would place a significant strain on our managerial, operational, technical, training, systems and financial resources. We can give you no assurance that we will be able to manage our expanding operations properly or cost effectively. A failure to properly and cost-effectively manage our expansion could materially adversely affect our company and the trading price of our stock.

The management of companies we acquire may lose their enthusiasm or entrepreneurship after the sale of their businesses.

We can give no assurance that the management of future companies we acquire will have the same level of enthusiasm for the operation of their businesses following their acquisition by us, or if they cease performing services for the acquired businesses that we will be able to install replacement management with the same skill sets and determination. There also is always a risk that management will attempt to reenter the market and possibly seek to recruit some of the former employees of the business, who may continue to be key employees of ours. This could materially adversely affect our business and the trading price of our Stock.

Because we are subject to the "penny stock" rules, the level of trading activity in our stock may be reduced.

Our common stock is traded on the OTC Markets. Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock rules adopted by the Securities and Exchange Commission. Penny stocks, like shares of our common stock, generally are equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or quoted on NASDAQ. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, in the secondary market for a security subject to the penny stock rules, and investors in our common stock may find it difficult to sell their shares.

ITEM 1B – UNRESOLVED STAFF COMMENTS

None.

ITEM 2 – PROPERTIES

Our executive offices, consisting of approximately 250-500 square feet, are located at 885 Arapahoe Road, Boulder, Colorado 80302. We do not own our own manufacturing facility but plan to outsource with third party manufacturing companies for our manufacturing.

ITEM 3 - LEGAL PROCEEDINGS

On December 6, 2006, Orange County Valet and Security Patrol, Inc. filed a lawsuit against us in Orange County California State Superior Court for Breach of Contract in the amount of $11,164. A default judgment was taken against us in this matter. In mid-2013 we learned the Plaintiff's perfected the judgment against us, but we have not heard from the Plaintiffs as of April 13, 2020.

We currently have one outstanding judgment against us involving a past employee of the Company. The matter is under the purview of the State of California, Franchise Tax Board, Industrial Health and Safety Collections. We currently owe approximately $28,786, plus accrued interest, to our ex-employee for unpaid wages under these Orders and are working to get this amount paid off.

In the ordinary course of business, we are from time to time involved in various pending or threatened legal actions. The litigation process is inherently uncertain and it is possible that the resolution of such matters might have a material adverse effect upon our financial condition and/or results of operations. However, in the opinion of our management, other than as set forth herein, matters currently pending or threatened against us are not expected to have a material adverse effect on our financial position or results of operations.

ITEM 4 – MINE SAFETY DISCLOSURES

Not Applicable.

PART II

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

Market Information

Our common stock is currently quoted on the OTC Markets under the symbol "IMLE." We were listed on March 18, 2009. The following table sets forth the high and low bid information for each quarter within the fiscal years ended December 31, 2019 and 2018, as best we could estimate from publicly-available information. The information reflects prices between dealers, and does not include retail markup, markdown, or commission, and may not represent actual transactions.

Fiscal Year Ended December 31,	Period	Bid Prices High	Bid Prices Low
2018	First Quarter	$ 0.018	$ 0.0034
	Second Quarter	$ 0.01	$ 0.004
	Third Quarter	$ 0.01	$ 0.005
	Fourth Quarter	$ 0.009	$ 0.0022
2019	First Quarter	$ 0.016	$ 0.0015
	Second Quarter	$ 0.0095	$ 0.004
	Third Quarter	$ 0.0325	$ 0.0042
	Fourth Quarter	$ 0.085	$ 0.0072

The Securities Enforcement and Penny Stock Reform Act of 1990 requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith. There are no limitations on dividends.

Holders

As of December 31, 2019, there were 214,626,540 shares of our common stock outstanding held by 161 holders of record and numerous shares held in brokerage accounts. Of these shares, 109,722,144 were held by non-affiliates. As of June 30, 2019, there were 109,722,144 shares held by non-affiliates, which we valued at $504,722, based on our closing share price of $0.0046 on June 30, 2019. As of April 10, 2020, there were 263,597,657 shares of our common stock outstanding held by 164 holders of record and numerous shares held in brokerage accounts.

Stock Options, Warrants and Convertible Debentures

On October 25, 2019, we granted Charles Bennington, one of our officers and directors, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, we granted Nick Noceti, our Chief Financial Officer, an option to acquire 800,000 shares of the Company's common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a two-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, we granted Gary Graham, one of our directors, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, we entered into an Employment Agreement with Kevin Moore to serve as our Chief Executive Officer. Under the terms of the agreement, we granted an option to Kevin Moore under our 2019 Equity Compensation Plan to acquire 35,200,000 shares of our common stock at an exercise price of $0.00792, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the employment agreement. A total of 1,955,555 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

On October 25, 2019, we entered into an Employment Agreement with David Gandini to serve as our Chief Revenue Officer. Under the terms of the agreement, we granted David Gandini stock options under our 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Agreement. David Gandini was also granted an aggregate of 8,000,000 additional option shares (the "Pre-Vesting Option Shares") to vest as follows: (i) 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019 to vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten-year term. A total of 7,999,732 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

On October 25, 2019, we granted stock options to four non-affiliated individuals and entities to acquire an aggregate of 6,400,000 shares of our common stock. The stock options were issued under the 2019 Equity Incentive Plan at an exercise price of $0.00792 vesting quarterly over a two-year period commencing January 1, 2020. The stock options have either a two year or five-year term.

On October 27, 2019, we entered into a patent purchase agreement under which the Company granted stock options to a non-affiliated party to acquire 3,200,000 shares of our common stock at an exercise price of $0.03125 and vested upon grant. The stock option has a five-year term. None of these stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

During the year ended December 31, 2019, we granted options to purchase a total of 79,200,000 shares of our common stock, with 76,000,000 issued with an exercise price of $0.00792 per share under our 2019 Equity Incentive Plan and 3,200,000 issued with an exercise price of $0.03125 per share outside of any stock option plan.

As of December 31, 2018, there were three outstanding stock options to officers, directors, and consultants to purchase 1,775,000 shares of TransBiotec, Inc. common stock. These stock options vested upon grant and either expired or were cancelled in 2019.

Dividends

There have been no cash dividends declared on our common stock and we do not anticipate paying cash dividends on our common stock in the foreseeable future. Common stock dividends are not limited and are declared at the sole discretion of our Board of Directors.

Our Series A-1 Convertible Preferred Stock earns cumulative dividends at a rate of 8% per annum, payable in cash or common stock at the option of the Company on June 30 and December 31 of each year. If paid in common stock, the common stock will be valued at the average of the closing price for the five business days prior to the dividend payment date. The Preferred shareholders will participate in any common stock dividends on an as converted basis. During the year ended December 31, 2019 and 2018, no dividends have been declared for holders of our 8% Series A-1 Convertible Preferred stock.

Securities Authorized for Issuance Under Equity Compensation Plans

On October 24, 2019, our 2019 Equity Incentive Plan went effective. The plan was approved by our Board of Directors and the holders of a majority of our voting stock on September 9, 2019. The plan's number of authorized shares is 128,000,000. As of December 31, 2019, there were stock options granted to acquire 76,000,000 shares of common stock at an exercise price of $0.00792 per share under the plan. As of December 31, 2019, the plan had 14,755,287 vested shares and 61,244,713 non-vested shares. The stock options are held by our officers, directors and certain key consultants.

The table below provides information relating to our equity compensation plans as of December 31, 2019:

Securities Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options	Compensation Plans Weighted-Average Exercise Price of Outstanding Options	Securities Remaining Available for Future Issuance Under Compensation Plans (Excluding those Reflected in First Column)
Equity compensation Plans approved by Securities holders	14,755,287	$ 0.00792	61,244,713

Preferred Stock

On August 8, 2019, we entered into an 8% Series A-1 Convertible Preferred Stock Investment Agreement with First Capital Ventures, LLC ("FCV"), and its assignee. We desire to raise between $1,000,000 and $2,000,000 from the sale of our 8% Series A-1 Convertible Preferred Stock and FCV intends to raise between $1,000,000 and $2,000,000 (net after offering expenses) in a special purchase vehicle ("SPV") created by FCV to purchase the 8% Series A-1 Convertible Preferred Stock. We granted FCV and its assigns, the exclusive right to purchase the 8% Series A-1 Convertible Preferred Stock. We agreed to pay $26,196 in legal and other expenses of the SPV subsequent to the day in which we receive a minimum of $1,000,000 from the sale of 1,000,000 shares of the 8% Series A-1 Convertible Preferred Stock. We also agreed to cancel all shares of our issued and outstanding Series A Preferred Stock, immediately following the closing date. Each Party shall pay their own expenses in connection with the Investment Agreement with FCV. We further agreed to issue FCV a three-year stock warrant to purchase 4,800,000 shares of our Common Stock at an exercise price of $ 0.03125 per share immediately following the closing date. We agreed to enter into a "business development" agreement with FCV, or its assignee, on the sale of the first $1,000,000 of 8% Series A-1 Convertible Preferred Stock and also granted FCV and its assigns, the right to use the name "SOBR SAFE" and any related intellectual property in connection with the SPV, and the offering of the Interests in the SPV. In accordance with the August 8, 2019, Investment Agreement with FCV, on December 9, 2019, our Board of Directors created a class of preferred stock designated as 8% Series A-1 Convertible Preferred Stock comprising of 2,000,000 shares. The rights and preferences of the 8% Series A-1 Convertible Preferred Stock are as follows: (a) dividend rights of 8% per annum based on the original issuance price of $1 per share, (b) liquidation preference over our common stock, (c) conversion rights into shares of our common stock at $1 per share (not to be affected by any reverse stock split in connection with the IDTEC APA), (d) redemption rights such that we have the right, upon thirty (30) days written notice, at any time after one year from the date of issuance, to redeem the all or part of the Series A-1 Preferred Stock for 150% of the original issuance price, (e) no call rights by us, and (f) each share of Series A Convertible Preferred stock will vote on an "as converted" basis. On December 12, 2019, we entered into a Series A-1 Preferred Stock Purchase Agreement (the "SPA") with SOBR SAFE, LLC, a Delaware limited liability company and an entity controlled by Gary Graham, one of our Directors ("SOBR SAFE"), under which SOBR SAFE agreed to acquire One Million (1,000,000) shares of our Series A-1 Convertible Preferred Stock (the "Preferred Shares"), in exchange for One Million Dollars ($1,000,000) (the "Purchase Price"). We received the Purchase Price on December 12, 2019. In connection with the closing of the SPA, holders of our common stock representing approximately 52% of our then-outstanding common stock and voting rights signed irrevocable proxies to Gary Graham and/or Paul Spieker for the purpose of allowing Mr. Graham and/or Mr. Spieker to vote those shares on any matters necessary to close the transaction that is the subject of the certain Asset Purchase Agreement May 6, 2019, as amended.

Our Series A-1 Convertible Preferred Stock earns cumulative dividends at a rate of 8% per annum, payable in cash or common stock at the option of the Company on June 30 and December 31 of each year. If paid in common stock, the common stock will be valued at the average of the closing price for the five business days prior to the dividend payment date. The Preferred shareholders will participate in any common stock dividends on an as converted basis. As of December 31, 2019 and December 31, 2018, the Company had no issued shares of its 8% Series A-1 Convertible Preferred stock, respectively. During the years ended December 31, 2019 and 2018, no dividends have been declared for holders of the 8% Series A-1 Convertible Preferred stock.

On November 20, 2015, our Board of Directors authorized a class of stock designated as preferred stock with a par value of $0.00001 per share comprising 25,000,000 shares, 3,000,000 shares of which were classified as Series A Convertible Preferred stock. In each calendar year, the holders of the Series A Convertible Preferred stock are entitled to receive, when, as and if, declared by the Board of Directors, out of any of our funds and assets legally available, non-cumulative dividends, in an amount equal to any dividends or other Distribution on the common stock in such calendar year (other than a Common Stock Dividend). No dividends (other than a Common Stock Dividend) shall be paid and no distribution shall be made with respect to the common stock unless dividends shall have been paid or declared and set apart for payment to the holders of the Series A Convertible Preferred stock simultaneously. Dividends on the Series A Convertible Preferred stock shall not be mandatory or cumulative, and no rights or interest shall accrue to the holders of the Series A Convertible Preferred stock by reason of the fact that we shall fail to declare or pay dividends on the Series A Convertible Preferred stock, except for such rights or interest that may arise as a result of us paying a dividend or making a distribution on the common stock in violation of the terms. The holders of each share of Series A Convertible Preferred stock then outstanding shall be entitled to be paid, out of the Available Funds and Assets, and prior and in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of common stock, and equal in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of any other series of preferred stock that have liquidation preference, an amount per share equal to the Original Issue Price of the Series A Convertible Preferred stock plus all declared but unpaid dividends on the Series A Convertible Preferred stock. A reorganization, or any other consolidation or merger of the Company with or into any other corporation, or any other sale of all or substantially all of the assets of the Company, shall not be deemed a liquidation, dissolution, or winding up of the company. Shares of the Series A Convertible Preferred stock are convertible at a 35% discount rate to the average closing price per share of our common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion. However, no conversions of the Series A Convertible Preferred stock to shares of common stock can occur unless the average closing price per share of our common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion is at least five cents ($0.05). The shares of Series A Convertible Preferred stock vote on an “as converted” basis. The right of conversion is limited by the fact the holder of the Series A Convertible Preferred stock may not convert if such conversion would cause the holder to beneficially own more than 4.9% of our common stock after giving effect to such conversion.

As of December 31, 2019 and December 31, 2018, the Company had 0 and 1,388,575 issued shares of its Series A Convertible Preferred stock, respectively.

As a condition of the 8% Series A-1 Convertible Preferred Stock agreement, the outstanding shares of our Series A Convertible Preferred stock were cancelled as of December 31, 2019. During the year ended December 31, 2019 and 2018, no dividends were declared for holders of the Series A Convertible Preferred stock.

Recent Issuance of Unregistered Securities

During the three months ended December 31, 2019, we issued the following unregistered securities:

On October 25, 2019, we granted Charles Bennington, one of our officers and directors, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Bennington is one of our officers and directors, a sophisticated investor, and familiar with our operations.

On October 25, 2019, we granted Nick Noceti, our Chief Financial Officer, an option to acquire 800,000 shares of the Company’s common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a two-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Noceti is one of our officers, a sophisticated investor, and familiar with our operations.

On October 25, 2019, we granted Gary Graham, one of our directors, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Graham is one of our directors, a sophisticated investor, and familiar with our operations.

On October 25, 2019, we entered into an Employment Agreement with Kevin Moore to serve as our Chief Executive Officer. Under the terms of the agreement, we granted an option to Kevin Moore under our 2019 Equity Compensation Plan to acquire 35,200,000 shares of our common stock at an exercise price of $0.00792, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the employment agreement. A total of 1,955,555 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Moore is one of our officers and directors, a sophisticated investor, and familiar with our operations.

On October 25, 2019, we entered into an Employment Agreement with David Gandini to serve as our Chief Revenue Officer. Under the terms of the agreement, we granted David Gandini stock options under our 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Agreement. David Gandini was also granted an aggregate of 8,000,000 additional option shares (the "Pre-Vesting Option Shares") to vest as follows: (i) 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019 to vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten-year term. A total of 7,999,732 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Gandini is one of our officers and directors, a sophisticated investor, and familiar with our operations.

On October 25, 2019, we granted stock options to four non-affiliated individuals and entities to acquire an aggregate of 6,400,000 shares of our common stock. The stock options were issued under the 2019 Equity Incentive Plan at an exercise price of $0.00792 vesting quarterly over a two-year period commencing January 1, 2020. The stock options have either a two year or five-year term. The issuance of the stock options was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the grantees are sophisticated investors, and familiar with our operations.

On October 27, 2019, we entered into a patent purchase agreement under which we granted stock options to a non-affiliated party to acquire 3,200,000 shares of our common stock at an exercise price of $0.03125 and vested upon grant. The stock option has a five-year term. None of these stock options have been exercised and no shares have been issued during the year ended December 31, 2019. The issuance of the stock options was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the grantees are sophisticated investor, and familiar with our operations.

On December 12, 2019, we entered into a Series A-1 Preferred Stock Purchase Agreement (the "SPA") with SOBR SAFE, LLC, a Delaware limited liability company and an entity controlled by Gary Graham, one of our Directors ("SOBR SAFE"), under SOBR SAFE agreed to acquire One Million (1,000,000) shares of our Series A-1 Convertible Preferred Stock (the "Preferred Shares"), in exchange for One Million Dollars ($1,000,000) (the "Purchase Price"). We received the Purchase Price on December 12, 2019. The issuance of the Preferred Shares was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact the principal of the manager of SOBR SAFE is one of our directors, and SOBR SAFE is an accredited investor and familiar with our operations.

If our stock is listed on an exchange, we will be subject to the Securities Enforcement and Penny Stock Reform Act of 1990 which requires additional disclosure relating to the market for penny stocks in connection with trades in any stock defined as a penny stock. The Commission has adopted regulations that generally define a penny stock to be any equity security that has a market price of less than $5.00 per share, subject to a few exceptions which we do not meet. Unless an exception is available, the regulations require the delivery, prior to any transaction involving a penny stock, of a disclosure schedule explaining the penny stock market and the risks associated therewith.

Purchases of Equity Securities

During the year ended December 31, 2019, we did not purchase any of our equity securities.

ITEM 6 – SELECTED FINANCIAL DATA

As a smaller reporting company we are not required to provide the information required by this Item.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Disclaimer Regarding Forward Looking Statements

Our Management's Discussion and Analysis or Plan of Operations contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the Securities and Exchange Commission.

Although the forward-looking statements in this Annual Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by them. Consequently, and because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. You are urged to carefully review and consider the various disclosures made by us in this report and in our other reports as we attempt to advise interested parties of the risks and factors that may affect our business, financial condition, and results of operations and prospects.

Overview

We have developed an alcohol detection device called "SOBR", for which we are still performing beta testing. The device is a patented system for use in detecting alcohol in a person's system by measuring the ethanol content in their perspiration. Once SOBR is developed and tested, we plan to market the device to four primary business segments: (i) as an aftermarket-installed device to companies and institutions that employ or contract with vehicle drivers, such as trucking companies, limousine companies, and taxi cab companies, where the system will be marketed as a preventative drunk driving detection system, with a possible ignition locking device, (ii) the original equipment manufacturing (OEM) market, where the device would be installed in new vehicles during the original building of a vehicle, (iii) companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave or prior to leaving for a mission, and (iv) companies that would want to provide knowledge to their customers of their current alcohol level, such as lounge and bar owners, or customers attending a golfing event. We believe SOBR offers a unique solution to the national alcohol abuse problem.

We have developed a marketing plan that our management believes will gain market recognition for the SOBR device, primarily through trade shows, industry publications, general solicitation, social media, and public relations, as well as hopefully generating the demand for the SOBR device through the use of selling groups, such as channel sales, distributors, and independent sales contractors. We believe the primary market for the in-vehicle SOBR device initially is the commercial vehicle market, such as trucking companies, taxi cab companies, Uber, Lyft, limousine companies, and bus companies. Many of these companies have a significant financial interest in eliminating drunk drivers from their operations. Secondarily, individuals may desire to monitor a family member's vehicle, such as an automobile operated by a minor or a family member with a past alcohol issue.

We believe the primarily market for the portable SOBR device is its use by companies and institutions that have an interest in monitoring their employees' or contractors' alcohol level due to their job responsibilities, such as surgeons prior to entering surgery, pilots prior to flying aircraft, mineworkers prior to entering a mine, or the military for personnel returning to a military base from off-base leave.

On May 6, 2019, we signed a definitive Asset Purchase Agreement (the "APA") with IDTEC, LLC, to acquire certain assets related to robotics equipment, which our management believes is synergistic with our current assets, from IDTEC in exchange for shares of our common stock equal to 60% of our then outstanding common stock. The APA is subject to several conditions precedent, primarily: (i) we must be current in our reporting requirements under the Securities Exchange Act of 1934, as amended, (ii) we must complete a reverse stock split of our common stock such that approximately 8,000,000 shares will be outstanding immediately prior to closing the transaction with no convertible instruments other than as set forth in the APA and our authorized common stock must be reduced to 100,000,000 shares, and (iii) we must not have more than approximately $150,000 in current liabilities. We do not believe we will close this transaction until spring 2020. At the time of the closing of the transaction we estimate we will have approximately 257,000,000 shares of our common stock outstanding before factoring in any reverse stock split.

In advance of closing the transaction, IDTEC and a few other affiliated parties have been advancing funds to us and/or on our behalf for the costs related to the transaction, as well as for further developing and enhancing our current SOBR product. The funds advanced will be turned into promissory notes at the closing of the APA and are expected to be around $1 million by the time we close the transaction.

The description of the APA set forth in this Quarterly Report is qualified in its entirety by reference to the full text of that document, which is attached as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated herein by reference.

If the closing occurs, the assets being acquired under the APA are the same assets that were subject to the Letter of Intent with First Capital Holdings, LLC we previously announced in our Current Report on Form 8-K filed on November 6, 2018.

Corporate Overview

We were formed in August 2007 to publish and distribute Image Magazine, a monthly guide and entertainment source for the Denver, Colorado area. We generated only limited revenue and essentially abandoned its business plan in January 2009. On September 19, 2011, we acquired approximately 52% of the outstanding shares of TBT from TBT's directors in exchange for 12,416,462 shares of our common stock.

On January 31, 2012, we acquired approximately 45% of the remaining outstanding shares of TBT in exchange for 10,973,678 shares of our common stock.

With the acquisitions in September 2011 and January 2012 we own approximately 98% of the outstanding shares of TBT.

As a result of the acquisition, TBT's business is our business, and, unless otherwise indicated, any references to "we" or "us" include the business and operations of TBT.

TBT, as the accounting acquirer in the transaction, recorded the acquisition as the issuance of stock for our net monetary assets accompanied by a recapitalization. This accounting for the transaction was identical to that resulting from a reverse acquisition, except that no goodwill or other intangible assets were recorded.

We have developed and patented a high technology, state-of-the-art transdermal sensing system that detects blood alcohol levels through a person's skin.

The following discussion:

- summarizes our plan of operation; and
- analyzes our financial condition and the results of our operations for the year ended December 31, 2019.

This discussion and analysis should be read in conjunction with TBT's financial statements included as part of this Annual Report.

Results of Operations for the Years Ended December 31, 2019 and 2018

Summary of Results of Operations

	Year Ended December 31, 2019	Year Ended December 31, 2018	Change
Revenue	$ -	$ -	$ -
Operating expenses:			
General and administrative	787,293	298,951	488,342
Total operating expenses	787,293	298,951	488,342
Operating loss	(787,293)	(298,951)	488,342
Other income (expense):			
Interest expense	(457,505)	(263,092)	194,413
Amortization – debt discount	(5,920)	(80)	5,840
Amortization of interest – beneficial conversion feature	(5,589)	-	5,589
Gain on fair value adjustment – derivatives	4,150	-	4,150
Total other income (expense)	(464,864)	(263,172)	201,692
Net loss	$ (1, 252,157)	$ (562,123)	$ 690,034

Operating Loss; Net Loss

Our net loss increased by $ 690,034, from $562,123 to $1,252,157 from the year ended 2018 compared to 2019. Our operating loss increased by $488,342, from $298,951 to $787,293 for the same period. The change in our net loss for the year ended December 31, 2019, compared to the prior year, is primarily a result of a increase in our general and administrative expenses and an increase in our interest expense. These changes are detailed below.

Revenue

We have not had any revenues since our inception. Since September 2011, we have been involved in the development, testing and marketing of the SOBR device, our unique alcohol sensing technology. Although we have not had any sales to date, we believe we are close to our first sales and revenue, but we believe that will be dependent upon on our ability to raise sufficient money to bring the SOBR device to market.

General and Administrative Expenses

General and administrative expenses increased by $488,342, from $298,951 for the year ended December 31, 2018 to $787,293 for the year ended December 31, 2019, primarily due to costs we incurred to ramp up operations in anticipation of bringing our SOBR device to market, and in legal an audit fees necessary to get our past periodic reports filed with the Securities and Exchange Commission so we could get current in our reporting obligations.

Interest Expense

Interest expense increased by $194,413 to $457,505 for the year ended December 31, 2019 from $263,092 in 2018. The increase relates to the fact we incurred additional interest expense and stock warrants related to outstanding debt obligations in 2019.

Gain (Loss) on Fair Value Adjustment - Derivatives

During the year ended December 31, 2019, we incurred a gain on fair value adjustment – derivative of $4,150, compared to not incurring a gain or loss on fair value adjustment – derivatives for the year ended December 31, 2018. Our gain on fair value adjustment – derivatives in 2019 was due to us having convertible notes payable that contain an embedded derivative. We did not have such financial instruments in 2018.

