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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

☐ **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.)

8439 West Sunset Boulevard, West Hollywood, CA 90069
(Address of principal executive offices)

(323) 656-2222
(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 ☐

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 o	Accelerated Filer o
Non-Accelerated Filer (Do not check if smaller reporting company) o	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 November 14, 2008: 55,268,654.

STRATUS MEDIA GROUP, INC.
FORM 10-Q
SEPTEMBER 30, 2008

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

	September 30, 2008	December 31, 2007*
ASSETS		
Current assets		
Cash	$ 2,743	$ 196
Restricted cash	162,855	162,855
Receivables	10,165	-
Deposits and prepaid expenses	35,861	15,320
Inventory	9,482	9,482
Total current assets	**221,106**	**187,853**
Property and equipment, net	4,205	12,913
Intangible assets, net	4,394,941	4,428,998
Goodwill	2,073,345	2,073,345
Total assets	**$ 6,693,597**	**$ 6,703,109**
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 464,056	$ 622,411
Deferred salary	1,725,512	1,545,512
Accrued interest	833,081	695,557
Accrued expenses - legal judgment	-	365,579
Other accrued expenses and other liabilities	949,353	608,219
Line of credit	-	68,041
Loans payable to shareholders	978,958	1,013,750
Current portion of notes payable - related parties	90,000	90,000
Notes payable	315,000	315,000
Event acquisition liabilities	1,153,760	1,153,760
Deferred revenue	-	6,917
Redemption fund reserve	124,293	124,293
Total current liabilities	**6,634,013**	**6,609,039**
Non-current liabilities		
Non-current portion of notes payable - related parties	**1,000,000**	**1,000,000**
Total liabilities	**7,634,013**	**7,609,039**
Commitments and contingencies		
Shareholders' deficit		
Common stock, $0.001 par value: 200,000,000 shares authorized 55,268,654 and 49,046,280 shares issued and outstanding, respectively	55,268	49,046
Additional paid-in capital	10,444,532	9,840,255
Stock subscription receivable	(150,000)	-
Accumulated deficit	(11,290,216)	(10,795,231)
Total shareholders' deficit	**(940,416)**	**(905,930)**
Total liabilities and shareholders' deficit	**$ 6,693,597**	**$ 6,703,109**

* The balance sheet as of December 31, 2007 has not been audited or reviewed by the Company’s registered independent public accounting firm.

See accompanying Notes to Financial Statements.

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

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Net revenues				
Event revenues	$ -	$ 123,759	$ 33,606	$ 139,709
Stratus revenues	-	49,511	6,583	147,222
Total revenues	**-**	**173,270**	**40,189**	**286,931**
Cost of goods sold				
Event cost of goods sold	-	53,742	25,162	55,880
Stratus cost of goods sold	-	-	-	-
Total cost of goods sold	**-**	**53,742**	**25,162**	**55,880**
Gross profit	**-**	**119,528**	**15,027**	**231,051**
Operating expenses				
General and administrative	143,705	197,590	449,291	595,726
Legal and professional services	130,749	57,200	305,749	461,081
Depreciation and amortization	13,751	14,507	42,765	43,647
Total operating expenses	**288,205**	**269,297**	**797,805**	**1,100,454**
Loss from operations	**(288,205)**	**(149,769)**	**(782,778)**	**(869,403)**
Other (income)/expenses				
Other (income)/expense	(65,133)	258,652	(432,720)	225,720
Interest expense	46,284	40,334	139,427	117,254
Total other (income)/expenses	**(18,849)**	**298,986**	**(293,293)**	**342,974**
Net loss	**$ (269,356)**	**$ (448,755)**	**$ (489,485)**	**$ (1,212,377)**
Basic and diluted earnings per share	**$ (0.00)**	**$ (0.01)**	**$ (0.01)**	**$ (0.02)**
Basic and diluted weighted-average common shares	**55,199,868**	**48,788,382**	**53,483,244**	**48,778,382**

See accompanying Notes to Financial Statements.

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

	Nine Months Ended September 30,	
	2008	**2007**
Cash flows from operating activities:		
Net loss	**$ (489,485)**	**$ (1,212,377)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	42,765	43,647
Accretion of warrants liability	-	(7,250)
(Increase) / decrease in:		
Receivables	(10,165)	12,778
Deposits and prepaid expenses	(20,541)	2,595
Increase / (decrease) in:		
Accounts payable	(158,355)	274,373
Deferred salary	180,000	180,000
Accrued interest	137,524	122,669
Accrued expenses - legal judgment	(365,579)	-
Other accrued expenses and other liabilities	341,133	162,266
Deferred revenue	(6,917)	(81,731)
Net cash used in operating activities	**(349,620)**	**(503,030)**
Cash flows from financing activities:		
Proceeds/(payments) from bank overdraft	-	(66,980)
Proceeds/(payments) of line of credit	(68,041)	(1,040)
Proceeds/(payments) - loans payable to shareholders	(34,792)	115,645
Proceeds from notes payable-related parties (current)	-	110,000
Proceeds from issuance of common stock for cash	455,000	350,000
Net cash provided by financing activities	**352,167**	**507,625**
Net change in cash and cash equivalents	**2,547**	**4,595**
Cash and cash equivalents, beginning of period	**196**	**-**
Cash and cash equivalents, end of period	**$ 2,743**	**$ 4,595**
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 Feris International, Inc. (“Feris”), Feris Merger Sub, Inc. and Patty Linson, on the one hand, and Pro Sports & Entertainment, Inc. (“PSEI”), on the other hand, Feris 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 Feris and is the surviving entity for accounting purposes (“Reverse Merger”).

