UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2009

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

Commission file number: 0000-24477

STRATUS MEDIA GROUP, INC.

(Exact name of Registrant as specified in its charter)

Nevada	#86-0776876
(State of Incorporation)	(I.R.S. Employer Identification No.)

3 East De La Guerra Street, Santa Barbara, CA 93001
(Address of principal executive offices)

(805) 884-9977
(Issuer's telephone number)

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

Indiate by check mark whether the registrant has submitted electronically and posted on its website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period registrant was required to submit and post such files). Yes ☐ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," “accelerated filer,” and “smaller reporting company: in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer ☐	Accelerated Filer ☐
Non-Accelerated Filer (Do not check if smaller reporting company)☐	Smaller Reporting Company x

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock as of August 14, 2009: 57,754,130.

STRATUS MEDIA GROUP, INC.
FORM 10-Q/A Amendment No. 1
JUNE 30, 2009

WHY THIS AMENDMENT IS FILED

This Quarterly Report on Form 10Q/A Amendment No. 1 is being filed solely because the financial statements have been restated to include $78,775 of additional, non-cash, Black Scholes warrant expense in the three and six months ended June 30, 2009, largely related to the issuance of warrants to purchase 900,000 shares of the Company's common stock on April 30, 2009 to two new members of the Company's Board of Directors. Except with respect to such restatement, this amendment does not reflect events occurring after the filing of the original Quarterly Report on Form 10-Q or modify or update those disclosures affected by subsequent events.

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PART I — FINANCIAL INFORMATION ITEM I — FINANCIAL STATEMENTS
STRATUS MEDIA GROUP, INC.
BALANCE SHEETS

		June 30, 2009 (Unaudited)		December 31, 2008
ASSETS				
Current assets				
Cash	$	200,211	$	800
Restricted cash		112,832		162,855
Receivables		10,165		10,165
Deposits and prepaid expenses		110,393		35,861
Inventory		9,482		9,482
Total current assets		**443,083**		**219,163**
Property and equipment, net		1,690		2,469
Intangible assets, net		4,044,650		4,067,355
Goodwill		1,073,345		1,073,345
Total assets	**$**	**5,562,768**	**$**	**5,362,332**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Accounts payable	$	612,970	$	633,605
Deferred salary		120,000		-
Accrued interest		247,979		193,421
Accrued expenses - legal judgment		65,316		65,316
Other accrued expenses and other liabilities		912,310		815,942
Loans payable to officer		740,954		767,488
Current portion of notes payable - related parties		590,000		590,000
Notes payable		142,017		194,517
Event acquisition liabilities		913,760		913,760
Redemption fund reserve		112,832		124,293
Total current liabilities		**4,458,138**		**4,298,342**
Non-current liabilities				
Non-current portion of notes payable - related parties		**625,000**		**625,000**
Total liabilities		**5,083,138**		**4,923,342**
Commitments and contingencies				
Shareholders' equity				
Preferred stock, $0.01 par value: 5,000,000 shares authorized 0 and 0 shares issued and outstanding		-		-
Common stock, $0.001 par value: 200,000,000 shares authorized 57,276,464 and 57,130,879 shares issued and outstanding, respectively		57,723		57,132
Additional paid-in capital		16,271,295		15,154,541
Stock subscription receivable		(58,500)		(100,000)
Accumulated deficit		(15,790,888)		(14,672,683)
Total shareholders' equity		**479,630**		**438,990**
Total liabilities and shareholders' equity	**$**	**5,562,768**	**$**	**5,362,332**

See accompanying notes to financial statements.

STRATUS MEDIA GROUP, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	**2008**	**2009**	**2008**
Net revenues				
Event revenues	$ -	$ -	$ -	$ 33,606
Stratus revenues	-	1,050	-	6,583
Total revenues	**-**	**1,050**	**-**	**40,189**
Cost of revenues				
Event cost of sales	-	-	-	25,162
Stratus cost of sales	-	-	-	-
Total cost of sales	**-**	**-**	**-**	**25,162**
Gross profit	**-**	**1,050**	**-**	**15,027**
Operating expenses				
General and administrative	353,031	161,841	561,094	305,586
Fair value charge for stock sales and value of warrants issued	304,911	-	416,345	-
Legal and professional services	60,953	58,040	110,654	175,000
Depreciation and amortization	11,743	14,507	23,486	29,014
Total operating expenses	**730,638**	**234,388**	**1,111,579**	**509,600**
Loss from operations	**(730,638)**	**(233,338)**	**(1,111,579)**	**(494,573)**
Other (income)/expenses				
Other (income)/expense	(49,417)	6,466	(49,417)	(367,587)
Interest expense	28,582	46,398	56,042	93,143
Total other expenses	**(20,835)**	**52,864**	**6,625**	**(274,444)**
Net income/(loss)	**$ (709,803)**	**$ (286,202)**	**$ (1,118,204)**	**$ (220,129)**
Basic and diluted earnings per share	**$ (0.01)**	**$ (0.01)**	**$ (0.02)**	**$ (0.00)**
Basic and diluted weighted-average common shares	**57,776,458**	**55,005,576**	**57,514,546**	**52,667,460**

See accompanying notes to financial statements.

STRATUS MEDIA GROUP, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Cash flows from operating activities:		
Net income/(loss)	$ (1,118,204)	$ (220,129)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	23,486	29,014
Expense for value of stock issued in excess of value received and for Warrants issued with sales of Common Stock	416,345	-
Increase / (decrease) in:		
Receivables	-	(10,100)
Deposits and prepaid expenses	(74,532)	(20,541)
Accounts payable	(20,636)	2,385
Deferred salary	120,000	120,000
Accrued interest	54,557	91,768
Accrued expenses - legal judgment	-	(365,579)
Other accrued expenses and other liabilities	96,367	74,040
Deferred revenue	-	(6,584)
Redemption fund reserve	(11,461)	-
Net cash used in operating activities	**(514,078)**	**(305,726)**
Cash flows from investing activities:	-	-
Cash flows from financing activities:		
Transfer from restricted cash to operating cash	50,023	-
Payments on line of credit	-	(68,041)
Payments on loans payable to shareholders	(26,534)	(15,132)
Payments on notes payable	(52,500)	-
Proceeds from issuance of common stock for cash	742,500	405,000
Net cash provided by financing activities	**713,489**	**321,827**
Net change in cash and cash equivalents	**199,411**	**16,101**
Cash and cash equivalents, beginning of period	**800**	**196**
Cash and cash equivalents, end of period	**$ 200,211**	**$ 16,297**
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

See accompanying notes to financial statements.

1. Business

Business

On March 14, 2008, pursuant to an Agreement and Plan of Merger dated as of August 20, 2007 by and among the Company, Feris Merger Sub, Inc., Patty Linson, on one hand, and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, the Company issued 49,500,000 shares of its common stock in exchange for all of the issued and outstanding shares of PSEI, resulting in PSEI becoming a wholly-owned subsidiary of the Company and the surviving entity for accounting purposes ("Reverse Merger"). In July 2008, the Company's corporate name was changed to Stratus Media Group, Inc.

