SAMARITAN PHARMACEUTICALS INC
Form POS AM
January 26, 2007

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

POST EFFECTIVE AMENDMENT NO. 2 TO FORM SB-2 ON FORM POS-AM
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Samaritan Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Nevada		88-0431538
(State or Other Jurisdiction of Incorporation or Organization)		(I.R.S. Employer Identification No.)

		Eugene Boyle Chief Financial Officer Samaritan Pharmaceuticals, Inc.
101 Convention Center Drive, Suite 310 Las Vegas, Nevada 89109 Telephone: (702) 735-7001 Telecopier: (702) 737-7016	8731	101 Convention Center Drive, Suite Las Vegas, Nevada 89109 Telephone: (702) 735-7001 Telecopier: (702) 737-7016
(Address and telephone number of principal Executive offices and principal place of business)	(Primary Standard Industrial Classification Number)	(Name, address and telephone nu of agent for service)

With Copies To:

Clayton E. Parker, Esq. Kirkpatrick & Lockhart Preston Gates Ellis LLP 201 South Biscayne Boulevard, Suite 2000 Miami, Florida 33131 Telephone: (305) 539-3300 Facsimile: (305) 358-7095	Matthew L. Ogurick, Esq. Kirkpatrick & Lockhart Preston Gates Ellis LLP 201 South Biscayne Boulevard, Suite 2000 Miami, Florida 33131 Telephone: (305) 539-3300 Facsimile: (305) 358-7095

Approximate date of commencement of proposed sale to the public: from time to time after the effectiveness of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box: |_|

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: |_|

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: |X|

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. |_|

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Proposed Maximum Proposed Maximum Amount To Be Registered	Aggregate Offering Price Per Share (1)	Amount O Offering Price(1)
Common Stock, par value $0.001 per share	16,700,000 shares (2)	$0.40	$6,680,0
TOTAL	16,700,000 shares (2)	$0.40	$6,680,0

1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For the purposes of this table, we have used the last reported market sale price of our Common Stock on November 29, 2005.
2) 16,700,000 of these shares were registered pursuant to that certain Purchase Agreement II with Fusion Capital, as amended, including 1,700,000 shares which have already been issued to Fusion Capital as a commitment fee.
3) The registration fee was previously paid on December 15, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION DATED JANUARY 26, 2007

The information in this Prospectus (this "Prospectus") is not complete and may be changed. These securities may not be sold until this Registration Statement filed with the U.S. Securities and Exchange Commission (the "SEC") is effective. This Prospectus is not an offer to sell securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

SAMARITAN PHARMACEUTICALS, INC.

16,700,000 Shares of Common Stock

This Prospectus relates to the registration of 16,700,000 shares of the Common Stock ("Common Stock") of Samaritan Pharmaceuticals, Inc. ("Samaritan"), and

such 16,700,000 shares shall be offered for sale from time to time by Fusion Capital Fund II, LLC ("Fusion Capital") pursuant to the terms of a Common Stock Purchase Agreement, as amended (the "Purchase Agreement II"), including 1,700,000 shares previously issued to Fusion Capital as a commitment fee. As of the date hereof, we have 3,329,372 shares of Common Stock remaining available under the accompanying Registration Statement to be issued to Fusion Capital pursuant to terms of the Purchase Agreement II. Please refer to Section entitled "Selling Security Holders" for information on Fusion Capital beginning on page 21 herein. All costs associated with this registration will be borne by Samaritan. The prices at which Fusion Capital may sell the shares pursuant to the Purchase Agreement II will be determined by the prevailing market price for the shares or in negotiated transactions.

Our Common Stock is quoted on the American Stock Exchange under the symbol "LIV". On January 4, 2007, the last reported market sale price for our Common Stock as reported on the American Stock Exchange was $0.21 per share.

Fusion Capital is an "underwriter" within the meaning of the Securities Act of 1933, as amended.

Investing in our Common Stock involves a high degree of risk. You should consider the "Risk Factors" beginning on page 7 before purchasing our Common Stock.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

The date of this Prospectus is _____, 2007.

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PROSPECTUS SUMMARY

General

This summary highlights certain information found in greater detail elsewhere in this Prospectus. This summary may not contain all of the information that may be important to you. We urge you to read this entire Prospectus carefully, including the risks of investing in our Common Stock discussed under the Section entitled "Risk Factors" and the financial statements and other information that is incorporated by reference into this Prospectus, before making an investment decision. In addition, this Prospectus summarizes other documents which we urge you to read. All references in this Prospectus to "Samaritan", the "Company", "we", "us" and "our" refer to Samaritan Pharmaceuticals, Inc.

Our Company

We are a small cap biopharmaceutical company focused on the development of novel therapeutic and diagnostic products. We have devoted substantially all of our resources to undertaking our drug discovery and development programs.

The majority of our resources have been expended in the pursuit of FDA required preclinical studies and Phase II/III clinical trials for Samaritan's HIV drug SP-01A (Sphirewall), an oral entry inhibitor. In a previous Phase I/II study, SP-01A was observed to significantly lower the amount of HIV in blood, improve quality of life (how well subjects have felt), have a favorable safety profile (minimal side effects) and be well-tolerated. Moreover, in vitro testing of SP-01A: (a) demonstrated comparable or greater efficacy than currently approved anti-HIV drugs in preventing HIV virus replication; (b) was observed to have minimal toxic effect on human cells; and (c) demonstrated significant efficacy in preventing virus replication of HIV virus strains that resist currently approved anti-HIV treatments. The goal of our SP-01A monotherapy study, which is currently recruiting patients, is to further look at the dose response, efficacy and safety of SP-01A as monotherapy, given as a capsule to be swallowed, in the treatment of HIV-infected patients.

In addition, and at the same time, Samaritan has devoted major resources to our Alzheimer's technology, which features: (a) three (3) therapeutics: SP-04, SP-08, and SP-233; (b) two (2) stem cell/neuron differentiation therapies: SP-sc4 and SP-sc7; (c) a predictive Alzheimer's diagnostic; and (d) an Alzheimer's animal model. Samaritan has also devoted resources to our cancer drug SP-C007, a breast cancer diagnostic and our cholesterol recognition peptide, which plays a role in transforming and binding LDL cholesterol while

subsequently raising HDL.

Samaritan has established its European headquarters in Athens, Greece, which we believe will provide access to the markets of Eastern Europe, Asia and Africa, regions with a high proportion of HIV patients and a target population for our most advanced drug, SP-01A. "Samaritan Pharmaceuticals Europe" is currently seeking to build a sales and marketing infrastructure through distribution agreements for niche high valued products from other companies in the fields of HIV and infectious diseases, CNS, Cancer/Oncology and Cardiovascular diseases for the undeveloped regions of Greece, Bulgaria, Romania, Croatia, Serbia, Bosnia and Slovenia. Our subsidiary, Samaritan Pharmaceuticals Europe: (a) has established a manufacturing arm in Ireland with Pharmaplaz, LTD, (b) plans to develop its pipeline of drugs through clinical trials in preparation for European approval, (c) plans to increase its university research collaborations and (d) plans to apply for applicable European grants.

Samaritan is a Nevada corporation. We were formed in September 1994 and became a public company in October 1997. Our principal executive offices are located at 101 Convention Center Drive, Suite 310, Las Vegas, Nevada 89109. Our telephone number is (702) 735-7001. The address of our website is www.samaritanpharma.com. Information on our website is not part of this Prospectus.

The Offering

On May 12, 2005, we entered into the Purchase Agreement II, as amended with Fusion Capital pursuant to which Fusion Capital has agreed, under certain conditions, to purchase on each trading day $40,000 of our Common Stock up to an aggregate of $40,000,000 over a fifty (50) month period subject to earlier termination at our discretion. We may also elect, at our discretion, to sell more of our Common Stock to Fusion Capital than the $40,000 daily amount. The purchase price of the shares of Common Stock will be equal to a price based upon the future market price of the Common Stock without any fixed discount to the market price. Fusion Capital shall not have the right nor the obligation to purchase any shares of our Common Stock on any trading days that the market price of our Common Stock is less than $0.25. On January 4, 2007, the last reported market sale for our Common Stock was $0.21 per share. As a result, the Company cannot presently access funds under the Purchase Agreement II.

Fusion Capital, the selling shareholder under this Prospectus, is offering for sale up to 16,700,000 shares of our Common Stock, including the 1,700,000 shares which have previously been issued to Fusion Capital as a commitment fee. In connection with entering into the Purchase Agreement II, we authorized the sale to Fusion Capital of up to 15,000,000 shares of our Common Stock for maximum proceeds of $40,000,000. We only have the right to receive $40,000 per trading day under the Purchase Agreement II which will be 15,000,000 shares with Fusion Capital unless our stock price equals or exceeds $1.50, in which case the daily amount may be increased under certain conditions as the price of our Common Stock increases. On January 4, 2007, the last reported market sale for our Common Stock was $0.21 per share. As a result, the Company cannot presently access funds under the Purchase Agreement II. From December 15, 2005 through January 4, 2007, we received net proceeds of $4,020,001 under the Purchase Agreement II and issued 11,670,628 shares of our Common Stock to Fusion Capital in connection with these sales. These shares of common stock were previously registered with the SEC on the accompanying Registration Statement on Form SB-2 (Registration No. 333-105818) registering an aggregate of 16,700,000 shares of our common stock to be issued pursuant to the terms of the Purchase Agreement II, which was declared effective on December 15, 2005. We have 3,329,372 shares of Common Stock remaining available under the accompanying Registration

Statement to issue to Fusion Capital under the Purchase Agreement II. Since we registered 16,700,000 shares to be offered for sale from time to time by Fusion Capital pursuant to the accompanying Registration Statement, with 3,329,372 shares remaining under the Registration Statement, the selling price of our Common Stock to Fusion Capital will have to average at least $10.80 per share for us to receive the maximum proceeds of $40,000,000 without registering additional shares of Common Stock. Shares issued to date under the Common Stock Purchase Agreement are 11,670,628, with proceeds of $4,020,001. Assuming a minimum purchase price of $0.25 per share and the purchase by Fusion Capital of the full 3,329,372 remaining shares under the Purchase Agreement II, proceeds to us would only be $832,343 unless we choose to register more than 3,329,372 shares, which we have the right, but not the obligation, to do. In the event we elect to sell more than the 3,329,372 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the Purchase Agreement II.

If all of the shares offered by this Prospectus were issued and outstanding as of November 14, 2005, the number of shares offered by this Prospectus would represent 13.74% of the total Common Stock outstanding. As of January 4, 2007, there were 156,652,708 shares of our Common Stock issued and outstanding, excluding the 3,329,372 shares to be offered by Fusion Capital pursuant to this Prospectus which Fusion Capital has not yet purchased from us. If all of the remaining shares registered in the accompanying Registration Statement were issued and outstanding as of the date hereof, the number of remaining shares offered by this Prospectus would represent 2.13% of the total Common Stock outstanding.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this Prospectus, including statements regarding our future results of operations and financial position, business strategy and plans, and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Risk Factors." In light of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus may not occur, and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- anticipated trends and challenges in our business and competition in the markets in which we operate;
- our ability to hire and retain key personnel or qualified sales and marketing and technical staff;
- expected future financial performance;

- our ability to expand our distribution channel;
- expected adoption of our products;
- our ability to manage operating expenses as we grow;
- our ability to manage expansion into international markets;
- our expectations about revenue mix between direct and indirect sales channels and between sales of products and support services;
- our ability to compete in our industry and innovation by our competitors;
- our ability to expand our customer base;
- our ability to realize increased operating efficiencies;
- our ability to anticipate market needs or develop new or enhanced products to meet those needs;
- our ability to develop new products and enhance our existing products;
- our ability to protect our confidential information and intellectual property rights;
- our expectations regarding the use of proceeds from this offering; and
- our need to obtain additional funding and our ability to obtain funding in the future on acceptable terms.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. In addition, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this Prospectus to confirm these statements to actual results or revised expectations.