Amortization – Debt Discount

During the year ended December 31, 2019, our amortization – debt discount was $5,920, compared to $80 during the year ended December 31, 2018. The expense is due to the amortization of a discount on a convertible non-related party note payable that contains a beneficial conversion feature. The increase is due to the full amortization of the non-related party note payable discount in 2019.

Amortization of Interest – Beneficial Conversion Feature

During the year ended December 31, 2019, our amortization – beneficial conversion feature was $5,589, compared to none during the year ended December 31, 2018. The expense is due to the amortization of the beneficial conversion feature related to anti-dilutive preferred stock sold in December 2019.

Liquidity and Capital Resources

Introduction

During the years ended December 31, 2019 and 2018, because of our operating losses, we did not generate positive operating cash flows. Our cash on hand as of December 31, 2019 was $681,759 and our monthly cash flow burn rate is approximately $25,000. We are currently satisfying our cash needs from proceeds from the sales of our securities. We currently do not believe we will be able to satisfy our cash needs from our revenues for some time and there is no guarantee we will be successful in the future satisfying these needs through the proceeds from the sales of our securities.

Our cash, current assets, total assets, current liabilities, and total liabilities as of December 31, 2019 and 2018, respectively, are as follows:

	December 31, 2019	December 31, 2018	Change
Cash	$ 681,759	$ 89	$ 681,670
Total Current Assets	690,813	13,080	677,733
Total Assets	690,813	13,080	677,733
Total Current Liabilities	4,283,934	3,436,511	847,423
Total Liabilities	$ 4,283,934	$ 3,436,511	$ 847,423

Our current assets and total assets increased by $677,733 as of December 31, 2019 as compared to December 31, 2018. The increase in our current assets and total assets between the two periods was largely due to the $1,000,000 we raised from the sale of our 8% Series A-1 Convertible Preferred Stock in December 2019.

Our current liabilities and total liabilities increased by $$847,423 as of December 31, 2019 as compared to December 31, 2018. This decrease was primarily due to a significant increase in our preferred stock subscriptions payable and increases in our accounts payable and accrued interest payable, derivative liabilities and notes payable – current – related party, offset by a significant decrease in our related party payables. The significant decrease in our related party payables in 2019 was largely due to the conversion of a portion of those payables into shares of our common stock. The increase in our preferred stock subscriptions payable is due to the Company not issuing the Series A-1 Convertible Preferred Stock when the $1,000,000 of cash from the offering was received. The increases in our notes payable – current – related parties and accrued interest payable were largely due to increases in amount we borrowed from related parties in 2019.

In order to repay our obligations in full or in part when due, we will be required to raise significant capital from other sources. There is no assurance, however, that we will be successful in these efforts.

Cash Requirements

We had cash available as of December 31, 2019 of $681,759 and $89 on December 31, 2018. Based on our operating cash flow estimates, cash on hand and current monthly burn rate of approximately $75,000, we believe we have sufficient cash on hand for 6-8 months of operations, but we will need to continue borrowing from our shareholders and other related parties, and/or raise money from the sales of our securities, to fund future operations.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this Annual Report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, we are not able to estimate the effects of the COVID-19 outbreak on our results of operations, financial condition, or liquidity for fiscal year 2020. However, if the pandemic continues, it will have an adverse effect on our results of future operations, financial position, and liquidity in year 2020.

Sources and Uses of Cash

Operations

We had net cash used for operating activities of $543,956 for the year ended December 31, 2019, as compared to $61,353 for the year ended December 31, 2018. In 2019, the net cash used for operating activities consisted primarily of our net loss of $1,252,157 and change in fair value of derivative liability of ($4,150), interest expense – debt discount of $64,800, stock warrants expense of $159,961, stocks options expense of $95,567, amortization – debt discount of $5,920, amortization of interest – beneficial conversion feature of $5,589, stock based-compensation expense of $44,082 in addition to changes in assets and liabilities of accounts payable of $22,166, accrued expenses of ($1,165), common stock subscriptions payable of $78,353, accrued interest payable of $160,772, related party payables of $72,369, and prepaid expenses of $3,937. In 2018, the net cash used for operating activities consisted primarily of our net loss of $558,965, stock warrants expense of $41,596, stocks options expense of $4,500, amortization of interest-beneficial conversion feature of $80 and stock-based compensation of $20,808, in addition to changes in assets and liabilities of accounts payable of $79,137, accrued expenses of $75,322, stock subscriptions payable of $1,271, accrued interest payable of $154,816, related party payables of $425,995, and prepaid expenses of $3,006.

Investments

We did not have any cash used for investing activities in the years ended December 31, 2019 and December 31, 2018.

Financing

Our net cash provided by financing activities for the year ended December 31, 2019 was $1,225,626, compared to $61,300 for the year ended December 31, 2018. For 2019, our financing activities related to proceeds from offering of preferred stock – related parties of $1,000,000, proceeds from issuances of common stock – non-related parties of $39,000, and proceeds from notes payable – related parties of $186,626. For 2018, our financing activities related to proceeds from notes – related parties of $55,300 and proceeds from notes payable – non-related parties of $6,000.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. The preparation of our audited consolidated financial statements and related disclosures require our management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements, and the reported amounts of revenues and expenses during the reported period. We base such estimates on historical experience, known trends and events and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions and conditions.

While our significant accounting policies are described in more detail in the notes to our audited consolidated financial statements appearing elsewhere in this annual report on Form 10-K, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our consolidated financial statements.

Use of Estimates
The preparation of audited consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, such estimates were made by the Company for the valuation of derivative liability, stock compensation and beneficial conversion feature expenses. Actual results could differ from those estimates.

Concentration of Credit Risk
Certain financial instruments potentially subject the Company to concentrations of credit risk. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Cash held in operating accounts may exceed the Federal Deposit Insurance Corporation, or FDIC, insurance limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. While the Company monitors cash balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, the Company has experienced no loss or lack of access to our cash; however, the Company can provide no assurances that access to our cash will not be impacted by adverse conditions in the financial markets. At December 31, 2019 and December 31, 2018, the Company had $431,759 and $0 in excess of the FDIC insured limit, respectively.

Financial Instruments

Pursuant to ASC Topic 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets: quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts payable, accrued expenses, accrued interest payable, notes payable, related party payables, convertible debentures, and other payables. Pursuant to ASC 820 and 825, the fair value of our derivative liabilities is determined based on "Level 3" inputs. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Beneficial Conversion Features
From time to time, the Company may issue convertible notes that may contain an embedded beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid-in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Derivative Instruments
The fair value of derivative instruments is recorded and shown separately under current liabilities. Changes in fair value are recorded in the consolidated statement of operations under other income (expense).

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option at its fair value as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors. For stock-based derivative financial instruments, the Company uses a Monte Carlo Simulation model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations.

Stock-based Compensation
The Company follows the guidance of the accounting provisions of ASC 718 Share-based Compensation ("ASC 718"), which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants and options). The fair value of each option award is estimated on the date of grant using the Black-Scholes options-pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. The Company has not paid dividends historically and does not expect to pay them in the future. Expected volatilities are based on weighted averages of the historical volatility of the Company's common stock estimated over the expected term of the options. The expected term of options granted is derived using the "simplified method" which computes expected term as the average of the sum of the vesting term plus the contract term as historically the Company had limited activity surrounding its options. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize most leases on its balance sheet. For leases with terms of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This lease standard was effective for public business entities for periods beginning after December 15, 2018. The standard's modified retrospective transition approach will require entities to reflect the effect to reflect the effect in the earliest year presented in the financial statements. In March 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-01, *Codification Improvements to Leases (Topic 842): Amendments to the FASB Accounting Standards Codification.* The amendments in this ASU contain improvements and clarifications of certain guidance in Topic 842. The new amendments are effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date). Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019. The Company has only short-term leases and is therefore is not required to recognize a right of use asset on its balance sheet.

In May 2017, the FASB issued ASU 2017-09, *Scope of Modification Accounting, clarifies Topic 718, Compensation – Stock Compensation*, which requires a company to apply modification accounting to changes in the terms or conditions of a share-based payment award unless all of the following criteria are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the modification. The ASU indicates that if the modification does not affect any of the inputs to the valuation technique used to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the modification; and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the modification. The ASU is effective for all entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

In July 2017, the FASB issued ASU-2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Noncontrolling Interests of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. The first part of this update addresses the complexity of accounting for certain financial instruments with down round features and the second part addresses the complexity of distinguishing equity from liabilities. ASU 2017-11 eliminates the requirement that a down round feature precludes equity classification when assessing whether an instrument is indexed to an entity's own stock. A freestanding equity-linked financial instrument no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to Common Stockholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. Under current GAAP, an equity-linked financial instrument with a down round feature that otherwise is not required to be classified as a liability under the guidance in Topic 480 is evaluated under the guidance in Topic 815, Derivatives and Hedging, to determine whether it meets the definition of a derivative. If it meets that definition, the instrument (or embedded feature) is evaluated to determine whether it is indexed to an entity's own stock as part of the analysis of whether it qualifies for a scope exception from derivative accounting. Generally, for warrants and conversion options embedded in financial instruments that are deemed to have a debt host (assuming the underlying shares are readily convertible to cash or the contract provides for net settlement such that the embedded conversion option meets the definition of a derivative), the existence of a down round feature results in an instrument not being considered indexed to an entity's own stock. This results in a reporting entity being required to classify the freestanding financial instrument or the bifurcated conversion option as a liability, which the entity must measure at fair value initially and at each subsequent reporting date. The amendments in this Update revise the guidance for instruments with down round features in Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity, which is considered in determining whether an equity-linked financial instrument qualifies for a scope exception from derivative accounting. An entity still is required to determine whether instruments would be classified in equity under the guidance in Subtopic 815-40 in determining whether they qualify for that scope exception. If they do qualify, freestanding instruments with down round features are no longer classified as liabilities and embedded conversion options with down round features are no longer bifurcated. The effective date for ASU 2017-11 is for annual or any interim periods beginning after December 15, 2018. The guidance is applicable to public business entities for fiscal years beginning after December 15, 2018 and interim periods within those years. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

In March 2018, the FASB issued ASU 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Cuts and Jobs Act ("Tax Reform Act"). The amendments also require any provisional amounts or subsequent adjustments to be included in net income from continuing operations. Additionally, this ASU discusses required disclosures that an entity must make with regard to the Tax Reform Act. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019. The Company currently has no revenue and only net operating loss carryforwards that result in a tax benefit. The Company has no deferred tax assets (offset in full by a valuation allowance) or tax liabilities on its balance sheet as of December 31, 2019 and December 31, 2018.

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting*. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. The standard will be applied in a retrospective approach for each period presented. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

In July 2019, the FASB issued ASU 2019-07, *Codification Updates to SEC Sections*. The ASU clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with the SEC's regulations, thereby eliminating redundancies and making the codification easier to apply. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019, and it did not have a material impact on the Company's reported consolidated financial results.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is evaluating the effects, if any, of the adoption of ASU 2019-12 guidance on the Company's financial position, results of operations and cash flows.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements as of December 31, 2019 and 2018.

ITEM 7A – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide the information required by this Item.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For a list of financial statements and supplementary data filed as part of this Annual Report, see the Index to Financial Statements beginning at page F-1 of this Annual Report.

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

Effective on February 13, 2019 and with the approval of our Board of Directors, we dismissed Benjamin & Young, LLP ("Benjamin") as our independent registered public accounting firm engaged to audit our financial statements.

Since we dismissed Benjamin as our independent auditor, the Board of Directors appointed Hall & Company ("Hall") as our independent auditor, effective February 13, 2019. Hall audited our financial statements for the years ended December 31, 2019 and 2018.

On February 26, 2019, we filed a Current Report on Form 8-K which disclosed all the required information regarding the engagement of Hall, and the dismissal of Benjamin, which is incorporated by reference in this Annual Report.

ITEM 9A - CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer (our Principal Accounting Officer), of the effectiveness of our disclosure controls and procedures (as defined) in Exchange Act Rules 13a – 15(c) and 15d – 15(e)). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer, who are our principal executive officer and principal financial officers, respectively, concluded that, as of the end of the period ended December 31, 2019, our disclosure controls and procedures were not effective (1) to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (2) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to us, including our chief executive and chief financial officers, as appropriate to allow timely decisions regarding required disclosure.

Our Chief Executive Officer and Chief Financial Officer (our Principal Accounting Officer) do not expect that our disclosure controls or internal controls will prevent all error and all fraud. No matter how well conceived and operated, our disclosure controls and procedures can provide only a reasonable level of assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented if there exists in an individual a desire to do so. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Often, one or two individuals control every aspect of the company's operation and are in a position to override any system of internal control. Additionally, smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act, as amended, as a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer (our Principal Financial Officer), and effected by our board of directors, management and other personnel, 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 in the United States and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and any disposition of our assets;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, Management has identified the following three material weaknesses that have caused management to conclude that, as of December 31, 2019, our disclosure controls and procedures, and our internal control over financial reporting, were not effective at the reasonable assurance level:

1. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We have not documented our internal controls. We have limited policies and procedures that cover the recording and reporting of financial transactions and accounting provisions. As a result, we may be delayed in our ability to calculate certain accounting provisions. While we believe these provisions are accounted for correctly in the attached audited financial statements, our lack of internal controls could lead to a delay in our reporting obligations. We were required to provide written documentation of key internal controls over financial reporting beginning with our fiscal year ending December 31, 2009. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. Effective controls over the control environment were not maintained. Specifically, a formally adopted written code of business conduct and ethics that governs our employees, officers, and directors was not in place. Additionally, management has not developed and effectively communicated to our employees its accounting policies and procedures. This has resulted in inconsistent practices. Further, our Board of Directors does not currently have any independent members and no director qualifies as an audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.

To address these material weaknesses, management performed additional analyses and other procedures to ensure that the financial statements included herein fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented. Accordingly, we believe that the consolidated financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

(c) Remediation of Material Weaknesses

In order to remediate the material weakness in our documentation, evaluation and testing of internal controls, we hope to hire additional qualified and experienced personnel to assist us in remedying these material weaknesses.

(d) Changes in Internal Control over Financial Reporting

In October 2019, we hired Kevin Moore to be our Chief Executive Officer and David Gandini to be our Chief Revenue Officer. Mr. Gandini in his position as Chief Revenue Officer is assisting our Chief Financial Officer with our banking requirements. As a result, we have placed additional controls and authorizations over our check writing and cash disbursements.

ITEM 9B – OTHER INFORMATION

None.

PART III

ITEM 10 – DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following table sets forth the names and ages of our directors, director nominees, and executive officers as of March 23, 2020, the principal offices and positions with the Company held by each person and the date such person became a director or executive officer of the Company. The executive officers of the Company are elected annually by the Board of Directors. The directors serve one-year terms until their successors are elected. The executive officers serve terms of one year or until their death, resignation, or removal by the Board of Directors. Unless described below, there are no family relationships among any of the directors and officers.

Name	Age	Position(s)
Kevin Moore	59	Chief Executive Officer, Current Director, and Director Nominee
David Gandini	62	Chief Revenue Officer, Chairman of the Board, Current Director, and Director Nominee
Charles Bennington	76	President, Secretary, Current Director and Director Nominee
Nick Noceti	49	Chief Financial Officer
Michael Lanphere	60	VP Legal Affairs and General Counsel
Gary Graham	70	Current Director and Director Nominee

Kevin Moore has served as our Chief Executive Officer since October 2019 and on our Board of Directors since November 2019. Prior to his appointment as our Chief Executive Officer, Mr. Moore has been a private investor. From 2017 to 2019, Mr. Moore was the President of Moore Holdings, Inc. and Managing Member of Vans Silver Peaks, LLC. From 2014 to 2017, Mr. Moore was the Managing Member of Vans Equipment Denver LLC, Managing Member of Vans Equipment South LLC, Managing Member of Vans Silver Peaks LLC, and President of Moore Holdings, Inc. The Vans equipment companies are heavy equipment sale and rental companies, which initially started as a "greenfield" project during the Great Recession and grew to a very successful multi-location business serving the Colorado region. Prior to 2014, Mr. Moore was the President of Moore Holdings, Inc. and Managing Member of Vans Silver Peaks, LLC. Prior to joining Van's Equipment Company, Mr. Moore was the Chief Executive Officer and owner of Summit Quality, an international quality management and sales organization that secured over $50 million per year in revenue for its clients. Prior to that endeavor, Mr. Moore was the Chief Executive Officer and owner of Automotive Testing Technologies. While in this position, he led a team that quadrupled testing revenue in four years, and then successfully sold the business to a competitor. Mr. Moore is currently an active business and real estate investor through Moore Holdings Incorporated.

Mr. Moore serves on the Board of Directors for SOBRSafe, Four Seasons Golf, RDM Holdings and the Shining Stars Foundation. He also participates in the University of Colorado MBA mentorship program and established the Shining Stars Young Adult mentorship program that supports young adults' social and professional aspirations in a positive manner.

In October 2019, when Mr. Moore was appointed as our Chief Executive Officer, he was granted an incentive stock option under our 2019 Equity Compensation Plan to acquire 35,200,000 shares of our Common Stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our Common Stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of Mr. Moore's Employment Agreement.

David Gandini has served as our Chief Revenue Officer since October 2019 and on our Board of Directors since November 2019. Mr. Gandini has been consulting regarding our business development since December 2018. Since September 2018, Mr. Gandini has also been a managing partner with First Capital Advisory Services, where he is responsible for capital creation, new business acquisition, business strategy and development, and partnership revenue generation. From 2014 to August 2017, Mr. Gandini was President of Alchemy Plastics, Inc., Englewood Colorado where he was responsible for US manufacturing, sales, and strategic partnerships. From 2001 until 2014, when the company was acquired, Mr. Gandini served as the President of IPS Denver, a bank card personalization and packaging entity where he managed the company and market transformations to become a leader in the U.S. secured gift market space with revenues of $46M. Prior to his engagement at IPS, Mr. Gandini was the Chief Operations Officer at First World Communications, a major U.S. Internet and Data Center provider, and participated in its successful IPO in 2000 raising over $200M. Previously, Mr. Gandini founded Pace Network Services providing carrier SS7 signaling to U.S. long distance providers and facilitated a successful exit to ICG Communications on the heels of co-founding Detroit based Digital Signal in the fiber optic long haul market sector where me managed a successful exit to SP Telecom.

Mr. Gandini graduated from Michigan State University with a degree in Telecommunications. He was a scholarship NCAA Division Hockey athlete, a member of the US Junior National Team, and a US Junior All American.

In October 2019, when Mr. Gandini was appointed as our Chief Revenue Officer, he was granted an incentive stock option under our 2019 Equity Compensation Plan to acquire 32,000,000 shares of our Common Stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our Common Stock on October 25, 2019, with 24,000,000 of the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of Mr. Gandini's Employment Agreement, and the additional 8,000,000 option shares (the "Pre-Vesting Option Shares") vesting as follows: (i) 6,666,600 Pre-Vesting Option Shares, representing the monthly vesting option shares for the ten months ended October 31, 2019, vested on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares, representing the monthly vesting option shares for the two months ended December 31, 2019, vested on January 1, 2020. In addition, Mr. Gandini has an Independent Contractor Agreement with IDTEC, LLC that entitles him to 1,000,000 shares of our Common Stock upon closing on the IDTEC Asset Purchase Transaction (as described below). These shares are being transferred to him as part of the 12,000,000 shares IDTEC, LLC will receive if the IDTEC Asset Purchase Transaction closes and are calculated after giving effect to the reverse stock split covered by this Information Statement.

Charles Bennington has been a director since April 2005 and our President since April 2017. He was previously our Chief Executive Officer from January 2018 to October 2019. Mr. Bennington was our President and Principal Executive and our Financial and Accounting Officer from December 2006 to September 2016 and our Secretary from July 2013 to September 2016. Between May 2005 and December 2006, Mr. Bennington was our Chief Operating Officer. Mr. Bennington holds a Degree in Finance and Banking from the University of Miami, Ohio. Mr. Bennington's over 35 years of experience from positions held in senior executive management and/or as a member of the Board of Directors, combined with the fact he was TBT's President at the time we acquired TBT and had experience with managing TBT's development of the SOBR™ device, led us to believe Mr. Bennington is an ideal director for our company considering where we are in our development, as well as our dependence on successfully implementing a strategy to further develop the SOBR™ device and attempt to sell it in various marketplaces.

In October 2019, Mr. Bennington was granted an incentive stock option under our 2019 Equity Compensation Plan to acquire 800,000 shares of our Common Stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our Common Stock on October 25, 2019, with options vesting quarterly over a two year period commencing January 1, 2020. Mr. Bennington received the stock option for the services he provides as our President.

Nick Noceti has been our Chief Financial Officer since June 2018. Mr. Noceti is a licensed Certified Public Accountant and has run his own practice for the past six years. Mr. Noceti primarily works as a consultant with public and private companies preparing financial statements and working with the clients' outside accountants and auditors. Mr. Noceti received his B.A. in Business Administration, Finance/Investments in 1997 and his B.A. in Business Administration, Accounting in 2002, both from California State University, Long Beach.

In October 2019, Mr. Noceti was granted an incentive stock option under our 2019 Equity Compensation Plan to acquire 800,000 shares of our Common Stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our Common Stock on October 25, 2019, with options vesting quarterly over a two year period commencing January 1, 2020. Mr. Noceti received the stock option for the services he provides as our Chief Financial Officer.

Michael Lanphere has been our Vice President of Legal Affairs and General Counsel since February 2017. Mr. Lanphere is an attorney and the owner and founder of Lanphere Law Group, P.C., a general litigation law firm located in Orange County, California.

Gary Graham has served as a member of our Board of Directors since November 2019. Mr. Graham is currently the Executive Managing Director of First Capital Ventures, a consulting and investment firm he founded in 2005. First Capital Ventures collaborates with entrepreneurs, investors, private equity groups, venture capital funds, and investment banking firms to restructure, finance, and revitalize high potential, under-performing startup and re-start companies. Mr. Graham has served as Chairman, Director, and Interim Chief Executive Officer of several private and public corporations.

In October 2019, Mr. Graham was granted an incentive stock option under our 2019 Equity Compensation Plan to acquire 800,000 shares of our Common Stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our Common Stock on October 25, 2019, with options vesting quarterly over a two year period commencing January 1, 2020. Mr. Graham received the stock option for contract business advisory services he has been providing to us.

Term of Office

Our directors hold office until the next annual meeting or until their successors have been elected and qualified, or until they resign or are removed. Our Board of Directors appoints our officers, and our officers hold office until their successors are chosen and qualify, or until their resignation or their removal.

Family Relationships

There are no family relationships among our directors or officers.

Involvement in Certain Legal Proceedings

Our directors and executive officers have not been involved in any of the following events during the past ten years:

1. Other than the involuntary bankruptcy proceeding mentioned herein, no bankruptcy petition has been filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;

4. being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of: (i) any federal or state securities or commodities law or regulation; or (ii) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (iii) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Committees

Our Board of Directors held on in-person meeting during the year ended December 31, 2019, which occurred on November 22, 2019. All other proceedings of the Board of Directors for the year ended December 31, 2019 were conducted by resolutions consented to in writing by the Board of Directors and filed with the minutes of the proceedings of our Board of Directors. Our company currently does not have nominating, compensation or audit committees or committees performing similar functions nor does our company have a written nominating, compensation or audit committee charter. Our Board of Directors does not believe that it is necessary to have such committees because it believes that the functions of such committees can be adequately performed by the Board of Directors.

We do not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. The Board of Directors believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. Our company does not currently have any specific or minimum criteria for the election of nominees to the Board of Directors and we do not have any specific process or procedure for evaluating such nominees. The Board of Directors will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

A shareholder who wishes to communicate with our Board of Directors may do so by directing a written request addressed to our president at the address appearing on the first page of this annual report.

Audit Committee Financial Expert

Our Board of Directors has determined that it does not have an audit committee member that qualifies as an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. We believe that the audit committee members are collectively capable of analyzing and evaluating our financial statements and understanding internal controls and procedures for financial reporting. In addition, we believe that retaining an independent director who would qualify as an “audit committee financial expert” would be overly costly and burdensome and is not warranted in our circumstances given the early stages of our development and the fact that we have not generated revenues to date.

Nomination Procedures For Appointment of Directors

As of December 31, 2019, we did not effect any material changes to the procedures by which our stockholders may recommend nominees to our Board of Directors.

Code of Ethics

We do not have a code of ethics.