PSEI, a California corporation, was organized on November 23, 1998 and specializes in sports and entertainment events that it owns, operates, manages, markets and sells in national markets. In addition, PSEI acquired the business of Stratus Rewards, LLC ("Stratus") in August 2005. Stratus is a credit card rewards program that uses the Visa card platform and offers a unique luxury rewards redemption program, including private jet travel, premium travel opportunities, exclusive events and luxury merchandise. The sponsoring bank that conducted the "back end" banking requirements of the Stratus program stopped sending PSEI statements in October 2007 and provided notice in March 2008 that it was discontinuing the program. While several cardmembers are continuing to use their cards with the former sponsor bank, the Company has not recorded these new revenues since October 2007, and the Company is investigating legal redress against this bank. The Company is actively seeking a new sponsoring bank for the back end banking requirements of the program, but there can be no assurances that it will be able to do so.

Management's Plan of Operations

The Company has suffered losses from operations and currently lacks liquidity to meet its current obligations. The Company had a net loss in 2008 of $2,093,267 and a net loss for the three and six months ended June 30, 2009 of $709,803 and $1,118,204, respectively. As of June 30, 2009, the Company had negative working capital of $4,015,055 and cumulative losses of $15,790,888. Unless additional financing is obtained, the Company may not be able to continue as a going concern. In the six months ended June 30, 2009, the Company raised $742,500 in cash through the issuance of common stock. The Company is actively seeking additional capital. However, due to the current economic environment and the Company's current financial condition, we cannot assure current and future stockholders there will be adequate capital available when needed and on acceptable terms.

The financial statements have been prepared on a going concern basis which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result if the Company becomes unable to continue as a going concern.

2. Restatement

This amendment to the Quarterly Report on Form 10Q/A is being filed solely because the financial statements have been restated to include $78,775 of additional, non-cash, Black Scholes warrant expense in the three and six months ended June 30, 2009, largely related to the issuance of warrants to purchase 900,000 shares of the Company's common stock on April 30, 2009 to two new members of the Company's Board of Directors. Except with respect to such restatement, this amendment does not reflect events occurring after the filing of the original Report on Form 10-Q or modify or update those disclosures affected by subsequent events.

The following sets forth the numbers in this Report on Form 10-Q Amendment No. 1 that have changed from the original filing done on May 14, 2009:

	As Filed	Adjustment	As Restated
As of June 30, 2009:			
Additional paid-in capital	$ 16,192,500	$ 78,795	$ 16,271,295
Accumulated deficit	(15,712,113)	(78,775)	(15,790,888)
For the three months ended June 30, 2009:			
Fair value charge for stock sales and value of warrants issued	226,136	78,775	304,911
Total operating expenses	651,863	78,775	730,638
Loss from operations	(651,863)	(78,775)	(730,638)
Net loss	(631,028)	(78,775)	(709,803)
For the six months ended June 30, 2009:			
Fair value charge for stock sales and value of warrants issued	337,570	78,775	416,345
Total operating expenses	1,032,804	78,775	1,111,579
Loss from operations	(1,032,804)	(78,775)	(1,111,579)
Net loss	(1,039,429)	(78,775)	(1,118,204)

3. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information, pursuant to the rules and regulations of the Securities and Exchange Commission. Notes to the financial statements which would substantially duplicate the disclosures contained in the financial statements for the most recent fiscal year 2008 for the Company have been omitted. The results of operations for the three and six months ended June 30, 2009 and 2008 are not necessarily indicative of the results to be expected for the full year. These statements should be read in conjunction with the financial statements and related notes which are part of the Company's Report on Form 10-K, as amended, that included audited results for the years ended December 31, 2008 and 2007.

Stock Split

On March 14, 2008, the Board of Directors of the Company approved a 3.582 for 1.000 forward stock split of the PSEI's common stock. The effective date of the stock split was March 14, 2008 and was concurrent with the Reverse Merger. All share and per share information have been adjusted to give effect to the stock split for all periods presented, including all references throughout the financial statements and accompanying notes.

Deferred Salary

Our President has an employment contract that stipulates an annual salary of $240,000 per year. He has not received cash payments for salary since prior to 2006 and $60,000 is accrued each quarter.

Accrued Expense - Legal Judgment

An accrual of $65,316 was established in 2007 to reserve for a judgment against the Company.

Other (Income)/Expense

This account contains non-operating expenses that have included in the past, but may not limited to in the future, writeoffs of accounts payable, accounting expense adjustments related to the Stratus Visa program, and increases/decreases in legal accruals.

Net Loss per Share

We compute net loss per share in accordance with SFAS No. 128, *Earnings Per Share*. Basic per share data is computed by dividing loss available to common stockholders by the weighted average number of shares outstanding during the period. Diluted per share data is computed by dividing loss available to common stockholders by the weighted average shares outstanding during the period increased to include, if dilutive, the number of additional common share equivalents that would have been outstanding if potential common shares had been issued using the treasury stock method. Diluted per share data would also include the potential common share equivalents relating to convertible securities by application of the if-converted method.

The effect of common stock equivalents (which include outstanding warrants and stock options) are not included for the three and six months ended June 30, 2009, as they are antidilutive to loss per share. Losses per share for the three and six months ended June 30, 2009 do not include the potential impact of options to purchase 5,709,852 shares of the Company's common stock, warrants to purchase 960,075 shares, or of warrants to purchase $36,250 of the Company's common stock, with the number of shares issuable under this warrant to be determined by the Company's first financing round following its reverse merger in March 14, 2008.

Intangible Assets

Company has purchased several events that have been recorded on the Company's balance sheet as intangible assets with a value equal to the consideration paid for such assets, which generally includes licensing rights, naming rights, merchandising rights and the right to hold such event in particular geographic locations. There was no goodwill assigned to any of these events and the value of the consideration paid for each event is considered to be the value for each related intangible asset. Each event has separate accounts for tracking revenues and expenses per event and a separate account to track the asset valuation.

A portion of the consideration used to purchase the Stratus Rewards Visa card program was allocated to specific assets, as disclosed in the footnotes to the financial statements, with the difference between the specific assets and the total consideration paid for the program being allocated to goodwill. We apply the provisions of Statement of Financial Accounting Standards (SFAS) No. 142 *Goodwill and Other Intangible Assets*, which requires allocating goodwill to each reporting unit and testing for impairment.

The Company reviews the value of intangible assets and related goodwill as part of its annual reporting process, which generally occurs in February or March of each calendar year. In between valuations, the Company is prepared to conduct additional tests if circumstances warrant such testing. For example, if the Company was unable to secure the services of any sponsoring banks, the Company would then undergo a thorough valuation of the intangible assets related to its Stratus Rewards program.

To review the value of intangible assets and related goodwill, the Company compares discounted cash flow forecasts with the stated value of the assets on the balance sheet.

The events are forecasted based on historical results for those events, adjusted over time for the assumed synergies expected from discounts from purchases of goods and services from a number of events rather than from each event on its own, and for synergies resulting from the expected ability to provide sponsors with benefits from sponsoring multiple events with a single point of contact.

These forecasts are discounted at a range of discount rates determined by taking the risk-free interest rate at the time of valuation, plus a premium for equity risk, plus a premium related to small companies in general, plus a risk premium for factors specific to the Company and the operating segment that range from 9.5% for events to 55% for the Stratus Rewards Visa card. The total discount rates ranged from 27% for events, to 69% for athlete management to 79% for the Stratus Rewards program. Terminal values are determined by taking cash flows in year five of the forecast, then applying an annual growth of 2.0% to 2.4% for twenty years and discounting that stream of cash flows by the discount rate used for that section of the business.