You may rely only on the information contained in this Prospectus. We have not authorized anyone to provide information different from that contained in this Prospectus. Neither the delivery of this Prospectus, nor sale of Common Stock, means that information contained in this Prospectus is correct after the date of this Prospectus. This Prospectus is not an offer to sell or solicitation of an offer to buy shares of Common Stock in any circumstances under which the offer or solicitation is unlawful.

RISK FACTORS

You should carefully consider the risks described below before purchasing our Common Stock. Our most significant risks and uncertainties are described below; however, they are not the only risks we face. If any of the following risks actually occur, our business, financial condition, or results of operations could be materially adversely affected, the trading of our Common Stock could decline, and you may lose all or part of your investment therein. You should acquire shares of our Common Stock only if you can afford to lose your entire investment.

Risks Associated With our Business

We Have A Limited Operating History With Significant Losses And Expect Losses To Continue For The Foreseeable Future

We have yet to establish any history of profitable operations. We had a net loss of $5,225,702 for the nine months ended September 30, 2006, as compared to $4,076,467 for the nine months ended September 30, 2005. The net loss since our inception on September 5, 1994 through September 30, 2006 was $38,962,098. We have incurred annual operating losses from continuing operations of $5,814,406, $4,864,361 and $5,770,531, respectively, during the fiscal years ended December 31, 2005, 2004 and 2003. As a result, at December 31, 2005 we had an accumulated deficit of $33,736,396. We have incurred net losses from continuing operations of $5,557,559, $4,864,361 and $5,520,531, respectively, during the fiscal years ended December 31, 2005, 2004 and 2003. Our revenues have not been sufficient to sustain our operations. We expect that our revenues will not be sufficient to sustain our operations for the foreseeable future. Our profitability will require the successful commercialization of our pipeline products. We can give no assurances when this will occur or that we will ever be profitable.

We Will Require Additional Financing To Sustain Our Operations And Without It We May Not Be Able To Continue Operations. We Cannot Currently Access Funds Under The Purchase Agreement II.

We had an operating cash flow deficit of $4.74 million for the nine months ended September 30, 2006 and $4.64 million for the year ended December 31, 2005.

The availability of funds under the Purchase Agreement II with Fusion Capital is subject to many conditions, some of which are predicated on events that are not within our control. Accordingly, we cannot guarantee that these capital resources will be sufficient to fund our business operations.

Fusion Capital shall not have the right nor the obligation to purchase any shares of our Common Stock on any trading days that the market price of our Common Stock is less than $0.25. On January 4, 2007, the last reported sale for our Common Stock was $0.21. Accordingly, the Company cannot currently access funds under the Purchase Agreement II. If we are unable to access funds under the Purchase Agreement II, we may need to sell additional equity securities in private placements. Since we registered 16,700,000 shares to be offered for sale from time to time by Fusion Capital pursuant to this Prospectus, with 3,329,372 remaining available under the Registration Statement, the selling price of our Common Stock to Fusion Capital will have to average at least $10.80 per share for us to receive the remaining proceeds of $35,980,000 without registering additional shares of Common Stock. Shares issued to date under the Common Stock Purchase Agreement are 11,670,628, with proceeds of $4,020,001. Assuming a minimum purchase price of $0.25 per share and the purchase by Fusion Capital of the full 3,329,372 remaining shares under the Purchase Agreement II, the remaining proceeds to us would be $832,343 unless we choose to register more than 3,329,372 shares, which we have the right, but not the obligation, to do. In the event we elect to sell more than the 3,329,372 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the Purchase Agreement II. We have the right to receive $40,000 per trading day under the Purchase Agreement II, unless our

stock price equals or exceeds $1.50, in which case the daily amount may be increased under certain conditions as the price of our Common Stock increases.

The extent to which we rely on Fusion Capital as a source of funding will depend on a number of factors including the prevailing market price of our Common Stock, which as of January 4, 2007, was $0.21, and the extent to which we are able to secure working capital from other sources, such as through the sale of our products. If obtaining sufficient financing from Fusion Capital were to prove unavailable or prohibitively dilutive and if we are unable to sell enough of our products, we may need to secure another source of funding in order to satisfy our working capital needs. Even if we are able to access the remaining $35,980,000 under the Purchase Agreement II with Fusion Capital, we may still need additional capital to fully implement our business, operating and development plans. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, we could be forced to curtail or cease our business operations.

The Sale Of Our Common Stock To Fusion Capital May Cause Dilution And The Sale Of The Shares Of Common Stock Acquired By Fusion Capital And Other Shares Registered for Selling Stockholders Could Cause The Price Of Our Common Stock To Decline

In connection with entering into the Purchase Agreement II with Fusion Capital, we authorized the sale to Fusion Capital of up to 26,643,100 shares of our Common Stock and registered 16,700,000. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the agreement. The purchase price for the Common Stock to be sold to Fusion Capital pursuant to the Purchase Agreement II will fluctuate based on the price of our Common Stock. Depending upon market liquidity at the time, a sale of shares by Fusion Capital at any given time could cause the trading price of our Common Stock to decline. Fusion Capital may ultimately purchase all, some or none of the 16,700,000 shares of Common Stock being registered under the Common Stock Purchase Agreement. Further, the lower the stock price, the more shares we would have to sell to Fusion to receive the same proceeds. After it has acquired such shares, it may sell all, some or none of such shares registered under the accompanying Registration Statement. Therefore, sales to Fusion Capital by us under the Purchase Agreement II may result in substantial dilution to the interests of other holders of our Common Stock. The sale of a substantial number of shares of our Common Stock by Fusion Capital, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales. However, we have the right to control the timing and amount of any sales of our shares of Common Stock to Fusion Capital and the Purchase Agreement II may be terminated by us at any time at our discretion without any cost to us.

Further, the sale by Fusion Capital and other selling stockholders of our Common Stock will increase the number of our publicly traded shares, which could depress the market price of our Common Stock. Moreover, the mere prospect of resales by Fusion Capital and other selling stockholders as contemplated in this prospectus could depress the market price for our Common Stock. The issuance of shares to Fusion Capital under the Purchase Agreement II, will dilute the equity interest of existing stockholders and could have an adverse effect on the market price of our common stock.

The Company's License Agreements May Be Terminated In The Event Of A Breach

The license agreements pursuant to which the Company has licensed its core technologies for its potential drug products permit the licensors, including Georgetown University, to terminate such agreements under certain circumstances, such as the failure by the licensee to use its reasonable best efforts to commercialize the subject drug or the occurrence of any uncured material breach by the licensee. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. The license agreements also require the payment of specified royalties. Any inability or failure to observe these terms or pay these costs or royalties may result in the termination of the applicable license agreement in certain cases. The termination of any license agreement could force us to curtail our business operations.

Protecting Our Proprietary Rights Is Difficult and Costly

The patent positions of pharmaceutical companies can be highly uncertain and involve complex legal and factual questions. The license agreements also provide that the licensor is primarily responsible for obtaining patent protection for the licensed technology, and the licensee is required to reimburse the licensor for costs it incurs in performing these activities. Accordingly, we cannot predict the breadth of claims allowed in these companies' patents or whether the Company may infringe or be infringing on these claims. Patent disputes are common and could preclude the commercialization of our products. Patent litigation is costly in its own right and could subject us to significant liabilities to third parties. In addition, an adverse decision could force us to either obtain third-party licenses at a material cost or cease using the technology or product in dispute.

Our Success Will Depend On Our Ability To Attract And Retain Key Personnel

In order to execute our business plan, we need to attract, retain and motivate a significant number of highly qualified managerial, technical, financial and sales personnel. If we fail to attract and retain skilled scientific and marketing personnel, our research and development and sales and marketing efforts will be hindered. Our future success depends to a significant degree upon the continued services of key management personnel, including Dr. Janet Greeson, our Chief Executive Officer, President and Chairman of the Board of Directors, and Dr. Vassilios Papadopoulos, Chief Scientist of the Science of Technology Advisory Committee and our key consultant. We do not maintain key man insurance on either of these individuals. We are currently negotiating a written employment agreement with Dr. Greeson and have a consulting arrangement with Dr. Papadopoulos. The loss of their services could delay our product development programs and our research and development efforts at Georgetown University. In addition, the loss of Dr. Greeson is grounds for our Research Collaboration with Georgetown University to terminate. In addition, competition for qualified employees among companies in the biotechnology and biopharmaceutical industry is intense and we cannot be assured that we would be able to recruit qualified personnel on commercially acceptable terms, or at all, to replace them.

We Are Forming A New Collaboration with McGill University and Our Success Is

Dependent Upon A Smooth Transition from Our Long Term Collaboration with Georgetown University.

Dr. Vassilios Papadopoulos, the lead scientist in the Georgetown University/Samaritan research collaboration, has been appointed as the new Director of the Research Institute of the McGill University Health Centre (MUHC) in Montreal, Canada. Dr. Papadopoulos has an international reputation as a scientist and a proven track record of leadership in biomedical research and administration. Dr. Papadopoulos will assume his new role officially on July 1, 2007. Between now and then he expects to be at the Research Institute of the MUHC on a regular basis, working on development and operational issues.

Each license granted or to be granted from Georgetown to Samaritan shall not be terminated or any way affected if the research collaboration between Georgetown and Samaritan is terminated. Each such license has its own termination provisions as set forth in the respective license.

Samaritan has the right to terminate the Georgetown research collaboration under this Agreement upon a 60-day notice in the event that Dr. Papadopoulos' ceases to be the Principal Investigator or have responsibility for directing our collaborated research. Samaritan intends to transfer our research collaboration with Georgetown to MUHC and expects to initiate a research collaboration with McGill officially on July 1, 2007.

We Are Faced With Intense Competition And Industry Changes, Which May Make It More Difficult For Us To Achieve Significant Market Penetration.

The pharmaceutical and biotech industry generally is characterized by rapid technological change, changing customer needs, and frequent new product introductions. If our competitors' existing products or new products are more effective than or considered superior to our products, the commercial opportunity for our products will be reduced or eliminated. We face intense competition from companies in our marketplace as well as companies offering other treatment options. Many of our potential competitors are significantly larger than we are and have greater financial, technical, research, marketing, sales, distribution and other resources than we do. We believe there will be intense price competition for products developed in our markets. Our competitors may develop or market technologies and products that are more effective or commercially attractive than any that we are developing or marketing. Our competitors may obtain regulatory approval, and introduce and commercialize products before we do. These developments could force us to curtail or cease or business operations. Even if we are able to compete successfully, we may not be able to do so in a profitable manner.

