SAMARITAN PHARMACEUTICALS INC
Form 10QSB
May 15, 2003

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

Form 10-QSB

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal quarter ended March 31, 2003
Or

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

For the transition period from _____to_____
Commissions file number 000-26775

Samaritan Pharmaceuticals Inc.
(Name of small business issuer in its charter)

Nevada	88-0431538
(State or other jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

101 Convention Center Drive, Suite 310, Las Vegas, Nevada	89109
(Address of Principal Executive Offices)	(Zip Code)

(702) 735-7001
Issuer's telephone number

The company had 68,720,622 shares issued and outstanding of the Common Stock issued as of March 31, 2003.

Transitional Small Business Disclosure Format (Check one): Yes___ No X

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

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PART I --- FINANCIAL INFORMATION

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED BALANCE SHEET
(UNAUDITED)
March 31, 2003

ASSETS

CURRENT ASSETS:	
Cash	$ 288,525
Prepaid expense	7,350
Total current assets	295,875
FIXED ASSETS:	
Furniture & equipment, at cost	90,219
Accumulated depreciation	(53,154)
	37,065
OTHER ASSETS:	
Patent registration costs	199,776
Purchased technology rights, net of accumulated amortization of $59,022	49,947

Deposits		15,720
		265,443
TOTAL ASSETS	$	598,383

LIABILITIES & SHAREHOLDERS' DEFICIT

CURRENT LIABILITIES:		
Accounts payable	$	289,708
Accrued expenses, directors & officers		817,717
Common stock to be issued		214,700
Short-term borrowings		135,890
Total current liabilities		1,458,015
LONG-TERM LIABILITIES		
Deferred revenue		250,000
		1,708,015
SHAREHOLDERS' DEFICIT:		
Common stock, 100,000,000 share authorized at $.001 par value, 68,720,622 issued and outstanding		68,721
Additional paid in capital		17,253,569
Accumulated deficit		(18,431,922)
		(1,109,632)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$	598,383

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994), AND FOR THE FOR THREE MONTHS ENDED MARCH 31, 2003 AND 2002

	From Inception	For the Three Months Ended

	(09/05/94) To 03/31/03	March 31, 2003	March 31, 2002
REVENUES:	$ 50,000	$ -	$ -
EXPENSES:			
Research & development	4,089,036	187,695	161,014
Interest, net	47,619	3,947	6,369
General & administrative	13,379,870	439,998	406,569
Depreciation and amortization	1,103,177	6,337	129,029
Forgiveness of debt	(137,780)	-	-
	18,481,922	637,977	702,981
Net loss	$ (18,431,922)	$ (637,977)	$ (702,981)
Earnings per share:			
Basic & diluted	$ (1.06)	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding:			
Basic & diluted	17,379,383	66,635,265	40,527,334

See accompanying notes to the consolidated, financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FROM INCEPTION (SEPTEMBER 5, 1994) TO DECEMBER 31, 2002

	Number of Shares	Par Value Common Stock	Reserved for Conversion	Additional Paid in Capital	Warrants	C
Inception at September 5, 1994	-	$ -	$ -	$ -	$ -	$

Shares issued for cash, net of offering costs	6,085,386	609	-	635,481	-	
Warrants issued for cash	-	-	-	-	5,000	
Shares issued as compensation for services	714,500	71	-	1,428,929	-	
Net loss	-	-	-	-	-	
December 31, 1996	6,799,886	680	-	2,064,410	5,000	
Issuance of stock, prior to acquisition	206,350	21	-	371,134	-	
Acquisition of subsidiary for stock	1,503,000	150	-	46,545	-	
Shares of parent redeemed, par value $.001	(8,509,236)	(851)	-	851	-	
Shares of public subsidiary issued, par value $.001	7,689,690	7,690	820	(8,510)	-	
Net loss	-	-	-	-	-	
December 31, 1997	7,689,690	7,690	820	2,474,430	5,000	
Conversion of parent's shares	696,022	696	(696)	-	-	
Shares issued for cash, net of offering costs	693,500	694	-	605,185	-	
Shares issued in cancellation of debt	525,000	525	-	524,475	-	
Shares issued as compensation	400,000	400	-	349,600	-	
Net loss	-	-	-	-	-	
December 31, 1998	10,004,212	10,005	124	3,953,690	5,000	
Conversion of parent's shares	13,000	13	(13)	-	-	
Shares issued in cancellation of debt	30,000	30	-	29,970	-	
Shares issued for cash, net of offering costs	45,000	45	-	41,367	-	
Shares issued as compensation	3,569,250	3,569	-	462,113	-	
Detachable warrants issued	-	-	-	-	152,125	
Detachable warrants exercised	100,000	100	-	148,900	(149,000)	
Debentures converted to stock	1,682,447	1,682	-	640,438	-	
Net loss	-	-	-	-	-	
December 31, 1999	15,443,909	15,444	111	5,276,478	8,125	