If the Company determines that the discount factor for cash flows should be substantially increased, or the event will not be able to begin operations when planned, it is possible that the values for the intangible assets currently on the balance sheet could be substantially reduced or eliminated, which could result in a maximum charge to operations of the current carrying value of the intangible assets of $5,117,995.

Recent Accounting Pronouncements

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Values When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly." This FSP provides guidance on (1) estimating the fair value of an asset or liability when the volume and level of activity for the asset or liability have significantly declined and (2) identifying transactions that are not orderly. The FSP also amends certain disclosure provisions of SFAS No. 157 to require, among other things, disclosures in interim periods of the inputs and valuation techniques used to measure fair value. This pronouncement is effective prospectively beginning April 1, 2009. The Company is currently evaluating the impact of this standard, but would not expect it to have a material impact on the Company's consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" (FSP 115-2). This FSP modifies the requirements for recognizing other-than-temporarily impaired debt securities and changes the existing impairment model for such securities. The FSP also requires additional disclosures for both annual and interim periods with respect to both debt and equity securities. Under the FSP, impairment of debt securities will be considered other-than-temporary if an entity (1) intends to sell the security, (2) more likely than not will be required to sell the security before recovering its cost, or (3) does not expect to recover the security's entire amortized cost basis (even if the entity does not intend to sell). The FSP further indicates that, depending on which of the above factor(s) causes the impairment to be considered other-than-temporary, (1) the entire shortfall of the security's fair value versus its amortized cost basis or (2) only the credit loss portion would be recognized in earnings while the remaining shortfall (if any) would be recorded in other comprehensive income. FSP 115-2 requires entities to initially apply the provisions of the standard to previously other-than-temporarily impaired debt securities existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment potentially reclassifies the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption from retained earnings to accumulated other comprehensive income. This pronouncement is effective April 1, 2009. The Company does not believe this standard will have a material impact on the Company's consolidated results of operations or financial condition.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, “Interim Disclosures about Fair Value of Financial Instruments.” This FSP essentially expands the disclosure about fair value of financial instruments that were previously required only annually to also be required for interim period reporting. In addition, the FSP requires certain additional disclosures regarding the methods and significant assumptions used to estimate the fair value of financial instruments. These additional disclosures will be required beginning with the quarter ending June 30, 2009. The Company is currently evaluating the requirements of these additional disclosures, but does not believe this standard will have a material impact on the Company’s consolidated results of operations or financial condition.

In May 2009, the FASB issued SFAS No. 165, Subsequent Events (“SFAS 165”) [ASC 855-10-05], which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. SFAS 165 is effective for interim and annual periods ending after June 15, 2009, and accordingly, the Company adopted this pronouncement during the second quarter of 2009. SFAS 165 requires that public entities evaluate subsequent events through the date that the financial statements are issued. The Company has evaluated subsequent events through the time of filing these financial statements with the SEC on August 14, 2009.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets — an amendment of FASB Statement No. 140 (“SFAS 166”) [ASC 860], which requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. SFAS 166 eliminates the concept of a “qualifying special-purpose entity,” changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS 166 is effective for fiscal years beginning after November 15, 2009. The Company has not completed its assessment of the impact SFAS 166, but does not believe this standard will have a material impact on the Company’s consolidated results of operations or financial condition.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) (“SFAS 167”) [ASC 810-10], which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. SFAS 167 clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance. SFAS 167 requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also requires additional disclosures about a company’s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. SFAS 167 is effective for fiscal years beginning after November 15, 2009. The Company has not completed its assessment of the impact SFAS 167 will have on its financial condition, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles a Replacement of FASB Statement No. 162 (“SFAS 168”). This Standard establishes the FASB Accounting Standards Codification™ (the “Codification”) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with US GAAP. The Codification does not change current US GAAP, but is intended to simplify user access to all authoritative US GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Codification is effective in the third quarter of 2009, and accordingly, the Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

4. Litigation

In connection with a settlement agreement in May 2005, a judgment was entered in the Superior Court of the County of Los Angeles against the Company in favor of the previous owners of the "Core Tour" event of $482,126 plus interest. The dispute arose out of the Company's asset purchase of the "Core Tour" event from the plaintiffs. As of December 31, 2005, the Company recorded the $482,126 judgment. On July 31, 2008, Stratus Management and Core Tour agreed to a settlement whereby Stratus will retain all rights of the Core Tour events in exchange for payment of $482,126 in cash by December 31, 2008 and 74,000 shares of Common Stock as payment of interest. On December 31, 2008, the Company issued 102,840 shares of our common stock to the owners of the Core Tour as payment for accrued interest on the judgment as of that date. These shares were valued at the $163,516 based on the closing stock price of our common stock as of that date, and accrued interest on the books of $172,993 was reversed, with the difference going to other income. The Company is in negotiations regarding payment of the $482,126.

In March 2008, a court case was overturned and dismissed for which a $365,579 reserve had been established on the balance sheet. This reserve was reversed, with the offset going to other income.

On August 18, 2008, two judgments totaling $70,805 were entered against Stratus related to wage claims for two former employees. This amount was taken as an expense in the three months ended September 30, 2008.

In or around October 2008, the Company was made aware by a third party that HollyRod Foundation ("HollyRod"), a California non-profit corporation, filed a lawsuit in the Superior Court of California, County of Los Angeles, seeking $100,000 of sponsorship fees related to the Stratus Reward's sponsorship of a function held by HollyRod in Phoenix Arizona in January 2008 related to the Super Bowl. In February 2009, Hollyrod filed a motion for summary judgment with the court. The Company believes the case presented by HollyRod is without merit and that HollyRod breached the agreement by failing to perform on nearly all required actions required of HollyRod in the sponsorship agreement. The Company notified HollyRod that the Company has not been properly served and, upon being properly served, the Company intends to vigorously defend this action and believes it will prevail, but there can be no assurance that it will do so. The Company has not taken a charge in the three months ended June 30, 2009 for this action.

5. Acquisition of Stratus Rewards

In August 2005, PSEI acquired the business of Stratus Rewards, a credit card rewards program.

The total consideration for this acquisition was $3,000,000, with PSEI entering into a note of $1,000,000 and issuing 666,667 common shares valued at $2,000,000. The note is payable in eight quarterly equal payments over a 24 month period, with the first payment due upon completion of the first post-public merger funding of a minimum amount of $3,000,000.

The results of operations of the business acquired have been included in the Company's Statements of Operations from the date of acquisition. Depreciation and amortization related to the acquisition were calculated based on the estimated fair market values and estimated useful lives for property and equipment and an independent valuation for certain identifiable intangible assets was acquired.

The sponsoring bank that conducted the "back end" banking requirements of the Stratus program stopped sending PSEI statements in October 2007 and provided notice in March 2008 that it was discontinuing the program. While several cardmembers are continuing to use their cards with the former sponsor bank the Company has not recorded these new revenues since October 2007, and the Company is investigating legal redress against this bank. The Company is actively seeking a new sponsoring bank for the back end banking requirements of the program, but there can be no assurances that it will be able to do so.