Subsequent to this Reverse Merger, Feris’ corporate name was changed to Stratus Media Group, Inc. (“Company”). 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 that offers a unique luxury rewards redemption program, including private jet travel, premium travel opportunities, exclusive events and luxury merchandise. The sponsoring bank that ran the program when the Company acquired Stratus stopped processing new members and 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 sponsor bank, the Stratus Rewards program is currently inactive and the Company has not recorded new revenues since October 2007. The Company is actively seeking a new sponsoring bank to restart 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 net losses for the nine months ended September 30, 2008 and 2007 of $489,485 and $1,212,377, respectively. As of September 30, 2008, the Company had negative working capital of $6,412,907 and cumulative losses of $11,290,216. Unless additional financing is obtained, the Company may not be able to continue as a going concern. In the three months ended September 30, 2008, the Company raised $50,000 in capital through the issuance of common stock. The Company is actively seeking additional capital and has engaged an established investment banker to obtain 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 be unable to continue as a going concern.

2. 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 2006 for PSEI have been omitted. PSEI has not completed its audit for the year ending December 31, 2007 and the Company has not filed an amended Report on Form 10-K to show audited results for that year. The results of operations for the three and nine month periods ended September 30, 2008 and 2007 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 8-K filed on March 14, 2008 that included audited results for the year ended December 31, 2006 and unaudited results for the ten months ended October 31, 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.

Net Loss per Share
Basic and dilutive loss per share is based on the weighted-average number of shares of common stock outstanding during the period. Diluted loss per share also includes the effect of stock options and other common stock equivalents outstanding during the period, and assumes the conversion of the Company's stock options and warrants are dilutive. For the three and nine months ended September 30, 2008, no potentially dilutive shares have been excluded from diluted loss per share since the options and warrants are out of the money and thus antidilutive.

3. Litigation

In connection with a settlement agreement on May 27, 2005, a legal 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, in the amount of $482,126. In addition, this judgment specified that the Company must pay interest of $39,664. The dispute arose out of the Company’s asset purchase of the “Core Tour” event from the plaintiffs. As of September 30, 2008, the Company has recorded the $482,126 amount of the judgment plus accrued interest of $160,880, for a total liability of $643,006. On July 31, 2008, PSEI Management and Core Tour have agreed to a settlement whereby PSEI 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 that were valued on July 31, 2008 at $148,000. As of the date of this report, these shares have not been issued and the related expense has not been recorded given the contingencies for closing and that the $148,000 in expense for the shares will be more than offset by the writeoff of accrued interest of $160,880 that will be recognized upon closing.

In March 2008, a court case was 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 approximately $70,805 were entered against PSEI related to wage claims for two former employees. This amount was taken as an expense in the three months ended September 30, 2008.

In March 2008, U.S. Bancorp, the former bank processor for the Stratus Rewards credit card, filed an *in rem* petition, without proper notice to the Company, in the Fourth Judicial District Court in Hennepin County, Minnesota, seeking to declare that the Company was in violation of two Card Agreements, which govern the overall Stratus program, and two Trust Agreements, which govern the Trust Account to fund redemptions for the Stratus Program, by virtue of the Company’s acquisition of the Stratus Rewards program in August 2005. At a hearing in this proceeding conducted in June, again without proper notice to the Company, U.S. Bancorp asked the Court to authorize the disbursement of funds in the Company’s Trust Account at U.S. Bancorp as proposed by U.S. Bancorp without regard to the express terms of the Trust Agreements. Shortly after that hearing, the Company contacted U.S. Bancorp and secured the agreement of U.S. Bancorp to schedule a new hearing with proper notice. In September 2008, the Company filed a counter-petition with the same court, asking that the disputes under the Card Agreement and Trust Agreement be separated, and that the approximately $180,000 to $190,000 remaining in the Trust Account be returned to the Company per the terms of the Trust Agreement, less any applicable offsets. This counter-petition also denied jurisdiction of the Minnesota court given that both the Trust and the Card Agreements specifically are governed by New York State laws and the Card Agreements specify venue in New York. In October 2008, a scheduling hearing was held in the Minnesota Court, resulting in a case management order setting a hearing for February 2009. The Trust Account is currently carried on the Company’s balance sheet at $162,855 and, based on the representation of U.S. Bancorp that the gross amount of the Trust Account is in excess of that amount, the Company did not book any change in the Trust Account during the nine months ended September 30, 2008, but will evaluate whether any adjustment is necessary following the February 2009 case management hearing.