See accompanying notes to the consolidated financial statements.

Conversion of parent's shares	128,954	129	(111)	(18)	-
Shares issued for cash, net of offering costs	1,575,192	1,575	-	858,460	-

Shares issued in cancellation of debt	875,000	875	-	660,919	-	
Shares issued in cancellation of accounts payable	100,000	100	-	31,165	-	
Shares issued as compensation	3,372,945	3,373	-	2,555,094	-	(
Warrants exercised	38,807	39	-	3,086	(3,125)	
Warrants expired	-	-	-	5,000	(5,000)	
Net loss	-	-	-	-	-	
December 31, 2000	21,534,807	21,535	-	9,390,184	-	(
Shares issued for cash, net of offering costs	6,497,088	6,497	-	1,257,758	-	
Shares issued as compensation	9,162,197	9,162	-	1,558,599	-	(
Shares issued on previously purchased shares	342,607	342	-	188,208	-	
Shares issued in cancellation of accounts payable	200,000	200	-	68,880	-	
Amortization of deferred compensation	-	-	-	-	-	
Stock options issued for services	-	-	-	439,544	-	
Net loss	-	-	-	-	-	
December 31, 2001	37,736,699	37,736	-	12,903,173	-	(
Shares issued for cash, net of offering costs	18,657,500	18,658	-	2,077,641	-	
Shares issued as compensation	3,840,525	3,841	-	1,044,185	-	
Shares issued on previously purchased shares	50,000	50	-	4,950	-	
Shares issued in cancellation of accounts payable	4,265,184	4,265	-	539,291	-	
Amortization of deferred compensation	-	-	-	-	-	
Stock options issued for services	-	-	-	225,000	-	
Net loss	-	-	-	-	-	
December 31, 2002	64,549,908	$ 64,550	$ -	$16,794,240	$ -	$
Shares issued for cash, net of offering costs	3,010,000	3,010	-	297,990	-	
Shares issued in cancellation of accounts payable	1,160,714	1,161	-	161,339	-	
Net loss	-	-	-	-	-	
March 31, 2003	68,720,622	68,721	-	$17,253,569	$ -	$

See accompanying notes to the consolidated financial statements (unaudited)

SAMARITAN PHARMACEUTICALS, INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FROM INCEPTION (SEPTEMBER 5, 1994) AND FOR THE THREE MONTHS ENDED MARCH 31, 2003 & 2002

	From Inception (09/05/94) TO 3/31/2003
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (18,431,922)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	112,177
Expenses paid through issuance of stock	6,475,364
Stock options issued for services	664,544
(Increase) decrease in assets:	990,072
Prepaids & other current assets	(20,591)
Increase (decrease) in liabilities:	
Deferred revenue	250,000
Accounts payable & accrued expenses	1,815,537
NET CASH USED IN OPERATING ACTIVITIES	(8,144,819)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of technology	(108,969)
Purchase of furniture and equipment	(90,219)
Patent registration costs	(209,195)
NET CASH USED IN INVESTING ACTIVITIES	(408,383)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from warrants	157,125
Proceeds from debentures	642,120
Proceeds from stock issued for cash	6,184,913
Common stock to be issued	408,250
Offering costs	(11,071)
Short-term borrowings repayments	(152,532)
Short-term borrowings	1,612,922
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,841,727
CHANGE IN CASH	288,525
CASH AT BEGINNING OF PERIOD	-
CASH AT END OF PERIOD	$ 288,525

NON-CASH FINANCING & INVESTING ACTIVITIES:

Purchase of net, non-cash assets of subsidiary

for stock	$ 195	$
Short-term debt and accounts payable retired through issuance of stock	$ 2,596,235	$
Issuance of common stock, previously subscribed	$ -	$

See accompanying notes to the consolidated, financial statements (unaudited)

Samaritan Pharmaceuticals, Inc.
(A Development Stage Company)

Notes to Consolidated Financial Statements
(Unaudited)
March 31, 2003

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, these financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The interim unaudited consolidated financial statements contained herein includes, in management's opinion, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the company's financial position, results of operations, and cash flows for the periods presented.