If We Are Unable To Continue Product Development, Our Business Will Suffer

Our growth depends in part on continued ability to successfully develop our products. We may experience difficulties that could delay or prevent the successful development and commercialization of these products. Our products in development may not prove safe and effective in clinical trials. Clinical trials may identify significant technical or other obstacles that must be overcome before obtaining necessary regulatory or reimbursement approvals. In addition, our competitors may succeed in developing commercially viable products that render our products obsolete or less attractive. Failure to successfully develop and commercialize new products and enhancements would likely have a significant negative effect on our financial prospects.

There Is No Assurance That Our Products Will Have Market Acceptance

The success of the Company will depend in substantial part on the extent to which a drug product, once approved, achieves market acceptance. The degree of market acceptance will depend upon a number of factors, including (a) the receipt and scope of regulatory approvals, (b) the establishment and demonstration in the medical community of the safety and efficacy of a drug product, (c) the product's potential advantages over existing treatment methods and (d) reimbursement policies of government and third party payers. We cannot predict or guarantee physicians, patients, healthcare insurers, maintenance organizations, or the medical community in general, will accept or utilize any drug product of the Company. If our products do not develop market acceptance, we will be forced to curtail or cease our business operations.

There Is Uncertainty Relating To Third-Party Reimbursement, Which Is Critical To Market Acceptance Of Our Products.

International market acceptance of our products may depend, in part, upon the availability of reimbursement within prevailing health care payment systems. Reimbursement and health care payment systems in international markets vary significantly by country, and include both government sponsored health care and private insurance. We may not obtain international reimbursement approvals in a timely manner, if at all. Our failure to receive international reimbursement approvals may negatively impact market acceptance of our products in the international markets in which those approvals are sought and could force us to curtail or cease our business operations.

From time to time significant attention has been focused on reforming the health care system in the United States and other countries. Any changes in Medicare, Medicaid or third-party medical expense reimbursement, which may arise from health care reform, may have a material adverse effect on reimbursement for our products or procedures in which our products are used and may reduce the price we are able to charge for our products. In addition, changes to the health care system may also affect the commercial acceptance of products we are currently developing and products we may develop in the future.

If We Fail To Protect Our Licensed Intellectual Property Rights, Our Competitors May Take Advantage Of Our Ideas And Compete Directly Against Us.

Our success will depend to a significant degree on our ability to secure and protect intellectual property rights and to enforce patent and trademark protections relating to our technology which we license. From time to time, litigation may be advisable to protect our intellectual property position. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. Any litigation in this regard could be costly, and it is possible that we will not have sufficient resources to fully pursue litigation or to protect our other intellectual property rights. It could result in the rejection or invalidation of our existing and future patents. Any adverse outcome in litigation relating to the validity of our patents, or any failure to pursue litigation or otherwise to protect our patent position, could force us to curtail or cease our business operations. Also, even if we prevail in litigation, the litigation would be costly in terms of management distraction as well as in terms of money. In addition, confidentiality agreements with our employees, consultants, customers,

and key vendors may not prevent the unauthorized disclosure or use of our technology. It is possible that these agreements could be breached or that they might not be enforceable in every instance, and that we might not have adequate remedies for any such breach. Enforcement of these agreements may be costly and time consuming. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States.

We May Be Sued For Allegedly Violating The Intellectual Property Rights Of Others.

The pharmaceutical industry has in the past been characterized by a substantial amount of litigation and related administrative proceedings regarding patents and intellectual property rights. In addition, major pharmaceutical companies have used litigation against emerging growth companies as a means of gaining or preserving a competitive advantage.

Should third parties file patent applications or be issued patents claiming technology also claimed by us in pending applications, we may be required to participate in interference proceedings in the United States Patent and Trademark Office to determine the relative priorities of our inventions and the third parties' inventions. We could also be required to participate in interference proceedings involving our issued patents and pending applications of another entity. An adverse outcome in an interference proceeding could require us to cease using the technology or to license rights from prevailing third parties and force us to curtail or cease our business operations.

Third parties may claim we are using their patented inventions and may go to court to stop us from engaging in our normal operations and activities. These lawsuits are expensive to defend and conduct and would also consume and divert the time and attention of our management. A court may decide that we are infringing a third party's patents and may order us to cease the infringing activity. A court could also order us to pay damages for the infringement. These damages could be substantial and could have a material adverse effect on our business, financial condition, results of operations and cash flows. An adverse outcome on an infringement claim could force us to curtail or cease our business operations.

If we are unable to obtain any necessary license following an adverse determination in litigation or in interference or other administrative proceedings, we would have to redesign our products to avoid infringing a third party's patent and could temporarily or permanently have to discontinue manufacturing and selling some of our products. If this were to occur, it would negatively impact future sales and, in turn, our business, financial condition, results of operations and cash flows, which could force us to curtail or cease our business operations.

If We Fail To Obtain Or Maintain Necessary Regulatory Clearances Or Approvals For Products, Or If Approvals Are Delayed Or Withdrawn, We Will Be Unable To Commercially Distribute And Market Our Products Or Any Product Modifications.

Government regulation has a significant impact on our business. Government regulation in the United States and other countries is a significant factor affecting the research and development, manufacture and marketing of our products. In the United States, the Food and Drug Administration (FDA) has broad

authority under the federal Food, Drug and Cosmetic Act to regulate the distribution, manufacture and sale of pharmaceutical products. The process of obtaining FDA and other required regulatory clearances and approvals is lengthy and expensive. We may not be able to obtain or maintain necessary approvals for clinical testing or for the manufacturing or marketing of our products. Failure to comply with applicable regulatory approvals can, among other things, result in fines, suspension or withdrawal of regulatory approvals, product recalls, operating restrictions, and criminal prosecution. In addition, governmental regulations may be established which could prevent, delay, modify or rescind regulatory approval of our products. Any of these actions by the FDA, or change in FDA regulations, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Regulatory approvals, if granted, may include significant limitations on the indicated uses for which our products may be marketed. In addition, to obtain such approvals, the FDA and foreign regulatory authorities may impose numerous other requirements on us. FDA enforcement policy prohibits the marketing of approved medical devices for unapproved uses. In addition, product approvals can be withdrawn for failure to comply with regulatory standards or unforeseen problems following initial marketing. We may not be able to obtain or maintain regulatory approvals for our products on a timely basis, or at all, and delays in receipt of or failure to receive such approvals, the loss of previously obtained approvals, or failure to comply with existing or future regulatory requirements could have a material adverse effect on our business, financial condition, results of operations and cash flows, which could force us to curtail or cease our business operations.

Positive Results In Preclinical And Early Clinical Trials Do Not Ensure Future Clinical Trials Will Be Successful Or Drug Candidates Will Receive Any Necessary Regulatory Approvals For The Marketing, Distribution Or Sale Of Such Drug Candidates.

Success in preclinical and early clinical trials does not ensure that large-scale clinical trials will be successful. Clinical results are frequently susceptible to varying interpretations, delaying, limiting or preventing regulatory approvals. The length of time necessary to complete clinical trials and submit an application for marketing approval for a final decision by a regulatory authority varies significantly and may be difficult to predict.

If We Become Subject To Product Liability Claims, We May Be Required To Pay Damages That Exceed Our Insurance Coverage.

Our business exposes us to potential product liability claims that are inherent in the testing, production, marketing and sale of pharmaceuticals products. While we maintain a commercial general liability policy for $2 million, we may not be able to maintain insurance in amounts or scope sufficient to provide us with adequate coverage. A claim in excess of our insurance coverage would have to be paid out of cash reserves, which could have a material adverse effect on our business, financial condition, results of operations and cash flows and force us to curtail or cease our business operations. In addition, any product liability claim likely would harm our reputation in the industry and our ability to develop and market products in the future.

Insurance Coverage Is Increasingly More Difficult To Obtain or Maintain

Obtaining insurance for our business, property and products is increasingly more costly and narrower in scope, and we may be required to assume more risk in the future. If we are subject to third party claims or suffer a loss or damage in excess of our insurance coverage, we may be required to share that risk in excess of our insurance limits. Furthermore, any first-or-third-party claims made on any of our insurance policies may impact our ability to obtain or maintain insurance coverage at reasonable costs or at all in the future.

Risks Associated With An Investment In Our Common Stock

The Market Price Of Our Common Stock Is Highly Volatile.

The market price of our Common Stock has been and is expected to continue to be highly volatile. Various factors, including announcements of technological innovations by us or other companies, regulatory matters, new or existing products or procedures, concerns about our financial position, operating results, litigation, government regulation, developments or disputes relating to agreements, patents or proprietary rights, may have a significant impact on the market price of our stock. If our operating results are below the expectations of securities analysts or investors, the market price of our Common Stock may fall abruptly and significantly.

Future sales of our Common Stock, including shares issued upon the exercise of outstanding options and warrants or hedging or other derivative transactions with respect to our stock, could have a significant negative effect on the market price of our Common Stock. These sales also might make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we would deem appropriate.

We entered into registration rights agreements in connection with certain financings pursuant to which we agreed to register for resale by the investors the shares of Common Stock issued. Sales of these shares could have a material adverse effect on the market price of our shares of Common Stock.

Our Common Stock May Be Delisted From The American Stock Exchange, And As A Result, Trading Of Our Common Stock Has Become More Difficult.

On November 6, 2006, The American Stock Exchange ("AMEX") sent a letter to Samaritan Pharmaceuticals, Inc. (the "Company") notifying it that, based upon review of the Company's Quarterly Report on Form 10-Q filed for the quarter ended June 30, 2006, AMEX has determined that the Company does not meet certain of the AMEX continued listing standards as set forth in the AMEX Company Guide. Specifically, AMEX notified the Company that it is not in compliance with Section 1003(a)(ii) of the AMEX Company Guide because the Company's shareholders' equity is less than $4,000,000 and the Company has sustained losses in three out of four of its most recent fiscal years; and Section 1003 (a)(iii) of the Company Guide with Shareholders' equity of less than $6,000,000 and losses from continuing operations and/or net losses in its five most recent fiscal years.

In order to maintain listing of our Common Stock on AMEX, we submitted a plan on December 6, 2006, advising AMEX of the Company's plan to achieve

compliance with the continued listing standards referenced in the AMEX letter of November 6, 2006. The plan must provide for the Company to be back in compliance within an 18-month period.

The Listings Qualifications Department of AMEX will evaluate our plan and determine whether we have made a reasonable demonstration in the plan of an ability to regain compliance with the continued listing standards within 18 months. If AMEX accepts our plan, we may be able to continue our listing during the plan period, during which time we will be subject to periodic review to determine if we are making progress consistent with the plan. If AMEX does not accept our plan, we fail to make progress consistent with our plan, or if we are not in compliance by the end of the 18 month period, AMEX may initiate delisting proceedings with respect to our Common Stock. We may appeal any AMEX staff determination to initiate delisting proceedings with respect to our Common Stock.

Our Common Stock continues to trade on AMEX; however, our trading symbol will remain the same but will have an indicator .BC added as an extension to signify our noncompliance with the continued listing standards. The Company will be included in a list on the AMEX website of issuers that do not comply with the listing standards. The .BC indicator will remain as an extension on our trading symbol until the Company has regained compliance with all applicable continued listing standards. Further, should the Company be delisted from the AMEX, this may cause a default under the Fusion deal and prohibit us from drawing under the Common Stock Purchase Agreement.