Section 16(a) Beneficial Ownership

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s directors and executive officers and persons who own more than ten percent of a registered class of the Company’s equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. Officers, directors and greater than ten percent shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

During the most recent fiscal year, to the Company's knowledge, the following delinquencies occurred:

Name	No. of Late Reports	No. of Transactions Reported Late	No. of Failures to File
Charles Bennington	1	1	0
Kevin Moore	1	1	0
David Gandini	1	1	0
Nick Noceti	1	1	0
Michael Lanphere	1	1	1
Gary Graham	1	1	0

ITEM 11 - EXECUTIVE COMPENSATION

The particulars of compensation paid to the following persons:

(a) all individuals serving as our principal executive officer during the year ended December 31, 2019;

(b) each of our two most highly compensated executive officers other than our principal executive officer who were serving as executive officers at December 31, 2019 who had total compensation exceeding $100,000; and

(c) up to two additional individuals for whom disclosure would have been provided under (b) but for the fact that the individual was not serving as our executive officer at December 31, 2019,

who we will collectively refer to as the named executive officers, for the years ended December 31, 2019, 2018 and 2017, are set out in the following summary compensation table:

Executive Officers and Directors

The following tables set forth certain information about compensation paid, earned or accrued for services by (i) the Company's Chief Executive Officer and (ii) all other executive officers who earned in excess of $100,000 in the years ended December 31, 2019, 2018 and 2017 ("Named Executive Officers"):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensa-tion ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensa-tion ($)	Total ($)
Charles Bennington	2019	-0-	-0-	-0-	4,163	-0-	-0-	60,000(2)	64,163
Chief Executive Officer,	2018	-0-	-0-	-0-	-0-	-0-	-0-	60,000(2)	60,000
Secretary, (Former CFO, COO)	2017	-0-	-0-	-0-	-0-	-0-	-0-	60,000(2)	60,000
Nick Noceti, CFO (3)	2019	-0-	-0-	-0-	4,163	-0-	-0-	66,000	70,163
	2018	-0-	-0-	7,500	-0-	-0-	-0-	66,000	73,500
Kevin Moore, CEO (4)	2019	39,508	-0-	-0-	240,779	-0-	-0-	-0-	280,287
David Gandini, CRO (5)	2019	29,417	-0-	-0-	215,018	-0-	-0-	-0-	244,435
Michael Lanphere,	2019	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
VP of Legal Affairs and General Counsel(60	2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
	2017	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Ivan Braiker	2017	15,000	-0-	-0-	6,290	-0-	-0-	-0-	21,290
(Former Interim CEO and Interim Secretary)(7)	2016	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Includes amounts paid and/or accrued.

(2) Amounts accrued for Mr. Bennington's role on the Board of Directors
(3) Nick Noceti was appointed to the role of CFO in 2018.
(4) Mr. Moore was appointed as our Chief Executive Officer on October 25, 2019.
(5) Mr. Gandini was appointed as our Chief Revenue Officer on October 25, 2019.
(6) Mr. Lanphere was appointed as our VP of Legal Affairs and General Counsel in February 2017.
(7) Mr. Braiker was appointed to his executive officer positions effective September 1, 2016 and resigned from those positions effective December 31, 2017.

Employment Contracts

On October 25, 2019, we entered into an Employment Agreement with Mr. Kevin Moore to serve as our Chief Executive Officer (the "Moore Agreement"). Under the terms of the Moore Agreement, Mr. Moore will serve as our Chief Executive Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the "IDTEC Transaction"), has not closed by January 31, 2020, in which case Mr. Moore's employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Moore Agreement. Under the terms of the Moore Agreement, Mr. Moore will perform services for us that are customary and usual for a chief executive officer of a company, in exchange for: (i) 800,000 shares of our common stock per month until the IDTEC Transaction closes, (ii) thereafter, an annual base salary of $213,000, (iii) sales bonuses based on the Company's sales, and (iv) an incentive stock options under our 2019 Equity Compensation Plan to acquire 35,200,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the Moore Agreement. The stock options have a ten year term. We will be issuing Mr. Moore a stock option agreement for the options he was issued under the Moore Agreement.

On October 25, 2019, we entered into an Employment Agreement with Mr. David Gandini to serve as our Chief Revenue Officer (the "Gandini Agreement"). Under the terms of the Gandini Agreement, Mr. Gandini will serve as our Chief Revenue Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the "IDTEC Transaction"), has not closed by January 31, 2020, in which case Mr. Gandini's employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Gandini Agreement. Under the terms of the Gandini Agreement, Mr. Gandini will perform services for us that are customary and usual for a chief revenue officer of a company, in exchange for: (i) an annual base salary of $185,000, (ii) sales bonuses based on the Company's sales, (iii) an incentive stock options under our 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Gandini Agreement, and (iv) an aggregate of 8,000,000 additional option shares (the "Pre-Vesting Option Shares") shall vest as follows: 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019, shall vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten year term. We will be issuing Mr. Gandini a stock option agreement for the options he was issued under the Gandini Agreement.

The foregoing description of the key terms of the above-agreements is qualified in its entirety by the full text of the related documents, which are filed as Exhibit 10.8 – 10.10 to this Annual Report.

Director Compensation

The following table sets forth director compensation for 2019:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Charles Bennington	60,000	-0-	4,163	-0-	-0-	-0-	64,163
David Gandini	29,417	-0-	215,018	-0-	-0-	-0-	244,435
Kevin Moore	39,508	-0-	240,779	-0-	-0-	-0-	280,287
Gary Graham	-0-	-0-	4,163	-0-	-0-	-0-	4,163
Devadatt Mishal (1)	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Daljit Khangura (2)	-0-	-0-	-0-	-0-	-0-	-0-	-0-

(1) Mr. Mishal resigned from our Board of Directors effective October 28, 2019.
(2) Mr. Khangura resigned from our Board of Directors effective October 17, 2019.

We have no formal plan for compensating our directors for their service in their capacity as directors, although such directors may receive stock options to purchase common shares as awarded by our Board of Directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with attendance at meetings of our Board of Directors. Our Board of Directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director.

Outstanding Equity Awards

The following table sets forth certain information concerning outstanding stock awards held by the Named Executive Officers on December 31, 2019:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Charles Bennington	-0-	-0-	800,000	0.00792	March 31, 2025 (1)	-0-	-0-	-0-	-0-
Nick Noceti	250,000	250,000	800,000	0.00792	March 31, 2025	-0-	-0-	-0-	-0-
Kevin Moore	1,955,554	-0-	33,244,446	0.00792	December 22, 2029 (2)	-0-	-0-	-0-	-0-
David Gandini	7,999,732	-0-	24,000,268	0.00792	November 1, 2029 (3)	-0-	-0-	-0-	-0-

(1) Under the terms of Mr. Bennington's stock option grant, the options expire five (5) years from the date of vesting. His options vest in equal installments quarterly over two year commencing with the January 1, 2020 quarter. As a result, the first 100,000 options vest on March 31, 2020 and will expire on March 31, 2025.

(2) Under the terms of Mr. Moore's stock option grant, the options expire ten (10) years from the date of vesting. His options vest in equal installments monthly over a three year period. As a result, the first 977,777 monthly options vested on November 22, 2019 and expire on November 22, 2029.

(3) Under the terms of Mr. Gandini's stock option grant, the options expire ten (10) years from the date of vesting. Mr. Gandini had 6,333,333 options vest on November 1, 2019 and 1,666,399 options vest on December 1, 2019. As a result, those initial options expire on November 1, 2029 and December 1, 2029, respectively.

Aggregated Option Exercises

No option exercises during the year ended December 31, 2019.

Long-Term Incentive Plan

Currently, our company does not have a long-term incentive plan in favor of any director, officer, consultant or employee of our company.

Certain Relationships and Related Transactions, and Director Independence

We have not entered into or been a participant in any transaction in which a related person had or will have a direct or indirect material interest in an amount that exceeds the lesser of $120,000 or 1% of the average of the Company's total assets for the last three completed fiscal years.

We do not have a written policy concerning the review, approval, or ratification of transactions with related persons.

We do not have an audit, compensation, or nominating committee.

Currently, none of our directors are considered independent. Because our common stock is not currently listed on a national securities exchange, we have used the definition of "independence" of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of the company or any other individual having a relationship that, in the opinion of the company's Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three years was, an employee of the company;
- the director or a family member of the director accepted any compensation from the company in excess of $120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- a family member of the director is, or at any time during the past three years was, an executive officer of the company;
- the director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of the company's outside auditor, or at any time during the past three years was a partner or employee of the company's outside auditor, and who worked on the company's audit.

None of our directors are considered independent because they each serve as an executive officer of the Company, or recently served as an executive officer of the company, or own more than 10% of our outstanding voting securities.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of March 22, 2020, certain information with respect to our equity securities owned of record or beneficially by (i) each Officer and Director of the Company; (ii) each person who owns beneficially more than 5% of each class of the Company's outstanding equity securities; and (iii) all Directors and Executive Officers as a group.

Title of Class	Name and Address of Beneficial Owner(2)	Nature of Beneficial Ownership	Amount	Percent of Class (1)
Common Stock	Kevin Moore (3)	CEO and Director	6,133,331(4)	2.3%
Common Stock	Charles Bennington (3)	President, Secretary and Director	15,004,422(5)	5.7%
Common Stock	Nick Noceti (3)	CFO	783,333	1%
Common Stock	David Gandini (3)	Chief Revenue Officer and Director	10,666,664(6)	3.9%
Common Stock	Gary Graham (3)	Director	138,261,296(7)	52.6%
Common Stock	Michael A. Lanphere (3)	Vice President of Legal Affairs and General Counsel	95,898,739(8)	36.7%
Common Stock	Devadatt Mishal	5% Holder	40,735,121	15.2%
Common Stock	Stephen Walko	5% Holder	23,396,420(9)	8.9%
	All Officers and Directors as a Group (6 persons)		166,291,575(10)	60.4%

(1) Unless otherwise indicated, based on 261,727,117 shares of Common Stock issued and outstanding. Shares of Common Stock subject to options or warrants currently exercisable, or exercisable within 60 days, are deemed outstanding for purposes of computing the percentage of the person holding such options or warrants, but are not deemed outstanding for the purposes of computing the percentage of any other person.

(2) Unless indicated otherwise, the address of the shareholder is 885 Arapahoe Road, Boulder, CO 80302.

(3) Indicates one of our officers or directors.

(4) Includes stock options to acquire 2,933,331 shares of our Common Stock at an exercise price of $0.00792 per share.

(5) Mr. Bennington has executed an Irrevocable Proxy in favor of Gary Graham, one of our directors, such that Mr. Graham has the right to vote these shares on any matter relating to the Asset Purchase Agreement and the proposed transaction with IDTEC. As a result, these shares appear in both Mr. Bennington's beneficial ownership as well as Mr. Graham's beneficial ownership, but are only counted once for the purposes of calculating the ownership of all our officers and directors as a group.

(6) Includes stock options to acquire 10,666,664 shares of our Common Stock at an exercise price of $0.00792 per share.

(7) Includes 1,000,000 shares of Preferred Stock held by SOBR SAFE, LLC, an entity controlled by Mr. Graham, which vote on a 1-to-1 basis on any matter brought before our shareholders for a vote. Mr. Graham also holds Irrevocable Proxies to vote 137,261,296 shares of our Common Stock on any matter relating to the Asset Purchase Agreement and the proposed transaction with IDTEC, which includes the Actions described herein. The shares Mr. Graham has a proxy over but are owned by an officer or director are only counted once for the purposes of calculating the ownership of all our officers and directors as a group.

(8) Of these shares, Mr. Lanphere has executed an Irrevocable Proxy for 85,451,788 shares in favor of Gary Graham, one of our directors, such that Mr. Graham has the right to vote these shares on any matter relating to the Asset Purchase Agreement and the proposed transaction with IDTEC. As a result, these shares appear in both Mr. Lanphere's beneficial ownership as well as Mr. Graham's beneficial ownership, but are only counted once for the purposes of calculating the ownership of all our officers and directors as a group.

(9) Includes 14,112,494 shares held in the name of Gas Investments, LLLP, an entity controlled by Mr. Walko.

(10) Includes an aggregate of 13,599,995 options to purchase our Common Stock that are owned by our officers and directors, which amount is also added to our outstanding Common Stock for the percentage calculation. Includes proxies held by Mr. Graham for 36,805,086 shares, which were given to him from persons that are not our officers and directors. For any shares Mr. Graham has a proxy for that are owned by one of our officers or directors, those shares are only counted once in the "All Officers and Directors as a Group" calculation.

The issuer is not aware of any person who owns of record, or is known to own beneficially, five percent or more of the outstanding securities of any class of the issuer, other than as set forth above. The issuer is not aware of any person who controls the issuer as specified in Section 2(a)(9) of the Investment Company Act of 1940. There are no classes of stock other than Common Stock and 8% Series A-1 Convertible Preferred Stock issued or outstanding. The Company does not have an investment advisor.

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

On January 3, 2020, we issued 2,102,854 shares of our common stock to Michael Lanphere, one of our executive officers ("Lanphere"), in exchange for his agreement to convert $210,285.44 in debt owed to him under numerous promissory notes. The shares were issued at a value of $0.10 per share and with a standard restrictive legend pursuant to the terms of a Common Stock Purchase Agreement.

On January 3, 2020, we issued 6,000,000 shares of our common stock to Lanphere, one of our executive officers, in exchange for his agreement to convert $24,000 in debt owed to him under a promissory note dated April 17, 2019. The shares were issued at a value of $0.004 per share pursuant to the terms of the convertible note, and were issued with a standard restrictive legend pursuant to the terms of a Common Stock Purchase Agreement.

On January 3, 2020, we issued 9,103,261 shares of our common stock to Lanphere, one of our executive officers, in exchange for his agreement to convert $41,875 in debt owed to him under a promissory note dated July 17, 2019. The shares were issued at a value of $0.0046 per share pursuant to the terms of the convertible note, and were issued with a standard restrictive legend pursuant to the terms of a Common Stock Purchase Agreement.

On January 3, 2020, we issued an aggregate of 4,605,847 shares of our common stock to five non-affiliate investors in exchange for their agreement to convert $460,585 in debt owed to them under numerous promissory notes. The shares were issued at a value of $0.10 per share and with a standard restrictive legend pursuant to the terms of Common Stock Purchase Agreements.

On December 12, 2019, we entered into a Series A-1 Preferred Stock Purchase Agreement (the “SPA”) with SOBR SAFE, LLC, a Delaware limited liability company and an entity controlled by Gary Graham, one of our Directors (“SOBR SAFE”), under which (i) we agreed to create a new series of convertible preferred stock entitled “Series A-1 Convertible Preferred Stock,” with Two Million (2,000,000) shares authorized and the following rights: (a) dividend rights of 8% per annum based on the original issuance price of $1 per share, (b) liquidation preference over our common stock, (c) conversion rights into shares of our common stock at $1 per share, (d) redemption rights such that we have the right, upon thirty (30) days written notice, at any time after one year from the date of issuance, to redeem the all or part of the Series A-1 Preferred Stock for 150% of the original issuance price, (e) no call rights by us, and (f) each share of Series A Convertible Preferred stock will vote on an “as converted” basis; and (ii) SOBR SAFE agreed to acquire One Million (1,000,000) shares of our Series A-1 Convertible Preferred Stock (the “Preferred Shares”), once created, in exchange for One Million Dollars ($1,000,000) (the “Purchase Price”). We received the Purchase Price on December 12, 2019 and will issue the Preferred Shares as soon as we receive confirmation from the State of Delaware that the Series A-1 Preferred Stock has been created. The description of the SPA and the rights and preferences of the Series A-1 Preferred Stock set forth in this report is qualified in its entirety by reference to the full text of the SPA and the Series A-1 Preferred Stock Certificate of Designation, which are attached hereto as Exhibit 10.11 and is incorporated herein by reference.

On October 25, 2019, we entered into an Employment Agreement with Mr. Kevin Moore to serve as our Chief Executive Officer (the “Moore Agreement”). Under the terms of the Moore Agreement, Mr. Moore will serve as our Chief Executive Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the “IDTEC Transaction”), has not closed by January 31, 2020, in which case Mr. Moore’s employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Moore Agreement. Under the terms of the Moore Agreement, Mr. Moore will perform services for us that are customary and usual for a chief executive officer of a company, in exchange for: (i) 800,000 shares of our common stock per month until the IDTEC Transaction closes, (ii) thereafter, an annual base salary of $213,000, (iii) sales bonuses based on the Company’s sales, and (iv) an incentive stock options under our 2019 Equity Compensation Plan to acquire 35,200,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the Moore Agreement. The stock options have a ten year term. We will be issuing Mr. Moore a stock option agreement for the options he was issued under the Moore Agreement.

On October 25, 2019, we entered into an Employment Agreement with Mr. David Gandini to serve as our Chief Revenue Officer (the “Gandini Agreement”). Under the terms of the Gandini Agreement, Mr. Gandini will serve as our Chief Revenue Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the “IDTEC Transaction”), has not closed by January 31, 2020, in which case Mr. Gandini’s employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Gandini Agreement. Under the terms of the Gandini Agreement, Mr. Gandini will perform services for us that are customary and usual for a chief revenue officer of a company, in exchange for: (i) an annual base salary of $185,000, (ii) sales bonuses based on the Company’s sales, (iii) an incentive stock options under our 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Gandini Agreement, and (iv) an aggregate of 8,000,000 additional option shares (the “Pre-Vesting Option Shares”) shall vest as follows: 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019, shall vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten year term. We will be issuing Mr. Gandini a stock option agreement for the options he was issued under the Gandini Agreement.

The foregoing description of the key terms of the above-employment agreements is qualified in its entirety by the full text of the related documents, which are filed as Exhibit 10.8 – 10.10 to this Annual Report.

On August 23, 2019, we entered into a Common Stock Purchase Agreement (the "Bennington SPA") with Charles Bennington, one of our officers and directors ("Bennington"), under which we agreed to issue 14,000,000 shares of our common stock in exchange for Bennington forgiving $595,000 in accrued salary we owed to him.

On August 23, 2019, we entered into a Share Exchange Agreement (the "Lanphere SEA") with Michael Lanphere, one of our officers ("Lanphere"), under which we agreed to issue Lanphere 5,206,430 shares of our common stock in exchange for 520,643 shares of our Series A Preferred Stock owned by Lanphere. We agreed to this exchange in order to meet the requirements under that certain Asset Purchase Agreement (the "APA") with IDTEC, LLC, to acquire certain assets related to robotics equipment, which our management believes is synergistic with our current assets, from IDTEC in exchange for shares of our common stock equal to 60% of our then-outstanding common stock. Under the terms of the APA, we cannot have any shares of preferred stock outstanding.

On August 23, 2019, we entered into a Share Exchange Agreement (the "Justus SEA") with Vernon Justus, an individual ("Justus"), under which we agreed to issue Justus 8,679,320 shares of our common stock in exchange for 867,932 shares of our Series A Preferred Stock owned by Justus. We agreed to this exchange in order to meet the requirements under that certain Asset Purchase Agreement (the "APA") with IDTEC, LLC, to acquire certain assets related to robotics equipment, which our management believes is synergistic with our current assets, from IDTEC in exchange for shares of our common stock equal to 60% of our then-outstanding common stock. Under the terms of the APA, we cannot have any shares of preferred stock outstanding.

On August 23, 2019, we entered into a Debt Conversion and Common Stock Purchase Agreement (the "Lanphere SPA") with Lanphere, one of our officers ("Lanphere"), under which we agreed to issue Lanphere 21,400,745 shares of our common stock in exchange for a reduction in the amount we owe Lanphere under numerous promissory notes. Lanphere's option to acquire the shares was under the terms of certain Loan Agreement with Promissory Note and Stock Fees agreements entered into between us and Lanphere. The amount of the debt reduction and, therefore the purchase price of the shares, was $96,303.35.

On August 23, 2019, we entered into a Debt Conversion and Common Stock Purchase Agreement (the "Mishal SPA") with Devadatt Mishal, one of our directors ("Mishal"), under which we agreed to issue Mishal 13,134,420 shares of our common stock in exchange for a reduction in the amount we owe Mishal under numerous promissory notes. Mishal's option to acquire the shares was under the terms of certain Loan Agreement with Promissory Note and Stock Fees agreements entered into between us and Mishal. The amount of the debt reduction and, therefore the purchase price of the shares, was $54,478.01.

On May 6, 2019, we signed a definitive Asset Purchase Agreement (and signed an Amendment No. 1 dated March 9, 2020, together the " APA ") with IDTEC, LLC ("IDTEC"), under which IDTEC agreed to provide personnel, experience, and access to funding to assist with the development of our SOBR device, as well as to sell to us certain robotics assets, which our management believes are synergistic with our current assets, in exchange for shares of our common stock equal to 60% of our outstanding common stock after giving effect to a reverse stock split to be effected in connection with closing the transaction. Several of the principals of IDTEC are our current officers and directors. The APA is subject to several conditions precedent, primarily: (i) we must be current in our reporting requirements under the Securities Exchange Act of 1934, as amended, (ii) we must complete a reverse stock split of our common stock such that approximately 8,000,000 shares will be outstanding immediately prior to closing the transaction with no convertible instruments other than as set forth in the APA and our authorized common stock must be reduced to 100,000,000 shares, and (iii) we must not have more than approximately $150,000 in current liabilities. We do not believe we will close this transaction until Spring of 2020. At the time of the closing of the transaction we estimate we will have approximately 266,097,657 shares of our common stock outstanding before factoring in any reverse stock split. The description of the APA set forth in this report is qualified in its entirety by reference to the full text of that document, which is attached hereto as Exhibit 10.1.

We entered into a lease agreement with Lanphere Law Group, a related party and our largest shareholder, pursuant to which we are the tenant and are paying monthly rent of $4,100. The term of this operating lease ran from July 1, 2015 to June 30, 2019. From July 1, 2019 until late 2019, we leased this same office space on a month-to-month basis. Rent expense, including CAM charges, for the year ended December 31, 2019 and December 31, 2018 of $52,420 and $52,420 was recorded to general and administrative expense, respectively.

Corporate Governance

As of December 31, 2019, our Board of Directors consisted of Charles Bennington, David Gandini, Kevin Moore and Gary Graham. As of December 31, 2019, none of our directors qualified as an "independent director" as the term is used in NASDAQ rule 5605(a)(2).

ITEM 14 – PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The aggregate fees billed for the two most recently completed fiscal periods ended December 31, 2019 and December 31, 2018 for professional services rendered by Hall & Company for the audit for the years ended December 31, 2019 December 31, 2018, quarterly reviews of our interim consolidated financial statements in 2019 and 2018 and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Audit Fees	$ 61,620	$ 48,473
Audit Related Fees	$ 0	$ 0
Tax Fees	$ 0	$ 0
All Other Fees	$ 0	$ 0
Total	$ 61,620	$ 48,473

In the above table, "audit fees" are fees billed by our company's external auditor for services provided in auditing our company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of our company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

Policy on Pre-Approval by Audit Committee of Services Performed by Independent Auditors

The Board of Directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the Board of Directors before the respective services were rendered.

The Board of Directors has considered the nature and amount of fees billed by Hall & Company and believes that the provision of services for activities unrelated to the audit is compatible with maintaining Hall & Company's independence.

PART IV

ITEM 15 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements

For a list of financial statements and supplementary data filed as part of this Annual Report, see the Index to Financial Statements beginning at page F-1 of this Annual Report.

(a)(2) Financial Statement Schedules

We do not have any financial statement schedules required to be supplied under this Item.

(a)(3) Exhibits

Refer to (b) below.

(b) Exhibits

Item No.	Description
3.1 (1)	Articles of Incorporation of Imagine Media, Ltd.
3.2 (2)	Articles of Amendment to Articles of Incorporation to TransBiotec, Inc.
3.3 (3)	Certificate of Amendment to Certificate of Incorporation filed with the State of Delaware on May 25, 2017
3.4 (6)	Amended and Restated Bylaws of TransBiotec, Inc.
10.1 (4)	Asset Purchase Agreement dated May 6, 2019 between IDTEC, LLC and TransBiotec, Inc.
10.2 (5)	Common Stock Purchase Agreement with Charles Bennington dated August 23, 2019
10.3 (5)	Share Exchange Agreement with Michael Lanphere dated August 23, 2019
10.4 (5)	Share Exchange Agreement with Vernon Justus dated August 23, 2019
10.5 (5)	Debt Conversion and Common Stock Purchase Agreement with Michael Lanphere dated August 23, 2019
10.6 (5)	Debt Conversion and Common Stock Purchase Agreement with Devadatt Mishal dated August 23, 2019
10.7 (6)	TransBiotec, Inc. 2019 Equity Incentive Plan
10.8 (6)	Employment Agreement with Kevin Moore dated October 25, 2019
10.9*	Amended Employment Agreement with Kevin Moore dated November 26, 2019
10.10 (6)	Employment Agreement with David Gandini dated October 25, 2019
10.11 (7)	Series A-1 Preferred Stock Purchase Agreement by and between TransBiotec, Inc. and SOBR SAFE, LLC dated December 12, 2019 (with Series A-1 Preferred Stock Certificate of Designation attached)
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer (filed herewith)
31.2*	Rule 13a-14(a)/15d-14(a) Certification of Chief Accounting Officer (filed herewith)
32.1*	Section 1350 Certification of Chief Executive Officer (filed herewith).
32.2*	Section 1350 Certification of Chief Accounting Officer (filed herewith).
101.INS **	XBRL Instance Document
101.SCH **	XBRL Taxonomy Extension Schema Document
101.CAL **	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	XBRL Taxonomy Extension Label Linkbase Document
101.PRE **	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registrati0n statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

(1) Incorporated by reference from our Registration Statement on Form SB-2, filed with the Commission on January 31, 2008
(2) Incorporated by reference from our Registration Statement on Form S-1, filed with the Commission on November 6, 2012
(3) Incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the Commission on February 6, 2019
(4) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on May 14, 2019.
(5) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on September 10, 2019.
(6) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on November 19, 2019
(7) Incorporated by reference from our Current Report on Form 8-K, filed with the Commission on December 23, 2019

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TransBiotec, Inc.