The results of operations for the interim period shown on this report are not necessarily indicative of results for a full year. These financial statements should be read in conjunction with the Company's consolidated financial statements and notes for the year ended December 31, 2002 included in the Company's Annual Report on Form 10-KSB.

2. Net Loss Per Share

Basic and diluted net loss per share available to common stockholders has been calculated by dividing net loss by the weighted average number of common shares outstanding during the period. All potential common shares have been excluded from the calculation of weighted average common shares outstanding since their inclusion would be anti-dilutive.

Stock options and warrants to purchase shares of common stock were outstanding at March 31, 2003, but were not included in the computation of diluted net loss per common share because they were anti-dilutive. The exercise of options and warrants outstanding as of March 31, 2003, could generate proceeds to the Company and could potentially dilute earnings per share in the future.

Item 2. Management's Discussion and Analysis or Plan of Operation

The following discussion and analysis should be read in conjunction with the Financial Statements appearing elsewhere in this Registration Statement and in conjunction with the discussion responsive thereto under the caption "Management's Discussion and Analysis or Plan of Operation" in our Form 10-KSB filed April 15, 2003. The company undertakes no duty to update forward-looking statements.

Plan of Operations

We are a research and development biopharmaceutical company. Since our inception, we have primarily focused our resources on research and development. To date, none of our proprietary products have reached a commercial stage, and hence, we do not have, nor do we anticipate revenue in the near future. We will continue to have significant general and administrative expenses, including expenses related to clinical studies, our collaboration with Georgetown University, and patent prosecution. We have funded our operations through a series of private placements and through our agreement dated November 2, 2000 with Fusion Capital. The Company believes potential private placements, the new agreement with Fusion Capital dated April 22, 2003 described below, and an eventual registered public offering, if successful, will assist the Company in meetings its cash needs, but there is no guarantee. Except for an agreement to sell shares to Fusion Capital Fund II, LLC.("Fusion Capital"), discussed below, no commitment exists for continued investments, or for any underwriting. The company has thus far been able to meet its capital needs, and believes that its extensive discussions with various potential sources of funding may eventually lead to funding agreements.

On April 22, 2003, Samaritan Pharmaceuticals , Inc. and Fusion Capital Fund II, LLC, a Chicago-based institutional investor and Samaritan's long-term financial partner, entered into a new $10 million Common Stock Purchase Agreement. The previous Common Stock Purchase Agreement between Samaritan and Fusion Capital dated November 2, 2000 expired by its original terms.

Under the new Common Stock Purchase Agreement, Fusion Capital shall buy from time to time over twenty-five months up to $10 million of Samaritan's common stock. Samaritan has the right to control the timing and the amount of stock sold to Fusion Capital with the purchase price based upon the market price of Samaritan's common stock at the time of each sale without any discount. Funding of the $10.0 million shall commence at Samaritan's discretion after the Securities & Exchange Commission has declared effective a registration statement covering the shares of common stock to be purchased by Fusion Capital.

The Board of Directors has directed the officers to file a Form SB-2 registration statement and are in the process of filing said registration statement with the hope to have the SEC declared such registration statement effective after it is filed. Given the Company has been able to substantially meet its cash needs during the past 12 months, and management's estimation of what may occur in the months ahead, the company believes it will be able to continue to find avenues to obtain the capital needed for operations.