6. Property and Equipment

Property and equipment consisted of the following as of the dates indicated:

	June 30, 2009 (unaudited)	December 31, 2008
Computers and peripherals	$ 52,873	$ 52,873
Office machines	11,058	11,058
Furniture and fixtures	56,468	56,468
	120,399	120,399
Less: accumulated depreciation	(118,709)	(117,930)
	$ 1,690	$ 2,469

For the three months ended June 30, 2009 and 2008, depreciation expense was $390 and $3,154, respectively, and for the six months ended June 30, 2009 and 2008, depreciation expense was $780 and $6,309, respectively.

7. Goodwill and intangible assets

The following sets forth the intangible assets of the Company as of the dates indicated:

	June 30, 2009 (unaudited)	December 31, 2008
Intangible Assets		
Events		
● Long Beach Marathon	$ 300,000	$ 300,000
● Concours on Rodeo	600,000	600,000
● Santa Barbara Concours d'Elegance	243,000	243,000
● Core Tour/Action Sports Tour	1,067,069	1,067,069
● Freedom Bowl	344,232	344,232
● Maui Music Festival	725,805	725,805
● Athlete Management	15,000	15,000
Total - Events	3,295,106	3,295,106
Stratus Rewards		
● Purchased Licensed Technology, net of accumulated amortization of $135,556 and $92,293	210,544	227,849
● Membership List, net of accumulated amortization of $42,300 and $28,800	65,700	71,100
● Corporate Partner List	23,300	23,300
● Corporate Membership	450,000	450,000
Total - Stratus Rewards	760,897	772,249
Total Intangible Assets	**$ 4,044,650**	**$ 4,067,355**

The Company purchased several events that have been recorded on the Company's balance sheet as intangible assets equal to the consideration paid for such assets, which generally includes licensing rights, naming rights, merchandising rights and the right to hold such event in particular geographic locations. There was no goodwill assigned to any of these events and the value of the consideration paid for each event is considered to be the value for each related intangible asset. Each event has separate accounts for tracking revenues and expenses and a separate account to track the asset valuation.

A portion of the consideration used to purchase the Stratus Rewards Visa card program was allocated to specific assets, as disclosed in the footnotes to the financial statements, with the difference between the specific assets and the total consideration paid for the program being allocated to goodwill. We apply the provisions of Statement of Financial Accounting Standards (SFAS) No. 142 *Goodwill and Other Intangible Assets*, which requires allocating goodwill to each reporting unit and testing for impairment.

The Company reviews the value of intangible assets and related goodwill as part of its annual reporting process, which generally occurs in February or March of each calendar year. In between valuations, the Company is prepared to conduct additional tests if circumstances warrant such testing.

The purchased licensed technology and membership list are being amortized over their estimated useful life of 10 years. For the three months ended June 30, 2009 and 2008, amortization expense was $11,352 and $11,352, respectively, and for the six months ended June 30, 2009 and 2008, amortization expense was $22,704 and $22,704, respectively.

8. Other accrued expenses and other liabilities

Other accrued liabilities consisted of the following as of the dates indicated:

	June 30, 2009	December 31, 2008
	(unaudited)	
Professional fees	$ 133,908	$ 128,908
Travel expenses	187,403	147,509
Consultants fees	219,940	217,199
Payroll tax liabilities	274,689	270,047
Other	96,370	52,279
Total accrued liabilities	$ 912,310	$ 815,942

9. Loans payable to officer

The Loans payable to officer represents a loan from the Company's President and amounted to the following as of the dates indicated:

	June 30, 2009	December 31, 2008
	(unaudited)	
Loans payable to officer, due on demand, with an interest rate of 9.5%	$ 740,954	$ 767,488

This loan is unsecured, has no priority or subordination features, does not bear any restrictive covenants and contains no acceleration provisions. Interest expense on loans to shareholders for the three months ended June 30, 2009 and 2008 was $17,382 and $23,563, respectively, and for the six months ended June 30, 2009 and 2008 was $34,889 and $47,493, respectively.

10. Notes payable to related parties

Notes Payable to Related Parties consisted of the following as of the dates indicated:

Notes payable to related parties

	June 30, 2009 (unaudited)	December 31, 2008
Note payable to a director of the Company (unsecured), date January 19, 2005 with maturity date of May 19, 2005. The principal amount and accrued interest were payable June 1, 2005, plus interest at 10%. This note is currently in default	$ 125,000	$ 125,000
Note payable to shareholder (unsecured), dated January 14, 2005, with maturity of May 14, 2005 The principal amount and accrued interest were payable on May 14, 2005, plus interest at 10% per annum. This note is currently in default.	70,000	70,000
Note payable to shareholder (unsecured), dated February 1, 2005, with maturity of June 1, 2005. The principal amount and accrued interest were payable on June 1, 2005, plus interest at 10% per annum. This note is currently in default.	10,000	10,000
Note payable to shareholder (unsecured), dated February 5, 2005, with maturity of June 5, 2005. The principal amount and accrued interest were payable on June 5, 2005, plus interest at 10% per annum. This note is currently in default.	10,000	10,000
Note payable to shareholder (unsecured) related to purchase of Stratus. The note is payable in eight quarterly equal payments over a 24 month period, with the first payment due upon completion of the first post-public merger funding, with such funding to be at a minimum amount of $3,000,000.	1,000,000	1,000,000
Total	1,215,000	1,215,000
Less: current portion	590,000	590,000
Long-term portion	$ 625,000	$ 625,000

These notes are unsecured, have no priority or subordination features, do not bear any restrictive covenants and contain no acceleration provisions. Interest expense on loans to shareholders for the three months ended June 30, 2009 and 2008 was $2,250 and $2,250, respectively, and for the six months ended June 30, 2009 and 2008 was $4,500 and $4,500, respectively.

11. Notes payable

Notes payable consisted of the following as of the dates indicated:

Notes payable

	June 30, 2009 (unaudited)	December 31, 2008
Note payable to a shareholder (unsecured) $100,000 made in August 2008 and $84,517 made after November 2008. Payable on demand and bears interest at 10%.	$ 132,017	$ 184,517
Note payable to non-shareholder (unsecured). Payable on demand and does not bear interest	10,000	10,000
Total	$ 142,017	$ 194,517

These notes are unsecured, have no priority or subordination features, do not bear any restrictive covenants and contain no acceleration provisions. Interest expense on notes payable for the three months ended June 30, 2009 and 2008 was $7,231 and $7,825, respectively, and for the six months ended June 30, 2009 and 2008 was $15,169 and $15,650, respectively.

12. Event acquisition liabilities

The following sets forth the liabilities, in relation to the acquisition of events (refer to Note 6), assumed by the Company as of the dates indicated:

	June 30, 2009 (unaudited)	December 31, 2008
● Concours on Rodeo	$ 430,043	$ 430,043
● Core Tour/Action Sports Tour	483,717	483,717
	$ 913,760	$ 913,760

13. Redemption fund reserve

The redemption fund reserve records the liabilities related to the Company's obligations to pay for the redemption of rewards from the Stratus credit card rewards program.

14. Related party transaction

From prior to fiscal 2006 through June of 2009, the Company rented office space owned by the Chairman, President and Chief Executive Officer of the Company. The total rent expense accrued by the Company in the three months ended June 30, 2009 and 2008 was $12,000 and $12,000, respectively, and for the six months ended June 30, 2009 and 2008 was $24,000 and $24,000, respectively. The Company believes such rents were at or below prevailing market rates and terminated the rental of this space at the end of June 2009.