Dated: May 19, 2020	By: */s/ Charles Bennington* Charles Bennington Its: President (Principal Executive Officer) and Secretary
Dated: May 19, 2020	By: */s/ Nick Noceti* Nick Noceti Its: Chief Financial Officer (Principal Accounting Officer)

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: May 19, 2020	By: */s/ Charles Bennington* Charles Bennington, Director, President (Principal Executive Officer), and Secretary
Dated: May 19, 2020	By: */s/ Nick Noceti* Nick Noceti Its: Chief Financial Officer (Principal Accounting Officer)
Dated: May 19, 2020	By: */s/ Kevin Moore* Kevin Moore, Director and Chief Executive Officer
Dated: May 19, 2020	By: */s/ David Gandini* David Gandini, Director and Chief Revenue Officer
Dated: May 19, 2020	By: */s/ Gary Graham* Gary Graham, Director

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX

Supplementary Data

Not applicable

HALL & COMPANY Certified Public Accountants, Inc.
TAX, FINANCIAL AND MANAGEMENT CONSULTING SERVICES

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of TransBiotec Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TransBiotec Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders' equity and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood, will be required to make significant future expenditures in connection with continuing marketing efforts along with general and administrative expenses. As of December 31, 2019, the Company has an accumulated deficit of $19,511,168, carrying loans of principal and interest in default totaling $1,440,193. During the year ended December 31, 2019, the Company also experienced negative cash flows from operating activities of $543,956. It appears these principal conditions or events, considered in the aggregate, indicate it is probable that the entity will be unable to meet its obligations as they become due within one year after the date the financial statements are issued. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting 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 opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Hall & Company

We have served as the Company's auditor since 2018
Irvine, CA
April 16, 2020

TransBiotec, Inc.
CONSOLIDATED BALANCE SHEETS

		December 31, 2019		December 31, 2018
ASSETS				
Current assets				
Cash	$	681,759	$	89
Prepaid expenses		9,054		12,991
Total current assets		690,813		13,080
Total Assets	$	690,813	$	13,080
LIABILITIES & STOCKHOLDERS' DEFICIT				
Current liabilities				
Accounts payable	$	213,880	$	191,714
Accrued expenses		419,836		421,000
Accrued interest payable		674,041		537,118
Related party payables		905,443		1,423,984
Derivative liabilities		60,650		-
Common stock subscriptions payable		79,624		1,271
Preferred stock subscriptions payable		1,000,000		-
Notes payable - current - related parties		760,886		697,770
* Includes unamortized debt discount related to detached warrants of $8,656 and $8,074 at December 31, 2019 and December 31, 2018, respectively				
Notes payable - current - non-related parties		169,574		163,654
* Includes unamortized debt discount related to convertible notes of none and $5,920 at December 31,2019 and December 31, 2018, respectively				
Total current liabilities		4,283,934		3,436,511
Total Liabilities		4,283,934		3,436,511
Stockholders' Deficit				
Preferred stock, $0.00001 par value; 22,000,000 shares authorized, No shares issued or outstanding as of December 31, 2019 and December 31, 2018		-		-
Series A Convertible Preferred stock, $0.00001 par value; 3,000,000 shares authorized, no shares issued and outstanding as of December 31, 2019 and December 31, 2018		-		14
Series A-1 Convertible Preferred stock, $0.00001 par value; 1,000,000 shares authorized, no shares issued and outstanding as of December 31, 2019 and December 31, 2018		-		-
Common stock, $0.00001 par value; 800,000,000 shares authorized; 214,626,540 and 109,409,930 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively		2,146		1,172
Additional paid-in capital		15,969,311		14,887,804
Accumulated deficit		(19,511,168)		(18,262,136)
Total Transbiotec, Inc. stockholders' deficit		(3,539,711)		(3,373,146)
Noncontrolling interest		(53,410)		(50,285)
Total Stockholders' Deficit		(3,593,121)		(3,423,431)
Total Liabilities and Stockholders' Deficit	$	690,813	$	13,080

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

TransBiotec, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS

	December 31, 2019	December 31, 2018
Revenues	$ -	$ -
Operating expenses:		
General and administrative	787,293	298,951
Total operating expenses	787,293	298,951
Loss from operations	(787,293)	(298,951)
Other income (expense):		
Gain on fair value adjustment - derivatives	4,150	-
Interest expense	(457,505)	(263,092)
Amortization of interest - beneficial conversion feature	(5,589)	-
Amortization - debt discount	(5,920)	(80)
Total other income (expense)	(464,864)	(263,172)
Loss before provision for income taxes	(1,252,157)	(562,123)
Provision for income tax	-	-
Net loss	(1,252,157)	(562,123)
Net loss attributable to noncontrolling interest	3,125	3,158
Net loss attributable to TranBiotec, Inc.	$ (1,249,032)	$ (558,965)
Net loss per share		
(Basic and fully diluted)	$ (0.007)	$ (0.005)
Weighted average number of common shares outstanding	168,998,130	114,542,302

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

TransBiotec, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT

	Common Stock		Preferred Stock						
	Shares	Amount ($0.00001 Par)	Shares	Amount ($0.00001 Par)	Additional Paid-in Capital	Accumulated Deficit	Stockholders' Deficit - TransBiotec Inc.	Noncontrolling Interest	Total Stockholders' Deficit
Balances at January 1, 2018	**109,409,930**	**$ 1,096**	**1,388,575**	**$ 14**	**$14,785,051**	**$ (17,703,171)**	**$ (2,917,010)**	**$ (47,127)**	**$ (2,964,137)**
Common stock issued for services	6,000,000	61	-	-	25,739	-	25,800	-	25,800
Common stock issued for compensation	800,000	9	-	-	7,991	-	8,000	-	8,000
Common stock issued due to options exercise	450,000	5	-	-	4,495	-	4,500	-	4,500
Common stock issued to settle non-related party debt	91,148	1	-	-	427	-	428	-	428
Paid-in capital - beneficial conversion feature	-	-	-	-	6,000	-	6,000	-	6,000
Paid-in capital - relative fair value of stock warrants granted	-	-	-	-	29,701	-	29,701	-	29,701
Paid-in capital - gain on related party debt conversion	-	-	-	-	28,400	-	28,400	-	28,400
Net loss for the period	-	-	-	-	-	(558,965)	(558,965)	(3,158)	(562,123)
Balances at December 31, 2018	**116,751,078**	**$ 1,172**	**1,388,575**	**$ 14**	**$14,887,804**	**$ (18,262,136)**	**$ (3,373,146)**	**$ (50,285)**	**$ (3,423,431)**
Common stock issued for cash	35,454,547	350	-	-	38,650	-	39,000	-	39,000
Common stock issued for compensation	14,000,000	140	-	-	59,360	-	59,500	-	59,500
Common stock issued due to stock warrants exercise	34,535,165	345	-	-	146,429	-	146,774	-	146,774
Common stock issued upon conversion of convertible preferred stock to common stock	13,885,750	139	-	-	58,876	-	59,015	-	59,015
Paid-in capital - value of convertible preferred stock removed upon conversion to common stock	-	-	(1,388,575)	(14)	(1,388,561)	-	(1,388,575)	-	(1,388,575)
Paid-in capital - fair value of stock warrants granted	-	-	-	-	160,544	-	160,544	-	160,544
Paid-in capital - fair value of related party stock options vested	-	-	-	-	71,655	-	71,655	-	71,655
Paid-in capital - fair value of non-related party stock options granted	-	-	-	-	23,912	-	23,912	-	23,912
Paid-in capital - gain on related party executive compensation conversion	-	-	-	-	535,500	-	535,500	-	535,500
Paid-in capital - gain on related party debt conversion	-	-	-	-	39,992	-	39,992	-	39,992
Paid-in capital - gain on related party preferred stock conversion	-	-	-	-	1,329,561	-	1,329,561	-	1,329,561

Paid-in capital - beneficial conversion feature	-	-	-	-	5,589	-	5,589	-	5,589
Net loss for the period	-	-	-	-	-	(1,249,032)	(1,249,032)	(3,125)	(1,252,157)
Balances at December 31, 2019	**214,626,540**	**$ 2,146**	**-**	**$ -**	**$ 15,969,311**	**$ (19,511,168)**	**$ (3,539,711)**	**$ (53,410)**	**$ (3,593,121)**

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

TransBiotec, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For The Year Ended December 31, 2019	For The Year Ended December 31, 2018
Operating Activities:		
Net loss	$ (1,252,157)	$ (558,965)
Adjustments to reconcile net loss to net cash used in operating activities:		
Change in fair value of derivative liability	(4,150)	-
Interest expense - debt discount	64,800	-
Amortization - debt discount	5,920	80
Amortization of interest - beneficial conversion feature	5,589	-
Stock warrants expense	159,961	41,596
Stock options expense	95,567	4,500
Stock-based compensation expense	44,082	20,808
Changes in assets and liabilities:		
Prepaid expenses	3,937	3,006
Accounts payable	22,166	(79,137)
Accrued expenses	(1,165)	(75,322)
Accrued interest payable	160,772	154,816
Related party payables	72,369	425,994
Stock subscriptions payable	78,353	1,271
Net cash used in operating activities	(543,956)	(61,353)
Financing Activities:		
Proceeds from notes payable - related parties	186,626	55,300
Proceeds from notes payable - non-related parties	-	6,000
Proceeds from issuances of common stock - non-related parties	39,000	-
Proceeds from offering of preferred stock - related parties	1,000,000	-
Net cash provided by financing activities	1,225,626	61,300
Net Change In Cash	681,670	(53)
Cash At The Beginning Of The Period	89	142
Cash At The End Of The Period	$ 681,759	$ 89
Schedule Of Non-Cash Investing And Financing Activities:		
Related party payables converted to capital	$ 59,500	$ 28,829
Gain on related party payables converted to capital	$ 575,492	$ -
Gain on related party conversion of preferred stock into common stock	$ 1,329,561	$ -
Fair value of stock warrants granted	$ 160,544	$ 29,701
Fair value of stock options granted	$ 95,567	$ -
Fair value of embedded conversion feature	$ 64,800	$ -
Intrinsic value - beneficial conversion feature	$ 5,589	$ 6,000
Exercise of cashless stock warrants	$ 146,774	$ -
Research and development prepaid expenses with commons shares	$ -	$ 25,800
Supplemental Disclosure:		
Cash paid for interest	$ 3,750	$ -
Cash paid for income taxes	$ -	$ -

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

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 1. ORGANIZATION, OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

TransBiotec, Inc. ("TransBiotec – DE"), formerly Imagine Media LTD., was incorporated August, 2007 in the State of Delaware. A corporation also named TransBiotec, Inc. ("TransBiotec – CA") was formed in the state of California July 4, 2004. Effective September 19, 2011 TransBiotec - DE was acquired by TransBiotec - CA in a transaction classified as a reverse acquisition as the shareholders of TransBiotec - CA retained the majority of the outstanding common stock of TransBiotec - DE after the share exchange. The financial statements represent the activity of TransBiotec - CA from July 4, 2004 forward, and the consolidated activity of TransBiotec - DE and TransBiotec - CA from September 19, 2011 forward. TransBiotec - DE and TransBiotec - CA are hereinafter referred to collectively as the "Company" or "We". The Company has developed and plans to market and sell a non-invasive alcohol sensing system which includes an ignition interlock. The Company has not generated any revenues from its operations.

Basis of Presentation
The accompanying audited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as promulgated in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for the presentation of annual financial information.

In management's opinion, the audited consolidated financial statements reflect all adjustments (including reclassifications and normal recurring adjustments) necessary to present fairly the financial position for the years ended December 31, 2019 and December 31, 2018, and results of operations and cash flows for the years ended December 31, 2019 and December 31, 2018.

Principles of Consolidation
The accompanying audited consolidated financial statements include the accounts of the Company and its majority owned subsidiary, TransBiotec-CA. We have eliminated all intercompany transactions and balances between entities consolidated in these audited financial statements.

Use of Estimates
The preparation of audited consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Specifically, such estimates were made by the Company for the valuation of derivative liability, stock compensation and beneficial conversion feature expenses. Actual results could differ from those estimates.

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Cash
The Company considers all highly liquid investments with an original maturity of three months or less as cash equivalents. The Company does not have any cash equivalents as of December 31, 2019 and December 31, 2018.

Concentration of Credit Risk
Certain financial instruments potentially subject the Company to concentrations of credit risk. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Cash held in operating accounts may exceed the Federal Deposit Insurance Corporation, or FDIC, insurance limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. While the Company monitors cash balances in our operating accounts on a regular basis and adjust the balances as appropriate, these balances could be impacted if the underlying financial institutions fail. To date, the Company has experienced no loss or lack of access to our cash; however, the Company can provide no assurances that access to our cash will not be impacted by adverse conditions in the financial markets. At December 31, 2019 and December 31, 2018, the Company had $431,759 and $0 in excess of the FDIC insured limit, respectively.

Preferred Stock
We apply the guidance enumerated in ASC 480 "Distinguishing Liabilities from Equity" when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. We classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classified our preferred shares in stockholders' equity.

Income Tax
The Company accounts for income taxes pursuant to Accounting Standards Codification ("ASC") 740. Under ASC 740 deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carry forwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. The Company has a deferred tax asset of approximately $1,832,000 and $1,244,000 that is offset by a 100% valuation allowance at December 31, 2019 and December 31, 2018, respectively. Therefore, the Company has not recorded any deferred tax assets or liabilities at December 31, 2019 and December 31, 2018.

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Net Loss Per Share

The basic and fully diluted net loss per share is computed by dividing the net loss by the weighted average number of shares of common stock outstanding.

Financial Instruments

Pursuant to ASC Topic 820, *Fair Value Measurements and Disclosures* and ASC 825, *Financial Instruments*, an entity is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 and 825 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. ASC 820 and 825 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets: quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Company's financial instruments consist primarily of cash, accounts payable, accrued expenses, accrued interest payable, notes payable, related party payables, convertible debentures, and other payables. Pursuant to ASC 820 and 825, the fair value of our derivative liabilities is determined based on "Level 3" inputs. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

The following table presents assets and liabilities that are measured and recognized at fair value as of December 31, 2019 and December 31, 2018:

December 31, 2019

	Level 1	Level 2	Level 3
Derivative liabilities	$ -	$ -	$ 60,650
	$ -	$ -	$ 60,650

December 31, 2018

	Level 1	Level 2	Level 3
Derivative liabilities	$ -	$ -	$ -
	$ -	$ -	$ -

Beneficial Conversion Features
From time to time, the Company may issue convertible notes that may contain a beneficial conversion feature. A beneficial conversion feature exists on the date a convertible note is issued when the fair value of the underlying common stock to which the note is convertible into is in excess of the remaining unallocated proceeds of the note after first considering the allocation of a portion of the note proceeds to the fair value of the warrants, if related warrants have been granted. The intrinsic value of the beneficial conversion feature is recorded as a debt discount with a corresponding amount to additional paid-in capital. The debt discount is amortized to interest expense over the life of the note using the effective interest method.

Derivative Instruments
The fair value of derivative instruments is recorded and shown separately under current liabilities. Changes in fair value are recorded in the consolidated statement of operations under other income (expense).

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option at its fair value as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors. For stock-based derivative financial instruments, the Company uses a Monte Carlo Simulation model to value the derivative instruments at inception and on subsequent valuation dates. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

The Company evaluates all of its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instruments are initially recorded at their fair values and are then re-valued at each reporting date, with changes in the fair value reported in the consolidated statements of operations.

Stock-based Compensation
The Company follows the guidance of the accounting provisions of ASC 718 Share-based Compensation ("ASC 718"), which requires the use of the fair-value based method to determine compensation for all arrangements under which employees and others receive shares of stock or equity instruments (warrants and options). The fair value of each option award is estimated on the date of grant using the Black-Scholes options-pricing model that uses assumptions for expected volatility, expected dividends, expected term, and the risk-free interest rate. The Company has not paid dividends historically and does not expect to pay them in the future. Expected volatilities are based on weighted averages of the historical volatility of the Company's common stock estimated over the expected term of the options. The expected term of options granted is derived using the "simplified method" which computes expected term as the average of the sum of the vesting term plus the contract term as historically the Company had limited activity surrounding its options. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the period of the expected term.

In applying the Black-Scholes options-pricing model, assumptions used were as follows:

	2019
Dividend yield	0%
Expected volatility	133% - 146%
Risk free interest rate	1.61 - 1.70%
Expected life	2.00 - 7.17 years

Minority Interest (Noncontrolling Interest)
A subsidiary of the Company has minority members representing ownership interests of 1.38% at December 31, 2019 and December 31, 2018. The Company accounts for these minority, or noncontrolling interests, pursuant to ASC 810-10-65 whereby gains and losses in a subsidiary with a noncontrolling interest are allocated to the noncontrolling interest based on the ownership percentage of the noncontrolling interest, even if that allocation results in a deficit noncontrolling interest balance.

TransBiotec, Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2019

Research and Development
The Company accounts for its research and development costs pursuant to ASC 730, whereby it requires the Company to disclose the amounts of costs for company and customer-sponsored research and development activities, if material. Research and development costs are expensed as incurred. The Company incurred research and development costs as it acquired new knowledge to bring about significant improvements in the functionality and design of its SOBR product. Research and development costs were $12,787 and $8,855 during the year ended December 31, 2019 and December 31, 2018, respectively.

Related Parties
Related parties are any entities or individuals that, through employment, ownership or other means, possess the ability to direct or cause the direction of the management and policies of the Company.

New Pronouncements
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires a lessee to recognize most leases on its balance sheet. For leases with terms of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. This lease standard was effective for public business entities for periods beginning after December 15, 2018. The standard's modified retrospective transition approach will require entities to reflect the effect to reflect the effect in the earliest year presented in the financial statements. In March 2019, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2019-01, *Codification Improvements to Leases (Topic 842): Amendments to the FASB Accounting Standards Codification.* The amendments in this ASU contain improvements and clarifications of certain guidance in Topic 842. The new amendments are effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date). Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019. The Company has only short-term leases and is therefore is not required to recognize a right of use asset or related liability on its balance sheet.

In May 2017, the FASB issued ASU 2017-09, *Scope of Modification Accounting, clarifies Topic 718, Compensation – Stock Compensation*, which requires a company to apply modification accounting to changes in the terms or conditions of a share-based payment award unless all of the following criteria are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the modification. The ASU indicates that if the modification does not affect any of the inputs to the valuation technique used to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the modification; and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the modification. The ASU is effective for all entities for fiscal years beginning after December 15, 2017, including interim periods within those years. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

TransBiotec, Inc.
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In July 2017, the FASB issued ASU-2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Noncontrolling Interests of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception*. The first part of this update addresses the complexity of accounting for certain financial instruments with down round features and the second part addresses the complexity of distinguishing equity from liabilities. ASU 2017-11 eliminates the requirement that a down round feature precludes equity classification when assessing whether an instrument is indexed to an entity's own stock. A freestanding equity-linked financial instrument no longer would be accounted for as a derivative liability at fair value as a result of the existence of a down round feature. A company will recognize the value of a down round feature only when it is triggered, and the strike price has been adjusted downward. For equity-classified freestanding financial instruments, an entity will treat the value of the effect of the down round as a dividend and a reduction of income available to Common Stockholders in computing basic earnings per share. For convertible instruments with embedded conversion features containing down round provisions, entities will recognize the value of the down round as a beneficial conversion discount to be amortized to earnings. Under current GAAP, an equity-linked financial instrument with a down round feature that otherwise is not required to be classified as a liability under the guidance in Topic 480 is evaluated under the guidance in Topic 815, Derivatives and Hedging, to determine whether it meets the definition of a derivative. If it meets that definition, the instrument (or embedded feature) is evaluated to determine whether it is indexed to an entity's own stock as part of the analysis of whether it qualifies for a scope exception from derivative accounting. Generally, for warrants and conversion options embedded in financial instruments that are deemed to have a debt host (assuming the underlying shares are readily convertible to cash or the contract provides for net settlement such that the embedded conversion option meets the definition of a derivative), the existence of a down round feature results in an instrument not being considered indexed to an entity's own stock. This results in a reporting entity being required to classify the freestanding financial instrument or the bifurcated conversion option as a liability, which the entity must measure at fair value initially and at each subsequent reporting date. The amendments in this Update revise the guidance for instruments with down round features in Subtopic 815-40, Derivatives and Hedging—Contracts in Entity's Own Equity, which is considered in determining whether an equity-linked financial instrument qualifies for a scope exception from derivative accounting. An entity still is required to determine whether instruments would be classified in equity under the guidance in Subtopic 815-40 in determining whether they qualify for that scope exception. If they do qualify, freestanding instruments with down round features are no longer classified as liabilities and embedded conversion options with down round features are no longer bifurcated. The effective date for ASU 2017-11 is for annual or any interim periods beginning after December 15, 2018. The guidance is applicable to public business entities for fiscal years beginning after December 15, 2018 and interim periods within those years. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

In March 2018, the FASB issued ASU 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118. The amendments in this update provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Cuts and Jobs Act ("Tax Reform Act"). The amendments also require any provisional amounts or subsequent adjustments to be included in net income from continuing operations. Additionally, this ASU discusses required disclosures that an entity must make with regard to the Tax Reform Act. This ASU is effective immediately as new information is available to adjust provisional amounts that were previously recorded. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019. The Company currently has no revenue and only net operating loss carryforwards that result in a tax benefit. The Company has no deferred tax assets (offset in full by a valuation allowance) or tax liabilities on its balance sheet as of December 31, 2019 and December 31, 2018.

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In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting*. This update is intended to reduce cost and complexity and to improve financial reporting for share-based payments issued to non-employees (for example, service providers, external legal counsel, suppliers, etc.). The ASU expands the scope of Topic 718, Compensation—Stock Compensation, which currently only includes share-based payments issued to employees, to also include share-based payments issued to non-employees for goods and services. Consequently, the accounting for share-based payments to non-employees and employees will be substantially aligned. The standard will be applied in a retrospective approach for each period presented. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019.

In July 2019, the FASB issued ASU 2019-07, *Codification Updates to SEC Sections*. The ASU clarifies or improves the disclosure and presentation requirements of a variety of codification topics by aligning them with the SEC's regulations, thereby eliminating redundancies and making the codification easier to apply. Management adopted the provisions of this statement and took them into account in the preparation of the financial statements for the year ended December 31, 2019, and it did not have a material impact on the Company's reported consolidated financial results.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes, eliminates certain exceptions within ASC 740, *Income Taxes*, and clarifies certain aspects of the current guidance to promote consistency among reporting entities. ASU 2019-12 is effective for fiscal years beginning after December 15, 2021. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company is evaluating the effects, if any, of the adoption of ASU 2019-12 guidance on the Company's financial position, results of operations and cash flows.

NOTE 2. GOING CONCERN

The Company has suffered recurring losses from operations and has a working capital deficit and stockholders' deficit, and in all likelihood, will be required to make significant future expenditures in connection with continuing marketing efforts along with general and administrative expenses. As of December 31, 2019, the Company has an accumulated deficit of $19,511,168, carrying loans of principal and interest in default totaling $1,440,193. During the year ended December 31, 2019, the Company also experienced negative cash flows from operating activities of $543,956. It appears these principal conditions or events, considered in the aggregate, indicate it is probable that the entity will be unable to meet its obligations as they become due within one year after the date the financial statements are issued. As such, there is substantial doubt about the entity's ability to continue as a going concern.