Summary of Research and Development

We have a series of therapeutic projects either in "discovery research", "preclinical trials", "product development" or "clinical development"; and we utilize these formal stages of product progression to track progress, performance, competition, and cost for each project. Our research programs are aimed at satisfying defined medical needs in the areas of Alzheimer's, Cancer, Cardiovascular, Infectious Diseases, and Neurology and are based on an intellectual property position that, we believe, is both broad and strong. Several of our development programs involve ex vivo technologies in

which patients' tissues are manipulated outside the body and, as such, may be less costly to investigate and quicker to develop than in vivo agents. We expect to apply to the U.S. FDA for and receive IND status (Investigational New Drug) for certain technologies to initiate human trials that may commence in the future. During the quarter ended March 31, 2003, we concentrated our efforts on Samaritan Research Laboratories, our research collaboration with Georgetown University, setting up the operations, increasing efficiencies, and streamlining structure. We have an impressive portfolio of technology and opportunities, each of which must compete for resources and priority status.

A key currency in the biotechnology and pharmaceutical market is patents, intellectual property. Our central intellectual property activity has been, and continues to be, the acquisition of patents, development and patent maintenance, directly in support of our product development. We continue to expend significant funds and efforts on licensed technology and patent protection. In addition, we are continually examining our intellectual property positions in relation to competitive activities and our ability to operate and defend our patent positions in relation to products. We believe that this is a key value element for our continued development.

The process of developing therapeutic drugs requires significant research and product development, as well as, pre-clinical testing and clinical human trials in order to gain FDA regulatory approval. These activities are expected to result in continuing cash outflows. Furthermore we do not expect to generate any meaningful product revenues from our biopharmaceutical programs unless we partner a technology, receiving up-front payments and milestone royalty payments and/or until a clinical candidate completes its clinical trials, obtains regulatory approval for commercialization and is successfully marketed. The risks of developing therapeutic products extend beyond technical and clinical development. In particular, it involves intellectual property rights, the need for substantial capital, competitive and medical economic factors, all of which are continually changing. Any one or more of these factors could cause us to fail to develop any commercially successful products.

We are seeking additional equity funding. If additional funds are raised through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced and our stockholders may experience dilution. Samaritan Pharmaceuticals will also seek additional, non-dilutive funding via grants and other similar sources; although to date, Samaritan Pharmaceuticals has not been granted any monies from such funding sources. As a small, newcomer to the biotech industry and as part of the several thousand companies that constitute the public biotech industry, we are not well known. We have initiated efforts to improve the awareness and understanding of our company. We believe, despite the external market conditions, we will be able to successfully accomplish this goal in the long run.

Press Release Highlights

On April 8, 2003, Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced they strengthened its scientific technology pipeline by expanding its Georgetown University seven year Sponsored Research Agreement with an additional financial commitment this year. These funds shall be used by Samaritan Laboratories/Georgetown to screen for additional new drug compounds, their binding capabilities to specific receptors and their direct effects on mitochondrial function. Mitochondria are the key to life and death. Quite possibly, the process of aging itself may be intimately linked to mitochondria. A sampling of some major health disorders where mitochondrial dysfunction may be linked to large segments of a diseased population are Alzheimer's, Lou Gehrig's, Cancer, Heart disease, Parkinson's and

Type II Diabetes.

On April 3, 2003 Samaritan Pharmaceuticals Inc. announced it obtained the services of Octagon Research Solutions, a regulatory consulting service specializing in electronic regulatory submissions, clinical information management, technical writing and dossier preparation. Samaritan hopes to expedite its HIV drug time-to-market by using FDA preferred fully electronic submissions which are FDA reviewer friendly. E-Submissions are increasingly becoming a key component of the regulatory approval process and save both money and precious time to regulatory approval.

On March 31, 2003 Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced today that its Chief Scientific Officer, Dr. Vassilios Papadopoulos was interviewed and featured in BioPeople Magazine-Therapy Focus, written by Allis Kane. In the article, Allis Kane investigates current research approaches in the search for a cure of Alzheimer's. Alzheimer's is a progressive, degenerative disease of the brain, and is the most common form of dementia.

BioPeople Spring 2003 Excerpt regarding Samaritan and Stem Cells:

"The team of Dr. Vassilios Papadopoulos made a fortuitous discovery that could potentially regenerate dormant stem cells in the brain. He is CSO of Samaritan Pharmaceuticals and professor of cell biology, pharmacology and neuroscience at Georgetown University, both based in Washington, DC. The discovery was made while his group was investigating the effect of a series of cholesterol derivatives on neural stem cells. 'We used the cells as a human model for beta-amyloid neuroprotection and we found that some of the compounds are not only neuroprotective in terms of beta-amyloid toxicity but in two weeks will induce the differentiation of stem cells into adult neurons.'