4. Acquisition of Stratus Rewards

In accordance with the Asset Purchase Agreement dated August 15, 2005, by and between PSEI and Stratus, PSEI acquired the business of Stratus, a credit card rewards program.

The total consideration for this acquisition was $3,000,000, with PSEI entering into a note payable 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 acquired.

The sponsoring bank that ran the program when the Company acquired Stratus stopped processing new members and 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 sponsor bank, the Stratus Rewards program is currently inactive and the Company has not recorded new revenues since October 2007. The Company is actively seeking a new sponsoring bank to restart the program, but there can be no assurances that it will be able to do so. Despite this inactive status, the Company believes that the brand and value of the business remains intact and will increase in value with the addition of a new sponsoring bank. Accordingly, the Company has not recorded any impairment of the carrying value on its financial statements.

5. Goodwill and intangible assets

The following sets forth the intangible assets of the Company as of December 31, 2007 and September 30, 2008:

	September 30, 2008	December 31, 2007
Intangible Assets		
Events		
- Long Beach Marathon	$ 300,000	$ 300,000
- Millrose Games	61,233	61,233
- Concours on Rodeo	600,000	600,000
- Santa Barbara Concours d'Elegance	243,000	243,000
- Cour 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
- Snow & Ski Tour	255,000	255,000
Total - Events	3,611,339	3,611,339
Stratus Rewards		
- Purchased Licensed Technology, net of Accum. Amort. of $109,598 and $83,641	236,502	262,459
- Membership List, net of accum. amort. of $34,200 and $26,100	73,800	81,900
- Corporate Partner List	23,300	23,300
- Corporate Membership	450,000	450,000
Total - Stratus Rewards	783,602	817,659
Total Intangible Assets	**$ 4,394,941**	**$ 4,428,998**

In accordance with SFAS No. 142, the Company's goodwill and intangible assets, other than the purchased licensed technology and the membership list for Stratus, are considered to have indefinite lives and are therefore no longer amortized, but rather are subject to annual impairment tests. The Company's annual impairment testing date is December 31, but the Company monitors the facts and circumstances for all intangible properties and will record an impairment if warranted by adverse changes in facts and circumstances. The Company owns the rights to a number of live entertainment events. Based on a valuation dated December 11, 2006 by The Mentor Group, Inc., an independent valuation consultant, the value of these event properties was $45,700,000 at December 31, 2005. To monitor for impairment, the Company updates this valuation by the Mentor Group and compares the valuation to the amount carried on the balance sheet. The Company determined that it did not have any impairment of goodwill or intangible assets at December 31, 2007 or September 30, 2008, and thus did not recognize any impairment expense in the periods then ended. The purchased licensed technology and membership list are being amortized over their estimated useful life of 10 years. For the year ended December 31, 2007 and the nine months ended September 30, 2008, amortization expense was $45,410 and $34,058, respectively.

6. Loans payable to shareholders

The Loans Payable to Shareholders represents a loan from the Company's President and amounted to the following at December 31, 2007 and September 30, 2008:

	September 30, 2008	December 31, 2007
Loans payable to shareholders, due on demand, with an interest rate of 9.5%	$ 978,958	$ 1,013,750

Interest expense on loans to shareholders for the three months ended September 30, 2008 and 2007 was $23,649 and $22,514, respectively, and interest expense on loans to shareholders for the nine months ended September 30, 2008 and 2007 was $71,142 and $68,364, respectively.

7. Notes payable to related parties

Notes Payable to Related Parties at December 31, 2007 and September 30, 2008 consisted of the following:

	September 30, 2008	December 31, 2007
- Note payable to shareholder (unsecured), dated January 14, 2005, with maturity date 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 date 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 date 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 related to purchase of 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	1,090,000	1,090,000
Less: current portion	90,000	90,000
Long-term portion	$ 1,000,000	$ 1,000,000

The future obligations under these Notes Payable to Related Parties were as follows at September 30, 2008:

Twelve Months Ending September 30,	
2009	$ 90,000
2010	$ 500,000
2011	$ 500,000
	$ 1,090,000

For the three months ended September 30, 2008 and 2007, the Company incurred interest expense on these Notes Payable to Related Parties of $2,250 and $2,250, respectively, and for nine months ended September 30, 2008 and 2007 interest expense on these Notes were $6,750 and $6,750.

8. Notes payable

The Note Payable at December 31, 2007 and September 30, 2008 consisted of the following:

	September 30, 2008	December 31, 2007
- Note payable to non-shareholder (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% per annum. This note is currently in default.	$ 125,000	$ 125,000
- Note payable to a shareholder (unsecured) $100,000 made in August 2008 and $80,000 made in November 2008. Payable on demand and bears interest at 10% per annum.	180,000	180,000
- Note payable to non-shareholder (unsecured). Payable on demand and does not bear interest	10,000	10,000
Total	$ 315,000	$ 315,000

For the three months ended September 30, 2008 and 2007, the Company incurred interest expense on these Notes Payable of $4,700 and $1,625, respectively, and for the nine months ended September 30, 2008 and 2007 interest expense on these Notes was $14,100 and $2,025, respectively.