Under Provisions Of The Company's Articles Of Incorporation, Bylaws And Nevada Law, The Company's Management May Be Able To Block Or Impede A Change In Control

The issuance of blank check preferred stock, where the Board can designate rights or preferences, may make it more difficult for a third party to acquire, or may discourage a third party from acquiring, a majority of our voting stock. These and other provisions in our Articles of Incorporation (restated as last amended June 10, 2005) and in our Bylaws (restated as last amended April 18, 2005), as well as certain provisions of Nevada law, could delay or impede the removal of incumbent Directors and could make it more difficult to effect a merger, tender offer or proxy contest involving a change of control of the Company, even if such events could be beneficial to the interest of the shareholders as a whole. Such provisions could limit the price that certain investors might be willing to pay in the future for our Common Stock.

Officers and Directors Liabilities Are Limited Under Nevada Law

Pursuant to the Company's Articles of Incorporation (restated as last amended June 10, 2005) and Bylaws (restated as last amended April 18, 2005), and as authorized under applicable Nevada law, Directors are not liable for monetary damages for breach of fiduciary duty, except in connection with a breach of the duty of loyalty for (a) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (b) for dividend payments or stock repurchases illegal under applicable Nevada law or (c) any transaction in which a Director has derived an improper personal benefit. The Company's Articles of Incorporation (restated as last amended June 10, 2005) and Bylaws (restated as last amended April 18, 2005) provide that the Company must indemnify its officers and Directors to the fullest extent permitted by applicable Nevada law for all expenses incurred in the settlement of any actions

against such persons in connection with their having served as officers or Directors.

USE OF PROCEEDS

This Prospectus relates to the registration of 16,700,000 shares of our Common Stock. We will receive no proceeds from any sale of shares of Common Stock in this offering. However, as of January 4, 2007, we have 3,329,372 shares remaining under this Registration Statement under the Purchase Agreement II. As of January 4, 2007, the last reported market price for our Common Stock was $0.21 per share. Accordingly, the Company cannot currently access funds under the Purchase Agreement II and will not be able to access such funds unless our Common Stock exceeds the market price of $0.25 per share. Any proceeds we receive from Fusion Capital under the Purchase Agreement II will be used for working capital and general corporate purposes.

DETERMINATION OF OFFERING PRICE

General

On May 12, 2005, we entered into a Purchase Agreement with Fusion Capital pursuant to which Fusion Capital has agreed, under certain conditions, to purchase on each trading day $40,000 of our Common Stock up to an aggregate of $40,000,000 over a fifty (50) month period subject to earlier termination at our discretion. We may also elect, at our discretion, to sell more of our Common Stock to Fusion Capital than the $40,000 daily amount. The purchase price of the shares of Common Stock will be equal to a price based upon the future market price of the Common Stock without any fixed discount to the market price. Fusion Capital does not have the right or the obligation to purchase shares of our Common Stock in the event that the price of our Common Stock is less than $0.25. On January 4, 2007, the last reported market sale price of our Common Stock was $0.21 per share. Accordingly, the Company cannot currently access funds under the Purchase Agreement II. On December 29, 2005, the accompanying Registration Statement on Form SB-2 (Registration No. 333-130356) was declared effective by the SEC. The number of registered, yet not issued shares remaining under the accompanying Registration Statement as of January 4, 2007, is 3,329,372. In connection with entering into the Purchase Agreement II, we authorized the sale to Fusion Capital of up to 26,643,192 shares of our Common Stock.

We only have the right to receive $40,000 per trading day under the Purchase Agreement II, unless our stock price equals or exceeds $1.50, in which case the daily amount may be increased under certain conditions as the price of our Common Stock increases. Fusion Capital shall not have the right nor the obligation to purchase any shares of our Common Stock on any trading days that the market price of our Common Stock is less than $0.25. Shares issued to date under the Common Stock Purchase Agreement is 11,670,628, with proceeds of $4,020,001. On January 4, 2007, the last reported market sale price of our Common Stock was $0.21. We have 3,329,372 shares remaining under the Form SB-2 Registration Statement to be offered for sale from time to time by Fusion Capital pursuant to this Prospectus. The selling price of our Common Stock to Fusion Capital will have to average at least $10.80 per share for us to receive the maximum remaining proceeds of $35,980,000 without registering additional shares of Common Stock. Assuming a minimum purchase price of $0.25 per share and the purchase by Fusion Capital of the 3,329,372 remaining registered shares under the Purchase Agreement II, proceeds to us would be $832,343 unless we choose to register more than 3,329,372 shares, which we have the right, but not the obligation, to do. Subject to approval by our Board of Directors, we have the right but not the obligation to sell more than 3,329,372 shares to Fusion

Capital. In the event we elect to sell more than the 3,329,372 shares, we will be required to file a new Registration Statement and have it declared effective by the U.S. Securities & Exchange Commission. The number of shares ultimately offered for sale by Fusion Capital is dependent upon the number of shares purchased by Fusion Capital under the Purchase Agreement II.

Purchase Of Shares Under The Common Stock Purchase Agreement

Under the Purchase Agreement II, on any business day selected by us, we may direct Fusion Capital to purchase up to $40,000 of our Common Stock. The purchase price per share is equal to the lesser of:

- the lowest sale price of our Common Stock on the purchase date; or
- the average of the three (3) lowest closing sale prices of our Common Stock during the twelve (12) consecutive business days prior to the date of a purchase by Fusion Capital.

Our Right To Increase And Decrease The Amount To Be Purchased

Under the Purchase Agreement II, Fusion Capital has agreed to purchase on each trading day during the fifty (50) month term of the Purchase Agreement II, $40,000 of our Common Stock or an aggregate of $40,000,000. We have the unconditional right to decrease the daily amount to be purchased by Fusion Capital at any time for any reason effective upon one (1) trading day's notice.

In our discretion, we may elect to sell more of our Common Stock to Fusion Capital than the $40,000 daily amount. First, in respect of the daily purchase amount, we have the right to increase the daily purchase amount as the market price of our Common Stock increases. Specifically, for every $0.25 increase in the Threshold Price (as defined herein below) above $1.25, the Company shall have the right to increase the daily purchase amount by up to an additional $5,000. For example, if the Threshold Price is $1.75 we would have the right to increase the daily purchase amount to up to an aggregate of $50,000. The "Threshold Price" is the lowest sale price of our Common Stock during the five (5) trading days immediately preceding our notice to Fusion Capital to increase the daily purchase amount. If at any time during any trading day the sale price of our Common Stock is below the Threshold Price, the applicable increase in the daily purchase amount will be void.

In addition to the daily purchase amount, we may elect to require Fusion Capital to purchase on any single trading day our shares in an amount up to $250,000, provided that our share price is above $0.80 during the five (5) trading days prior thereto. The price at which such shares would be purchased will be the lowest purchase price during the previous fifteen (15) trading days prior to the date that such purchase notice was received by Fusion Capital. We may increase this amount to $500,000 if our share price is above $1.25 during the five (5) trading days prior to our delivery of the purchase notice to Fusion Capital. This amount may also be increased to up to $1,000,000 if our share price is above $2.50 during the five (5) trading days prior to our delivery of the purchase notice to Fusion Capital. We may deliver multiple purchase notices; however at least ten (10) trading days must have passed since the most recent non-daily purchase was completed.

Minimum Purchase Price

Under the Purchase Agreement II agreement, we have set a minimum purchase price ("floor price") of $0.25. Fusion Capital shall not have the right or the obligation to purchase shares of our Common Stock on any business day

that the market price of our Common Stock is below $0.25. On January 4, 2007, the last reported market sale price of our Common Stock was $0.21. Accordingly, the Company cannot currently access funds under the Purchase Agreement II and will not be able to access such funds in the future unless the market price our Common Stock exceeds $0.25 per share.

Events of Default

Generally, Fusion Capital may terminate the Purchase Agreement II, without any liability or payment to the Company upon the occurrence of any of the following events of default:

- the effectiveness of the accompanying Registration Statement of which this Prospectus is a part of lapses for any reason (including, without limitation, the issuance of a stop order) or is unavailable to Fusion Capital for sale of our Common Stock offered hereby and such lapse or unavailability continues for a period of five (5) consecutive trading days or for more than an aggregate of twenty (20) trading days in any three hundred sixty-five (365) day period;

- suspension by our principal market of our Common Stock from trading or failure of the Common Stock to be listed for a period of three (3) consecutive trading days;

- the de-listing of our Common Stock from our principal market provided our Common Stock is not immediately thereafter trading on the Nasdaq National Market, the Nasdaq SmallCap Market, or the New York Stock Exchange;

- the transfer agent's failure for five (5) trading days to issue to Fusion Capital shares of our Common Stock which Fusion Capital is entitled to under the Purchase Agreement II;

- any material breach of the representations or warranties or covenants contained in the Purchase Agreement II or any related agreements by the Company which has or which could have a material adverse affect on us subject to a cure period of five (5) trading days;

- any participation or threatened participation in insolvency or bankruptcy proceedings by or against us;

- a material adverse change in our business; or

- the issuance of an aggregate of 26,643,192 shares of Common Stock (19.9% of the outstanding shares of Common Stock as of the date of the Purchase Agreement II) if we fail to obtain the requisite shareholder approval.

Our Termination Rights

We have the unconditional right at any time for any reason to give notice to Fusion Capital terminating the Purchase Agreement II without any cost to us.

No Short-Selling or Hedging by Fusion Capital

Fusion Capital has agreed that neither it nor any of its affiliates

will engage in any direct or indirect short-selling or hedging of our Common Stock during any time prior to the termination of the Purchase Agreement II.

Commitment Shares Issued to Fusion Capital

Under the terms of the Purchase Agreement II, Fusion Capital has received a commitment fee consisting of 1,700,000 shares of our Common Stock. Generally, unless an event of default occurs, Fusion Capital must own at least 1,700,000 shares of our Common Stock until 50 months from the date of the agreement or until the agreement is terminated.

Effect of Performance of the Common Stock Purchase Agreement on Our Stockholders

All 16,700,000 shares registered in connection with Fusion in this offering are expected to be freely tradable, of which 3,329,372 shares remain under this Prospectus. It is anticipated that shares registered in this offering will be sold over a period of up to 38 months from the date the accompanying Registration Statement was first declared effective by the SEC. The sale by Fusion Capital of a significant amount of shares registered in this offering at any given time could cause the market price of our Common Stock to decline and to be highly volatile. Fusion Capital may ultimately purchase all, some or none of the remaining 3,329,372 shares of Common Stock not yet issued but registered in this offering. After it has acquired such shares, it may sell all, some or none of such shares. Therefore, sales to Fusion Capital by us under the Purchase Agreement II have resulted in substantial dilution to the interests of other holders of our Common Stock. However, we have the right to control the timing and amount of any sales of our shares to Fusion Capital and the agreement may be terminated by us at any time at our discretion without any cost to us.