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The Company has identified factors that mitigate the probable conditions that have raised substantial doubt about the entity's ability to continue as a going concern. On October 29, 2018, the Company entered into a non-binding Letter of Intent ("LOI") with First Capital Holdings, LLC ("FCH"). The LOI sets forth the terms under which the Company could potentially acquire certain assets related to robotics equipment from FCH in exchange for shares of their common stock equal to 60% of our then outstanding common stock on a fully-diluted basis. The LOI was non-binding and subject to various conditions that must be met in order for the parties to close the transaction, including, but not limited to, (i) the Company being current in its reporting requirements under the Securities Exchange Act of 1934, as amended, (ii) the Company completing a reverse stock split of its common stock such that approximately 8,000,000 shares will be outstanding immediately prior to closing the transaction with no convertible instruments other than as set forth herein, (iii) the Company having no more than $125,000 in outstanding debt, all in the form of convertible notes that mature in two years post-closing and are convertible into shares of TransBiotec common stock at $2.00 per share; (iv) FCH completing any necessary audits and reviews of the financial statements related to the assets by a PCAOB-approved independent registered accounting firm, and (v) the parties executing definitive documents related to the potential transaction. On March 6, 2019, the parties entered into an amendment No. 1 to the LOI in order to extend certain dates in the LOI namely : (i) the date for the parties to complete initial due diligence was moved to March 29, 2019 (ii) the date for the parties to execute definitive agreements related to the transaction was moved to May 6, 2019, and (iii) the date to close the transaction was tentatively moved to August 31, 2019 (the "Amendment No.1"). On May 6, 2019, the Company entered into an Asset Purchase Agreement with IDTEC, LLC ("IDTEC"), under which IDTEC agreed to provide personnel, experience, and access to funding to assist with the development of the Company's SOBR device, as well as to sell to the Company certain robotics assets, which the Company's management believes are synergistic with its current assets. The aggregate purchase price for the purchased assets shall be 12 million (12,000,000) restricted shares of the $0.00001 par value common stock of the Company; provided that the total number of shares of Company's $0.00001 par value common stock issued and outstanding following a tentative closing date of April 23, 2020 shall not exceed 20 million (20,000,000) shares (on a fully-diluted basis).

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On December 12, 2019, the Company entered into a Series A-1 Preferred Stock Purchase Agreement (the "SPA") with SOBR SAFE, LLC, a Delaware limited liability company and an entity controlled by Gary Graham, one of the Company's Directors ("SOBR SAFE"), under which (i) the Company agreed to create a new series of convertible preferred stock entitled "Series A-1 Convertible Preferred Stock," with Two Million (2,000,000) shares authorized and the following rights: (a) dividend rights of 8% per annum based on the original issuance price of $1 per share, (b) liquidation preference over our common stock, (c) conversion rights into shares of our common stock at $1 per share, (d) redemption rights such that the Company has the right, upon thirty (30) days written notice, at any time after one year from the date of issuance, to redeem all or part of the Series A-1 Preferred Stock for 150% of the original issuance price, (e) shall not be callable by the Company, and (f) each share of Series A Convertible Preferred stock will vote on an "as converted" basis; and (ii) SOBR SAFE agreed to acquire One Million (1,000,000) shares of the Company's Series A-1 Convertible Preferred Stock (the "Preferred Shares"), once created, in exchange for One Million Dollars ($1,000,000) (the "Purchase Price"). The Company received the Purchase Price on December 12, 2019 and has not issued these preferred shares as of December 31, 2019, however,the Company plans to issue these preferred shares in April 2020. As a result of the offering, the Company has a cash balance of $681,759 at December 31, 2019.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this Annual Report. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020. However, if the pandemic continues, it will have an adverse effect on the Company's results of future operations, financial position, and liquidity in year 2020.

Management believes actions presently being taken to obtain additional funding provide the opportunity for the Company to continue as a going concern; however, these plans are contingent upon actions to be performed by the Company and these conditions have not been met on or before December 31, 2019. Additionally, the COVID-19 outbreak could have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown, which would impair the Company's ability to raise needed funds to continue as a going concern. As such, substantial doubt about the entity's ability to continue as a going concern was not alleviated as of December 31, 2019.

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NOTE 3. RELATED PARTY TRANSACTIONS

In May 2011, the Company entered into an employment agreement with Mr. Bennington to be the Company's sole CEO which expired on December 31, 2017. The employment agreement provided that the Company would pay Mr. Bennington a salary of $120,000 during the first year of the agreement, $156,000 during the second year of the agreement, $172,000 during the third year of the agreement, $190,000 during the fourth year of the agreement and $208,000 during the fifth year of the agreement. Since the Company was unable to compensate him as stipulated per the agreement, Mr. Bennington agreed to decrease his yearly compensation, and resulting yearly accrual, to $120,000 per year with no yearly increases as stipulated in years 2 through 5. In September 2016, before the expiration of Mr. Bennington's contract, the Company appointed Ivan Braiker as its sole CEO, and Mr. Bennington subsequently took a role as a member of the Board of Directors at a monthly rate of $5,000. In connection with his appointment, Mr. Braiker entered into a letter agreement with the Company, under which he accrued a monthly retainer of $7,500, to be paid only if the Company successfully closed financing of at least $200,000. Mr. Braiker was also granted options to purchase 1,500,000 shares of common stock at an exercise price of $0.0045 per share at a fair value of $6,290. In an act of good faith by the Company, Mr. Braiker was paid $15,000 in 2017 in relation to his letter agreement. Effective with his resignation on December 31, 2017, the Company did not owe, accrue for or pay Mr. Braiker any additional compensation due to his inability to secure financing of $200,000 for the Company as stipulated per the letter agreement. Mr. Braiker was not compensated for his services as a member of our Board of Directors and his stock option to purchase 1,500,000 shares of the Company's common stock was cancelled by the Company.

On December 3, 2014, Lanphere Law Group, a related party and the Company's largest shareholder, entered into an agreement with the Company to convert 50% of its outstanding accounts payable of $428,668 to a note payable. This note payable represents one half of the balance in the amount of $214,334 of legal fees and costs owed up until October 31, 2014. This agreement further provided that the remaining 50% of unpaid legal fees in accounts payable were to be paid and retained as a current payable. In addition, 50% of the legal fees and costs incurred beginning with the legal services provided to the Company on November 1, 2014 are to be converted on a monthly basis to common stock at a price of $0.09 per share until the accounts payable balance for attorney fees is paid current. These payables were for legal expenses recorded to general and administrative expense as incurred. The Company has recorded to equity, a total related party gain connected to these conversions during the year ended December 31, 2019 and 2018 of $26,875 and $28,400, respectively. Per this agreement as of December 31, 2019 and December 31, 2018, on a cumulative basis, approximately $270,086 of related party payables was payable with 2,561,980 common shares and $201,831 was payable with 2,242,565 common shares, respectively. The Company has a stock subscription payable due to Lanphere Law Group as of December 31, 2019 of $3,144 payable with 508,686 of its common shares, and $1,271 payable with 562,688 of its common shares as of December 31, 2018. None of Lanphere Law Group's related party payables were converted into common shares during the year ended December 31, 2019.

On July 1, 2015, the Company amended the December 3, 2014 note payable agreement with Lanphere Law Group, a related party and the Company's largest shareholder, which forgave $108,000 of the note payable's principal balance. This debt forgiveness decreased the original principal balance on the note of $214,334 to a new principal balance of $106,335, and a related party gain of $108,000 was recorded to additional paid-in capital. This amendment also extended the note payable's due date to December 2, 2015; however, this note is currently in default.

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On March 8, 2017, Lanphere Law Group, a related party and the Company's largest shareholder, irrevocably elected to exercise warrants in order to acquire 32,248,932 shares of the Company's common stock in exchange for an aggregate exercise price of $112,871, which was used for the deduction of $74,672 of principal and $38,199 of accrued interest related to the December 3, 2014 note payable agreement with Lanphere Law Group. The principal balance of the note after the debt deduction was $31,662. As of December 31, 2019 and December 31, 2018, the principal balance of this note was $31,662 and $31,662, respectively. As of December 31, 2019 and December 31, 2018, the accrued interest on this note was $9,508 and $5,539, respectively. The forgiveness of the note payable principal of $74,672 was recorded to equity and the $38,199 of related accrued interest was also recorded to equity. After this exercise, Lanphere Law Group owned warrants to acquire an additional 27,400,745 shares of our common stock.

On August 23, 2019, the Company entered into a Debt Conversion and Common Stock Purchase Plan (the "Lanphere" SPA) with Michael Lanphere, one of the Company's officers, under which the Company agreed to issue 21,400,745 shares of its common stock in exchange for a reduction in the amounts owed to Mr. Lanphere under numerous promissory notes. Mr. Lanphere's option to acquire the shares was under the terms of certain Loan Agreement with Promissory Note and Stock Fees agreements entered into with the Company and Mr. Lanphere. The amount of the debt reduction and, therefore the purchase price of the shares was $96,303 which was used for the deduction of related party notes payable principal of $77,927 and accrued interest of $18,376. Based on the fair value of the shares issued, the Company recognized a related party gain of $5,350 and accounted for it as additional paid-in capital. The common shares were issued on or about August 28, 2019 at an effective conversion price of $0.0045 per share. After this exercise, Lanphere Law Group owns warrants to acquire an additional 15,103,261 shares of our common stock.

On August 23, 2019, the Company entered into a Debt Conversion and Common Stock Purchase Plan (the "Mishal" SPA) with Devadatt Mishal, one of the Company's directors, under which the Company agreed to issue 13,134,420 shares of its common stock in exchange for a reduction in the amounts owed to Mr. Mishal under numerous promissory notes. Mr. Mishal's option to acquire the shares was under the terms of certain Loan Agreement with Promissory Note and Stock Fees agreements entered into with the Company and Mr. Mishal. The amount of the debt reduction and, therefore the purchase price of the shares was $56,478 which was used for the deduction of related party notes payable principal of $45,000 and accrued interest of $11,478. Based on the fair value of the shares issued, the Company recognized a related party gain of $657 and accounted for it as additional paid-in capital. The common shares were issued on or about August 28, 2019 at an effective conversion price of $0.0043 per share. After this exercise, Devadatt Mishal owns no warrants to acquire additional shares of our common stock.

Due to cash flow constraints, the Company has experienced difficulty in compensating its directors for their service in their capacity as directors; therefore, such directors may receive stock options to purchase common shares as awarded by its Board of Directors or (as to future stock options) a compensation committee which may be established. Directors are entitled to reimbursement for reasonable travel and other out-of-pocket expenses incurred in connection with business related travel and attendance at meetings of its Board of Directors. The Company's Board of Directors may award special remuneration to any director undertaking any special services on our behalf other than services ordinarily required of a director. On August 23, 2019, the Company entered into a Common Stock Purchase Agreement (the "Bennington" SPA) with Charles Bennington, one of the Company's officers and directors, under which the Company agreed to issue 14,000,000 shares of its common stock in exchange for Mr. Bennington forgiving $595,000 in accrued compensation and services due. Based on the fair value of the shares issued, the Company also recorded a related party gain of $535,500 that was accounted for as additional paid-in capital. The common shares were issued on or about August 28, 2019 at a per-share purchase price of $0.0425 per share. As of December 31, 2019 and December 31, 2018, the Company had payables due to a related party for accrued compensation and services of none and $474,156, respectively.

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On August 23, 2019, the Company entered into a Share Exchange Agreement (the "Lanphere" SEA) with Michael Lanphere, one of the Company's officers, under which the Company agreed to issue 5,206,430 shares of its common stock in exchange for 520,643 shares of the Company's Series A Preferred Stock owned by Mr. Lanphere. The Series A Preferred stock were exchanged for the Company's common shares at a price of $0.10 per share and the Company recognized a related party gain of $498,516. The common shares were issued on or about August 28, 2019. The value of the exchanged preferred shares was $520,643 which resulted in a net reduction of APIC of $498,516.

On August 23, 2019, the Company entered into a Share Exchange Agreement (the "Justus" SEA) with Vernon Justus, a related party, under which the Company agreed to issue 8,679,320 shares of its common stock in exchange for 867,932 shares of the Company's Series A Preferred Stock owned by Mr. Justus. The Series A Preferred stock were exchanged for the Company's common shares at a price of $0.10 per share and the Company recognized a related party gain of $831,045. The common shares were issued on or about August 28, 2019. The value of the exchanged preferred shares was $867,932 which resulted in a net reduction of APIC of $831,045.

The Company entered into a lease agreement with Lanphere Law Group, a related party and the Company's largest shareholder, whereas the Company is the tenant and is paying monthly rent of $4,100. The term of this operating lease runs from July 1, 2015 to June 30, 2019. As of July 1, 2019, the Company leases the same office space on a month to month basis. Rent expense, including CAM charges, for the year ended December 31, 2019 and 2018 of $52,420 and $52,420, respectively, was accounted for as general and administrative expense.

On October 17, 2019 and October 28, 2019, Daljit Khangura and Devadatt Mishal, respectively, submitted their resignations from the Company's Board of Directors. According to their resignation letters, there were no disagreements with either Mr. Khangura or Dr. Mishal.

On October 25, 2019, Charles Bennington submitted his resignation as the Company's Chief Executive Officer, effective with the appointment of his replacement. Mr. Bennington is continuing on as the Company's President (our principal executive officer), its Secretary, and as a member of the Company's Board of Directors. According to Mr. Bennington's resignation letter, there were no disagreements with Mr. Bennington.

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On October 25, 2019, the Company granted Charles Bennington, one of the Company's officers and directors, an option to acquire 800,000 shares of the Company's common stock under the Company's 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with option vesting quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Bennington is one of the Company's officers and directors, is a sophisticated investor and familiar with our operations. None of Mr. Bennington's common stock options vested, and therefore none were expensed during the year ended December 31, 2019. As such, no shares were issued to Mr. Bennington as of December 31, 2019.

On October 25, 2019, the Company granted Nick Noceti, the Company's Chief Financial Officer, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with option vesting quarterly over a two-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Noceti is the Company's Chief Financial Officer, is a sophisticated investor and familiar with our operations. None of Mr. Noceti's common stock options vested, and therefore none were expensed during the year ended December 31, 2019. As such, no shares were issued to Mr. Noceti as of December 31, 2019.

On October 25, 2019, the Company granted Gary Graham, one of the Company's directors, an option to acquire 800,000 shares of our common stock under our 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with option vesting quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term. The issuance of the stock option was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, due to the fact Mr. Graham had been consulting with the Company for more than one year at the time of grant, is a sophisticated investor and familiar with our operations.. None of Mr. Graham's common stock options vested, and therefore none were expensed during the year ended December 31, 2019. As such, no shares were issued to Mr. Graham as of December 31, 2019.

On October 25, 2019, the Company entered into an Employment Agreement with Mr. Kevin Moore to serve as the Company's Chief Executive Officer (the "Moore Agreement"). Under the terms of the Moore Agreement, Mr. Moore will serve as the Company's Chief Executive Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the "IDTEC Transaction"), has not closed by April 30, 2020, in which case Mr. Moore's employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Moore Agreement. Under the terms of the Moore Agreement, Mr. Moore will perform services for the Company that are customary and usual for a chief executive officer of a company, in exchange for: (i) 800,000 shares of our common stock per month until the IDTEC Transaction closes, (ii) thereafter, an annual base salary of $213,000, (iii) sales bonuses based on the Company's sales, and (iv) incentive stock options under the Company's 2019 Equity Compensation Plan to acquire 35,200,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the Moore Agreement. The stock options have a ten-year term. The Company will be issuing Mr. Moore a stock option agreement for the options he was issued under the Moore Agreement. 1,955,554 of these common stock option shares, valued at $14,080, were vested and expensed at December 31, 2019. No shares have been issued to Mr. Moore as of December 31, 2019

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On October 25, 2019, the Company entered into an Employment Agreement with Mr. David Gandini to serve as the Company's Chief Revenue Officer (the "Gandini Agreement"). Under the terms of the Gandini Agreement, Mr. Gandini will serve as the Company's Chief Revenue Officer until October 24, 2022, unless either (i) the transaction that is the subject of that certain Asset Purchase Agreement with IDTEC, LLC, a Colorado limited liability company (the "IDTEC Transaction"), has not closed by April 30, 2020, in which case Mr. Gandini's employment will terminate immediately, or (ii) he is terminated pursuant to the other termination provisions set forth in the Gandini Agreement. Under the terms of the Gandini Agreement, Mr. Gandini will perform services for the Company that are customary and usual for a chief revenue officer of a company, in exchange for: (i) an annual base salary of $185,000, (ii) sales bonuses based on the Company's sales, (iii) incentive stock options under our 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, which is equal to 110% of the fair market value of our common stock on October 25, 2019, with the stock options to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Gandini Agreement, and (iv) an aggregate of 8,000,000 additional option shares (the "Pre-Vesting Option Shares") to vest as follows: (i) 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019 to vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten-year term. The Company will be issuing Mr. Gandini a stock option agreement for the options he was issued under the Gandini Agreement. 7,999,732 of these common stock option shares, valued at $57,574, were vested and expensed at December 31, 2019. No shares have been issued to Mr. Gandini as of December 31, 2019

NOTE 4. NOTES PAYABLE

RELATED PARTIES

The Company has seven convertible notes payable to related parties that have a principal balance of $161,000 and $91,000 as of December 31, 2019 and December 31, 2018, respectively. These notes carry interest rates ranging from of 7% to 10% and have due dates ranging from 1/23/2014 - 4/8/2015. Three of the seven notes are due on demand and four of the notes are currently in default and carry a default interest rate of 10%. These notes carry conversion prices ranging from $0.0072 - $0.0800 per share. The Company evaluated these convertible notes and determined that, there was a beneficial conversion value to record. The beneficial conversion feature was amortized over the life of the notes, one year, and was fully amortized at December 31, 2019 and December 31, 2018. No beneficial conversion feature expense related to these notes was incurred during the year ended December 31, 2019 and 2018. On March 1, 2019, May 3, 2019 and October 26, 2019, the Company entered into convertible note payable agreements that converts to its common stock at a variable conversion price. As discussed in Note 5 – Derivative Liability, the Company analyzed the conversion features of the seven note agreements for derivative accounting consideration under ASU 2017-11 (ASC 815-15 Derivatives and Hedging), and determined the embedded conversion features for three should be classified as a derivative because the exercise price of the convertible note is subject to a variable conversion rate. The Company evaluated these three convertible notes and determined that its embedded conversion feature carried a debt discount that should be fully amortized upon grant. The Company fully amortized this debt discount and recorded it as amortization of debt discount – interest expense in the amount of $64,800. The Company had no such amortization expenses at December 31, 2018.

The Company has nine non-convertible notes payable to related parties that have a principal balance of $328,423 and $343,700 as of December 31, 2019 and December 31, 2018, respectively. These notes carry interest rates of 10% and have due dates ranging from 8/03/2012 - 7/23/2016. All nine notes are currently in default and carry a default interest rate of 10%.

The Company has twenty-four notes payable with detached free-standing warrants to related parties that have a principal balance of $280,119 and $271,144 as of December 31, 2019 and December 31, 2018, respectively. These notes carry an interest rate of 7% and have due dates ranging from 10/05/2017 - 03/30/2020. Twenty-two of the twenty-four notes, carrying a total principal balance of $270,369, are currently in default and carry a default interest rate of 10%. The exercise price for each note payable detached free-standing warrant ranges from $0.0040 - $0.0046. As of December 31, 2019 and December 31, 2018, these notes carried outstanding detached free-standing warrants of 15,103,261 and 23,953,003, respectively. The unamortized discount related to these warrants at December 31, 2019 and December 31, 2018 is $8,656 and $8,074, respectively. During the year ended December 31, 2019 and 2018, debt discount amortization expense recorded as interest expense related to these stock warrants was $37,072 and $33,138, respectively. The reason for the increase in stock warrants expense was directly related to the timing of funds borrowed and the related amortization of its stock warrants. The relative fair market value of the related stock warrants granted during the year ended December 31, 2019 and 2018 was $38,998 and $29,701, respectively. The fair market value of the outstanding stock warrants was calculated utilizing the Black-Sholes method using the following assumptions: risk free rates ranging between 1.83% - 2.40%, dividend yield of 0%, expected life of .38 - 5 years, daily volatility between 134% - 135%.

Total interest expense for related party notes was $91,845 and $80,753 for the year ended December 31, 2019 and 2018, respectively.

Related party notes consisted of the following:

	December 31, 2019	December 31, 2018
Convertible Notes Payable	$ 161,000	$ 91,000
Conventional Non-Convertible Notes Payable	328,423	343,700
Notes Payable with Detached Free-standing Warrants	280,119	271,144
Unamortized Discount	(8,656)	(8,074)
Net Related Party Notes Payable	$ 760,886	$ 697,770

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NON- RELATED PARTIES

The Company has fifteen convertible notes payable to non-related parties that have a principal balance of $143,136 and $143,136 as of December 31, 2019 and December 31, 2018, respectively. These notes carry interest rates ranging from 5% - 30% and have due dates ranging from 2/08/2012 - 5/23/2019. All fifteen notes are currently in default. These notes carry conversion prices ranging from $0.0017- $0.3235688 per share.

The Company has three non-convertible notes payable to non-related parties that have a principal balance of $21,438 and $21,438 as of December 31, 2019 and December 31, 2018, respectively. These notes carry interest rates ranging from 9% - 18% and have due dates ranging from 1/31/2013 - 11/11/2015. All three notes are currently in default.

The Company has one note payable with detached free-standing warrants to a non-related party that has a principal balance of $5,000 and $5,000 as of December 31, 2019 and December 31, 2018, respectively. This note carries an interest rate of 10% and had a due date of 9/11/2014. This note is currently in default. The exercise price for the attached warrants is $0.019 for a total amount of 50,000 common shares. The detached free-standing warrants for this note payable was not exercised by the note holder and expired on May 16, 2019. As of December 31, 2019 and December 31, 2018, this note carried outstanding detached free-standing warrants of none and 50,000, respectively. There was no unamortized discount related to these warrants as of December 31, 2019 and December 31, 2018, and no stock warrant amortization expense was recorded to interest expense during the year ended December 31, 2019 and 2018.

Total interest expense for non-related party notes was $56,546 and $50,235 for the year ended December 31, 2019 and 2018, respectively.

Non- related party notes consisted of the following:

	December 31, 2019	December 31, 2018
Convertible Notes Payable	$ 143,136	$ 143,136
Conventional Non-Convertible Notes Payable	21,438	21,438
Notes Payable with Detached Free-standing Warrants	5,000	5,000
Unamortized Beneficial Conversion Feature	-	(5,920)
Net Non-Related Party Notes Payable	$ 169,574	$ 163,654

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NOTE 5. DERIVATIVE LIABILITY

On March 1, 2019, the Company borrowed $29,000 under a convertible promissory note agreement from an unrelated party that is due upon demand from the investor. On May 3, 2019, the Company borrowed $31,000 under a convertible promissory note agreement from an unrelated party that is due upon demand from the investor. On October 26, 2019, the Company borrowed $10,000 under a convertible promissory note agreement from an unrelated party that is due upon demand from the investor. All three notes bear interest at a rate of 10% per annum and are convertible into the Company's common shares at a variable conversion price based on a 50% discount of the market price at an undetermined future date. The Company analyzed the conversion features of the note agreement for derivative accounting consideration under ASU 2017-11 (ASC 815-15 Derivatives and Hedging), and determined the embedded conversion features should be classified as a derivative because the exercise price of the convertible note is subject to a variable conversion rate and should therefore be accounted for at fair value under ASC 820, Fair Value Measurements and Disclosures and ASC 825, Financial Instruments. In accordance with ASC 815-15, the Company has bifurcated the conversion feature of the note and recorded a derivative liability.

The embedded derivative for the notes is carried on the Company's balance sheet at fair value. The derivative liability is marked to market each measurement period and any unrealized change in fair value is recorded as a component of the statement of operations and the associated fair value carrying amount on the balance sheet is adjusted by the change. The Company fair values the embedded derivative using a Monte Carlo simulation model based on the following assumptions: (1) expected volatility from 190% to 270%, (2) risk-free interest rate from 1.55% to 1.66%, and (3) expected life from 6 months to 1 year. On March 1, 2019, the date of the first note, the fair value of the embedded derivative was $28,000. On May 3, 2019, the date of the second note, the fair value of the embedded derivative was $28,100. On October 26, 2019, the date of the third note, the fair value of the embedded derivative was $8,700. The notes carried an embedded conversion feature of $64,800 that was fully amortized to as interest expense during the year ended December 31, 2019. The fair value of the embedded derivative is $60,650 and is recorded on the balance sheet as a derivative liability at December 31, 2019. The note was not converted during the year ended December 31, 2019. Utilizing level 3 inputs, the Company recorded a fair market value gain of $4,150 and none during the year ended December 31, 2019.