9. 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 December 31, 2007 and September 30, 2008:

	September 30, 2008	December 31, 2007
- Concours on Rodeo	$ 430,043	$ 430,043
- Core Tour/Action Sports Tour	483,717	483,717
- Snow & Ski Tour	240,000	240,000
	$ 1,153,760	$ 1,153,760

10. 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.

11. Related party transaction

From prior to fiscal year 2006 through the present, the Company has 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 September 30, 2008 and 2007 was $12,000 and $12,000, respectively, and for the nine months ended September 30, 2008 and 2007 this rent expense was $24,000 and $24,000, respectively. The Company believes that such rents are at or below prevailing market rates and is continuing to rent this space.

12. Shareholders' Deficit

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 Feris International, Inc. ("Feris"), Feris Merger Sub, Inc. and Patty Linson, on the one hand, and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, Feris 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 September 30, 2008 and 2007 the Company raised $50,000 and $150,000, respectively, through the issuance of 59,701 and 179,100 shares of common stock, respectively. During the nine months ended September 30, 2008 and 2007, the Company raised $455,000 and $350,000, respectively, through the issuance of 543,270 and 417,901 shares, respectively. As of September 30, 2008, there were stock subscriptions receivable from two investors totalling $150,000 for the purchase of 179,103 shares. During the three months ended March 31, 2008, 4,631,351 shares were issued to retire a convertible note.

Stock Options

There were no stock options granted during the fiscal year ended December 31, 2007 or the nine months ended September 30, 2008.

Stock option activity is as follows:	**Number of Options**		**Weighted Average Exercise Price**
Balance outstanding at December 31, 2006 (4,444,818 options exercisable at weighted average exercise price of $2.97)	**4,444,818**	**$**	**2.97**
Granted	0		
Exercised	0		
Balance outstanding at December 31, 2007 and September 30, 2008	**4,444,818**	**$**	**2.97**

Warrants
During the year ended December 31, 2005, the Company granted warrants with rights to purchase 43,283 shares of its common stock with a strike price of $0.84 cents per share. These warrants have terms of five years and the exercise prices for these warrants are to be the share prices applicable in the next Company Financing after February 2005 as a result of the Reverse Merger. The warrants will expire in 2010. The Company valued these warrants, using the Black-Scholes option pricing model, at December 31, 2006 and 2005, at $15,562 and $15,562, respectively, and included this liability in other accrued expenses and other liabilities. There were no warrants granted in fiscal 2007 or the nine months ended September 30, 2008.

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. Total amortization expense for the three months ended September 30, 2008 and 2007 were $0 and $1,813, respectively. Total amortization expense for the nine months ended September 30, 2008 and 2007 were $0 and $7,250, respectively.

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.

13. Commitments and contingencies

Effective September 1, 2006, the Company entered into a lease agreement for office facilities on a month-to-month basis and this agreement requires monthly payments of $4,318. The Company vacated this space in August 2007.

Rent expense for the three months ended September, 2008 and 2007 amounted to $37,500 and $22,192, respectively. Rent expense for the nine months ended September, 2008 and 2007 amounted to $49,500 and $57,764, 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.

On April 21, 2008, the Company agreed to purchase the tangible and intangible assets of Nouveau Model Talent Management, Inc. ("Nouveau"), a modeling and talent management agency, for 500,000 shares of Company common stock, of which 166,667 shares will be issued at the time of closing, 166,667 shares will be issued one year from closing and the remaining 166,666 shares will be issued two years from closing. The closing of this transaction requires that Nouveau obtain an audit of its 2006 and 2007 financial statements and a review of its financial statements for the three months ended March 31, 2008. To date, Nouveau has not obtained this audit and review and the transaction has not closed.

On July 30, 2008, the Company signed a definitive purchase agreement to acquire 100% of the common stock of Exclusive Events S.A., a privately held corporation based in Geneva, Switzerland that provides Formula One racecar experiences to its customers, in a cash and stock transaction with an aggregate base value of approximately $1,612,000, with $1,128,000 in cash and $484,000 in shares of the Company's common stock, with the number of such shares to be determined by dividing this amount by the average closing price of the Company's common stock for thirty days prior to the closing of the transaction. In addition, if Exclusive Events meets certain financial performance criteria for fiscal years 2008 and 2009, additional payments totaling $1,612,000, subject to certain conditions and adjustments, will be due, with $484,000 in cash and $1,128,000 in shares of the Company's common stock, with the number of shares to be determined by dividing the amount due by the average closing price of the Company's common stock for thirty days prior to the computation of the performance bonus. The transaction, subject to customary conditions and approvals and the Company's ability to fund the cash portion of the purchase price, is expected to close on or before December 15, 2008.