On April 30, 2009, the Company issued warrants to purchase 450,000 Shares at $1.50 per share to a new director of the Company, who loaned the Company $125,000 on January 19, 2005.

15. Shareholders' Equity

Common Stock

On March 14, 2008, pursuant to an Agreement and Plan of Merger dated as of August 20, 2007 (the "Merger Agreement") by and among the Company, Feris Merger Sub, Inc. and Patty Linson, on the one hand, and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, the Company issued 49,500,000 shares of its common stock in exchange for all of the issued and outstanding shares of the PSEI, resulting in a "reverse merger" in which PSEI became a wholly owned subsidiary of Feris and is the surviving entity for accounting purposes.

During the three months ended June 30, 2009 and 2008 the Company raised $610,500 and $25,000, respectively, through the issuance of 564,949 and 29,850 shares of common stock, respectively. During the six months ended June 30, 2009 and 2008 the Company raised $742,500 and $405,000, respectively, through the issuance of 710,529 and 483,578 shares of common stock, respectively.

Stock Options

There was no stock option expense for the three and six months ended June 30, 2009 and 2008. A summary of the options outstanding as of June 30, 2009 is:

		Options Outstanding			Options Exercisable	
	Range of Exercise Prices	Options Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price of Options Exercisable
As of June 30, 2009	$ 1.79-$10.75	5,709,852	2.8	2.40	5,709,852	2.40

Warrants

During 2005, the Company granted warrants with rights to purchase $36,250 of its common stock. These warrants have terms of five years and the exercise prices for these warrants will be the share prices applicable in the next Company Financing after March 2008. The warrants expire in 2010 and the exercise prices for these warrants and the number of shares for such warrants are to be determined by the share price used in such financing. The Company valued these warrants, using the Black-Scholes option pricing model, at December 31, 2008 and 2007, at $0 and $0, respectively, and included this liability in other accrued expenses and other liabilities. There were no warrants granted in 2006, 2007 and 2008.

Since this Company Financing event has not occurred, the number of shares and the purchase price related to these warrants could not be determined as of December 31, 2007 or 2008. The Company analyzed these warrants in accordance with EITF pronouncement No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock". The Company determined that the warrants should be classified as a liability based on the fact that the number of shares attributable to these warrants is indeterminate.

These warrants were granted as financing costs related to notes payable agreements with two shareholders and one non-shareholder. The warrants are accounted for as financing costs which were capitalized and amortized over the five-year life of the debt. There was no related amortization expense for the three months and six months ended June 30, 2009 and 2008.

Since the number of shares and the purchase price related to these warrants can't be determined, which in turn prevents a determination of the Black Scholes value of these warrants as of June 30, 2009 and 2008 and consequent determination of the charge to the income statement, if any, for the periods ending on those dates.

During the six months ended June 30, 2009, the Company issued warrants to purchase a total of 60,075 shares of common stock in connection with the sale of common stock. There are no repricing or antidilution features for these warrants. These warrants have a strike price of $2.00 per share and a life of five years. On April 30, 2009, the Company issued warrants to purchase 900,000 shares of Common Stock to two new members of its Board of Directors. There are no repricing or antidilution features for these warrants. These warrants have a strike price of $1.50 per share and a life of five years.

		Warrants Outstanding			Warrants Exercisable	
	Range of Exercise Prices	Warrants Outstanding	Weighted Average Remaining Life in Years	Weighted Average Exercise Price	Warrants Exercisable	Weighted Average Exercise Price of Options Exercisable
As of June 30, 2009	$1.50 - $2.00	960,065	4.8	$ 1.53	110,075	$ 1.77

An expense of $142,051 was taken for these warrants during the six months ended June 30, 2009, based on Black-Scholes valuations using the following assumptions:

Range of estimated fair value of underlying common stock	$1.48 - $1.58
Remaining life (in years)	5.0
Range of risk-free interest rates	1.81% - 2.15 %
Expected volatility	88.00 %
Dividend yield	-

16. Segments

Each event and the Stratus Reward program is considered an operating segment pursuant to SFAS 131 since each is budgeted separately and results of each event and the Stratus program are tracked separately to provide the chief operating decision maker information to assess and manage each event and the Stratus Program.

The characteristics of the Stratus Reward program are different than the events, so that operating segment is considered a reporting segment. The events share similar economic characteristics and are aggregated into a reporting segment pursuant to paragraph 17 of SFAS 131. All of the events provide entertainment and the logistics and production processes and methods for each event are similar: sponsorship sales, ticket and concession sales, security, stages, public address systems and the like. While the demographic characteristics of the audience can vary by event, all events cater to consumer entertainment.

A summary of results by segments are as follows:

	As of and Six Months ended June 30, 2009				
	Stratus Credit Card	Events	Other	Total	Stratus Credit Card
Revenues	$ -	$ -	$ -	$ -	$ 6,583
Cost of sales	-	-	-	-	-
Gross margin	-	-	-	-	6,583
Deprec. & Amort	23,486	-		23,486	29,014
Segment profit	(23,486)	-	-	(23,486)	(22,431
Operating expenses	-	-	1,088,093	1,088,093	-
Oth. (Inc.)/Exp.	-	-	6,625	6,625	-
Net income	$ (23,486)	$ -	$ (1,094,718)	$ (1,118,204)	$ (22,431
Assets	$ 1,948,764	$ 3,268,588	$ 345,416	$ 5,562,768	$ 3,031,154
Liabilities	$ 1,112,832	$ 913,760	$ 3,056,546	$ 5,083,138	$ 1,124,293

17. Commitments and contingencies

Office space rental

Rent expense for the three months ended June 30, 2009 and 2008 was $50,883 and $37,500, respectively. Rent expense for the six months ended June 30, 2009 and 2008 was $97,033 and $49,500, respectively.

Effective April 1, 2008, the Company entered into a lease for office space in West Hollywood, California with a security deposit of $34,200 at a monthly rate of $8,500 from April 1, 2008 to October 31, 2008, and a monthly rent of $11,400 per month from November 1, 2008 until the end of the lease at June 30, 2010. The Company vacated this space in July 2009 and is negotiating a settlement of the lease with the landlord.

On May 1, 2009, the Company entered into a lease agreement for approximately 1,800 square feet of office space in Santa Barbara, California for use as its executive offices. The lease expires on January 1, 2011 with a three-year renewal term available at an initial rent plus common area charges of approximately $4,400 with rent increasing in August 2009 to $5,200 per month.

Contractual obligations

Set forth below is information concerning our known contractual obligations as of June 30, 2009 that are fixed and determinable.

	Total	2009	2010	2011	2012
Debt obligations*	$ 1,000,000	$ 375,000	$ 500,000	$ 125,000	$ -
Other debt obligations	1,370,426	1,370,426	-	-	-
Event acquisition liabilities	913,760	913,760	-	-	-
Legal judgment	65,316	65,316	-	-	-
Rent obligations	186,000	123,600	62,400	-	-
Total	$ 3,535,502	$ 2,848,102	$ 562,400	$ 125,000	$ -

* Debt incurred in connection with acquisition of Stratus. Repayment is triggered by first funding of at least $3,000,000. For purposes of this schedule such funding is assumed to occur during 2009.