Papadopoulos explains that this is a significant advantage over retinoic acid, currently used for the maturation of stem cells, which is toxic in vivo, and takes several months. 'Now we have a tool that not only protects against beta-amyloid toxicity in the brain, but also switches on a mechanism in the few stem cells that exist in the human brain to make them differentiate into adult cells to replace, potentially, the neurons which have died,' he says.

Similar to Rhoades' suggestion that manipulation of neurotrophin targets could promote both survival and regeneration, Samaritan's discovery has a two-fold potential. When testing the steroid series, Papadopoulos came across an important problem facing researchers in the field. Animal models of the disease, such as the transgenic mouse model of Alzheimer's, are not accurate analogues of the human disease. Papadopoulos says: 'Transgenic mice for Alzheimer's disease have a few problems. First of all you need a year to two years to develop the plaques, secondly (the mice) don't really lose their memory, and thirdly their neurons never die.' Research on the drug series was shelved temporarily while the teams looked for alternative animal models. They believe that they have now got a rat model that is much more representative of the human disease and the company is currently looking to secure the intellectual property rights to the discovery. With this hurdle overcome, Papadopoulos says his group has begun to assess the efficacy of its potential treatments."

On March 7, 2003 Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced that its HIV Phase Ib/IIa clinical trial data and analysis, conducted at, and led by Dr. Steven J. Brown, of the AIDS Research Alliance, Los Angeles, CA, has been provided to Samaritan. These clinical trial results will be submitted for publication to several medical journals. To prevent denial of publication for reasons of "pre-publication," and

to preserve Samaritan's rights under our patent applications, the results will be kept confidential, pending publication.

Phase II is a dose finding and "proof of concept" study conducted in a relatively small number of carefully selected HIV patients, plus a placebo-controlled group. In the Clinical trial, patients received several doses of the test drug (dose finding) and the resulting data allowed researchers and statisticians to make a quantitative assessment of drug effects. Samaritan believes our HIV drug has future potential and is developing its strategy for further development in Phase III.

On January 17, 2003 Samaritan Pharmaceuticals Inc., Samaritan Research Labs and Georgetown University, announced the addition of Dr. Julio Garcia to its highly esteemed Scientific Advisory Board. Dr. Garcia joins chair Dr. Papadopoulos, of Georgetown University, Dr. Tillement of University of Paris, France, Dr. Saldi of Fremont Clinics, Nevada, Dr. Varese, International anti-aging pioneer, and various informal scientific advisors. Samaritan's Scientific Advisory Board is involved in both new drug discovery and the clinical aspects of patient trials.

Dr. Garcia is a graduate of the University of Illinois, Chicago School of Medicine, and is a well regarded board certified plastic surgeon and anti-aging expert in Las Vegas, NV. His scientific publications related to Samaritan's work include "Reconstructive Surgery for Immuno-suppressed Organ-Transplant Recipients" and "Cancer Immunology Immunotherapy."

Dr. Garcia has focused on anti-aging for numerous years and has gained media attention with interesting topics, such as, "Just Say No, Joe - Coffee and Its Effect on Aging", "Does Body Weight Affect Our Cancer Risk?" and "Don't Let the Sands of Time Drop Through Your Hands, Anti-Aging Medicine - A Preventative Approach."

Highlights of the main products or technologies closest to or ready for out-licensing or commercialization:

(1) An HIV Drug with promising Phase II results.

Early data suggest no serious side effects and (CD4) immune system improvement. The analysis of data is presently being prepared for FDA submission.

(2) A Pharmacological (rat) model for Alzheimer's disease.

Four weeks treatment of a rat results in its loss of memory and Alzheimer's disease-like brain pathology. This model is ideal for pharmaceutical companies and scientists to screen their Alzheimer's drugs for prevention, stabilization of the disease and cures for Alzheimer's disease.

(3) Alzheimer's disease compounds.

Compounds offer protection against beta-amyloid neurotoxicity, a condition associated with Alzheimer's disease.

(4) A Peptide therapeutic that binds cholesterol.

Peptide can be used to clean the blood of excessive cholesterol in acute high cholesterol conditions.