In connection with a settlement agreement on May 27, 2005, a legal 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, in the amount of $482,126. In addition, this judgment specified that the Company must pay interest of $39,664. The dispute arose out of the Company's asset purchase of the "Core Tour" event from the plaintiffs. As of September 30, 2008, the Company has recorded the $482,126 amount of the judgment plus accrued interest of $160,880, for a total liability of $643,006. On July 31, 2008, PSEI Management and Core Tour have agreed to a settlement whereby PSEI 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 that were valued on July 31, 2008 at $148,000. As of the date of this report, these shares have not been issued and the related expense has not been recorded given the contingencies for closing and that the $148,000 in expense for the shares will be more than offset by the writeoff of accrued interest of $160,880 that will be recognized upon closing.

14. Subsequent Events

On October 13, 2008, the Company received notice that HollyRod Foundation, a California non-profit corporation, had filed a lawsuit in the Superior Court of California, County of Los Angeles, seeking to collect $100,000 of sponsorship fees related to the Company's sponsorship of a function held by HollyRod in Phoenix Arizona in January 2008 related to the Super Bowl. The initial case management review and conference is scheduled for January 2009. The Company believes that the case presented by HollyRod is without merit and that HollyRod failed to perform on several required actions in the sponsorship agreement. The Company intends to oppose 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 nine months ended September 30, 2008 for this action and will reassess whether a charge should be taken after the January 2009 hearing.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION OR PLAN OF OPERATION

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 PSEI 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 Feris International, Inc. ("Feris"), Feris Merger Sub, Inc. and Patty Linson, on the one hand, and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, Feris 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 Feris and is the surviving entity for accounting purposes ("Reverse Merger").

Subsequent to this Reverse Merger, Feris' corporate name was changed to Stratus Media Group, Inc. ("Company"). 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 that offers a unique luxury rewards redemption program, including private jet travel, premium travel opportunities, exclusive events and luxury merchandise. The sponsoring bank that ran the program when the Company acquired Stratus stopped processing new members and 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 sponsor bank, the Stratus Rewards program is currently inactive and the Company has not recorded new revenues since October 2007. The Company is actively seeking a new sponsoring bank to restart the program, but there can be no assurances that it will be able to do so.

PSEI is located in Los Angeles and was formed as a California corporation in November 1998. PSEI is a development stage company that owns or is targeting the acquisition of live entertainment companies in the following areas ("strategic verticals"): Action Sports, Auto Shows, College Sports, Concerts & Music Festivals, Food Entertainment, Diversified Media Marketing, Motor Sports, Running Events, Trade Shows & Expos, and Talent Management. Assuming PSEI is able to raise appropriate capital, PSEI intends to operate its current portfolio of live entertainment events, activate certain existing properties, operate Stratus Rewards and acquire and aggregate a global platform of live entertainment events.

The business plan of PSEI is to own and operate 100% of all event revenue rights and derive its revenue primarily from ticket and admission 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 PSEI events.

Strategy

PSEI is 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 much higher valuation multiple in the public markets.

Assuming the availability of capital, PSEI is targeting acquisitions of event properties in each of the strategic verticals. 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 to 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, PSEI intends to (1) expand its acquisition strategy of additional live sports and entertainment events and companies, (2) create entirely new event properties on the forefront of the “experience economy” and thus tap into people’s lifestyle passions, and (3) cross-promote the Stratus Rewards Visa card with these events to enhance the results of the card and event businesses.

The business plan of PSEI is to provide integrated event management, television programming, marketing, talent representation and consulting services in the sports and other live entertainment industries. PSEI’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.

The objective of this approach is to consolidate event properties and then craft individual large-scale deals to allow companies to bundle advertising across diverse events.

For example, subject to available capital, PSEI is targeting the acquisition of eight music festivals by the end of 2009, with the goal of combining them with its current music festival events and having one event per month. Through these acquisitions, the Company plans to amass core competencies in the areas of promotion, operations, marketing, sales and distribution. The objective is to afford PSEI better negotiating leverage with cost centers such as advertising, marketing, venue and talent costs on a regional, national and international scale. Additionally, by offering advertisers access to other PSEI’s properties, the Company hopes to create greater value for the advertisers by cross pollinating multi verticals within PSEI’s portfolio offering other key demographic target markets to the client and creating greater value, more impression and a higher cost point for less risk.

Acquisitions in Process

Exclusive Events, S.A. - On July 30, 2008, the Company signed a definitive purchase agreement to acquire 100% of the common stock of Exclusive Events S.A., a privately held corporation based in Geneva, Switzerland that provides Formula One racecar experiences to its customers, in a cash and stock transaction with an aggregate base value of approximately $1,612,000, with $1,128,000 in cash and $484,000 in shares of the Company’s common stock, with the number of such shares to be determined by dividing this amount by the average closing price of the Company’s common stock for thirty days prior to the closing of the transaction. In addition, if Exclusive Events meets certain financial performance criteria for fiscal years 2008 and 2009, additional payments totaling $1,612,000, subject to certain conditions and adjustments, will be due, with $484,000 in cash and $1,128,000 in shares of the Company’s common stock, with the number of shares to be determined by dividing the amount due by the average closing price of the Company’s common stock for thirty days prior to the computation of the performance bonus. The transaction, subject to customary conditions and approvals and the Company’s ability to fund the cash portion of the transaction price, is expected to close on or before December 15, 2008.