In connection with entering into the Purchase Agreement II, we authorized the sale to Fusion Capital of up to 26,643,100 shares of our Common Stock and registered 16,700,000 shares in the accompanying Registration Statement. The number of shares ultimately offered for sale by Fusion Capital under this Prospectus is dependent upon the number of shares purchased by Fusion Capital under the agreement. The following table sets forth the amount of proceeds we would receive from Fusion Capital from the sale of shares at varying purchase prices:

Assumed Average Purchase Price	Number of Shares Remaining To Be Issued If Full Purchase	Percentage of Outstanding Shares After Giving Effect To the Remaining Issuance to Fusion Capital(1)	Proceeds fro Sale of Shar Fusion Capi Under the Co Stock Purch Agreemen
$ 0.25	3,329,372	2.13%	
$ 0.50	3,329,372	2.13%	$1
$ 0.75	3,329,372	2.13%	$2
$ 1.00	3,329,372	2.13%	$3

$ 1.25	3,329,372	2.13%	$4
$ 1.50	3,329,372	2.13%	$4
$ 1.75	3,329,372	2.13%	$5
$ 2.00	3,329,372	2.13%	$6
$ 2.25	3,329,372	2.13%	$7

(1) Based on 156,652,708 shares outstanding as of January 4, 2007.

DILUTION

The net tangible book value of Samaritan as of September 30, 2006 was $2,780,957 or $0.0178 per share of Common Stock. Net tangible book value per share is determined by dividing the tangible book value of Samaritan (total tangible assets less total liabilities) by the number of outstanding shares of our Common Stock. Since this offering is being made solely by the selling stockholder and none of the proceeds will be paid to Samaritan, our net tangible book value will be unaffected by this offering. Our net tangible book value, however, will be impacted by the Common Stock to be issued under the Purchase Agreement II. The amount of dilution will depend on the offering price and number of shares to be issued under the Purchase Agreement II. The following example shows the dilution to new investors at an offering price of $0.25 per share, the minimal purchase price under the Purchase Agreement II.

If we assume that Samaritan issues 3,329,372 shares, the remaining amount of shares under the accompanying Registration Statement to be issued at an assumed offering price of $0.25 per share, less offering expenses of $18,000.00, our net tangible book value as of September 30, 2006 would have been $3,605,300 or $0.0225 per share. Such an offering would represent an immediate increase in net tangible book value to existing shareholders of $0.0225 per share and an immediate dilution to new shareholders of $.2275 per share. The following table illustrates the per share dilution:

Assumed public offering price per share	$0.2500
Net tangible book value per share before this offering	$0.0178
Increase attributable to new investors	$0.0047
Net tangible book value per share after this offering	$0.0225
Dilution per share to new shareholders	$0.2275

The offering price of our Common Stock is based on the then-existing market price. In order to give prospective investors an idea of the dilution per share they may experience, we have prepared the following table showing the dilution per share at various assumed offering prices:

ASSUMED OFFERING PRICE	NO. OF SHARES TO BE ISSUED(1)	DILUTION PER SHARE TO NEW INVESTORS
$0.40	3,329,372	$0.0257

$0.35	3,329,372	$0.0246
$0.30	3,329,372	$0.0236
$0.25	3,329,372	$0.0225

(1) Samaritan has 3,329,372 remaining registered shares of Common Stock under the accompanying Registration Statement pursuant to the Purchase Agreement II with Fusion Capital.

SELLING SECURITY HOLDERS

The following table presents information regarding the selling stockholders. Neither the selling stockholders nor any of their affiliates has held a position or office, or had any other material relationship, with us.

Selling Stockholder	Shares Beneficially Owned Before Offering	Percentage of Outstanding Shares Beneficially Owned Before Offering(1)	Shares Beneficiall Owned After Offerin
Fusion Capital Fund II, LLC(1)(2) 222 Merchandise Mart Plaza, Suite 9-112 Chicago, IL 60654	5,879,945	3.75%	5,879,945

1) As of January 4, 2007, 5,879,945 shares of our Common Stock owned by Fusion Capital under the Common Stock Purchase Agreement and 3,329,372 registered shares remain under the Purchase Agreement II. Percentage of outstanding shares before offering is based on 156,652,708 shares of Common Stock outstanding as of January 4, 2007. Percentage of outstanding shares after offering is based on 159,982,080 common shares.

2) Steven G. Martin and Joshua B. Scheinfeld, the principals of Fusion Capital, are deemed to be beneficial owners of all of the shares of Common Stock owned by Fusion Capital. Messrs. Martin and Scheinfeld have shared voting and disposition power over the shares being offered under this Prospectus.

3) Assumes that all shares are sold pursuant to this offering and that no other shares of Common Stock are acquired or disposed of by the selling shareholders prior to the termination of this offering. Because the selling shareholders may sell all, some or none of their shares or may acquire or dispose of other shares of Common Stock, no reliable estimate can be made of the aggregate number of shares that will be sold pursuant to this offering or the number or percentage of shares of Common Stock that each selling shareholder will own upon completion of this offering.

PLAN OF DISTRIBUTION

We are registering 16,700,000 shares of our Common Stock pursuant to the accompanying Registration Statement and such 16,700,000 shares shall be offered to be sold by Fusion Capital under the Common Stock Purchase Agreement. As of January 4, 2007, 3,329,372 shares remain under this Registration Statement to be sold by Fusion under the Common Stock Purchase Agreement. Fusion Capital is sometimes referred to herein as a selling shareholder.

The Common Stock offered by this Prospectus is being offered by Fusion Capital. The Common Stock may be sold or distributed from time to time by the selling stockholder directly to one or more purchasers or through brokers, dealers, or underwriters who may act solely as agents at market prices prevailing at the time of sale, at prices related to the prevailing market prices, at negotiated prices, or at fixed prices, which may be changed. The sale of the Common Stock offered by this Prospectus may be affected in one or more of the following methods:

- ordinary brokers' transactions;
- transactions involving cross or block trades;
- through brokers, dealers, or underwriters who may act solely as agents
- "at the market" into an existing market for the Common Stock;
- in other ways not involving market makers or established trading markets, including direct sales to purchasers or sales effected through agents;
- in privately negotiated transactions; or
- any combination of the foregoing.

In order to comply with the securities laws of certain states, if applicable, the shares may be sold only through registered or licensed brokers or dealers. In addition, in certain states, the shares may not be sold unless they have been registered or qualified for sale in the state or an exemption from the registration or qualification requirement is available and complied with.

Brokers, dealers, underwriters, or agents participating in the distribution of the shares as agents may receive compensation in the form of commissions, discounts, or concessions from the selling stockholder and/or purchasers of the Common Stock for whom the broker-dealers may act as agent. The compensation paid to a particular broker-dealer may be less than or in excess of customary commissions.

Fusion Capital is an "underwriter" within the meaning of the Securities Act.

Neither we nor Fusion Capital can presently estimate the amount of compensation that any agent will receive. We know of no existing arrangements between Fusion Capital, any other stockholder, broker, dealer, underwriter, or agent relating to the sale or distribution of the shares offered by this Prospectus. At the time a particular offer of shares is made, a Prospectus supplement, if required, will be distributed that will set forth the names of any agents, underwriters, or dealers and any compensation from the selling stockholder, and any other required information.

We will pay all of the expenses incident to the registration, offering, and sale of the shares to the public other than commissions or discounts of underwriters, broker-dealers, or agents. We have also agreed to indemnify Fusion

Capital and related persons against specified liabilities, including liabilities under the Securities Act.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers, and controlling persons, we have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is therefore, unenforceable.

Fusion Capital and its affiliates have agreed not to engage in any direct or indirect short selling or hedging of our Common Stock during the term of the Purchase Agreement II.

We have advised the selling stockholder that while it is engaged in a distribution of the shares included in this Prospectus, it is required to comply with Regulation M promulgated under the Securities Exchange Act of 1934, as amended. With certain exceptions, Regulation M precludes the selling stockholder, any affiliated purchasers, and any broker-dealer or other person who participates in the distribution from bidding for or purchasing, or attempting to induce any person to bid for or purchase any security which is the subject of the distribution until the entire distribution is complete. Regulation M also prohibits any bids or purchases made in order to stabilize the price of a security in connection with the distribution of that security. All of the foregoing may affect the marketability of the shares offered by this Prospectus.

DESCRIPTION OF SECURITIES TO BE REGISTERED

Common Stock

Our authorized capital stock consists of 250,000,000 authorized shares of Common Stock, par value $0.001 per share, of which 156,652,708 shares are issued and outstanding as of January 4, 2007. The holders of our Common Stock are entitled to one (1) vote for each share on all matters voted on by shareholders, including the election of Directors and, except as otherwise required by law, or provided in any resolution adopted by our Board of Directors with respect to any series of preferred stock, exclusively possess all voting power. Under our Articles of Incorporation (as amended and restated), voting rights are non-cumulative so that shareholders holding more than fifty percent (50%) of our outstanding shares of Common Stock are able to elect all members of our Board of Directors. Holders of shares of our Common Stock are entitled to share ratably in dividends, if any, as may be declared, from time to time by our Board of Directors in its discretion, from funds legally available to be distributed. In the event of a liquidation, dissolution or winding up of the Company, the holders of shares of Common Stock are entitled to share pro rata all assets remaining after payment in full of all liabilities. Holders of our Common Stock have no preemptive rights to purchase our Common Stock. There are no conversion rights or redemption or sinking fund provisions with respect to our Common Stock.

Shares Eligible for Future Sale

Sales of substantial amounts of our Common Stock in the public market following this offering could negatively affect the market price of our Common Stock. Such sales could also impair our future ability to raise capital through the sale of our equity securities.

At the time of this Prospectus, we have outstanding 156,652,708 shares of our

Common Stock. Of these shares, approximately:

- 87,189,722 shares will be freely tradable by persons other than "affiliates" without restriction under the Securities Act of 1933, as amended; and

- 69,462,986 shares will be "restricted" securities within the meaning of Rule 144 under the Securities Act of 1933, as amended, and may not be sold in the absence of registration under the Securities Act of 1933, as amended, unless an exemption from registration is available, including the exemption provided by Rule 144. As of the date of this Prospectus, 41,105,617 shares are held by affiliates of Samaritan, and may only be sold pursuant to Rule 144.

In general, under Rule 144, a person or persons whose shares are aggregated, including any affiliate of Samaritan who has beneficially owned restricted securities for at least one (1) year, would be entitled to sell within any three (3) month period, a number of shares that does not exceed one percent (1%) of the number of shares of Common Stock then outstanding.

Sales under Rule 144 are also subject to manner of sale and notice requirements and to the availability of current public information about Samaritan. Under Rule 144(k), a person who is not considered to have been an affiliate of Samaritan at any time during the ninety (90) days preceding a sale, and who has beneficially owned restricted securities for at least two (2) years, including the holding period of any prior owner except an affiliate of Samaritan, may sell these shares without following the terms of Rule 144.

Preferred Stock

Our authorized capital stock also includes 5,000,000 shares of preferred stock, par value $0.001 per share, of which zero (0) shares are issued and outstanding as of the date of this Prospectus.