A summary of the activity of the derivative liability is shown below:

Balance at December 31, 2018	$	-
Fair value of derivatives issued		64,800
Fair market value adjustments		(4,150)
Balance at September 30, 2019	$	60,650

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NOTE 6. INCOME TAXES

Deferred income taxes arise from the temporary differences between financial statement and income tax recognition of net operating losses. These loss carryovers are limited under the Internal Revenue Code should a significant change in ownership occur.

At December 31, 2019 and 2018 the Company has net operating loss carry forwards of approximately $9,634,000 and $8,713,000, respectively, that may be offset against future taxable income, if any. These carry-forwards are subject to review by the Internal Revenue Service. As of December 31, 2019 and 2018, the deferred tax asset of approximately $1,832,000 and $1,680,000, respectively, created by the net operating losses has been offset by a 100% valuation allowance because the likelihood of realization of the tax benefit cannot be determined. The change in the valuation allowance in 2019 and 2018 was approximately $187,000 and $72,000, respectively.

There is no current or deferred tax expense for the years ended December 31, 2019 and 2018. The Company has not filed its tax returns for the years ended 2012 through 2019; however, management believes there are no taxes due as of December 31, 2019 and 2018.

The Company includes interest and penalties arising from the underpayment of income taxes in the consolidated statements of operations recorded as general and administrative expense.

For the years ended December 31, 2019 and 2018, the Company incurred net losses and therefore has no tax liability. The Company began operations in 2007 and has net operating loss carry-forwards of approximately $9,634,000 that will be carried forward and can be used through the year 2039 to offset future taxable income. In the future, the cumulative net operating loss carry forward for income tax purposes may differ from the cumulative financial statement loss due to timing differences between book and tax reporting.

The provision for Federal income tax consists of the following for the years ended December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Income tax benefit attributable to:		
Net loss	$ (1,249,032)	$ (558,965)
Permanent differences	313,778	42,506
Valuation allowance	935,254	516,459
Net provision for income tax	$ -	$ -

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The cumulative tax effect at the expected federal tax rate of 15% of significant items comprising our net deferred tax amount is as follows on December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Deferred tax asset attributable to:		
Net operating loss carry forward	$ 1,832,000	$ 1,244,000
Valuation allowance	(1,832,000)	(1,244,000)
Net deferred tax asset	$ -	$ -

The cumulative tax effect at the expected state tax rate of 5% of significant items comprising our net deferred tax amount is as follows on December 31, 2018 and 2017:

	December 31, 2019	December 31, 2018
Deferred tax asset attributable to:		
Net operating loss carry forward	$ 482,000	$ 436,000
Valuation allowance	(482,000)	(436,000)
Net deferred tax asset	$ -	$ -

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carry forwards of approximately $9,634,000 for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carry forwards may be further limited to use in future years.

The Company has identified the United States Federal tax returns as its "major" tax jurisdiction. The United States Federal tax return years 2012 – 2019 are still subject to tax examination by the United States Internal Revenue Service; however, we do not currently have any ongoing tax examinations.

NOTE 7. STOCK WARRANTS AND STOCK OPTIONS

The Company accounts for employee stock options and non-employee stock warrants under ASC 718 and ASC 505, whereby option costs are recorded based on the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable, utilizing the Black Sholes pricing model. Unless otherwise provided for, the Company covers option exercises by issuing new shares.

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Beginning on December 12, 2012, Michael A. Lanphere, a related party and non-employee, loaned the Company money for a variety of purposes, some for working capital and some to allow the Company to pay outstanding obligations. Each of these loans was made pursuant to the terms of a Loan Agreement with Promissory Note and Stock Fee (the "Agreements"). Under the terms of the Agreements, Mr. Lanphere was not only entitled to repayment of the principal amount loaned to us, with interest, but also what was termed in the Agreements as a "Stock Fee" that the parties are interpreting as a stock warrant, which permits Mr. Lanphere to acquire shares of our common stock in exchange for an exercise price that was estimated based on the date of the loan agreement. The number of shares to be issued to Mr. Lanphere as a Stock Fee under each Agreement was an estimate and varied based on the loan amount and the price of our common stock on the day of the loan and was calculated by this formula: sixty percent (60%) or eighty percent (80%) of the loan amount divided by the Company's stock price on the day of the loan, but at a price per share no higher than two and one-half cents ($0.025). Each Stock Fee is fully vested immediately and expires five (5) years from the date of the loan. Although the Stock Fee could be taken by Mr. Lanphere as a stock grant or a stock warrant, due to the fully vested nature of the Stock Fee, Mr. Lanphere is deemed to beneficially own those shares on the date of each Agreement. The number of warrants outstanding to Mr. Lanphere at December 31, 2019 and December 31, 2018 were 15,103,261 and 10,818,583, respectively.

On August 8, 2019, the Company entered into an 8% Series A-1 Convertible Preferred Stock Investment agreement with First Capital Ventures ("FCV"). FCV set up a special purpose vehicle ("SPV") that purchased 1,000,000 of the 8% Series A-1 Convertible Preferred Shares at $1.00 per share on December 12, 2019. Upon purchase, the Company issued the SPV through FCV a three year warrant to purchase 4,800,000 shares of the Company's common stock at an exercise price of $0.03125 per share. The number of warrants outstanding to the SPV through FCV at December 31, 2019 were 4,800,000.

The total outstanding balance of all non-employee stock warrants in TransBiotec, Inc. is 19,903,261 and 24,003,003 at December 31, 2019 and December 31 2018, respectively. There were 30,485,423 non-employee detached free-standing stock warrants granted during the year ended December 31, 2019 and 7,882,392 non-employee detached free-standing stock warrants granted during the year ended December 31, 2018. The relative fair value of these non-employee stock warrants granted during the year ended December 31, 2019 and 2018 totaled $159,961 and $29,701, respectively, and were determined using the Black-Sholes option pricing model based on the following assumptions:

	Dec. 31, 2019	**Dec. 31, 2018**
Exercise Price	$ .0040-$0.03125	$ 0.0042-$0.0043
Dividend Yield	0%	0%
Volatility	134% - 167%	141% - 144%
Risk-free Interest Rate	1.69% – 2.40%	2.65% – 2.68%
Life of warrants	.038 - 5 Years	5 Years

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The following table summarizes the changes in the Company's outstanding warrants during the year ended December 31, 2019 and 2018:

	Warrants Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2017	16,120,611	$ 0.0042 - 0.0190	4.06 Years	$ 0.0066	$ -
Warrants Granted	7,882,392	$ 0.0042- 0.0043	4.25 Years	$ 0.0042	$ -
Warrants Exercised	-	-			
Warrants Expired	-	-			
Balance at December 31, 2018	24,003,003	$ 0.0042-0.0190	3.45 Years	$ 0.0058	$ -

	Warrants Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2018	24,003,003	$ 0.0042 - 0.0190	3.45 Years	$ 0.0058	$ -
Warrants Granted	30,485,423	$ 0.0018664652- 0.0062	3.97 Years	$ 0.0086	$ 2,022,912
Warrants Exercised	(34,535,165)	$0.0043 - $0.0045		$ 0.0044	
Warrants Expired	(50,000)	$ 0.019		$ 0.0190	
Balance at December 31, 2019	19,903,261	$ 0.0040 - $0.03125	3.97 Years	$ 0.0108	$ 1,276,870
Exercisable at December 31, 2018	24,003,003	$ 0.0042 - 0.0190	3.45 Years	$ 0.0057	$ -
Exercisable at December 31, 2019	19,903,261	$ 0.0040- $0.03125	3.97 Years	$ 0.0108	$ 1,276,870

On October 24, 2019, the Company's 2019 Equity Incentive Plan went effective. The plan was approved by the Company's Board of Directors and the holders of a majority of the Company's voting stock on September 9, 2019. The plan's number of authorized shares is 128,000,000. As of December 31, 2019, the Company granted stock options to acquire 76,000,000 shares of common stock at an exercise price of $0.00792 per share under the plan. As of December 31, 2019, the plan had 14,755,287 vested shares and 61,244,713 non-vested shares. The stock options are held by our officers, directors and certain key consultants.

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On October 25, 2019, the Company granted Charles Bennington, one of the Company's officers and directors, an option to acquire 800,000 shares of the Company's common stock under its 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, the Company granted Nick Noceti, the Company's Chief Financial Officer, an option to acquire 800,000 shares of the Company's common stock under its 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a two-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, the Company granted Gary Graham, one of the Company's directors, an option to acquire 800,000 shares of our common stock under its 2019 Equity Incentive Plan. The stock option has an exercise price of $0.00792 and vests quarterly over a one-year period commencing January 1, 2020. The stock option has a five-year term.

On October 25, 2019, the Company entered into an Employment Agreement with Kevin Moore to serve as the Company's Chief Executive Officer. Under the terms of the agreement, the Company granted an option to Kevin Moore under its 2019 Equity Compensation Plan to acquire 35,200,000 shares of its common stock at an exercise price of $0.00792, with the stock options to vest in 36 equal monthly installments of 977,777 shares during the three-year term of the employment agreement. A total of 1,955,555 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

On October 25, 2019, the Company entered into an Employment Agreement with David Gandini to serve as the Company's Chief Revenue Officer. Under the terms of the agreement, the Company granted David Gandini stock options under its 2019 Equity Compensation Plan to acquire 24,000,000 shares of our common stock, at an exercise price of $0.00792, to vest in 36 equal monthly installments of 666,666 shares during the three-year term of the Agreement. David Gandini was also granted an aggregate of 8,000,000 additional option shares (the "Pre-Vesting Option Shares") to vest as follows: (i) 6,666,600 Pre-Vesting Option Shares representing the monthly vesting option shares for the ten months ended October 31, 2019 to vest on November 1, 2019; and (ii) the remaining 1,333,400 Pre-Vesting Option Shares representing the monthly vesting option shares for the two months ended December 31, 2019 shall vest on January 1, 2020. The stock options have a ten-year term. A total of 7,999,732 options were vested as of December 31, 2019. None of the vested stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

On October 25, 2019, the Company granted stock options to four non-affiliated individuals and entities to acquire an aggregate of 6,400,000 shares of its common stock. The stock options were issued under the 2019 Equity Incentive Plan at an exercise price of $0.00792 vesting quarterly over a two-year period commencing January 1, 2020. The stock options have either a two year or five-year term.

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On October 27, 2019, the Company entered into a patent purchase agreement under which the Company granted stock options to a non-affiliated party to acquire 3,200,000 shares of its common stock at an exercise price of $0.03125 and vested upon grant. The stock option has a five-year term. None of these stock options have been exercised and no shares have been issued during the year ended December 31, 2019.

As of December 31, 2018, there were three outstanding stock options to officers, directors, and consultants to purchase 1,775,000 shares of TransBiotec, Inc. common stock. These stock options vested upon grant and either expired or were cancelled in 2019. There were 79,200,000 and no stock options granted during the year ended December 31, 2019 and 2018, respectively.

The following table summarizes the changes in the Company's outstanding stock options during the year ended December 31, 2019 and 2018:

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2017	2,225,000	$ 0.0045 - 0.25	3.00 Years	$ 0.0204	$ -
Options Granted	-	-			
Options Exercised	(450,000)	$ 0.01			
Options Cancelled	-	-			
Options Expired	-	-			
Balance at December 31, 2018	1,775,000	$ 0.0045 – 0.25	2.32 Years	$ 0.0083	$ -

	Options Outstanding Number of Shares	Exercise Price Per Share	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price Per Share	Aggregate Intrinsic Value
Balance at December 31, 2018	1,775,000	$ 0.0045 - 0.25	2.32 Years	$ 0.0083	$ -
Options Granted	79,200,000	$ 0.00792 - 0.03125	9.00 Years	$ 0.0089	$ 5,238,080
Options Exercised	-	-			
Options Cancelled	(1,500,000)	$ 0.0045		$ 0.0045	
Options Expired	(275,000)	$ 0.007 - 0.25	9.00 Years	$ 0.0291	
Balance at December 31, 2019	79,200,000	$ 0.00792 - 0.03125		$ 0.0089	$ 5,238,080
Exercisable at December 31, 2018	1,775,000	$ 0.0045 - 0.25	2.32 Years	$ 0.0083	$ -
Exercisable at December 31,2019	17,955,286	$ 0.00792 - 0.03125	9.00 Years	$ 0.0136	$ 807,801

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Executive Stock Options

The Company has 76,000,000 outstanding executive stock options exercisable at $0.00792 per share with a weighted average remaining contractual life of 9 years as of December 31, 2019 and 250,000 outstanding executive stock options exercisable at $0.007 per share as of December 31, 2018. These 250,000 outstanding executive stock options expired in October 2019.

Stock Subscriptions Payable

The Company has stock subscriptions payable due to related parties of $79,624 payable with 2,962,688 of its common shares as of December 31, 2019. The Company has stock subscriptions payable due to a related party of $1,271 payable with 243,273 of its common shares at December 31, 2018. The Company recorded a related party gain of $39,992 and $20,624 related to the outstanding stock subscriptions payable during the year ended December 31, 2019 and 2018, respectively.

The Company has preferred stock subscriptions payable due to a related party of $1,000,000 convertible into 1,000,000 of its 8% Series A-1 Convertible Preferred shares as of December 31, 2019. The Company had no preferred stock subscriptions payable in 2018.

NOTE 8. COMMON STOCK

On March 31, 2018, the Company converted $8,204 of its related party payables into 91,148 issued shares of its common stock at $0.09 per share. $7,776 was recorded as a related party gain.

On April 18, 2018, the Company converted $25,800 of prepaid consulting, research and development costs owed to six non-related parties into 6,000,000 issued shares of our common stock at a purchase price of $0.0043 per share.

On April 30, 2018, the Company converted $500 of related party compensation for consulting services into 50,000 issued shares of its common stock at $0.01 per share.

On April 30, 2018, the Company converted $4,500 of stock options exercised by a related party into 450,000 issued shares of its common stock at $0.01 per share.

On April 30, 2018, the Company converted $7,500 owed to a related party for executive compensation into 750,000 shares of its common stock at $0.01 per share.

On February 25, 2019, the Company issued 35,454,547 shares of its common stock to non-related parties for $39,000 in cash.

On August 23, 2019, the Company converted $56,478 of related party debt into 13,134,420 shares of its common stock at $0.0043 per share. 13,134,420 stock warrants were settled along with the related party debt.

On August 23, 2019, the Company converted $96,303 of related party debt into 21,400,745 shares of its common stock at $0.0045 per share. 21,400,745 stock warrants were settled along with the related party debt.

On August 23, 2019, the Company converted $595,000 of accrued compensation owed to a related party into 14,000,000 shares of its common stock valued at $0.0043 per share. A related party gain of $535,500 was recorded as APIC.

On August 23, 2019, the Company issued to a related party 5,206,430 shares of its common stock in exchange for 520,643 shares of the Company's Series A Preferred Stock valued at $0.0043 per common share. The Company also issued to a related party 8,679,320 shares of its common stock in exchange for 867,932 shares of the Company's Series A Preferred Stock valued at $0.0043 per common share. A related party gain of $1,329,561 was recorded as APIC.

NOTE 9. PREFERRED STOCK

On November 20, 2015, the Company's Board of Directors authorized a class of stock designated as preferred stock with a par value of $0.00001 per share comprising 25,000,000 shares, 3,000,000 shares of which were classified as Series A Convertible Preferred stock. In each calendar year, the holders of the Series A Convertible Preferred stock are entitled to receive, when, as and if, declared by the Board of Directors, out of any funds and assets of the Company legally available, non-cumulative dividends, in an amount equal to any dividends or other Distribution on the common stock in such calendar year (other than a Common Stock Dividend). No dividends (other than a Common Stock Dividend) shall be paid and no distribution shall be made with respect to the common stock unless dividends shall have been paid or declared and set apart for payment to the holders of the Series A Convertible Preferred stock simultaneously. Dividends on the Series A Convertible Preferred stock shall not be mandatory or cumulative, and no rights or interest shall accrue to the holders of the Series A Convertible Preferred stock by reason of the fact that the Company shall fail to declare or pay dividends on the Series A Convertible Preferred stock, except for such rights or interest that may arise as a result of the Company paying a dividend or making a distribution on the common stock in violation of the terms. The holders of each share of Series A Convertible Preferred stock then outstanding shall be entitled to be paid, out of the Available Funds and Assets, and prior and in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of common stock, and equal in preference to any payment or Distribution (or any setting part of any payment or Distribution) of any Available Funds and Assets on any shares of any other series of preferred stock that have liquidation preference, an amount per share equal to the Original Issue Price of the Series A Convertible Preferred stock plus all declared but unpaid dividends on the Series A Convertible Preferred stock. A reorganization, or any other consolidation or merger of the Company with or into any other corporation, or any other sale of all or substantially all of the assets of the Company, shall not be deemed a liquidation, dissolution, or winding up of the Company. Shares of the Series A Convertible Preferred stock are convertible at a 35% discount rate to the average closing price per share of the Company's common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion. However, no conversions of the Series A Convertible Preferred stock to shares of common stock can occur unless the average closing price per share of the Corporation's common stock (either as listed on a national exchange or as quoted over-the-market) for the last fifteen (15) trading days immediately prior to conversion is at least five cents ($0.05). The shares of Series A Convertible Preferred stock vote on an "as converted" basis. The right of conversion is limited by the fact the holder of the Series A Convertible Preferred stock may not convert if such conversion would cause the holder to beneficially own more than 4.9% of the Company's common stock after giving effect to such conversion.

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On August 23, 2019, the Company entered into a Share Exchange Agreement (the "Lanphere" SEA) with Michael Lanphere, one of the Company's officers, under which the Company agreed to issue 5,206,430 shares of its common stock in exchange for 520,643 shares of the Company's Series A Preferred Stock owned by Mr. Lanphere. The Series A Preferred stock were exchanged for the Company's common shares at a price of $0.0043 per common share and were issued on or about August 28, 2019.

On August 23, 2019, the Company entered into a Share Exchange Agreement (the "Justus" SEA) with Vernon Justus, an individual, under which the Company agreed to issue 8,679,320 shares of its common stock in exchange for 867,932 shares of the Company's Series A Preferred Stock owned by Mr. Justus. The Series A Preferred stock were exchanged for the Company's common shares at a price of $0.0043 per common share and were issued on or about August 28, 2019.

As of December 31, 2019 and December 31, 2018, the Company had none and 1,388,575 issued shares of its Series A Convertible Preferred stock, respectively.

As a condition of the 8% Series A-1 Convertible Preferred Stock agreement, the Series A Convertible Preferred stock was cancelled as of December 31, 2019. During the year ended December 31, 2019 and 2018, no dividends were declared for holders of the Series A Convertible Preferred stock.

On August 8, 2019, the Company entered into an 8% Series A-1 Convertible Preferred Stock Investment Agreement with First Capital Ventures, LLC ("FCV"), and its assignee. The Company desires to raise between $1,000,000 and $2,000,000 from the sale of its 8% Series A-1 Convertible Preferred Stock and FCV intends to raise between $1,000,000 and $2,000,000 (net after offering expenses) in a special purchase vehicle ("SPV") created by FCV to purchase the 8% Series A-1 Convertible Preferred Stock. The Company granted FCV and its assigns, the exclusive right to purchase the 8% Series A-1 Convertible Preferred Stock. The Company agreed to pay $26,196 in legal and other expenses of the SPV subsequent to the day in which the Company receives a minimum of $1,000,000 from the sale of 1,000,000 shares of the 8% Series A-1 Convertible Preferred Stock. The Company also agreed to cancel all shares of its issued and outstanding Series A Preferred Stock, immediately following the closing date. Each Party shall pay their own expenses in connection with this Agreement. The Company further agreed to issue FCV a three-year stock warrant to purchase 4,800,000 shares of its Common Stock at an exercise price of $ 0.03125 per share immediately following the closing date which was valued at $122,889 and expensed upon grant for services provided. The Company agreed to enter into a "business development" agreement with FCV, or its assignee, on the sale of the first $1,000,000 of 8% Series A-1 Convertible Preferred Stock and also granted FCV and its assigns, the right to use the name "SOBR SAFE" and any related intellectual property in connection with the SPV, and the offering of the Interests in the SPV. In accordance with the August 8, 2019, Investment Agreement with FCV, on December 9, 2019, the Company's Board of Directors created a class of preferred stock designated as 8% Series A-1 Convertible Preferred Stock comprising of 2,000,000 shares. The rights and preferences of the 8% Series A-1 Convertible Preferred Stock are as follows: (a) dividend rights of 8% per annum based on the original issuance price of $1 per share, (b) liquidation preference over the Company's common stock, (c) conversion rights into shares of the Company's common stock at $1 per share (not to be affected by any reverse stock split in connection with the IDTEC APA), (d) redemption rights such that we have the right, upon thirty (30) days written notice, at any time after one year from the date of issuance, to redeem the all or part of the Series A-1 Preferred Stock for 150% of the original issuance price, (e) no call rights by the Company, and (f) each share of Series A Convertible Preferred stock will vote on an "as converted" basis. On December 12, 2019, the Company entered into a Series A-1 Preferred Stock Purchase Agreement (the "SPA") with SOBR SAFE, LLC, a Delaware limited liability company and an entity controlled by Gary Graham, one of our Directors ("SOBR SAFE"), under which SOBR SAFE agreed to acquire One Million (1,000,000) shares of our Series A-1 Convertible Preferred Stock (the "Preferred Shares"), in exchange for One Million Dollars ($1,000,000) (the "Purchase Price"). The Company received the Purchase Price on December 12, 2019. In connection with the closing of the SPA, holders of the Company's common stock representing approximately 52% of the Company's then-outstanding common stock and voting rights signed irrevocable proxies to Gary Graham and/or Paul Spieker for the purpose of allowing Mr. Graham and/or Mr. Spieker to vote those shares on any matters necessary to close the transaction that is the subject of the certain Asset Purchase Agreement May 6, 2019, as amended.

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As of December 31, 2019 and December 31, 2018, the Company had issued 1,000,000 and 0 shares of its 8% Series A-1 Convertible Preferred Stock, respectively, but has not issued any stock certificates yet.

The Series A-1 Convertible Preferred Stock earns cumulative dividends at a rate of 8% per annum, payable in cash or common stock at the option of the Company on June 30 and December 31 of each year. If paid in common stock, the common stock will be valued at the average of the closing price for the five business days prior to the dividend payment date. The Preferred shareholders will participate in any common stock dividends on an as converted basis. During the year ended December 31, 2019 and 2018, no dividends have been declared for holders of the 8% Series A-1 Convertible Preferred stock.

NOTE 10. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company leased office space under a long-term operating lease that expired in June 2019. As of July 1, 2019, the Company leases the same office space on a month to month basis. Rent expense under this lease, including CAM charges, was $52,420 and $52,420 for the year ended December 31, 2019 and December 31, 2018, respectively.

Legal Proceedings

On December 6, 2006, Orange County Valet and Security Patrol, Inc. filed a lawsuit against us in Orange County California State Superior Court for Breach of Contract in the amount of $11,164. A default judgment was taken against us in this matter. In mid-2013 we learned the Plaintiff's perfected the judgment against us, but we have not heard from the Plaintiffs as of April 2020.

We currently have one outstanding judgment against us involving a past employee of the Company. The matter is under the purview of the State of California, Franchise Tax Board, Industrial Health and Safety Collections. We currently owe approximately $28,786, plus accrued interest, to our ex-employee for unpaid wages under these Orders and we are working to get this amount paid off.

NOTE 11. SUBSEQUENT EVENTS

On January 3, 2020, the Company issued 2,102,854 shares of its common stock to Michael Lanphere, a related party ("Lanphere"), in exchange for his agreement to convert $210,285 in debt owed to him under numerous promissory notes. The shares were issued at a value of $0.10 per share pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of all amounts due to Lanphere under the notes.

On January 3, 2020, the Company issued 6,000,000 shares of its common stock to Lanphere in exchange for his agreement to convert $24,000 in debt owed to him under a promissory note dated April 17, 2019. The shares were issued at a value of $0.004 per share pursuant to the terms of the convertible note, and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of all amounts due to Lanphere under the note.

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On January 3, 2020, the Company issued 9,103,261 shares of its common stock to Lanphere in exchange for his agreement to convert $41,875 in debt owed to him under a promissory note dated July 17, 2019. The shares were issued at a value of $0.0046 per share pursuant to the terms of the convertible note, and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of all amounts due to Lanphere under the note.

On January 3, 2020, the Company issued an aggregate of 4,605,847 shares of its common stock to five non-affiliate investors in exchange for their agreement to convert $460,585 in debt owed to them under numerous promissory notes. The shares were issued at a value of $0.10 per share and pursuant to the terms of Common Stock Purchase Agreements. The conversion was in full satisfaction of all amounts due under the notes.

On January 16, 2020, the Company issued 1,274,636 shares of its common stock to two non-related parties in exchange for their agreement to settle an accounts payable of $127,463.59 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of Common Stock Purchase Agreements. The conversion was in full satisfaction of all amounts due to them.