Nouveau - On April 21, 2008, the Company agreed to purchase the tangible and intangible assets of Nouveau Model Talent Management, Inc. ("Nouveau")., a modeling and talent management agency, for 500,000 shares of Company common stock, of which 166,667 shares will be issued at the time of closing, 166,667 shares will be issued one year from closing and the remaining 166,666 shares will be issued two years from closing. The closing of this transaction requires that Nouveau obtain an audit of its 2006 and 2007 financial statements and a review of its financial statements for the three months ended March 31, 2008. To date, Nouveau has not obtained this audit and review and the transaction has not closed.

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

Results of Operations for the Three Months Ended September 30, 2008 and 2007

Revenues

Our revenues consist of 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.

Revenues for the three months ended September 30, 2008 ("Current Period") were $0, a decrease of $173,270, or 100%, from the $173,270 in revenues realized for the three months ended September 30, 2007 ("Prior Period"). There were no event revenues in the Current Period and there were $123,759 of event revenues in the Prior Period. This decrease was related to revenues from an auto show 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 $49,511, or 100%, from the Prior Period. The sponsoring bank that ran the program when the Company acquired Stratus stopped providing the Company with statements in October 2007 and formally discontinued the program in March 2008. The Stratus Rewards program is currently inactive and the Company is actively seeking a new sponsoring bank to restart the program.

Gross Profit

Our gross profit represents revenues less the cost of goods sold. Our event cost of goods sold consists of the costs renting the venue, structures at the venue, concessions, and temporary personnel hired for the event.

Cost of goods sold for the Stratus program are nominal, so the gross margin for the Prior Period was $49,511, or 100% of revenues. There was $53,742 of event cost of goods sold for the Prior Period, resulting in, so the gross margins for events of $70,017, or 56.6% of revenues.

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.

Overall operating expenses for the Current Period were $288,205, an increase of $18,908, or 7%, from $269,297 in the Prior Period. General and administrative expenses of $143,705 decreased by $53,885, or 27%, from $197,590 in the Prior Period, related to lower staffing levels in the Current Period. Legal and professional services of $130,749 increased by $73,549, or 129%, from $57,200 in the Prior Period, primarily related to payments to an outside consultant to prepare the Company's SEC reports in the Current Period, with no corresponding expense in the Prior Period. Depreciation and amortization remained relatively constant with $13,751 in the Current Period, compared with $14,507 in the Prior Period.

Other (Income)/Expense

Other expenses decreased by $323,785, or 125%, in the Current Period to a net gain of $65,133 in the Current Period from a net expense of $258,652 in the Prior Period. The Prior Period included $242,929 of accounting expense adjustments related to the effective closure of the Stratus program in that quarter and the Current Period included $70,805 of accruals for the judgment against PSEI related to two former employees, offset by a gain of $172,651 related to adjusting payables for outside legal and accounting services down to invoiced amounts as of September 30, 2008.

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.

Interest expense was $46,284 in the Current Period, an increase of $5,950, or 15%, from $40,334 in the Prior Period, primarily related to higher average debt levels in the Current Period.

Results of Operations for the Nine Months Ended September 30, 2008 and 2007

Revenues

Our revenues consist of 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.

Revenues for the nine months ended September 30, 2008 ("Current Period") were $40,189, a decrease of $246,742, or 86%, from the $286,931 in revenues realized for the nine months ended September 30, 2007 ("Prior Period"). There were $33,606 in event revenues in the Current Period compared to $139,709 in the Prior Period. This decrease was related to revenues from an auto show held in the Prior Period that did not occur in the Current Period. Stratus card revenues were $6,583 in the Current Period, a decrease of $140,639, or 96%, from $147,222 in the Prior Period. The sponsoring bank that ran the program when the Company acquired Stratus stopped providing the Company with statements in October 2007 and formally discontinued the program in March 2008. The Stratus Rewards program is currently inactive and the Company is actively seeking a new sponsoring bank to restart the program.

Gross Profit

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

There were no revenues or cost of goods sold in the Current Period. There was no cost of goods sold for Stratus in the Prior Period, resulting in gross margins of $147,222, or 100% of revenues. Event cost of goods sold was $55,880 in the Prior period, resulting in gross margins of $83,829, or 60% of revenues.

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 and accountants and are broken out separately given the size of these expenses relative to selling, general and administrative expenses.

Overall operating expenses for the Current Period were $797,805, a decrease of $302,649, or 28%, from $1,100,454 in the Prior Period. General and administrative expenses of $449,291 in the Current Period decreased by $146,435, or 25%, from $595,726 in the Prior Period, related to lower staffing and activity levels in the Current Period. Legal and professional services of $305,749 in the Current Period decreased by $155,332, or 34%, from $461,081 in the Prior Period, related to the deferral of the 2007 audit for Pro Sports & Entertainment, the predecessor company, and the accrual of expenses for both the 2007 and 2008 audit during 2008. Depreciation and amortization remained relatively constant with $42,765 in the Current Period, compared with $43,647 in the Prior Period.