Employment Agreement

The Company has an Employment Agreement (“Agreement”), dated January 1, 2007, with its President and Chief Executive Officer, which requires the Company to offer a non-qualified stock option to purchase 10% of the fully diluted shares of the Company’s capital stock issued and outstanding on January 1, 2007, the effective date of the Agreement. The stock option has a term of five years at an exercise price of $1.79 per share for 4,862,894 shares and vested immediately on the date of the agreement. This stock option is subject to a customary anti-dilution provision with respect to any stock splits, mergers, reorganizations and other such events. The length of this Agreement is five years from the effective date unless the employment is terminated for another cause. During the duration of this Agreement, the Chief Executive Officer is entitled to an annual salary of $240,000 and a bonus of $250,000 in the event a Valuing Event causes the Company to be valued in excess of $100,000,000 and an additional bonus of $500,000 in the event a Valuing Event causes the Company to be valued in excess of $500,000,000. For the six months ended June 30, 2009 and the year ended December 31, 2008, no bonuses have been paid by the Company in relation to this Agreement.

18. Subsequent Events

Subsequent to June 30, 2009, the Company sold 32,121 shares of its common stock for $53,000 and issued warrants to purchase 3,825 shares of its common stock for $2.00. These warrants have a five-year life and do not have repricing or antidilution features.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results or anticipated results, including those set forth under "Certain Factors That May Affect Future Results" below and elsewhere in, or incorporated by reference into, this report.

In some cases, you can identify forward-looking statements by terms such as "may," "intend," "might," "will," "should," "could," "would," "expect," "believe," "anticipate," "estimate," "predict," "potential," or the negative of these terms, and similar expressions are intended to identify forward-looking statements. When used in the following discussion, the words "believes," "anticipates" and similar expressions are intended to identify forward-looking statements. Such statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. The forward-looking statements in this report are based upon management's current expectations and belief, which management believes is reasonable. These statements represent our estimates and assumptions only as of the date of this Quarterly Report on Form 10-Q, and we undertake no obligation to publicly release the result of any revisions to these forward-looking statements, which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The following discussion relates to the operations of Stratus and should be read in conjunction with the Notes to Financial Statements.

Description of Business

Overview

On March 14, 2008, pursuant to an Agreement and Plan of Merger dated as of August 20, 2007 by and among the Company, Feris Merger Sub, Inc. and Patty Linson, on one hand, and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, the Company issued 49,500,000 shares of its common stock in exchange for all of the issued and outstanding shares of the PSEI, resulting in PSEI becoming a wholly-owned subsidiary of the Company and is the surviving entity for accounting purposes ("Reverse Merger"). In July 2008, the Company's corporate name was changed to Stratus Media Group, Inc.. The Company is based in Santa Barbara, California and remains a Nevada corporation.

PSEI, a California corporation, was organized in November 1998 and specializes in sports and entertainment events that it owns, and intends to operate, manage, market and sell in national markets. In addition, PSEI acquired the business of Stratus Rewards, LLC ("Stratus Rewards") in August 2005. Stratus Rewards is a credit card rewards marketing program that uses the Visa card platform that offers a unique luxury rewards redemption program, including private jet travel, premium travel opportunities, exclusive events and luxury merchandise.

The business plan of the Company is to own, operate and market live entertainment events and derive its revenue primarily from ticket/admission/membership sales, corporate sponsorship, television, print, radio, on-line and broadcast rights fees, merchandising, and hospitality activities. With additional funding, the objective of management is to build a profitable business by implementing an aggressive acquisition growth plan to acquire quality companies, build corporate infrastructure, and increase organic growth. The plan is to leverage operational efficiencies across an expanded portfolio of events to reduce costs and increase revenues. The Company intends to promote the Stratus Rewards card and its events together, obtaining maximum cross marketing benefit among card members, corporate sponsors and Stratus events.

The Company is using a "roll up" strategy, targeting sports and live entertainment events and companies that are independently owned and operated or being divested by larger companies with the plan to aggregate them into one large leading live entertainment company. The strategy is to purchase these events for approximately four to six times Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") of the events, with the expectation that the combined EBITDA of the Company from these events will receive a higher valuation multiple in the public markets.

Assuming the availability of capital, the Company is targeting acquisitions of event properties. The goal is to aggressively build-up a critical mass of events, venues and companies that allow for numerous cross-event synergies. Specifically:

- On the expense side, to share sales, financial and operations resources across multiple events, creating economies of scale, increasing the Company's purchasing power, eliminating duplicative costs, and bringing standardized operating and financial procedures to all events, thus increasing the margins of all events.
- On the revenue side, to present advertisers and corporate sponsors an exciting and diverse menu of demographics and programming that allows sponsors "one stop shopping" rather than having to deal with each event on its own, and in so doing, convert these sponsors into "strategic partners."

With these core operational synergies, and subject to available capital, the Company intends to (1) reestablish its existing portfolio of events, (2) implement its acquisition strategy of additional live sports and entertainment events and companies, (3) create entirely new event properties on the forefront of the "experience economy" and thus tap into people's lifestyle passions, and (4) cross-promote the Stratus Rewards Visa card with these events to enhance the results of the card and event businesses.

The business plan of Stratus is to provide integrated event management, television programming, marketing, talent representation and consulting services in the sports and other live entertainment industries. Stratus's event management, television programming and marketing services may involve:

- managing sporting events, such as college bowl games, golf tournaments and auto racing team and events;
- managing live entertainment events, such as music festivals, car shows and fashion shows;
- producing television programs, principally sports entertainment and live entertainment programs; and
- marketing athletes, models and entertainers and organizations.

Description of our Revenues, Costs and Expenses

Revenues

Our revenues represent event revenues from ticket sales, sponsorships, concessions and merchandise, which are recorded when the event occurs, and Stratus revenues from membership fees, fees on purchases and interest income earned on the redemption trust. Membership fees are amortized over the twelve month period and fees from purchases and interest income are recorded when they occur.

Gross Profit

Our gross profit represents revenues less the cost of sales. Our event cost of sales consists of the costs renting the venue, structures at the venue, concessions, and temporary personnel hired for the event. Cost of sales for the Stratus program are nominal.

Operating Expenses

Our selling, general and administrative expenses include personnel, rent, travel, office and other costs for selling and promoting events and running the administrative functions of the Company. Legal and professional services are paid to outside attorneys, auditors and consultants are broken out separately given the size of these expenses relative to selling, general and administrative expenses. Operating expenses also include the non-cash expenses for the value of common stock issued above the value of consideration received and the Black-Sholes costs of options and warrants.

Interest Expense

Our interest expense results from accruing interest on a court judgment, loans payable to shareholders, current portion of notes payable-related parties and notes payable.

Critical Accounting Policies

The following discussion relates to the operations of the Company and should be read in conjunction with the Notes to Financial Statements.

Stock Split

On March 14, 2008, the Board of Directors of the Company approved a 3.582 for 1.000 forward stock split of the Company's common stock. The effective date of the stock split was March 14, 2008 and was concurrent with the Reverse Merger. All share and per share information have been adjusted to give effect to the stock split for all periods presented, including all references throughout the financial statements and accompanying notes.

Net Loss per Share

We compute net loss per share in accordance with SFAS No. 128, *Earnings Per Share*. Basic per share data is computed by dividing loss available to common stockholders by the weighted average number of shares outstanding during the period. Diluted per share data is computed by dividing loss available to common stockholders by the weighted average shares outstanding during the period increased to include, if dilutive, the number of additional common share equivalents that would have been outstanding if potential common shares had been issued using the treasury stock method. Diluted per share data would also include the potential common share equivalents relating to convertible securities by application of the if-converted method.