On January 16, 2020, the Company issued 7,147,001 shares of its common stock to a related party in exchange for their agreement to settle an accounts payable balance of $714,700.10 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of Common Stock Purchase Agreements. The conversion was in full satisfaction of all amounts due to them.

On January 22, 2020, the Company issued 238,143 shares of its common stock to a non-related party in exchange for their agreement to settle an accounts payable of $23,814.30 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On January 29, 2020, the Company agreed to convert 16,628,835 shares of its common stock at $.0274608 per share to a related party in exchange for their agreement to settle various promissory notes of $456,641.11 owed to them and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On March 2, 2020, the Company issued 20,000 shares of its common stock to a non-related party in exchange for their agreement to settle an accounts payable balance of $900.00 owed to them. The shares were issued at a value of $0.045 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On March 9, 2020, the Company amended the Asset Purchase Agreement ("APA") agreeing to the following.

1. The parties further acknowledged that IDTEC, Gary Graham, First Capital Holdings, LLC and First Capital Ventures, LLC have voluntarily committed personnel and funds to the Company (Buyer) to assist with (i) ongoing operating expenses and pay for further engineering and development work on Buyer's products and prototypes, (ii) protect, maintain and develop the Buyer's products and intellectual property, (iii) hire, pay and retain the proposed management team, third party consultants and advisors for the Buyer following the consummation of the sale contemplated in the APA and, (iv) take such further actions as are necessary to more quickly expand the Buyer's business subsequent to the sale of the purchased assets. The parties acknowledged that the amount voluntarily advanced by IDTEC is USD $1,416,076 as of February 20, 2020 (and will be a greater amount by the date the APA closes or is terminated). The parties agreed that that the $1,416,076 of funds were advanced voluntarily and are not the obligation of the Company and the Company has no obligation to repay these funds in the event the transaction contemplated by the APA does not close. In the event the transaction does close, then on the Closing Date, the Company shall issue promissory notes for the aggregate amounts incurred, paid or advanced. As of December 31, 2019, the Company received no advances from IDTEC. All payments were made directly to the vendor.

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2. The parties further acknowledged that an affiliate of IDTEC purchased TransBiotec's Series A-1 Convertible Preferred Stock in a separate transaction. TransBiotec previously agreed that it would, if requested in writing after the funding from the purchase of the TransBiotec Series A-1 Convertible Preferred Stock, pay up to USD $200,000 to IDTEC or its affiliates for the development of the SOBR device. In connection with the closing of the sale of the TransBiotec Series A-1 Convertible Preferred Stock, IDTEC requested, and TransBiotec paid in December 2019, a total of USD $141,000 to its affiliate for the development of the SOBR device.

On March 15, 2020, the Company agreed to convert 325,000 shares of its common stock to a non-related party in exchange for their agreement to settle a notes payable of $32,500 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On March 21, 2020, the Company agreed to convert 19,500 shares of its common stock to a non-related party in exchange for their agreement to settle a notes payable of $1,950 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On March 23, 2020, the Company filed a Definitive 14C providing notice that the Board of Directors has recommended, and holders of a majority of the voting power of the Company's outstanding stock voted, to approve the following.

1. To remove and re-elect four (4) directors to serve until the next Annual Meeting of Shareholders and thereafter until their successors are elected and qualified; and

2. To approve an amendment to the Company's Certificate of Incorporation to: (a) change the Company's name to SOBR SAFE, Inc., (b) decrease the Company's authorized common stock from 800,000,000 shares, par value $0.00001 to 100,000,000 shares, par value $0.00001, and (c) effect a reverse stock split of the Company's outstanding common stock at a ratio between 1-for-32 and 1-for-35 (with the exact ratio to be determined by the directors in their sole discretion without further approval by the shareholders).

The above actions taken by the Company's stockholders will become effective on or about April 23, 2020.

On April 1, 2020, the Company issued 2,500,000 shares of its common stock to a non-related party in exchange for their agreement to settle an accounts payable balance of $43,753.00 owed to them. The shares were issued at a value of $0.0175 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On April 6, 2020, the Company issued 1,278,840 shares of its common stock to a related party in exchange for their agreement to settle a related party accounts payable of $127,840 owed to them. The shares were issued at a value of $0.10 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

On April 7, 2020, the Company issued 227,200 shares of its common stock to a related party in exchange for their agreement to settle an accounts payable balance of $9,656.03 owed to them. The shares were issued at a value of $0.0425 per share and were issued pursuant to the terms of a Common Stock Purchase Agreement. The conversion was in full satisfaction of the all amounts owed.

AMENDED EXECUTIVE EMPLOYMENT AGREEMENT

This Amended Executive Employment Agreement including the attached Exhibit A, the Employee Proprietary Information and Inventions Agreement and Exhibit B, the 2019 Equity Incentive Plan (collectively the "Employment Agreement"), is made effective as the 26th day of November 2019 between TransBiotec, Inc., a Delaware corporation whose business address is 400 N. Tustin Ave., Suite 225, Santa Ana, CA 92705 (the "Company"), and Kevin Moore, an individual residing at 730 15th Street, Boulder, CO 80302 (the "Executive"). The Company and the Executive are sometimes hereinafter individually referred to as a "Party" or collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Executive desires to become employed by the Company as its Chief Executive Officer; and

WHEREAS, the Company is willing to employ the Executive as the Company's Chief Executive Officer on the terms and conditions and for the consideration set forth in this Employment Agreement; and

NOW, THEREFORE, in consideration of the premises and mutual covenants hereafter set forth and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged and accepted, the Parties hereby incorporate the foregoing recitals into this Employment Agreement by reference and hereby agree as follows:

1. Employment. The Company hereby employs the Executive and the Executive hereby agrees to enter the employ of the Company as its Chief Executive Officer commencing on the execution of this Employment Agreement (the "Effective Date") for a term of three years (the "Employment Period"). Provided, however, that solely in the event that the Company has not purchased designated assets of IDTEC, LLC, a Colorado limited liability company in exchange for 12,000,000 shares (after giving effect to the planned reverse stock split related to the close of the asset purchase agreement) of the Company's Common Stock, $0.001 par value per share on or before January 31, 2020 (the "Premature Termination Date"), this Employment Agreement shall automatically terminate and be of no further force and effect without notice to the Executive and only the Premature Termination Options defined in Section 4.D. shall vest and be exercisable by the Executive. The Executive shall, in the performance of his duties, be at all times subject to the direction, supervision and authority of the Company's Board of Directors (the "Board"), and should he be so elected, as the Company's Executive Chairman, to David J. Gandini.

2. No Breach of Obligation. The Executive represents and warrants to the Company that the Executive possesses the requisite skill and experience and is ready, willing and able to perform those duties attendant to the position for which the Executive has been hired and which the Executive shall perform during the Employment Period. The Executive further represents that the Executive's entry into the Employment Agreement does not constitute a breach of any agreement with any other person, firm or corporation, nor does any prior agreement between the Executive and any person, firm or corporation contain any restriction or impediment to the ability of the Executive to perform those duties for which the Executive was hired or which may be reasonably expected of the Executive.

3. Services and Board Membership. During the Employment Period, the Executive shall perform to the best of the Executive's ability the following services and duties in such manner and at such times as the Chairman and/or the Board may direct, the following being included by way of example and not by way of limitation: (i) Co-manage with the Chairman the transition of the Company's executive management between the date of this Agreement and the Effective Date of the Change of Control Events; (ii) co-manage with the Chairman the interviewing and employment of such executive officers including a Chief Financial Officer and such personnel as shall be in the best interests of the Company and its stockholders; (iii) co-manage with the Chairman the relocation of the principal executive offices of the Company to a mutually agreed upon shared office space by November 15, 2019; (iv) co-manage with the Chairman the creation of all mutually agreed upon legal documents supporting the Company's business; (v) in cooperation with the Chairman establishing the initial manufacturing process and related vendors to support the Company's 2020 budget; (vi) create and drive the implementation of the Device's initial and ongoing product development plan milestones, objectives and evolution, etc; (vii) formulate and implement strategic relationships required to commercialize the Device's improvements, modifications, evolution, intellectual property, software and technologies; (viii) in cooperation with the Chairman oversee and develop the Company's operations, including engineering, marketing and sales, etc.; (ix) assist in executing the Company's capital formation plan and act as a spokesperson to the investment community, other capital sources, and external media to reach the broadest possible audiences; (x) provide leadership in managing the Company's progress in attaining revenue and profitability objectives and revising objectives and plans responsive to current and anticipated financial, economic and industry market conditions; (xi) develop and propose to the Board the Company's employment, human resources benefits, and other personnel policies; (xii) support the creation and formation of investor relations and public relations in cooperation with First Capital Ventures, LLC; and (xiii) performing such other duties as shall reasonably be assigned to the Executive by the Company's Chairman and/or Board. The foregoing is hereinafter collectively referred to as the "Services")

A. Performance of the Services. The Executive's performance of the Services shall be conducted at the locations reasonably required by the Company's business needs within or outside of the State of Colorado. Excluding any periods of vacation and other time off to which the Executive is entitled as provided herein, the Executive covenants and agrees to devote such percentage of the Executive's full time and attention to the performance of the Services and the business and affairs of the Company as the Executive and the Chairman deem necessary in his considered business judgment to perform such responsibilities. It shall not be a violation of this Employment Agreement for the Executive: (a) to serve on academic, corporate, civic, charitable, governmental, non-profit or religious boards or committees of such other entities; (b) participate in political activities and fundraising; and (c) manage personal investments, so long as, in each case, such activities do not create any conflicts of interest with the business of the Company or interfere with the performance of the Services as an employee of the Company in accordance with this Employment Agreement.

B. Board Membership. During the Employment Period, the Executive may be nominated and elected to the Company's Board, which position he agrees to accept should he be so nominated and elected.

4. Compensation, Stock Grant and Repayment of Outstanding Obligations to the Executive.

A. Annual Base Salary. The Executive agrees to accept an aggregate of 2,400,000 unregistered shares of the Company's Common Stock (the "Salary Shares") for services performed for the Company from October 1, 2019 thru December 31, 2019, with 800,000 shares due on October 31, 2019, 800,000 shares due on November 30, 2019, and 800,000 shares due on December 31, 2019, in lieu of the pro-rata portion of his $213,000.00 annual base salary of (the "Annual Base Salary") for those three (3) months. Each of the 800,000 share payments shall be valued at 110% of the mean between the opening and closing price of the Company's common stock in the over-the-counter market on the date the 800,000 shares were issued to the Executive. Commencing on the fourth month after the Effective Date, the Executive shall receive his Annual Base Salary subject to applicable withholding taxes and other payroll deductions and payable in accordance with the Company's generally applicable payroll practices and policies. The Executive's Annual Base Salary shall be reviewed during the 4th quarter of each year of the Employment Period by the Company's Compensation Committee or if no such committee exists by the entire Board with the Executive not participating, with the objective of determining the subsequent year's Annual Base Salary for the Executive; provided that the Company shall be under no obligation to increase the Annual Base Salary.

B. Sales and Marketing Compensation. In addition to the Executive's Services, and until otherwise mandated by the Company's Board, the Executive and David J. Gandini, the Company's Chief Revenue Officer (collectively the "Sales Team"), will serve as the Company's interim sales and marketing department and shall perform all of the services customarily attendant upon a Chief Sales and Marketing Officer (the "Sales Services"). Solely in this regard, and in addition to the compensation and benefits set forth in Paragraphs C through K of this Section 4, the Sales Team will receive as its sole compensation for the Sales Services an amount equal to three (3%) percent (the "Sales Commission") of the gross revenue generated by the Sales

Services less any allowances or returns (the "Gross Revenue") on an order-by-order or purchase order-by purchase order-basis (each an "Order"). The Sales Commission shall be paid quarterly for the longer of three years from the first Order or as long as an Order continues to generate Gross Revenue. The Sales Commissions shall be subject to applicable withholding taxes and other payroll deductions and be payable in accordance with the Company's generally applicable payment practices and policies.

C. Bonus Plan and Participation. Within 60 days following the Effective Date, the Company will establish an annual bonus plan for the Executive with the objective of attaining an annual bonus up to a maximum of 50% of the Executive's prior year's Annual Base Salary (the "Annual Bonus Plan"). The components and objectives of the Executive's Annual Bonus Plan and the amount of the Annual Bonus related thereto will be determined the Compensation Committee of the Board, or if no such committee exists, by the entire Board with the Executive not participating. The Executive's Annual Bonus Plan may include sales, financial, operational or other milestones to be accomplished within specified timeframes. Except for the Executive's first Annual Bonus, the Executive's Annual Bonus for the second and third years of the Employment Period, if any, under the Annual Bonus Plan will be determined at the end of each of the Company's fiscal years during the Employment Period and shall be paid prior to the end of the first quarter of the following fiscal year.

D. Incentive Stock Options. Commencing on the date of the first meeting of the Company's Board of Directors following both the Effective Date, the Executive shall be granted ten-year Incentive Stock Options (the "Options") under the 2019 Equity Incentive Plan (the "Plan") to purchase 35,200,000 shares of the Company's Common Stock, $0.001 par value per share (the "Option Shares") at an exercise price equal to 110% of the fair market value of the Option Shares on the Option Grant Date (the Option Exercise Price"). The Option Shares will vest in 36 equal monthly installments of 977,777 Option Shares during the three-year term of this Employment Agreement in accordance with the terms and conditions of the Plan (the "Monthly Vesting Option Shares"). Notwithstanding the foregoing, and only in the event that this Employment Agreement is prematurely terminated as a result of the Company's failure to purchase designated assets of IDTEC, LLC, a Colorado limited liability company in exchange for 12,000,000 shares (after giving effect to the planned reverse stock split related to the close of the asset purchase agreement) of the Company's Common Stock, $0.001 par value per share on or before January 31, 2020, only the Options that shall have vested prior to January 31, 2020 shall vest and be exercisable by the Executive (the "Premature Termination Options"). A copy of the Plan is hereby acknowledged and accepted by the Executive.

E. Accelerated Option Vesting.

1. *Computation*. In addition to the Monthly Vesting Option Shares, an additional 7,040,000 Option Shares (the "Milestone Option Shares") shall vest on the Company's achievement of each of the four milestones (the "Milestones") set forth in Section 2. E. 2. below. Upon the Executive's achievement of any of the Milestones during the Term, the 7,040,000 Milestone Option Shares shall be deducted from the 35,200,000 Maximum Option Shares which shall be divided by the number of months remaining in the three-year Term of this Employment Agreement.

2. *The Milestones:* (i) the delivery of a commercially viable SOBRSafe Alcohol Detection Device (the "Device") by March 31, 2020; and/or (ii) certification of manufacturing/assembly capability of a minimum of 25,000 Devices in two separate locations in the United States by July 31, 2020; and/or (iii) the generation of U.S. Device gross sales in excess of $2,000,000 for the calendar year ending December 31, 2020 or have a monthly $166,600 by December 31, 2020; and/or (iv) the generation of non-US Device gross sales in excess of $2,000,000 for the calendar year ending December 31, 2020 or have a monthly $166,600 run rate by December 31, 2020 through direct customers and/or distribution channels.

F. Change of Control Option Vesting. In the event of a Change of Control of the Company as that phrase is defined in the next sentence, all Option Shares shall vest and be exercisable in accordance with their terms and conditions. As used in this Employment Agreement, the phrase "Change of Control" shall be deemed to mean any of the following occurring after the Effective Date: (i) the Company consolidates with, amalgamates or merges with or into, another business entity or any business entity consolidates with, or amalgamates or merges with or into the Company; (ii) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the Company's assets (determined, if applicable, on a consolidated basis) to any individual, firm, entity or group other than pursuant to a transaction in which individuals that beneficially owned directly or indirectly, voting shares representing a majority of the total voting power of the Company; (iii) the adoption of a plan the consummation of which would result in the liquidation or dissolution of the Company; and (iv) the acquisition, directly or indirectly, by any individual, firm, entity or group of beneficial ownership of more than 50% of the aggregate voting power of the Company's voting securities.

G. Executive Benefits. The Executive shall be offered the opportunity to participate on the same basis as other executive officers of Company in all of the Company's employee benefit plans and programs, including improvements or modifications of such plans and programs. Nothing in this Employment Agreement shall be construed as limiting or restricting any benefit to the Executive under any pension, profit-sharing or similar retirement plan, or under any group life or group health or accident or other plan of the Company, for the benefit of its employees generally or a group of them, now or hereafter in existence.

H. Expenses. The Executive shall be entitled to receive prompt reimbursement for all out-of-pocket expenses incurred by the Executive in connection with the performance of the Services in accordance with the Company's expense reimbursement policies. Monthly expense reports shall be submitted to the Chairman for approval.

I. Paid Time Off ("PTO"). The Company will adopt and implement a PTO policy and plan (the "PTO Plan") prior to December 31, 2019 for its employees. The PTO Plan shall include a listing of categories such as personal, sick, and vacation days absent time and related number of days within each category for all employees including the Executive. Modification of the PTO Plan will require the approval of the Company's Board prior to implementation. No cash compensation will be paid for any days which exceed the PTO schedule adopted by the Board.

J. Termination Severance. The Executive shall be entitled to the severance payments ("Severance") indicated and defined in Section 5. D.3.) (c), Section 5. D. 4.) (c) and Section 5. D. 5.) (b) of this Employment Agreement below.

K. Consent to Insurance. The Executive covenants and agrees to be the subject of a key man insurance policy on his life (the "Key Man Policy"); and consents to such medical tests as may be required to secure the Key Man Policy. The Executive acknowledges and accepts that the Company: (i) shall be the owner and beneficiary of the Key Man Policy; (ii) shall be solely responsible for paying the premiums thereon; and (iii) shall be entitled to determine the face amount of the Key Man Policy in the discretion of the Company's Board of Directors.

5. Termination of the Agreement by the Company and Cessation of Services by the Executive.

A. Death of the Executive. The Employment Period shall terminate automatically upon Executive’s death.

B. Termination by the Company. The Company may terminate the Employment Period, as follows:

1). On the Premature Termination Date;

2). Without Cause. The Company may terminate the Employment Period for any reason upon at least 90 days' prior written notice to the Executive;

3). By Disability. In the event the Executive becomes permanently disabled or incapacitated, the Company may terminate the Employment Period. The term "permanently disabled or incapacitated" means any ailment or condition which prevents the Executive from actively carrying out the Executive's duties hereunder for the Company for a continuous period of at least 90 days as determined by a physician selected by the Board (the "Disability Date"); and

4). For Cause. The Company may terminate the Employment Period for "Cause," upon at least three (3) days' prior written notice to the Executive. "For Cause" shall mean:

(a) The commission by Executive in connection with the Executive's employment of any material act of dishonesty, fraud or misrepresentation;

(b) Conviction or plea of nolo contendere of the Executive for a felony;

(c) Executive's willful misconduct that causes material economic harm to the Company or that brings substantial discredit to the Company's reputation;

(d) Executive's breach of a material provision of the Executive's Employment Agreement, which breach is not cured by the Executive within 30 days after the Company gives written notice of the breach to the Executive; and

(e) Violation of any material fiduciary duty owed to the Company.

C. Termination by the Executive. The Executive may terminate the Employment Period, as follows:

1). Without Good Reason. The Executive may terminate the Employment Period for any reason upon at least 90 days' prior written notice to the Company;

2). For Good Reason. The Executive may terminate the Employment Period for "Good Reason," after at least 30 days' prior written notice to the Company specifying the "Good Reason" and following the Company's right to cure the alleged Good Reason breach within 30 days. Good Reason shall mean:

(a) The reduction of Executive's Annual Base Salary without the Executive's consent;

(b) The failure by the Company to pay any amount owed to the Executive under this Employment Agreement when due; and

(c) Any material change in the Executive's title, responsibilities or authority that is not consistent with that customarily associated with the position of Chief Executive Officer.

D. Consequences of Termination of the Employment Period.

1). *Death of the Executive*. If the Employment Period terminates as a result of the Executive's death, then:

(a) The Company shall pay the Executive's Annual Base Salary through the date of the Executive's death. In addition, and at the end of the fiscal year in which the Executive shall have died, the Company shall pay a pro rata portion of any bonus to which the Executive shall have earned under the Executive's Annual Bonus Plan through the date of the Executive's death pursuant to Subsection A of this Section 5 in accordance with their respective terms; and

(b) All Option Shares that have vested as of the date of death shall remain vested, and all Option Shares that would have vested during the 90-day period immediately following the Executive's death shall also automatically vest, and the ISO shall be exercisable for all such vested Initial and Subsequent Option Shares.

2). By the Company f*or Cause*. If the Company terminates the Employment Period for Cause, then:

(a) The Company shall pay the Executive's Annual Base Salary through the date of termination pursuant to Subsection B of this Section 5 in accordance with its terms; and

(b) All Option Shares that have vested as of the date of termination shall remain vested and exercisable in accordance with the Plan.

3). By the Company f*or the Executive's Disability*. If the Company terminates the Employment Period for Disability of the Executive, then:

(a) The Company shall pay the Executive's Annual Base Salary through the Disability Date pursuant to Subsection B of this Section 5 in accordance with its terms; and

(b) All Option Shares that have vested as of the Disability Date shall remain vested and exercisable in accordance with the Plan; and

(c) The Executive shall be entitled to receive the Severance defined in Section 5. D. 4.) (c) below through the Disability Date.

4). By the Executive for Good Reason. If the Executive terminates the Employment *Period for Good Reason, then:*

(a) The Company shall pay the Executive's Annual Base Salary through the date of termination pursuant to Subsection C of this Section 5 in accordance with its terms;

(b) The Option Shares that have vested as of the date of termination shall remain vested and exercisable in accordance with the Plan; and

(c) The Executive shall be entitled to receive a severance payment (the "Severance") equal to the following number of months of the Executive's Annual Base Salary depending upon the date of termination and payable within 30 days of the Executive's termination: (i) during the first 12 months of the Employment Period, eight (8) weeks' Severance; and (ii) at any time during the remainder of the Employment Period, twelve (12) weeks' Severance.

5). By the Company without *Cause.* If the Company terminates the Employment Period without Cause, then:

(a) The Company shall pay the Executive's Annual Base Salary through the date of termination; and

(b) The Executive shall be entitled to receive a Severance payment equal to the following number of months of the Executive's Annual Base Salary depending upon the date of termination and payable within 30 days of the Executive's termination: (i) during the first 12 months of the Employment Period, eight (8) weeks' Severance; and (ii) at any time during the remainder of the Employment Period, twelve (12) weeks' Severance; and

(c) The Company shall continue to pay its portion of Executive's health insurance premium in the same manner as during the Employment Period for a period of 90 days immediately following the date of termination of the Employment Period; and

(d) All Option Shares earned through the date of termination all immediately become fully vested, and the Initial and Subsequent shall be exercisable for all such vested Option Shares in accordance with the Plan.

6. Representations, Warranties and Covenants.

A . Representations, Warranties and Covenants of the Executive. By virtue of the Executive's execution hereof, and in order to induce the Company to enter into this Employment Agreement, the Executive hereby represents and warrants to and covenants with the Company as follows:

(1) He is not presently actively engaged in any business, employment or venture which is or may be in conflict with the business of the Company;

(2) He has full power and authority to enter this Employment Agreement, to enter into and to otherwise perform this Employment Agreement in the time and manner contemplated;

(3) He agrees to submit to a medical examination as may be required for the Company to obtain "key man" insurance coverage, provided that such medical examination is at the Company's expense;

(4) He has the experience, skill and knowledge to perform the services expected of him hereunder;

(5) The Executive is not the subject of any threatened or filed litigation not disclosed to the Company prior to the execution of this Employment Agreement;

(6) The Executive's compliance with the terms and conditions of this Employment Agreement in the time and manner contemplated herein will not conflict with any instrument or agreement pertaining to the transaction contemplated herein; and will not conflict in, result in a breach of, or constitute a default under any instrument to which he is a party;

(7) The Executive acknowledges that Severance shall only be paid in the event the Company terminates the Employment Period without Cause, due to the Executive's Disability, or the Executive terminates the Employment Period with Good Reason;

(8) The Executive has been advised, and by the execution of this Employment Agreement, accepts and acknowledges that none of the Option Shares shall have been registered under the Securities Act of 1933, as amended (the "Securities Act") or under any state securities law; and that in granting the Option Shares to the Executive, the Company is relying upon an exemption from registration based upon the Executive's investment representations. In this regard, the Executive hereby represents and warrants to the Company that: (a) he is acquiring the Salary Shares and the Option Shares for investment purposes and without a view to the transfer or resale thereof; (b) he is a sophisticated investor familiar with the operations of the Company; (c) in the event he exercises the Option Shares he will hold them for such period of time as shall be required by the Securities Act or as otherwise required or permitted by law; (d) any sale of the Salary Shares and/or the Option Shares will be accomplished only in accordance with the Securities Act and the rules and regulations of the Securities and Exchange Commission adopted thereunder; and (e) all certificates representing the Salary Shares and the Option Shares will bear a standard form or restrictive legend and be the subject of standard stop transfer orders on the transfer records of the Company or its transfer agent; and

(9) The Executive acknowledges and accepts that all certificates representing the Salary Shares and.or the Option Shares may be the subject of a lock up from the date the Company becomes publicly owned as may be required by the Company's underwriter(s).