Other (Income)/Expense

Other income in the Current Period was $432,720, an increase of $658,440, or 292%, from a net expense in the Prior Period of $225,720, largely related to the dismissal of a court case in March 2008 for which a $365,579 reserve had been established on the balance sheet. This reserve was reversed, with the offset going to other income. In addition, the Current Period included $70,805 of accruals for the judgment against PSEI related to two former employees, offset by a gain of $172,651 related to adjusting payables for outside legal and accounting services down to invoiced amounts as of September 30, 2008.

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.

Interest expense was $139,427 in the Current Period, an increase of $22,173, or 19%, from $117,254 in the Prior Period, primarily related to higher average debt levels in the Current Period.

Liquidity and Capital Resources

The report of our independent registered public accounting firm on the financial statements for the years ended December 31, 2005 and 2006 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 September 30, 2008, we sold 59,701 shares to an investor for $50,000. The Company is actively pursuing equity capital and has engaged an established investment banker to raise up to $20 million in additional capital. 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 September 30, 2008, our principal sources of liquidity consist of cash and cash equivalents, 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 September 30, 2008, our cash and cash equivalents were $2,743, and we had negative working capital of $6,412,907. At September 30, 2008, we had $2,383,958 in debt obligations (comprised of $978,958 loan to shareholder, $1,090,000 notes payable to related parties and $315,000 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 for the nine months ended September 30:

	September 30	
	2008	2007
Operating activities	$ (349,620)	$ (503,030)
Investing activities	-	-
Financing activities	352,167	507,625
Total change	$ 2,547	$ 4,595

Operating Activities

Operating cash flows for the nine months ended September 30, 2008 reflects our net loss of $489,485, offset by changes in working capital of $97,100 and non-cash items (depreciation and amortization) of $42,765. 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.

Operating cash flows for the nine months ended September 30, 2007 reflects our net loss of $1,212,377, offset by changes in working capital of $665,700 and non-cash items (depreciation and amortization) of $43,647. The change in working capital is primarily related to increases in accounts payable, 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 nine months ended September 30, 2008 and 2007, we received cash proceeds of $455,000 and $350,000, respectively, from the sale of stock. In May of 2008, we used $68,041 to extinguish a line of credit with Wells Fargo.

Off Balance Sheet Arrangements

We have no off balance sheet arrangements.

ITEM 4T. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

Our chief executive officer and chief financial officer have evaluated our “disclosure controls and procedures” (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of September 30, 2008. These officers have concluded that our disclosure controls and procedures were not effective as of September 30, 2008 to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission (“SEC”) rules and forms. Management believes there is non-compliance with controls that affects the integrity and timeliness of the Company’s financial statements and the Company has used extensive review following the closing date of the financial statements to compensate. The Company intends to continue to evaluate its disclosure controls and procedures, and make needed improvements.

(b) Changes in internal controls.

There have been no changes made in our internal controls over financial reporting that have materially affected, or are reasonably likely to affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In connection with a settlement agreement, on or about May 27, 2005, a legal 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, in the amount of $482,126. In addition, this judgment specified that the Company must pay interest of $39,664. The dispute arose out of the Company’s asset purchase of the “Core Tour” event from the plaintiffs. As of September 30, 2008, the Company has recorded the $482,126 amount of the judgment plus accrued interest of $160,880, for a total liability of $643,006. On July 31, 2008, PSEI Management and Core Tour have agreed to a settlement whereby PSEI 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 that were valued on July 31, 2008 at $148,000. As of the date of this report, these shares has not been issued and the related expense has not been recorded given the contingencies for closing and that the $148,000 in expense for the shares will be more than offset by the writeoff of accrued interest of $160,880 that will be recognized upon closing.

In March 2008, a court case was 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 approximately $70,805 were entered against PSEI related to wage claims for two former employees. This amount was taken as an expense in the three months ended September 30, 2008.

In March 2008, U.S. Bancorp, the former bank processor for the Stratus Rewards credit card, filed an *in rem* petition, without proper notice to the Company, in the Fourth Judicial District Court in Hennepin County, Minnesota, seeking to declare that the Company was in violation of two Card Agreements, which govern the overall Stratus program, and two Trust Agreements, which govern the Trust Account to fund redemptions for the Stratus Program, by virtue of the Company’s acquisition of the Stratus Rewards program in August 2005. At a hearing in this proceeding conducted in June, again without proper notice to the Company, U.S. Bancorp asked the Court to authorize the disbursement of funds in the Company’s Trust Account at U.S. Bancorp as proposed by U.S. Bancorp without regard to the express terms of the Trust Agreements. Shortly after that hearing, the Company contacted U.S. Bancorp and secured the agreement of U.S. Bancorp to schedule a new hearing with proper notice. In September 2008, the Company filed a counter-petition with the same court, asking that the disputes under the Card Agreement and Trust Agreement be separated, and that the approximately $180,000 to $190,000 remaining in the Trust Account be returned to the Company per the terms of the Trust Agreement, less any applicable offsets. This counter-petition also denied jurisdiction of the Minnesota court given that both the Trust and the Card Agreements specifically are governed by New York State laws and the Card Agreements specify venue in New York. In October 2008, a scheduling hearing was held in the Minnesota Court, resulting in a case management order setting a hearing for February 2009. The Trust Account is currently carried on the Company’s balance sheet at $162,855 and, based on the representation of U.S. Bancorp that the gross amount of the Trust Account is in excess of that amount, the Company did not book any change in the Trust Account during the nine months ended September 30, 2008, but will evaluate whether any adjustment is necessary following the February 2009 case management hearing.