(5) An Alzheimer's Diagnostic kit.

A simple blood test that identifies specific circulating brain steroids that have been oxidized in the brains of Alzheimer's patients.

(6) A Breast Cancer Theranostic kit.

A biopsy test that predicts the aggressiveness of a breast cancer tumor which allows a physician, in a timely manner, to recommend the best and possibly the least invasive treatment for a patient.

A. Drug Candidates

Drug Candidates	Indication	Synthesis & Purification	Biological Testing	Toxicity Testing	Mechanism of Action	Metabolism
SP-10	HIV, Alzheimer's Cortisol Disease	xxxx	xxxx	xxxx	xxxx	In Progress
SP-02 to SP-25	HIV Alzhhemer's	xxxx	xxxx	xxxx		
SP-26 to SP-50	HIV Alzheimer's	xxxx	In Progress			
SP-222	Alzheimer's, Neurode-generation	xxxx	xxxx	xxxx	xxxx	In Progress
SP-222b	Stem Cell Therapy	xxxx	xxxx	xxxx	xxxx	In Progress
SP-222c	Cancer	xxxx	xxxx	xxxx	xxxx	In Progress
SP-233	Alzheimer's,	xxxx	xxxx	xxxx	xxxx	In Progress
SP-234 To SP-250	Alzheimer's Neurode-generation	xxxx	In Progress			
SP-1000	Cholesterol Reducer	xxxx	xxxx			
SP-5000	Cancer Diagnosis, Treatment	xxxx	In Progress			

HIV Drug

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of the AIDS Research Alliance, Los Angeles, CA, has been provided to Samaritan.

These clinical trial results will be submitted for publication to several medical journals. To prevent denial of publication for reasons of "pre-publication," and to preserve Samaritan's rights under our patent applications, the results will be kept confidential, pending publication.

Phase II is a dose finding and "proof of concept" study conducted in a relatively small number of carefully selected HIV patients, plus a placebo-controlled group. In the Clinical trial, patients received several doses of the test drug (dose finding) and the resulting data allowed researchers and statisticians to make a quantitative assessment of drug effects. Samaritan believes our HIV drug has future potential and is developing its strategy for further development in Phase III. In evaluating the company's statements about Samaritan's HIV drug, you should specifically consider various factors, including the risks outlined in "Risk Factors."

B. Animal Testing Models for Alzheimer's

Samaritan is conducting research and development of pharmacologic rat models for Acute Alzheimer' and Chronic Alzheimer's. We are currently doing in-vitro validation and in-vivo testing with animal models. The models, if successful, will allow efficacy testing for new therapies.

C. Diagnostics/Theranostics

One of the major problems with the diagnosis and treatment of diseases is the inability of clinicians to determine the onset of disease, thereby enhancing a doctor's ability to prescribe therapy. Samaritan is conducting research and development of diagnostic kits whereby the onset of diseases can be detected. Our diagnostics also requires FDA approval before we can market them to the public. We are applying to the FDA for IDE's in the near future. The following is a chart of our progress to date.

Test	In Vitro Testing	Human Testing (Small Test Group)	Human Testing (Large Sample Size)
Breast Cancer (BC Aggress-Analysis)	Completed	Completed	Completed
Alzheimer's (AD Predict-Analysis)	Completed	Completed	In Progress
Alzheimer's Generation II	In Progress		
Alzheimer's Generation III	In Progress	In Progress	

As normal for a biotechnology company, we have incurred research and development stage losses since our inception. These losses consist primarily of research and related expenditures, marketing costs, consulting, and administrative overhead and expenses, incurred while the Company seeks to complete development of its product, which includes studies to obtain FDA final approval. No significant revenues have been earned by the Company, or cash flow from operations, to help pay these operating needs.

RISK FACTORS

The response to this item is incorporated by reference from the discussion responsive thereto under the caption "Risk Factors" in our Form 10-KSB filed April 15, 2003.