B. Representations, Warranties and Covenants of the Company. By virtue of its execution of this Employment Agreement, the Company hereby represents and warrants to and covenants with the Executive as follows:

(1) The Company has full power, right and authority to execute and perform this Employment Agreement in the time and manner contemplated and all corporate action required to be taken by the Company to authorize and execute this Employment Agreement has been taken prior to the delivery hereof;

(2) All requisite legal action required by the Company to cause the due execution and delivery of this Employment Agreement has been taken by the Company;

(3) As of the date of this Employment Agreement, the Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware with full power and authority to conduct its business;

(4) The person executing this Employment Agreement on behalf of the Company has been duly authorized to execute this Employment Agreement;

(5) The Option Shares issuable upon the Executive's exercise of the Initial and Subsequent Stock Options shall be when issued, duly and validly issued, fully paid and non-assessable;

(6) The Company agrees that the Annual Base Salary, payments under the Annual Bonus Plan and Severance, and all other payments due to the Executive shall constitute a wage claim under the laws of the State of Delaware; and

(7) The Company shall reserve the Option Shares for issuance upon the Executive's exercise of the Option; and

(8) The Company is not the subject of any litigation not disclosed to the Executive prior to the execution of this Employment Agreement.

7. Proprietary Information and Inventions.

Exhibit "A" annexed hereto and hereby incorporated herein by reference, sets forth the terms and conditions of the agreement of the Parties concerning proprietary information and inventions.

8. Successors.

This Employment Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Employment Agreement shall inure to the benefit of and be enforceable by the Executive's estate, heirs and legal representatives. This Employment Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Employment Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Employment Agreement, “Company” shall mean the Company and any successor to its business and/or assets by operation of law, or otherwise.

9. Indemnification.

If the Executive is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (herein a “proceeding”), by reason of the fact that he is or was an employee (which term includes officer, director, agent and any other capacity) of the Company or is or was serving at the request of the Company as an employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as an employee or agent or in any other capacity while serving as an employee or agent, Executive shall be indemnified and held harmless by the Company to the fullest extent authorized by applicable law, against all expense, liability and loss (including, but not limited to, attorneys’ fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) incurred or suffered by Executive in connection therewith. In addition, such indemnification shall continue as to the Executive after he has ceased to be a director, officer, employee or agent and shall inure to the benefit of the Executive’s heir, executors, and administrators for the applicable statute of limitations; provided, however, that the Company shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by the Executive (other than a proceeding to enforce this paragraph 9. only if such proceeding (or part thereof) was authorized directly or indirectly by the Company’s Board. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be, promptly upon request, paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that if the General Corporation Law of the State of Delaware requires the payment of such expenses incurred by an employee in his capacity as an employee (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, payment shall be made only upon delivery to the Company of an undertaking, by or on behalf of the Executive, to repay all amounts so advanced if it shall ultimately be determined that Executive is not entitled to be indemnified under this paragraph or otherwise.

10 Non-Competition, Non-Disparagement and Non-Solicitation.

A. Non-Competition. During the Employment Period and for twenty-four (24) months after the termination of this Employment Period, the Executive agrees that he will not, within Colorado or California, directly or indirectly, individually or on behalf of any other person, in any capacity whatsoever, carry on or engage in any business or undertaking that competes with the business or intended businesses of the Company.

B Non-Disparagement. The Company and the Executive each shall refrain from publishing any oral or written statements about the other, any of their subsidiaries or affiliates, or any of such individuals’ or entities’ officers, employees, shareholders, agents or representatives, that are slanderous, libelous, or defamatory; or that constitute a misappropriation of the name or likeness of the Executive or the Company, any of their affiliates, or any of such individual’s or entities’ or their officers, employees, shareholders, agents, or representatives. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded under this provision are in addition to any and all rights and remedies otherwise afforded by law.

C. Non-Solicitation. As part of the consideration for the compensation and benefits to be paid to the Executive thereunder, in keeping with the Executive's Services and as a fiduciary, and in order to protect the Company's interest in the trade secrets of the Company, and as an additional incentive for the Company to enter into this Employment Agreement, the Executive covenants and agrees that the Executive will not, directly or indirectly, for the Executive for others, knowingly induce any employee of the Company or any of its affiliates to terminate his or her employment with the Company or its affiliates, or knowingly hire or assist in the hiring of any such employee by any person, association, or entity not affiliated with the Company. The obligations in this Section 10C shall extend during the Employment Period and for three years after the expiration or termination of the Employment Period. The Executive acknowledges that money damages would not be sufficient remedy for any breach of this Section 10C by the Executive, and the Company shall be entitled to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach, but shall be in addition to all remedies available at law or in equity to the Company, including, without limitation, the recovery of damages from the Executive and his agents involved in such breach.

11. Miscellaneous.

A. Governing Law. The interpretation and enforcement of this Employment Agreement, and the rights, obligations and remedies of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Colorado, without regard to conflict of law principles.

B. Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other Party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE EXECUTIVE:

Kevin Moore
885 Arapahoe Avenue
Boulder, CO 80302

IF TO THE COMPANY:

TransBiotec, Inc.
Attn. CEO
400 N. Tustin Ave., Suite 225
Santa Ana, CA 92705

Or to such other name or address as either Party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

C. Severability. In the event that any provision of this Employment Agreement is held to be illegal, invalid or unenforceable, then such illegality, invalidity or enforceability shall not affect the other terms and provisions of this Employment Agreement which shall remain in full force and effect.

D. <u>Withholding.</u> The Company may withhold from any amounts payable under this Employment Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

E. Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Employment Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Employment Agreement.

F. Code Section 409A. Notwithstanding anything in this Employment Agreement or any other plan or agreement to the contrary, to the extent subject thereto, all deferred payments or benefits provided to the Executive shall comply with all applicable provisions of Section 409A of the Internal Revenue Code of 1986, as amended (and any related regulations or guidance).

G. Entire Agreement. Each of the Parties hereby agrees that this Employment Agreement (i) supersedes any prior conversations or negotiation between them with respect to the subject matter of this Employment Agreement, (ii) is intended to and does contain and embody herein all of the understandings and agreements, both written or oral, of the Parties hereby with respect to the subject matter of this Employment Agreement and (iii) that there exists no oral agreement or understanding, express or implied liability, whereby the absolute, final and unconditional character and nature of this Employment Agreement shall be in any way invalidated, empowered or affected. There are no representations, warranties or covenants other than those set forth herein.

H Headings. The section headings herein are inserted for the convenience of the parties only and are not to be construed as part of the terms of this Employment Agreement or to be taken into account in the construction or interpretation of this Employment Agreement.

I. Amendment and Modification. This Employment Agreement may be amended, modified or supplemented only by written agreement of the Parties hereto, which agreement shall have been duly authorized and approved by the Company and the Executive.

J. Prohibition Against Assignment. The Executive agrees on behalf of himself and any other person or persons claiming any benefits under him by virtue of this Employment Agreement, and the Company agrees for itself and its successors and assigns, that this Employment Agreement and the rights, interests, and benefits hereunder shall not be assigned, transferred, pledged or hypothecated in any way by the Executive or by the Company without the prior express written consent of the other Party. Any attempted assignment, transfer, pledge or hypothecation, or other disposition of this Employment Agreement or of such rights, interests and benefits contrary to the foregoing provisions shall be null and void and without effect and shall be deemed to be a material breach of this Employment Agreement.

K. Additional Instruments. Each Party shall from time to time, at the request of the other Party, execute, acknowledge and deliver to the other Party any and all further instruments that may be reasonably required to give full effect and force to the provisions of this Employment Agreement.

L. Originals. This Employment Agreement may be executed in counterparts each of which so executed shall be deemed an original and constitute one and the same agreement

M. Address of Parties. Each Party shall at all times keep the other informed of its principal place of business or residence if different from that stated herein, and shall promptly notify the other of any change, giving the address of the new principal place of business or residence.

N. Alternative Dispute Resolution (ADR). The Parties shall attempt to resolve any dispute that may arise in connection with this Employment Agreement through a process of mediation administered by JAMS (Arbitration, Mediation and ADR Services) or through selection of an agreed upon private individual outside of JAMS, with the mediation to be held in Denver County in the State of Colorado, unless the Parties agree on another venue. The Parties shall first attempt to settle the dispute by participating in at least ten (10) hours of mediation at the offices of the ADR Provider (or at another location if mutually agreed). The complaining Party must notify the other Party that a dispute exists. A designated individual mediator will be either agreed upon or if no agreement is reached, then selected within ten (10) days of notice according to JAMS' rules and procedures to conduct the mediation; provided that the mediator must not have any conflict of interest. The mediation will be held as soon as practicably possible. The mediation will be a nonbinding conference between the Parties conducted in accordance with the applicable rules and procedures of the mediator. Any mediation expenses shall be borne equally by the Executive and the Company. Neither of the Party shall initiate any litigation or an arbitration proceeding with respect to any dispute until the aforesaid mediation of the dispute is complete. Any mediation will be considered complete: (i) if the Parties enter into an agreement to resolve the dispute; (ii) with respect to the Party submitting the dispute to mediation, if the other Party fails to appear at or participate in a reasonably scheduled mediation conference; or (iii) if the dispute is not resolved within ten (10) days after the mediation is completed. If any dispute remains between the Parties after the mediation is complete, then either Party may commence legal proceedings to resolve such dispute. Any litigation of a dispute must be initiated within one (1) year from the date on which either Party first provided written notice to the other of the existence of the dispute, and any Party who fails to commence litigation within the one-year period shall be deemed to have waived any of its affirmative rights and claims in connection with the dispute and shall be barred from asserting its rights and. claims at any time thereafter. Litigation shall be deemed commenced by a Party when the Party serves a complaint on the other Party with respect to the dispute.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused this Employment Agreement to be executed in its name on its behalf, all effective as of the 26th day of November 2019.

TRANSBIOTEC, INC.

By: ____________________________________

Charles Bennington, President

THE EXECUTIVE:

____

Kevin Moore

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EXHIBIT "A"

EMPLOYEE PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

In consideration of my employment or continued employment by TransBiotec, Inc., a Delaware corporation (the "*Company*"), and the compensation now and hereafter paid to me, I hereby agree as follows:

1. Nondisclosure

1.1 Recognition of Company's Rights; Nondisclosure. At all times during my employment and thereafter (and for purposes of this agreement (the "Agreement"), any reference to any period of employment shall also include any other provision of services to the Company, directly or indirectly), I will hold in strictest confidence and will not disclose, use, lecture upon or publish any of the Company's Proprietary Information (defined below), except as such disclosure, use or publication may be required in connection with my work for the Company, or unless the Executive Chairman of the Company expressly authorizes such in writing. I will obtain Company's written approval before publishing or submitting for publication any material (written, verbal, or otherwise) that relates to my work at Company and/or incorporates any Proprietary Information. I hereby assign to the Company any rights I may have or acquire in such Proprietary Information and recognize that all Proprietary Information shall be the sole property of the Company and its successors and assigns.

1.2 Proprietary Information. The term "***Proprietary Information***" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company. By way of illustration but not limitation, "***Proprietary Information***" includes (a) trade secrets, inventions, mask works, ideas, samples, procedures and formulations for producing any such samples, media and/or processes, data, formulae, methods, software, source and object codes, programs, other works of authorship, know-how, improvements, discoveries, developments, developmental or experimental work, designs, and techniques (hereinafter collectively referred to as "***Inventions***"); (b) information regarding the operation of the Company, products, services, plans for research and development, marketing and business plans, budgets, accounts, financial statements, licenses, licensors, licensees, contracts, prices and costs, suppliers, and current or potential customers; (c) information regarding the skills, tasks and compensation of Company's employees, contractors, and any other service providers of Company; and (d) the existence of any business discussions, negotiations, or agreements between Company and any third party.

1.3 Third Party Information. I understand, in addition, that the Company has received and in the future will receive from third parties confidential or proprietary information ("***Third Party Information***") subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. During the term of my employment and thereafter, I will hold Third Party Information in the strictest confidence and will not disclose to anyone (other than Company personnel who need to know such information in connection with their work for the Company) or use, except in connection with my work for the Company, Third Party Information unless expressly authorized by the Executive Chairman of the Company in writing.

1.4 No Improper Use of Information of Prior Employers and Others. During my employment by the Company I will not improperly use or disclose any confidential information or trade secrets, if any, of any former employer or any other person to whom I have an obligation of confidentiality, and I will not bring onto the premises of the Company any unpublished documents or any property belonging to any former employer or any other person to whom I have an obligation of confidentiality unless consented to in writing by that former employer or person. I will use in the performance of my duties only information which is generally known and used by persons with training and experience comparable to my own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.

2. Assignment of Inventions.

2.1 Proprietary Rights. The term "***Proprietary Rights***" shall mean all trade secrets, know-how, patents, patent rights, copyrights, trademarks, service masks, logos, domain names, mask work and any and all other intellectual property rights throughout the world.

2.2 Prior Inventions. I represent that there are no Prior Inventions. If, in the course of my employment with the Company, I incorporate a Prior Invention into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sub-licensees) to make, have made, modify, use and sell such Prior Invention. Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any Company Inventions without the Company's prior written consent.

2.2.1 Prior Items of Commercial Value. I represent that there are no Prior Items. If, in the course of my employment with the Company, I incorporate a Prior Item into a Company product, process or machine, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sub-licensees) to make, have made, modify, use and sell such Prior Item. Notwithstanding the foregoing, I covenant and agree that I will not incorporate, or permit to be incorporated, Prior Items in any Company Inventions without the Company's prior written consent.

2.3 Assignment of Inventions. Subject to Sections 2.4, and 2.6, I hereby assign and agree to assign in the future (when any such Inventions or Proprietary Rights are first reduced to practice or first fixed in a tangible medium, as applicable) to the Company all my right, title and interest in and to any and all Inventions (and all Proprietary Rights with respect thereto) whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by me, either alone or jointly with others, during the period of my employment with the Company. Inventions assigned to the Company, or to a third party as directed by the Company pursuant to this Section 2, are hereinafter referred to as "***Company Inventions***."

2.3.1 **Assignment of Prior Items.** I hereby assign to the Company all my right, title and interest in any and all Prior Items for which I have specified my wish to grant such right, title and interest in such Prior Items to the Company in **Schedule B**.

2.4 Non-assignable Inventions. This Agreement does not apply to an Invention which qualifies fully as a non-assignable Invention under applicable law.

2.5 Obligation to Keep Company Informed. During the period of my employment and for one year months after termination of my employment with the Company, I covenant and agree that I will promptly disclose to the Company fully and in writing all Inventions authored, conceived or reduced to practice by me, either alone or jointly with others. In addition, I covenant and agree that I will promptly disclose to the Company all patent applications filed by me or on my behalf within a year after termination of employment. At the time of each such disclosure, I covenant and agree that I will advise the Company in writing of any Inventions that I believe fully qualify for protection under applicable law; and I will at that time provide to the Company in writing all evidence necessary to substantiate that belief. The Company will keep in confidence and will not use for any purpose or disclose to third parties without my consent any confidential information disclosed in writing to the Company pursuant to this Agreement relating to Inventions that qualify fully for protection under the applicable law. I covenant and agree that I will preserve the confidentiality of any Invention that does not fully qualify for protection under applicable law.

2.6 Government or Third Party. I also covenant and agree that I agree to assign all my right, title and interest in and to any particular Company Invention to a third party, including without limitation the United States, as directed by the Company.

2.7 Works for Hire. I acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire," pursuant to United States Copyright Act (17 U.S.C., Section 101).

2.8 Enforcement of Proprietary Rights. I covenant and agree that I will assist the Company in every proper way to obtain, and from time to time enforce, United States and foreign Proprietary Rights relating to Company Inventions in any and all countries. To that end I will covenant and agree that I execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such Proprietary Rights and the assignment thereof. In addition, I will covenant and agree that I execute, verify and deliver assignments of such Proprietary Rights to the Company or its designee. My obligation to assist the Company with respect to Proprietary Rights relating to such Company Inventions in any and all countries shall continue beyond the termination of my employment, but the Company shall compensate me at a reasonable rate after my termination for the time actually spent by me at the Company's request on such assistance.

In the event the Company is unable for any reason, after reasonable effort, to secure my signature on any document needed in connection with the actions or assignments specified in the preceding paragraph or in paragraph 2.3.1, I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, which appointment is coupled with an interest, to act for and in my behalf to execute, verify and file any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph and paragraph 2.3.1 with the same legal force and effect as if executed by me. I hereby waive and quitclaim to the Company any and all claims, of any nature whatsoever, which I now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

3. Records. I covenant and agree that I to keep and maintain adequate and current records (in the form of notes, sketches, drawings and in any other form that may be required by the Company) of all Proprietary Information developed by me and all Inventions made by me during the period of my employment at the Company, which records shall be available to and remain the sole property of the Company at all times.

4. Additional Activities. I covenant and agree that during the period of my employment by the Company I will not, without the Company's express written consent, engage in any employment or business activity which is competitive with, or would otherwise conflict with, my employment by the Company. I covenant and agree further that for the period of my employment by the Company and for one (l) year after the date of termination of my employment by the Company I will not, either directly or through others, solicit or attempt to solicit any employee, independent contractor or consultant of the company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or entity.

5. No Conflicting Obligation. I represent that my performance of all the terms of this Agreement and as an employee of the Company does not and will not breach any agreement to keep in confidence information acquired by me in confidence or in trust prior to my employment by the Company. I have not entered into, and I agree I covenant and agree that I will not enter into, any agreement either written or oral in conflict herewith.

6. Non-Competition/Non-Solicitation. I covenant and agree that I will not at any time during employment with the Company and for one (1) year following termination of employment with the Company, however such termination is effected, engage in any of the following actions:

6.1 Directly or indirectly work or otherwise perform services in the United States of America (whether as an officer, director, stockholder, partner, associate, employee, consultant, owner, agent, creditor, or other capacity) for any person or entity which in any way competes with the business of the Company; competition with the Company shall include, but not be limited to, any business which engages in the development, building, implementation, promotion or sales of robots for the security industry;

6.2 Solicit any employees, independent contractors, or consultants of the Company to leave the Company for other employment or for any other reason;

6.3 Hire or assist any other person or entity in hiring any employee, independent contractor, or consultant of the Company to engage in competition with the Company; or

6.4 Solicit or attempt to take away from the Company any of the customers served by the Company at any time within two (2) years prior to termination of my employment with the Company, seek to cause any such customers to refrain from doing business with the Company, or assist any other person or entity in so doing.

7. REASONABLENESS OF RESTRICTIONS.

7.1 I agree that I have read this entire Agreement and understand it. I agree that this Agreement does not prevent me from earning a living or pursuing my career. I agree that the restrictions contained in this Agreement are reasonable, proper, and necessitated by the Company's legitimate business interests. I represent and agree that I am entering into this Agreement freely and with knowledge of its contents with the intent to be bound by the Agreement and the restrictions contained in it.

7.2 In the event that a court finds this Agreement, or any of its restrictions, to be ambiguous, unenforceable, or invalid, I and the Company agree that the court shall read the Agreement as a whole and interpret the restriction(s) at issue to be enforceable and valid to the maximum extent allowed by law.

7.3 If the court declines to enforce this Agreement in the manner provided in subsection 7.2, I and the Company agree that this Agreement will be automatically modified to provide the Company with the maximum protection of its business interests allowed by law and I agree to be bound by this Agreement as modified.

8. Return of Company Documents. I covenant and agree that when I leave the employ of the Company, I will deliver to the Company any and all drawings, notes, memoranda, specifications, devices, formulas, and documents, together with all copies thereof, and any other material containing or disclosing any Company Inventions, Third Party Information or Proprietary Information of the Company. I further covenant and agree that I any property situated on the Company's premises and owned by the Company, including disks and other storage media, filing cabinets or other work areas, is subject to inspection by Company personnel at any time with or without notice. Prior to leaving, I will cooperate with the Company in completing and signing the Company's termination statement.

9. Legal and Equitable Remedies. Because my services are personal and unique and because I may have access to and become acquainted with the Proprietary Information of the Company, the Company shall have the right to enforce this Agreement and any of its provisions by injunction, specific performance or other equitable relief, without bond and without prejudice to any other rights and remedies that the Company may have for a breach of this Agreement.

10. Notices. All notices required or permitted hereunder shall be in writing and shall be effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (iii) five (5) calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party's address hereinafter set forth on the signature page hereof, or at such other address as such party may designate by ten (10) days advance written notice to the other party hereto.

11. Notification of New Employer. In the event that I leave the employ of the Company, I hereby consent to the notification of my new employer of my rights and obligations under this Agreement.

12. General Provisions.

12.1 Governing Law; Consent to Personal Jurisdiction. This Agreement will be governed by and construed according to the laws of the State of Colorado, as such laws are applied to agreements entered into and to be performed entirely within Colorado.

12.2 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

12.3 Successors and Assigns. This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

12.4 Survival. The provisions of this Agreement shall survive the termination of my employment and the assignment of this Agreement by the Company to any successor in interest or other assignee.

12.5 Employment. I agree and understand that nothing in this Agreement shall confer any right with respect to continuation of employment by the Company, nor shall it interfere in any way with my right or the Company's right to terminate my employment at any time, with or without cause.

12.6 Waiver. No waiver by the Company of any breach of this Agreement shall be a waiver of any preceding or succeeding breach. No waiver by the Company of any right under this Agreement shall be construed as a waiver of any other right. The Company shall not be required to give notice to enforce strict adherence to all terms of this Agreement.

12.7 "I ACKNOWLEDGE THAT, IN EXECUTING THIS AGREEMENT, I HAVE HAD THE OPPORTUNITY TO SEEK THE ADVICE OF INDEPENDENT LEGAL COUNSEL, AND I HAVE READ AND UNDERSTOOD ALL OF THE TERMS AND PROVISIONS OF THIS AGREEMENT. THIS AGREEMENT SHALL NOT BE CONSTRUED AGAINST ANY PARTY BY REASON OF THE DRAFTING OR PREPARATION HEREOF."

12.8 Entire Agreement. The obligations pursuant to Sections 1 and 2 of this Agreement shall apply to any time during which I was previously employed, or am in the future employed, by the Company as a consultant if no other agreement governs nondisclosure and assignment of inventions during such period. This Agreement is the final, complete and exclusive agreement of the parties with respect to the subject matter hereof except for any employment contract signed by myself and the Company containing provisions restricting the use of confidential information. Except for the foregoing, this Agreement supersedes and merges all prior discussions between us with respect to the subject matter hereto, including, but not limited to, any prior agreement between the Company and me with respect to the assignment of proprietary information to the Company. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the party to be charged. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement.

This Agreement shall be effective as of the first day of my employment with the Company, namely.

I have read this Agreement carefully and understand its terms. I have completely filled out Exhibit A to this Agreement.

____
Kevin Moore

Accepted and Agreed to:

TransBiotec, Inc.

By: ____
Charles Bennington, President

The balance of this page has intentionally been left blank.

Exhibit "B"

2019 Equity Incentive Plan

EXHIBIT 31.1

Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

I, Charles Bennington, certify that:

I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of TransBiotec, Inc.;

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;

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;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

(c) 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

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 the 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: May 19, 2020

By: */s/ Charles Bennington*
Charles Bennington
President

EXHIBIT 31.2

Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

I, Nick Noceti, certify that:

I have reviewed this Amendment No. 1 to Annual Report on Form 10-K/A of TransBiotec, Inc.;

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;

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;

The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exhibit 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

(c) 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

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 the 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: May 19, 2020

By: */s/ Nick Noceti*
Nick Noceti
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to Annual Report of TransBiotec, Inc. (the “Company”) on Form 10-K/A for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Charles Bennington, President of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: May 19, 2020

By: */s/ Charles Bennington*
Charles Bennington
Its: President

A signed original of this written statement required by Section 906 has been provided to TransBiotec, Inc. and will be retained by TransBiotec, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 USC, SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Amendment No. 1 to Annual Report of TransBiotec, Inc. (the “Company”) on Form 10-K/A for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Nick Noceti, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Sec. 1350, as adopted pursuant to Sec. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: May 19, 2020

By: */s/ Nick Noceti*
Nick Noceti
Its: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to TransBiotec, Inc. and will be retained by TransBiotec, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.