Provisions In Our Articles Of Incorporation And By-Laws That Would Delay, Defer Or Prevent A Change In Control

Our Articles of Incorporation (restated as last amended June 10, 2005) authorize a class of preferred stock commonly known as a "blank check" preferred stock. Specifically, the preferred stock may be issued from time to time by the Board of Directors as shares of one (1) or more classes or series. Our Board of Directors, subject to the provisions of our Articles of Incorporation (restated as last amended June 10, 2005) and limitations imposed by law, is authorized to adopt resolutions; to issue the shares; to fix the number of shares; to change the number of shares constituting any series; and to provide for or change the following: the voting powers; designations; preferences; and relative, participating, optional or other special rights, qualifications, limitations or restrictions, including the following: dividend rights, including whether dividends are cumulative; dividend rates; terms of redemption, including sinking fund provisions; redemption prices; conversion rights and liquidation preferences of the shares constituting any class or series of the preferred stock.

In each such case, we will not need any further action or vote by our shareholders. One of the effects of undesignated preferred stock may be to enable the Board of Directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and thereby to protect the continuity of our management. The issuance of shares of preferred stock pursuant to the board of director's

authority described above may adversely affect the rights of holders of Common Stock. For example, preferred stock issued by us may rank prior to the Common Stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of Common Stock. Accordingly, the issuance of shares of preferred stock may discourage bids for the Common Stock at a premium or may otherwise adversely affect the market price of the Common Stock.

Staggering Board Of Directors

Our Bylaws (restated as last amended April 18, 2005), which were approved by the Directors on April 19, 2005, provide that our Board of Directors shall consist of eight (8) Directors that shall be divided into three (3) classes. The authorized number of Directors may from time to time be increased to not more than fifteen (15) or decreased to not less than three (3) by resolution of the Board of Directors. A single class of Directors shall be elected each year at the annual meeting, and each Director shall be elected to serve for a term ending on the date of the third annual meeting of shareholders after his election and until his successor has been elected and duly qualified, subject to any transition periods. This provision in our Bylaws (restated as last amended April 18, 2005) would delay, defer or prevent a change in control of Samaritan. Our Board of Directors or shareholders may remove a Director at any time, with or without cause.

Amendment Of Our Bylaws

Our Bylaws (restated as last amended April 18, 2005) may be adopted, amended or repealed by (a) the affirmative vote of more than eighty percent (80%) of our outstanding shares or (b) our Board of Directors.

Nevada Laws

The Nevada Business Corporation Law contains a provision governing "Acquisition of Controlling Interest". This law provides generally that any person or entity that acquires twenty percent (20%) or more of the outstanding voting shares of a publicly-held Nevada corporation in the secondary public or private market may be denied voting rights with respect to the acquired shares, unless a majority of the disinterested shareholders of the corporation elects to restore such voting rights in whole or in part. The control share acquisition act provides that a person or entity acquires "control shares" whenever it acquires shares that, but for the operation of the control share acquisition act, would bring its voting power within any of the following three ranges: (a) twenty percent (20%) to thirty-three and one-third percent (33 1/3%), (b) thirty-three and one-third percent (33 1/3%) to fifty percent (50%) or (c) more than fifty percent (50%). A "control share acquisition" is generally defined as the direct or indirect acquisition of either ownership or voting power associated with issued and outstanding control shares. The shareholders or Board of Directors of a corporation may elect to exempt the stock of the corporation from the provisions of the control share acquisition act through adoption of a provision to that effect in the Articles of Incorporation or Bylaws of the corporation. Our Articles of Incorporation and Bylaws do not exempt our Common Stock from the control share acquisition act. The control share acquisition act is applicable only to shares of "Issuing Corporations" as defined by the act. An Issuing Corporation is a Nevada corporation, which; (a) has two hundred (200) or more shareholders, with at least one hundred (100) of such shareholders being both shareholders of record and residents of Nevada; and (b) does business in Nevada directly or through an affiliated corporation.

At this time, we have one hundred (100) shareholders of record who are residents

of Nevada. Therefore, the provisions of the control share acquisition act do apply to acquisitions of our shares. The provisions of the control share acquisition act may discourage companies or persons interested in acquiring a significant interest in or control of Samaritan, regardless of whether such acquisition may be in the interest of our shareholders.

The Nevada "Combination with Interested Shareholders Statute" may also have an effect of delaying or making it more difficult to effect a change in control of Samaritan Pharmaceuticals. This statute prevents an "interested shareholder" and a resident domestic Nevada corporation from entering into a "combination", unless certain conditions are met. The statute defines "combination" to include any merger or consolidation with an "interested shareholder", or any sale, lease, exchange, mortgage, pledge, transfer or other disposition, in one transaction or a series of transactions with an "interested shareholder" having; (a) an aggregate market value equal to five percent (5%) or more of the aggregate market value of the assets of the corporation; (b) an aggregate market value equal to five percent (5%) or more of the aggregate market value of all outstanding shares of the corporation; or (c) representing ten percent (10%) or more of the earning power or net income of the corporation. An "interested shareholder" means the beneficial owner of ten percent (10%) or more of the voting shares of a resident domestic corporation, or an affiliate or associate thereof. A corporation affected by the statute may not engage in a combination" within three (3) years after the interested shareholder acquires its shares unless the combination or purchase is approved by the Board of Directors before the interested shareholder acquired such shares. If approval is not obtained, then after the expiration of the three-year period, the business combination may be consummated with the approval of the Board of Directors or a majority of the voting power held by disinterested shareholders, or if the consideration to be paid by the interested shareholder is at least equal to the highest of: (a) the highest price per share paid by the interested shareholder within the three years immediately preceding the date of the announcement of the combination or in the transaction in which he became an interested shareholder, whichever is higher; (b) the market value per common share on the date of announcement of the combination or the date the interested shareholder acquired the shares, whichever is higher; or (c) if higher for the holders of preferred stock, the highest liquidation value of the preferred stock.

Transfer Agent

The transfer agent for the Common Stock is Securities Transfer Corporation, 2591 Dallas Parkway, Suite 102, Frisco, Texas 75034.

INTERESTS OF NAMED EXPERTS AND COUNSEL

Sherb & Co., LLP, an independent registered public accounting firm, has audited our consolidated balance sheet as of December 31, 2005, and the consolidated statements of operations, shareholders' equity, and cash flows for the two (2) years in the period ended December 31, 2005 as set forth in this Prospectus. The financial statements are included in reliance on such reports given upon the authority of Sherb & Co., LLP as experts in accounting and auditing. Sherb & Co., LLP does not have any ownership interest in Samaritan.

Burton, Bartlett & Glogovac has passed upon the validity of the shares of our Common Stock offered hereby.

DESCRIPTION OF BUSINESS

General

Samaritan is working to ensure a longer and better life for patients suffering with AIDS, Alzheimer's, cancer, and cardiovascular disease. Samaritan is a pipeline-driven biopharmaceutical company, with a clear focus on advancing early stage innovative drugs through clinical development, to become commercially valuable compounds. We have devoted substantially all of our resources to undertaking our drug discovery and development programs.

The majority of our resources have been expended in the pursuit of FDA required preclinical studies and Phase II/III clinical trials for Samaritan's HIV drug SP-01A, an oral entry inhibitor.

In a previous FDA Phase I/II human study, SP-01A was observed to significantly lower the amount of HIV in blood, improve quality of life (how well subjects have felt), have a favorable safety profile (minimal side effects) and be well tolerated. Moreover, preclinical in-vitro testing of SP-01A: demonstrated comparable or greater efficacy than currently approved anti-HIV drugs in preventing HIV virus replication; was observed to have minimal toxic effect on human cells; and demonstrated significant efficacy in preventing virus replication of HIV virus strains that resist currently approved anti-HIV treatments.

We are currently conducting a Phase IIb/IIIa Monotherapy trial with HIV patients studying SP-01A. The goal of our SP-01A Monotherapy study is to look further at the dose response, efficacy and safety of SP-01A as monotherapy, given as a capsule to be swallowed, in the treatment of HIV-infected patients.

In addition, and at the same time, Samaritan has devoted major resources to its Alzheimer's technology, which features three therapeutics: SP-04, SP-08, and SP-233; two stem cell, neuron differentiation therapies: SP-sc4 and SP-sc7; a predictive Alzheimer's diagnostic; and an Alzheimer's animal model.

Also, Samaritan has devoted resources to its cancer drug SP-C007, a breast cancer diagnostic and our cholesterol recognition peptide, which plays a role in transforming and binding LDL(the bad cholesterol) while subsequently raising HDL(the good cholesterol).

Samaritan has established its European headquarters in Athens, Greece to allow access to the markets of Eastern Europe, Asia and African regions with a high proportion of HIV patients, a target population for our most advanced drug SP-01A. Our subsidiary, "Samaritan Pharmaceuticals Europe", is currently building, a sales and marketing infrastructure to create revenue for the normally undeveloped regions of Greece, Bulgaria, Romania, Croatia, Serbia, Bosnia and Slovenia.

On December 14, 2005, Samaritan In-Licensed from Three Rivers Pharmaceuticals the Greece & Cyprus Marketing Rights for Amphocil (an amphotericin B cholesteryl sulfate complex for injection indicated for the treatment of invasive aspergillosis, a fungal infection that occurs in immuno-compromised patients). On, April 3, 2006, Samaritan Pharmaceuticals Europe, S.A. received notification by the National Pharmaceuticals Organization, (EOF) for a new marketing authorization for Amphocil in Greece. The National Pharmaceutical Organization, (EOF), is the competent authority for granting approval to market pharmaceutical and medical products in Greece, similar to the FDA in the United States. Samaritan Europe is currently assembling all the necessary documents to make a pricing application with the Minister of Development who issues official prices with the consent of the Minister of Health. Once price approval is obtained, Samaritan will launch the product in the Greek market. Currently, Samaritan Pharmaceuticals Europe is trying to contract with other pharmaceutical companies to sell and distribute niche, high valued products in the above undeveloped European regions.

Samaritan has also established its manufacturing arm in Ireland with our collaborative partner Pharmaplaz, LTD. Through this collaboration, Samaritan will manufacture our clinical trial drug, SP-01A, and plans to develop its pipeline of drugs through clinical trials in preparation for European approval, plans to increase its university research collaborations and plans to apply for applicable European grants.

Samaritan was formed in September 1994 and became a public company in October 1997. Our principle executive offices are located at 101 Convention Center Drive, Suite 310, Las Vegas, NV 89109, and our telephone number is (702) 735-7001. The address of our website is www.samaritanpharmaceuticals.com. Information on our website is not part of this Prospectus.

Business Model

We believe Samaritan fills a niche in bringing commercial drug development expertise and the financial resources to further University innovation.

Samaritan brings a business acumen to University discoveries, which includes an expertise, primarily in accomplishing investigational new drug (IND) applications with the Food and Drug Administration (FDA), conducting FDA regulatory clinical trials, patent applications (IP), and National Institute of Health grants. Samaritan's expertise also includes clinical study drug production, chemistry, manufacturing and controls, stability studies, and human clinical trials and proof of concept studies with all of the related preclinical studies required to get FDA drug approval.

In addition, Samaritan strives to maintain relationship based business development programs to potentially market and license its innovation with partners in the pharmaceutical industry.

Samaritan endeavors to develop drugs with the potential for an annual commercial value of at least $300,000,000 a year to ultimately interest major pharmaceutical partnerships.