The effect of common stock equivalents (which include outstanding warrants and stock options) are not included for the three and six months ended June 30, 2009, as they are antidilutive to loss per share. Losses per share for the three and six months ended June 30, 2009 do not include the potential impact of options to purchase 5,709,852 shares of the Company's common stock, warrants to purchase 960,075 shares, or of warrants to purchase $36,250 of the Company's common stock, with the number of shares issuable under this warrant to be determined by the Company's first financing round following its reverse merger in March 14, 2008.

Intangible Assets

Company has purchased several events that were recorded on the Company's balance sheet as intangible assets equal to the consideration paid for such assets, which generally includes licensing rights, naming rights, merchandising rights and the right to hold such event in particular geographic locations. There was no goodwill assigned to any of these events and the value of the consideration paid for each event is considered to be the value for each related intangible asset. Each event has separate accounts for tracking revenues and expenses per event and a separate account to track the asset valuation.

A portion of the consideration used to purchase the Stratus Rewards Visa card program was allocated to specific assets, as disclosed in the footnotes to the financial statements, with the difference between the specific assets and the total consideration paid for the program being allocated to goodwill. We apply the provisions of Statement of Financial Accounting Standards (SFAS) No. 142 *Goodwill and Other Intangible Assets*, which requires allocating goodwill to each reporting unit and testing for impairment.

The Company reviews the value of intangible assets and related goodwill as part of its annual reporting process, which generally occurs in February or March of each calendar year. In between valuations, the Company is prepared to conduct additional tests if circumstances warrant such testing. For example, if the Company was unable to secure the services of any sponsoring banks, the Company would then undergo a thorough valuation of the intangible assets related to its Stratus Rewards program.

To review the value of intangible assets and related goodwill, the Company compares discounted cash flow forecasts with the stated value of the assets on the balance sheet.

The events are forecasted based on historical results for those events, adjusted over time for the assumed synergies expected from discounts from purchases of goods and services from a number of events rather than from each event on its own, and for synergies resulting from the expected ability to provide sponsors with benefits from sponsoring multiple events with a single point of contact.

These forecasts are discounted at a range of discount rates determined by taking the risk-free interest rate at the time of valuation, plus a premium for equity risk, plus a premium related to small companies in general, plus a risk premium for factors specific to the Company and the operating segment that range from 9.5% for events to 55% for the Stratus Rewards Visa card. The total discount rates ranged from 27% for events, to 69% for athlete management to 79% for the Stratus Rewards program. Terminal values are determined by taking cash flows in year five of the forecast, then applying an annual growth of 2.0% to 2.4% for twenty years and discounting that stream of cash flows by the discount rate used for that section of the business.

If the Company determines that the discount factor for cash flows should be substantially increased, or the event will not be able to begin operations when planned, it is possible that the values for the intangible assets currently on the balance sheet could be substantially reduced or eliminated, which could result in a maximum charge to operations equal to the current carrying value of the intangible assets of $5,117,995.

In addition to the intangible assets on the balance sheet, the Company has acquired the rights or assumed ownership of a number of other events as well. Based on a valuation dated December 11, 2006 by an independent valuation consultant, the value of all these event properties was $45,700,000 at December 31, 2005 (unaudited).

Results of Operations for the Three Months Ended June 30, 2009

Revenues

Revenues for the three months ended June 30, 2009 ("Current Period") were $0, which was a decrease of $1,050, or 100%, from the $1,050 realized for the three months ended June 30, 2008 ("Prior Period"). There were no event revenues in the Current Period or the Prior Period. Stratus card revenues were $0 in the Current Period, a decrease of $1,050, or 100%, from $1,050 in the Prior Period. The sponsoring bank that conducted the "back end" banking requirements of the Stratus program stopped sending the Company statements in October 2007 and provided notice in March 2008 that it was discontinuing the program. While several cardmembers are continuing to use their cards with the former sponsor bank the Company has not recorded these new revenues since October 2007, and the Company is investigating legal redress against this bank. The Company is actively seeking a new sponsoring bank for the back end banking requirements of the program, but there can be no assurances that it will be able to do so.

Gross Profit

There were no cost of revenues in either the Current Period or the Prior Period, so the gross profit in the Current Period was $0 and the gross profit in the Prior Period was $1,050

Operating Expenses

Overall operating expenses for the Current Period were $730,638, an increase of $496,250, or 212%, from $234,388 in the Prior Period. General and administrative expenses of $353,031 increased by $191,190, or 118%, from $161,841 in the Prior Period. This increase was generally related to higher consulting fees of $116,023 in the Current Period for international and domestic business development consultants, versus $31,045 in the Prior Period, travel and entertainment costs of $63,810 in the Current Period versus $19,230 in the Prior Period, and rent expense of $50,833 in the Current Period versus $31,045 in the Prior Period. In addition, the Company incurred a total of $304,911 in non-cash charges in the Current Period versus $0 in the Prior Period, with $172,037 for charges taken to reflect the value of common stock sold over the value received, and $132,874 in Black Scholes expense for Warrants in the Current Period versus $0 in the Prior Period. Legal and professional services remained relatively consistent with $60,953 in the Current Period versus $58,040 in the Prior Period. Depreciation and amortization remained relatively constant with $11,743 in the Current Period, compared with $14,507 in the Prior Period.

Other Income/Expense

Other income and expense decreased by $55,883 or 864%, from a net gain of $49,417 in the Current Period from a net loss of $6,466 in the Prior Period. The Current Period included a $11,461 gain from reducing the Redemption Fund Reserve from $124,293 in the Prior Period to $112,832 in the Current Period to match the Restricted Cash Balance of $112,832 in the Current Period, and a net gain of $37,956 for settling amounts owed to a vendor below the face value of the amounts owed.

Interest Expense

Interest expense was $28,582 in the Current Period, a decrease of $17,816, or 38%, from $46,398 in the Prior Period, primarily related to the use of common stock to reduce interest-bearing debt to stockholders and the elimination of interest on the Core Tour settlement, both of which occurred on December 31, 2008.

Results of Operations for the Six Months Ended June 30, 2009

Revenues

Revenues for the six months ended June 30, 2009 ("Current Period") were $0, which was a decrease of $40,189, or 100%, from the $40,189 of revenues realized for the six months ended June 30, 2008 ("Prior Period"). There were no event revenues in the Current Period, compared with $33,606 in the Prior Period from a Superbowl-related event held in the Prior Period that did not occur in the Current Period. Stratus card revenues were $0 in the Current Period, a decrease of $6,583, or 100%, from $6,583 in the Prior Period. The sponsoring bank that conducted the "back end" banking requirements of the Stratus program when PSEI acquired Stratus stopped sending the Company statements in October 2007 and provided notice in March 2008 that it was discontinuing the program. While several cardmembers are continuing to use their cards with the former sponsor bank the Company has not recorded these new revenues since October 2007, and the Company is investigating legal redress against this bank. The Company is actively seeking a new sponsoring bank for the back end banking requirements of the program, but there can be no assurances that it will be able to do so.

Gross Profit

There was no cost of revenues in the Current Period and $25,162 in the Prior Period, primarily related to appearance fees for the Superbowl-related event, so the gross profit in the Current Period was $0 and the gross profit in the Prior Period was $15,027.