FORWARD-LOOKING STATEMENTS

This report and other oral and written statements made by us to the public contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based upon management's current expectations that are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in our forward-looking statements. Such statements address the following subjects: our need for and ability to obtain additional capital, including from the sale of equity and/or from federal or other grant sources; our expected future losses; the sufficiency of cash and cash equivalents; our ability to generate revenues; our ability to develop commercially successful products, including our ability to obtain FDA approval to initiate further studies of our potential products and our technologies; the high cost and uncertainty of the research and development of pharmaceutical products; the unpredictability of the duration and results of the U.S. Food and Drug Administration's review of new drug applications; the possible impairment of our existing, and the inability to obtain new, intellectual property rights and the cost of protecting such rights as well as the cost of obtaining rights from third parties when needed on acceptable terms; our ability to enter into successful partnering relationships with respect to the development and/or commercialization of our product candidates; our dependence on third parties to research, develop, manufacture and commercialize and sell any products developed; our ability to improve awareness and understanding of our company, our technology and our business objectives; whether our predictions about market size and market acceptability of our products will prove true; and our understandings and predictions regarding the utility of our potential products and our technology.

Statements in this report expressing our expectations and beliefs regarding our future results or performance are forward-looking statements that involve a number of substantial risks and uncertainties. When used in this Form 10-QSB, the words "anticipate," "believe," "estimate," "expect," "intend," "may be," "seek," "plan," "focus," and "potential" and similar expressions as they relate to the Company or its management are intended to identify such forward-looking statements. Our actual future results may differ significantly from those stated in any forward-looking statements. As a result of the foregoing and other factors, we may experience material fluctuations in future operating results on a quarterly or annual basis which could materially and adversely affect our business, financial condition, operating results and stock price. We are not under any duty to update any of the forward-looking statements in this report to conform these statements to actual results, unless required by law. For further information, refer to the more specific risks and uncertainties discussed above and throughout this report.

Item 3. Controls and Procedures

(a) Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), within 90 days of the filing date of this report. Based on their evaluation, our principal executive officer and principal accounting officer concluded that Samaritan's disclosure controls and procedures are effective.

(b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are, from time to time, involved in various legal proceedings in the ordinary course of our business and are currently executing a settlement agreement signed by all parties to resolve previously reported pending lawsuits. We believe based on the settlement agreement that the resolution of any currently pending legal proceedings, either individually or taken as a whole, will not have a material adverse effect on our business, financial condition or results of operations.

Item 2. Changes in Securities.

Securities, unregistered, were sold by the Company in the first quarter of 2003 under an exemption from registration. The title of these securities was the Common Stock of the Company. They were sold for cash unless otherwise noted in this section. They were sold in private transactions to persons believed to be of a class of private investors acting on their own comprised of "accredited investors" (as such term is defined in Regulation D of the U.S. Securities and Exchange Commission or "SEC") and a limited number of non-accredited investors. All investors, to the best knowledge of the Company, not affiliated with the Company, purchased the shares with an apparent investment intent. The Company relied upon, among other possible exemptions, Section 4(2) of the Securities Act of 1933, as amended. It's reliance on said exemption was based upon the fact that no public solicitation was used by the Company in the offer or sale, and that the securities were legended shares, along with a notation at the respective transfer agent, restricting the shares from sale or transfer as is customary with reference to Rule 144 of the SEC.

Management notes that stock was issued as follows during the three months ended March 31, 2003

No. of shares	Issued Pursuant To	Price/valuation
1,160,714	In settlement of accounts payable	$ 162,500
3,010,000	Sale of restricted stock	$ 301,000

The total offering price, during the first quarter as to these shares, was $463,500, less expenses, estimated to be a total of $9,500 for printing, legal, postage, and other expenses related to respective offering.

On April 3, 2003, the Company's registration statement on Form SB-2, Commission Registration No. 333-52296 effective on December 20, 2000 (as amended and supplemented from time to time, "Registration Statement" expired by its original terms. The Company's net proceeds from said registration statement was $609,747.34.

Item 5. Other Information.

Samaritan Pharmaceuticals Inc., will host its Annual Meeting of shareholders at 10 a.m. on Friday, June 27, 2003 at the Sterling Club, Turnberry Towers, 2827 Paradise Rd., Las Vegas, Nevada. Also, Scientists from Samaritan Research Labs, Georgetown University will make a presentation "Targeting

Innovative Therapies to Treat and Prevent Memory Loss and Alzheimer's."

Item 6. Exhibits and Reports on Form 8-K.

(a) Reports on Form 8-K.