Overview of Samaritan's Research Pipeline

Samaritan's proprietary HIV drug SP-01A headlines its pipeline. SP-01A is an HIV oral entry inhibitor that works by blocking the ability for the HIV virus to infect CD4+ cells. In Phase I/II clinical trials, SP-01A demonstrated proof of concept with significance in two crucial areas, viral load and improvement in quality of life. The drug was also observed to have a favorable safety profile, be well-tolerated and data suggests SP-01A is a promising drug for patients experiencing drug resistance. The innovative concept underlying the mechanism of action of SP-01A was the basis used to develop two new HIV drug candidates, SP-10 and SP-03, both with robust HIV entry inhibitor properties.

Samaritan's Alzheimer's technology features four (4) promising therapeutics, SP-04, SP-04m, SP-08, and SP-233; two (2) stem cell neuron differentiation therapies, SP-sc4 and SP-sc7; a predictive diagnostic; and an animal model. The stem cell therapy drugs have been shown, in cell cultures and in animals, to awaken dormant brain stem cells and to transform (differentiate) them into new neurons. The Alzheimer's diagnostic is a simple blood test that may be superior to the invasive spinal taps and MRIs currently used. Finally, the Alzheimer's animal model offers a model to rapidly screen and develop innovative drugs for Alzheimer's disease.

Samaritan's cancer program features a promising cancer drug, SP-C007, and a breast cancer diagnostic. The diagnostic provides a predictive prognosis of cancerous tumor aggressiveness with more than twice the accuracy rate than that of current technologies.

Samaritan's SP-1000, a cholesterol recognition peptide, plays a role in binding and taking out cholesterol from LDL, thus offering an immediate response to hypercholesterolemia.

Samaritan's Drug Development Programs

Samaritan is currently advancing two (2) distinct drug development programs:

AIDS/HIV Program

-- SP-01A for HIV Resistance (oral entry inhibitor); PII/III Clinical trials 2006-2008.

-- SP-10 for HIV Resistance (oral entry inhibitor); Conducting preclinicals to apply for Investigational New Drug (IND) application with the Food and Drug Administration (FDA).

Alzheimer's Program

-- SP-233 for Alzheimer's; Conducting preclinicals to apply for IND application with the FDA.

-- SP-004 and SP-04m for Alzheimer's; Conducting preclinicals to apply for IND application with the FDA.

AIDS/HIV Drug Development Program

Background: Currently approved antiretroviral medications target either the HIV viral reverse transcriptase (RT), Nucleoside Reverse Transcriptase Inhibitors (NRTIs), Non-Nucleoside Reverse Transcriptase Inhibitors (NNRTIs), and the viral Protease Inhibitors (PIs), or they inhibit viral fusion with host cells (Fusion Inhibitors). A regimen using a combination of these agents is considered the standard of care and, when effective, results in suppression of the virus below the detection limits.

The long-term use of antiretroviral therapy is sometimes hampered by poor compliance due to pill burden, by the route of administration when the oral delivery is impossible, by food restrictions, and by major side effects impacting quality of life. Furthermore, one of the major reasons for therapy failure is the emergence of resistant virus against one or more of the anti-HIV medications or, to some extent, an entire class of drug (cross-resistance).

Enfuvirtide (Fuzeon(TM)) was recently approved as an HIV-1 fusion/entry inhibitor, a new class of treatment inhibiting the fusion of the HIV-1 virus to the CD4+ cell membrane by preventing the conformational changes required for this fusion. Since the mechanism of action of Enfuvirtide is different from other classes of anti-HIV medication, it is effective in patients who have failed other therapies due to emergence of resistant virus. However, a recent study demonstrated the emergence of resistance to Enfuvirtide due to different mutations of the viral glycoprotein gp41. The rapid rate of mutation of HIV-1 and conferred resistance of the virus to current therapies continue to necessitate a need for additional new therapeutic agents.

To that end, Samaritan has advanced a hypothesis regarding the

immuno-modulating and anti-viral effects of SP-01A in the treatment of HIV infection.

SP-01A Hypothesis: Samaritan hypothesized that the HIV-associated dysregulation of cortisol levels may play a role in the pathophysiology of AIDS including modulation of cell-mediated immunity. Experimental evidence suggests cortisol and its receptors were critically involved at some level in the regulation of immune function in HIV infection. Therefore, it was reasonable to hypothesize treatment with a cortisol-modulating agent may improve the immune function in HIV-infected patients.

In pursuing this hypothesis, we discovered the modulatory effect of SP-01A on the stress-induced corticosteroid increase may be related to a reduction of the expression of the cholesterol synthesis key enzyme HMG-CoA reductase mRNA leading to a reduction in cholesterol synthesis. Several observations have also established that inhibitors of cholesterol synthesis inhibit cell fusion formation induced by HIV-l and drugs extracting cholesterol from the cellular membrane exert an anti-HIV-1 effect, in-vitro.

Taken together, Samaritan's preclinical data appears to suggest that the effect of SP-01A on cholesterol synthesis leads to a modification of the cholesterol content of the host cell membrane, which, in turn, reduces the HIV-1 virus replication by rendering it much more difficult for the virus to enter and infect the cell.

SP-10 Second HIV Drug Development in Conjunction with SP-01A: SP-10 was discovered in the Samaritan Laboratories at Georgetown University, the result of the Samaritan/Georgetown University collaboration. After its discovery, continuous HIV preclinical studies demonstrated SP-10 exhibited antiviral properties by blocking the entry of HIV and multi drug-resistant HIV viruses into the cells. Moreover, SP-10 has shown very low toxicity, suggesting it lacks serious side effects. Toxicity is a major problem with most current antivirals, along with the development of drug resistance. So far, all of the current antivirals on the market are demonstrating drug resistance.

Since SP-01A is intended to be administered in combination with current antiviral therapy for the indication of HIV drug resistance, Samaritan decided to pursue SP-10 as an overall antiviral for HIV that could be administered alone or in combination with the normally administered triple therapy for both HIV in general and drug resistance.

In pursuing the preclinical development of SP-01A as an antiviral for drug resistance, we decided, at the same time, to accomplish the same preclinical data required by the FDA for SP-01A as for SP-10 at the same time, although we intend to study SP-10 as a stand alone antiviral.

So far, preclinical data taken together for SP-01A and SP-10 suggests these compounds reduce HIV virus replication by modifying the structure of the host cell membrane, thus rendering it impossible for the HIV virus to enter and infect the cell. Both drugs can be classified as oral entry inhibitors and could prove more effective than today's antiretroviral therapy. Each would prevent HIV from invading healthy cells, rather than going in after the virus, when healthy cells may have already been infected.

SP-01A Development

Proof of Concept/Phase I/II Study: The safety and dose response of orally administered SP-01A in HIV-infected patients was assessed in a Phase I/II study. The study was an eight (8) week non-randomized, open-label study

conducted at a single investigational site (AIDS Research Alliance, West Hollywood, CA) with twenty-nine (29) patients infected with HIV-1 who were being treated with concomitant triple combination antiretroviral therapy for at least eight (8) weeks prior to study initiation.

Upon submitting Phase I/II clinical study efficacy data, and upon evaluation by the FDA, Samaritan's IND/protocol was transferred to the Anti-Viral Division of the FDA. The FDA then requested further supporting antiviral preclinical studies, such as a demonstration of anti-HIV-1 drug resistance and numerous other studies where SP-01A confirmed its results as an antiretroviral therapy. In addition, the inhibitory effect of SP-01A on the entry of HIV and multi-drug resistant HIV viral strains reinforced our conviction of a new mechanism of action which targets the host cell, rather than the virus itself, rendering SP-01A less susceptible than any other drug on the market to emerging resistances. Studies to investigate whether SP-01A induces resistance are underway.

SP-01 A Phase II/III Development: Samaritan has commenced the continuation of a Monotherapy Clinical Trial, "SP01A: The Study of an Oral Entry Inhibitor in Treatment-Experienced HIV Patients" to demonstrate efficacy as an antiviral and gather dosage data in preparation for later stage Phase III clinical trials, assuming positive outcome data.

Why Samaritan Chooses Drug Resistance Indication

Resistance: Regarding the ability of the HIV Virus to Mutate and Survive "We keep returning to the same issue: Whatever we throw at HIV, this simple but highly mutable virus finds a way to dodge it". This was the comment made by clinicians and researchers at The 11th Conference on Retroviruses and Opportunistic Infections (Boston; February 10 - 14, 2003). The subject was resistance; the ability of the human immunodeficiency virus (HIV) to mutate such that antiretroviral agents, designed to inhibit its replication, are no longer effective.

HIV Resistant Mutant Strains Are Evolving at a Record Pace: From 1995 to 2000, the frequency of resistance mutations increased from eight percent (8%) to twenty-two and seven-tenths percent (22.7%). Simultaneously, the frequency of multi-drug resistance increased from three and eight-tenths percent (3.8%) to ten and two-tenths percent (10.2%).

Resistance Among Newly-Infected Patients: It is estimated that the prevalence of transmitted resistance to antiretroviral drugs is between one percent (1%) and eleven percent (11%) among persons in North America who are newly infected with HIV. The frequency of high-level resistance to one or more drugs increased from three and four-tenths percent (3.4%) during the period from 1995 to 1998, to twelve and four-tenths percent (12.4%) during the period from 1999 to 2000 and the frequency of multi-drug resistance increased from one and one-tenth percent (1.1%) to six and two-tenths percent (6.2%). Moreover, phenotypic resistance has increased at least three-fold in five (5) years: resistance to nucleoside reverse transcriptase inhibitors (NRTI) a two hundred sixty-nine percent (269%) increase; resistance to non-nucleoside reverse transcriptase inhibitors (NNRTI) a three hundred seventy-four percent (374%) increase; resistance to protease inhibitors (PI) a two thousand percent (2,000%) increase.

Resistance Among Treatment-Experienced Patients: An estimated ten percent (10%) to twenty percent (20%) of all people with HIV/AIDS that undergo HAART therapy are treatment failures.

The Concerns of Resistance: There is a need for novel new therapies with the ability to suppress and maintain inhibition of viral replication upon initiation of therapy. This virus must not be able to develop resistance to this therapy. In lieu of such a therapy, there is a need for treatment modalities with the ability to maintain or even increase the efficacy of first and subsequent HAART regimens.

Alzheimer's Drug Development Program

Background: Samaritan has a long-term commitment to developing innovative and unique treatments for Alzheimer's disease. It is widely recognized that new approaches are vitally needed to help suffering patients and their families in the fight against Alzheimer's disease. Samaritan believes the best strategy against Alzheimer's disease may be to prevent, reduce or slow its onset to spare patients, families and the healthcare system much of the tremendous burdens and tragedies that accompany this illness.

One of the major problems with the diagnosis and treatment of neurological diseases, such as Alzheimer's disease, is the inability of clinicians to determine the onset of disease. Recent evidence suggests that inflammation and increase in free radicals may play a large role in the specific cause of Alzheimer's disease.

Alzheimer's Diagnostic: In Samaritan's quest to find an accurate diagnostic, inventors have surprisingly found central nervous system DHEA is increased in patients having Alzheimer's, in contrast to decreased levels of DHEA found in the periphery (blood). Although this finding agrees with previous reports that DHEA levels in Alzheimer's patients are abnormally low and have been recommending taking DHEA supplements as a means of prevention, it suggests that brain DHEA formation is separate from peripheral DHEA levels, thus questioning the use of DHEA as a means of Alzheimer's disease prevention. Samaritan has identified a distinct mechanism for DHEA formation in the brain from precursors they are able to follow in the blood, using a chemical reaction, allowing the prediction of DHEA levels in the brain. This research has been the basis of Samaritan's Alzheimer's diagnostic test and granting of research funds from the National Institutes of Health (NIH).