Operating Expenses

Overall operating expenses for the Current Period were $1,111,579, an increase of $601,979, or 118%, from $509,600 in the Prior Period. General and administrative expenses of $561,094 increased by $255,508, or 84%, from $305,586 in the Prior Period. This increase was generally related to related to consulting fees of $167,623 in the Current Period, primarily for international and domestic business development consultants, versus $55,625 in the Prior Period, travel and entertainment costs of $95,990 in the Current Period versus $43,970 in the Prior Period, and rent expense of $97,033 in the Current Period versus $49,500 in the Prior Period, primarily related to the addition of the West Hollywood office in the Current period. In addition, the Company incurred a total of $416,345 in non-cash charges in the Current Period versus $0 in the Prior Period, with $274,294 for charges taken to reflect the value of common stock sold over the value received, and $142,051 in Black Scholes expense for Warrants in the Current Period versus $0 in the Prior Period. Legal and professional services declined from $175,000 in the Prior Period to $110,654 in the Current Period, primarily related to legal and audit work performed in connection with the Company's reverse merger on March 14, 2008. Depreciation and amortization declined from $29,014 in the Prior Period to $23,486, primarily related to a number of assets reaching the end of their depreciable lives and no longer incurring depreciation expense.

Other Income/Expense

Other income and expense decreased by $318,170, or 87%, from a net gain of $367,587 in the Prior Period to a net gain of $49,417 in the Current Period, primarily related to a $365,579 gain in the Prior Period from reversing an accrual for legal judgment when the related court case was dismissed.

Interest Expense

Interest expense was $56,042 in the Current Period, a decrease of $37,101, or 40%, from $93,143 in the Prior Period, primarily related to the use of common stock to reduce interest-bearing debt to stockholders and the elimination of interest on the Core Tour settlement, both of which occurred on December 31, 2008.

Liquidity and Capital Resources

The report of our independent registered public accounting firm on the financial statements for the years ended December 31, 2008 and 2007 contains an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern as a result of recurring losses, a working capital deficiency, and negative cash flows. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that would be necessary if we are unable to continue as a going concern.

During the three months ended June 30, 2009 and 2008 the Company raised $610,500 and $25,000, respectively, through the issuance of 564,949 and 29,850 shares of common stock, respectively. During the six months ended June 30, 2009 and 2008 the Company raised $742,500 and $405,000, respectively, through the issuance of 710,529 and 483,578 shares of common stock, respectively.

The Company is actively pursuing equity capital and is targeting an initial raise of $2 million to $5 million or more. The proceeds raised will be used for operational expenses, settling existing liabilities, acquisitions and selling expenses. Due to our history of operating losses and the current credit constraints in the capital markets, we cannot assure you that such financing will be available to us on favorable terms, or at all. If we cannot obtain such financing, we will be forced to curtail our operations or may not be able to continue as a going concern, and we may become unable to satisfy our obligations to our creditors. In such an event we will need to enter into discussions with our creditors to settle, or otherwise seek relief from, our obligations.

At June 30, 2009, our principal sources of liquidity consist of advances of funds from officers, increases in accounts payable and accrued expenses, and the issuance of equity securities. In addition to funding operations, our principal short-term and long-term liquidity needs have been, and are expected to be, the settling of obligations to our creditors, capital expenditures, the funding of operating losses until we achieve profitability, and general corporate purposes. In addition, commensurate with our level of sales, we require working capital for purchases of inventories and sales and marketing costs to increase the promotion and distribution of our products. At June 30, 2009, our cash and cash equivalents were $200,211, and we had negative working capital of $4,015,055. At June 30, 2009, we had $2,086,971 in debt obligations (comprised of a $729,954 loan from shareholder, $1,090,000 of notes payable to related parties and $267,017 in notes payable), all of which is due upon demand, and $215,000 is in default for non-payment.

Cash Flows

The following table sets forth our cash flows as of the dates indicated:

	Six Months Ended June 30,	
	2009	**2008**
	(unaudited)	(unaudited)
Operating activities	$ (514,078)	$ (305,726)
Investing activities	-	-
Financing activities	713,489	321,827
Total change	$ 199,411	$ 16,101

Operating Activities

Operating cash flows for the six months ended June 30, 2009 reflects the net loss of $1,118,204, offset by changes in working capital of $164,295, depreciation and amortization of $23,486, non-cash expenses of $416,345 for the excess of fair value of common stock sales over the consideration received and Black-Scholes cost of warrant issuance.

Operating cash flows for the six months ended June 30, 2008 reflects our net loss of $220,129, offset by changes in working capital of $56,583 and non-cash items (depreciation and amortization) of $29,014. The change in working capital is primarily related to reversing a $365,579 reserve for a legal action that was dismissed, offset by increases in deferred salary, accrued interest and other accrued expenses.

Investing Activities

Capital constraints resulted in no cash used in investing activities during either period.

Financing Activities

During the six months ended June 30, 2009, we received cash proceeds of $742,500 from sales of common stock and $50,023 from a payment to us from the former sponsoring bank for the Stratus Visa Card program. Of these amounts, we used $37,534 to partially repay loans from shareholders and $52,500 to partially repay notes payable, for net cash proceeds of $702,489. During the three months ended June 30, 2009 we received $100,000 and used a net of $3,124 to repay debt obligations, for net proceeds of $96,876.

During the six months ended June 30, 2008, we received cash proceeds of $405,000 from the sale of stock and used $15,132 to partially repay loans from shareholders. In May of 2008, we used $68,041 to extinguish a line of credit with Wells Fargo. Net cash from financing activities was $321,827.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

ITEM 6. EXHIBITS

Exhibit No.	Exhibit Description
31.1	Certification by the Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the acting Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by the acting Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

STRATUS MEDIA GROUP, INC.

By: /s/ Paul Feller
Paul Feller
Principal Executive Officer

By: /s/John Moynahan
John Moynahan
Acting Principal Financial Officer

Date: November 19, 2009

Exhibit 31.1

CERTIFICATIONS OF CEO PURSUANT TO RULE 13a-14(a) or RULE 15d-14(a)

I, Paul Feller, certify that

1. I have reviewed this Report on Form 10-Q Amendment No. 1 of Stratus Media Group, Inc. ("Registrant")

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

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.

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

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 19, 2009

/s/ Paul Feller

Name: Paul Feller

Title: Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS OF ACTING CFO PURSUANT TO RULE 13a-14(a) or RULE 15d-14(a)

I, John Moynahan, certify that

1. I have reviewed this Report on Form 10-Q Amendment No. 1 of Stratus Media Group, Inc. (“Registrant”)

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

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

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

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

   c. Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 19, 2009

/s/ John Moynahan

Name: John Moynahan

Title: Acting Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Stratus Media Group, Inc. (the "Company") hereby certifies, to such officer's knowledge:

(1) This Report on Form 10-Q Amendment No. 1 for the three and six months ended June 30, 2009 ("Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 19, 2009

/s/ Paul Feller

Name: Paul Feller

Title: Chief Executive Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Stratus Media Group, Inc. (the "Company") hereby certifies, to such officer's knowledge:

(1) This Report on Form 10-Q Amendment No. 1 for the three and six months ended June 30, 2009 ("Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: November 19, 2009

/s/ John Moynahan

Name: John Moynahan

Title: Acting Chief Financial Officer

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.