On April 22, 2003, Samaritan Pharmaceuticals , Inc. and Fusion Capital Fund II, LLC, a Chicago-based institutional investor and Samaritan's long-term financial partner, entered into a new $10 million Common Stock Purchase Agreement. The previous Common Stock Purchase Agreement between Samaritan and Fusion Capital dated November 2, 2000 by its original terms expired.

Under the new Common Stock Purchase Agreement, Fusion Capital shall buy from time to time over twenty-five months up to $10 million of Samaritan's common stock. Samaritan has the right to control the timing and the amount of stock sold to Fusion Capital with the purchase price based upon the market price of Samaritan's common stock at the time of each sale without any discount. Funding of the $10 million shall commence at the Samaritan's discretion after the Securities & Exchange Commission has declared effective a registration statement covering the shares of common stock to be purchased by Fusion Capital.

(b) Exhibits

Listed below are all exhibits filed as part of this report. Some exhibits are filed by the Registrant with the Securities and Exchange Commission pursuant to Rule 12b-32 under the Securities Exchange Act of 1934, as amended.

Exhibits No.	Description
2.1	Agreement and Plan of Reorganization (1)
3.1	Articles of Incorporation, as amended and restated (5)
3.2	By-Laws (3)
4.1	Form of common stock certificate (1)
4.2	1997 Stock Option Plan (1)
4.3	2001 Stock Option Plan (4)
10.1	Assignment between Linda Johnson and the Company dated September 6, 2000. (5)
10.2	Assignment between Linda Johnson and Spectrum Pharmaceuticals Corporation dated May 14, 1999. (5)
10.3	Agreement containing the assignment of U.S. Patent Application 07/233,247 with improvements dated May 22, 1990. (5)
10.4	Agreement between AIDS Research Alliance Agreement and the Company dated March 5, 1999 (1)
10.5	Common Stock Purchase Agreement between Company and Fusion Capital Fund II, LLC, dated April 22, 2003 (2)
10.6	Registration Rights Agreement between Company and Fusion Capital Fund II, LLC, dated April 22, 2003 (2)
10.7	Agreement between Samaritan Pharmaceuticals, Inc. and Doug Bessert (5)
10.8	Agreement between Samaritan Pharmaceuticals, Inc. and Eugene Boyle (5)
10.9	Agreement between Samaritan Pharmaceuticals, Inc and Janet Greeson (5)
14.1	Code of Ethics (7)
16.1	Letter on change in certifying accountant (6)
21.1	List of Subsidiaries (1)
99.1	Certification of Chief Executive Officer
99.2	Certification of Chief Financial Officer
99.3	Certification of Vice President

(1) Filed as an exhibit to Form 10-SB, including any amendments, on July 21, 1999 and incorporated herein by reference.

(2) Filed as an exhibit to Form 8-K, including any amendments, on April 25, 2003, and incorporated herein by reference.

(3) Filed as an exhibit to Form 10KSB, including any amendments, on April 3, 2001 and incorporated herein by reference.

(4) Filed as an exhibit to DEF 14 A, including any amendments, on April 3, 2001 and incorporated herein by reference

(5) Filed as an exhibit to 10-QSB, including any amendments, on August 14, 2002 and incorporated herein by reference.

(6) Filed as an exhibit to Form 8-K, on September 27, 2002 and incorporated herein by reference

(7) Filed as an exhibit to 10-KSB, including any amendments, on April 15, 2003 and incorporated herein by reference

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SIGNATURES

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

SAMARITAN PHARMACEUTICAL, INC

Dated: 15 May 2003

By: /s/ Eugene Boyle

Eugene Boyle, CFO, COO, Director

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CERTIFICATIONS

I, Janet Greeson CEO, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Samaritan Pharmaceuticals, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 15 May 2003

/s/ Janet Greeson C.E.O

Janet Greeson C.E.O

CERTIFICATIONS

I, Eugene Boyle CFO, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Samaritan Pharmaceuticals, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 15 May 2003

/s/Eugene Boyle CFO
Eugene Boyle CFO

CERTIFICATION

I, Doug Bessert, Vice President, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Samaritan Pharmaceuticals, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other

employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: 15 May 2003

/s/ Doug Bessert
Doug Bessert VP