SP-233 Alzheimer's Drug: Excessive accumulation in the brain of the beta-amyloid peptide, due either to overproduction and/or decreased clearance and the formation of senile plaques, is one of the hallmarks of Alzheimer's disease. SP-233 was identified based on its ability to protect neurons against beta-amyloid-induced toxicity. SP-233 was shown to bind to beta-amyloid peptide, prevent its oligomerization and entry into neurons, protect neuronal mitochondria from beta-amyloid-induced damage, and maintain neuronal cell energy levels. Samaritan's preclinical data is suggesting SP-233 as a new unique approach for Alzheimer's disease therapy.

SP-233 Development: Detailed studies on the mechanism of action of SP-233, in rodent and human neurons, have been performed in-vitro and the toxicity of the compound studies have been analyzed. Samaritan has performed the preclinical tests required to apply to the FDA for an IND and is currently performing toxicology examinations.

SP-004/SP-04m Alzheimer's Drug: Alzheimer's disease is characterized by multifaceted pathology involving a number of dysregulated molecular mechanisms that include, at least, changes in: (a) cholinergic transmission, (b) sigma-1 receptor-mediated pathways, and (c) increased free radical production. Even though the improvement of the cholinergic transmission of the patients suffering from Alzheimer's is necessary (the basis of most of today's therapies),

targeting acetyl cholinesterase solely is certainly not sufficient, in relationship to the numerous pathways involved in Alzheimer's disease pathology. Under the research collaboration with Georgetown University, a number of compounds were developed with the goal to express multiple properties, allowing them to act simultaneously at two (2) distinct targets, important in neuronal function, i.e., enzyme acetyl cholinesterase, and the sigma-1 receptor, SP-004 and SP-04m efficacy has been validated in vitro, and in animal models, in vivo, as a response to these goals.

SP-004/SP-04m Development: Detailed studies on the mechanism of action of SP-004 and SP-04m have been performed and the toxicity of the compound in-vitro has been studied. Preclinical toxicology studies will now be undertaken as required by the FDA for an IND.

Alzheimer's Stem Cell Drugs: Samaritan is fast tracking the development of its neuronal stem cell therapy drugs (SP-sc4 and SP-sc7) which can induce dormant brain neuronal stem cells to differentiate rapidly into adult neuron cells as a novel treatment for Alzheimer's disease and other neurodegenerative disorders. Repairing brain damage by replacing the lost neurons and restoring neuronal function is certainly one of the most ambitious and exciting challenges physicians and scientists are currently facing with regard to Alzheimer's. We believe that the concept of stem cell therapy is extremely promising. Hence, access to the differentiation of stem cells into neurons may serve as a database of specialized cells for regenerative medicine as a treatment for neurodegenerative diseases and brain stroke.

SP-sc4 and SP-sc7 Development: Screening a database/collection of naturally occurring compounds, the Georgetown University group under the Samaritan/Georgetown University collaborative agreement, identified compounds efficacious in inducing in-vitro and, in rats in vivo, neural stem cell differentiation and neurogenesis. Further in vivo studies in animal models of neurodegenerative disease are in progress in order to validate the use of these compounds in regenerating the neuronal network from pre-existing adult stem cells in humans.

Alzheimer's Rat Model: One of the limiting factors in screening for the compounds displaying neuroprotective properties is the lack of an animal model allowing for rapid evaluation of the efficacy of compounds under investigation. In our race to find a way to stop the spread of Alzheimer's disease, we decided to develop an animal model that mimics the human phenotype of Alzheimer's disease pathology. Considering the critical role of beta-amyloid peptide in Alzheimer's disease development, we undertook a non-transgenic approach to induce an Alzheimer's-like neuropathology in rats. During the test, a proprietary formulation is administered directly in the brain of the rat producing a microenvironment resembling that which may occur in an Alzheimer's diseased brain. After four (4) weeks, treatment of the rats with the solution induced memory impairment accompanied by increased hyperphosphorylated Tau protein levels in CSF, both part of the Alzheimer's disease phenotype seen in human patients. Further histopathology of the rat brains indicated the presence of neuritic plaques, tangles, neuronal loss and gliosis, typical features of postmortem Alzheimer's disease human brain specimens. Thus, we believe this Alzheimer's Rat Model will likely provide us with the means to rapidly screen and develop therapeutic and diagnostic tools for controlling the disease and might also prove to be a useful approach to unveiling the mechanisms underlying the onset and progression of Alzheimer's disease.

Our Alzheimer's Rat Model is being validated by Samaritan for use to test the efficacy of SP compounds and is due for publication. It is also expected to be validated by other academic scientists specializing in this area

of research in the near future.

Planned Drug Development: SP-1000 Cardiovascular cholesterol drug peptide that binds and removes cholesterol from LDL.

National Institutes of Health Grants

1R41 NS048688 STTR ($188,000) entitled "Plasma Diagnostic for Alzheimer's Disease". 1R41 AG024684 STTR ($100,000) entitled "SP004, a sigma-1 ligand with AchE inhibition properties".

Samaritan has in-licensed seventeen (17) potential breakthrough discoveries from Georgetown University and has filed nineteen (19) related patent applications to protect its growing pipeline of innovation. This pipeline is supported by a number of peer-reviewed journals supporting its credentials.

Peer Reviewed Publications

Pharmacology 2006; 76:19-33; "Beta-Amyloid and Oxidative Stress Jointly Induce Neuronal Death, Amyloid Deposits, Gliosis, and Memory Impairment in the Rat Brain".

Neuropharmacology 2005; "Identification, design, synthesis, and pharmacological activity of (4-ethyl-piperaz-1-yl)-phenylmethanone derivatives with neuroprotective properties against a-amyloid-induced toxicity".

Pharmacology 2005;74:65-78. "Local Anesthetic Procaine Protects Rat Pheochromocytoma PC12 Cells against beta-Amyloid-Induced Neurotoxicity".

Steroids 2004; 69:1-16. "Identification of naturally occurring spirostenols preventing beta-amyloid-induced neurotoxicity".

Analytical Biochemistry 2004; 324: 123-130. "A capillary as chromatography/mass spectrometric method for the quantification of hydroxysteroids in human plasma".

Neurobiology of Aging 2003; 24:57-65. February "Oxidative Stress-mediated DHEA Formation in Alzheimer's Disease Pathology" Journal of Pharmacology Experimental Therapeutics 2003; 307:1148-1157. "Inhibition of Adrenal Corticol Steroid Formation by Procaine Is Mediated by Reduction of the cAMP-Induced 3-Hydroxy-3-methylglutaryl-coenzyme A Reductase Messenger Ribonucleic Acid Levels".

Journal of Receptor & Signal Transduction Research 2003; 23:225-238 "Expression of Peripheral Benzodiazepine Receptor (PBR) in Human Tumors Relationship to Breast, Colorectal and Prostate Tumor Progression".

Journal of Neurochemistry 2002; 83: 1110-1119. "22R-Hydroxycholesterol Protects Neuronal Cells from beta-Amyloid-Induced Cytoxicity by Binding to beta-Amyloid Peptide".

Proceedings of the National Academy of Sciences USA 2001; 98: 1267-1272. "Cholesterol binding at the cholesterol recognition/interaction amino acid consensus (CRAC) of the peripheral type Benzodiazepine receptor and inhibition of steroidogenesis by an HIV TAT-CRAC peptide".

Molecular Endocrinology 2001; 15:2211-2228. "Identification, Localization, and Function in Steroidogenesis of PAP7: A Peripheral-Type Benzodiazepine Receptor-and PKA (RIa) - Associated Protein".

Endocrinology 1998; 139:4991-4997. "Peripheral-Type Benzodiazepine Receptor Function in Cholesterol Transport. Identification of a Putative Cholesterol Recognition/Interaction Amino Acid Sequence and Consensus Pattern".

Collaborations

Georgetown University. On June 8, 2001, Samaritan executed a research collaboration (the "Research Collaboration") with Georgetown University to further develop Samaritan's pipeline. Commencing on April 1, 2004, the Research Collaboration term was extended to 2014 and the budget has been increased to $1,000,000 per year. The $1,000,000 paid by Samaritan over four (4) quarterly payments of $250,000 is unallocated and covers the general research and development effort.

Under the Research Collaboration, Samaritan receives worldwide exclusive rights to any novel therapeutic agents or diagnostic technologies that may result from the Research Collaboration. Dr. Vassilios Papadopoulos and Dr. Janet Greeson lead our team of eight (8) research professionals (including five (5) Ph.D. level research scientists) who have expertise in the fields of endocrinology, pharmacology, cell biology, organic and steroid chemistry, and computer modeling. We are not obligated to pay Georgetown University any milestone payments. Georgetown University is entitled to receive royalties based on our revenue from product sales and sublicenses, if any. Samaritan has assumed responsibility, at its own expense, for the process of seeking any regulatory approvals for and conducting clinical trials with respect to any licensed product or application of the licensed technology. Samaritan controls and has the financial responsibility for the prosecution and maintenance in respect to any patent rights related to the licensed technology.

Pharmaplaz, LTD. Samaritan and Pharmaplaz, LTD, a pharmaceutical company based outside of Dublin, Ireland, entered into a broad strategic collaboration agreement for the production and supply of Samaritan's lead compound SP-01A, and Samaritan's pipeline of drugs, which expand across a variety of therapeutic areas to include AIDS, Alzheimer's, cancer and cardiovascular disease. Under the terms of the alliance, Pharmaplaz, LTD will collaborate with Samaritan's pipeline development, scale up, and manufacturing requirements, while working on drug formulation and testing, production of pilot batches, development of analytical methods, drug specifications, process validations and drug optimization. The companies will also work together to secure regulatory approval by the FDA for selected products in the U.S. markets.

Employees

As of the date of this Prospectus we have fifteen (15) employees who work directly for Samaritan and thirteen (13) Ph.D. scientists who work under the Research Collaboration with Georgetown University. In addition, we make extensive use of consultants including Dr. Papadopoulos, our Key Consultant.

DESCRIPTION OF PROPERTY

The Company's executive offices are currently located at 101 Convention Center Drive, Suite 310, Las Vegas, Nevada 89109. On October 3, 2005, the Company expanded its premises to a 2,601 square foot office space which is rented at a base rent of $4,551.75 per month. In addition, under the Research Collaboration Georgetown University provides office and laboratory space at the Samaritan Research Laboratories, Biochemistry and Molecular Biology Dept., Med/Dent Bldg, 3900 Reservoir Road NW, Washington, DC 20057.

LEGAL PROCEEDINGS

None.

MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

The Company's Common Stock is traded on the American Stock Exchange under the symbol "LIV". As of January 4, 2007, there were approximately nine hundred (900) holders of record of Common Stock. Certain of the shares of Common Stock are held in "street" name and may, therefore, be held by numerous beneficial owners. The Company has never paid a cash dividend on its Common Stock. The payment of dividends may be made at the discretion of the Board of Directors of the Company and wi