On October 13, 2008, the Company received notice that HollyRod Foundation, a California non-profit corporation, had filed a lawsuit in the Superior Court of California, County of Los Angeles, seeking to collect $100,000 of sponsorship fees related to the Company’s sponsorship of a function held by HollyRod in Phoenix Arizona in January 2008 related to the Super Bowl. The initial case management review and conference is scheduled for January 2009. The Company believes that the case presented by HollyRod is without merit and that HollyRod failed to perform on several required actions in the sponsorship agreement. The Company intends to oppose 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 nine months ended September 30, 2008 for this action and will reassess whether a charge should be taken after the January 2009 hearing.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES

On March 14, 2008, pursuant to an Agreement and Plan of Merger dated as of August 20, 2007 (the "Merger Agreement") by and among Feris International, Inc. ("Feris"), Feris Merger Sub, Inc. and Patty Linson, on the one hand; and Pro Sports & Entertainment, Inc. ("PSEI"), on the other hand, Feris 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 Feris and is the surviving entity for accounting purposes ("Reverse Merger").

During the three months ended September 30, 2008 and 2007 the Company raised $50,000 and $150,000, respectively, through the issuance of 59,701 and 179,100 shares of common stock, respectively, and during the nine months ended September 30, 2008 and 2007, the Company raised $455,000 and $350,000, respectively, through the issuance of 543,270 and 417,901 shares, respectively. During the three months ended March 31, 2008, 4,631,351 shares were issued to retire a convertible note.

All securities were issued pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(a) and Regulation D.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

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

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

STRATUS MEDIA GROUP, INC.

By: /s/ Paul Feller
Name: Paul Feller
Title: Chief Executive Officer
Date: November 19, 2008

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 quarterly report on Form 10-Q of Stratus Media Group, Inc.

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 smaller reporting company as of, and for, the periods presented in this report;

4. The smaller reporting company's other certifying officer(s) 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 smaller reporting company and have:

   a. Determined that disclosure controls and procedures need to be strengthened to ensure that material information relating to the small business issuer, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared. We have reviewed all relevant transactions for the period being reported and are satisfied that the reports presented herein are materially correct as presented;

   b. Reviewed transactions during the periods presented 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. We intend to design such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting;

   c. Evaluated the effectiveness of the smaller reporting company'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 smaller reporting company's internal control over financial reporting that occurred during the smaller reporting company's most recent fiscal quarter (the smaller reporting company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the smaller reporting company's internal control over financial reporting; and

5. The smaller reporting company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the smaller reporting company's auditors and the audit committee of the smaller reporting company'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 smaller reporting company'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 smaller reporting company's internal control over financial reporting.

Date: November 19, 2008

/s/ Paul Feller

Name: Paul Feller

Title: Chief Executive Officer

Exhibit 31.2

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

I, Paul Feller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stratus Media Group, Inc.;

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, are fairly presented in all material respects the financial condition, results of operations and cash flows of the smaller reporting company as of, and for, the periods presented in this report;

4. The smaller reporting company's other certifying officer(s) is 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 smaller reporting company. In the performance of my duties as a consultant, I have:

   a. Determined that disclosure controls and procedures need to be strengthened to ensure that material information relating to the small business issuer, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared. We have reviewed all relevant transactions for the period being reported and are satisfied that the reports presented herein are materially correct as presented;

   b. Reviewed transactions during the periods presented 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. We intend to design such internal control over financial reporting, or cause such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting;

   c. Evaluated the effectiveness of the smaller reporting company'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 smaller reporting company's internal control over financial reporting that occurred during the smaller reporting company's most recent fiscal quarter (the smaller reporting company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the smaller reporting company's internal control over financial reporting; and

5. To the best of my knowledge, the smaller reporting company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the smaller reporting company's auditors and the audit committee of the smaller reporting company'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 smaller reporting company'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 smaller reporting company's internal control over financial reporting.

Date: November 19, 2008

/s/ Paul Feller

Name: Paul Feller

Title: Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

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 for the three and nine months ended September 30, 2008 ("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, 2008

/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 OF ACTING CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. § 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned acting chief financial officer (consultant) to Stratus Media Group, Inc. (the "Company") hereby certifies, to the best of my limited knowledge as a consultant that:

(1) This Report on Form 10-Q for the three and nine months ended September 30, 2008 ("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, 2008

/s/ Paul Feller

Name: Paul Feller

Title: 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.