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FORM D

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

OMB APPROVAL table with OMB Number, Expires, and Estimated average burden.



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FORM D

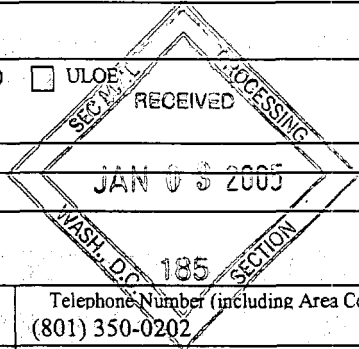
NOTICE OF SALE OF SECURITIES PURSUANT TO REGULATION D, SECTION 4(6), AND/OR UNIFORM LIMITED OFFERING EXEMPTION

SEC USE ONLY table with Prefix, Serial, and DATE RECEIVED fields.

Name of Offering (ZARS, Inc. Series C Convertible Preferred Stock) and Filing Under (Rule 506 checked).

A. BASIC IDENTIFICATION DATA

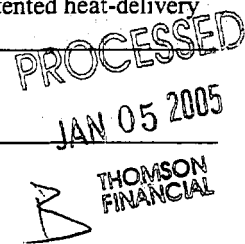
1. Enter the information requested about the issuer. Name of Issuer (ZARS, Inc.), Address of Executive Offices, and Address of Principal Business Operations.



Brief Description of Business: ZARS, Inc. develops proprietary products to administer drugs non-invasively through the skin using its patented heat-delivery technology.

Type of Business Organization: corporation (checked).

Actual or Estimated Date of Incorporation or Organization: 11/9/06 (checked). Jurisdiction of Incorporation or Organization: UT.



GENERAL INSTRUCTIONS

Federal: Who Must File, When To File, Where To File, Copies Required, Information Required.

Filing Fee: There is no federal filing fee. State: This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form.

ATTENTION: Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate offering price of securities included in this offering and the total amount already sold. Enter "0" if the answer is "none" or "zero." If the transaction is an exchange offering, check this box and indicate in the columns below the amounts of the securities offered for exchange and already exchanged.

Type of Security	Aggregate Offering Price	Amount Already Sold
Debt	\$	\$
Equity.....	\$ 24,000,000.00	\$ 22,179,703.93
	<input type="checkbox"/> Common <input checked="" type="checkbox"/> Preferred	
Convertible Securities (including warrants)	\$	\$
Partnership Interests.....	\$	\$
Other (Specify)	\$	\$
Total	\$ 24,000,000.00	\$ 22,179,703.93

Answer also in Appendix, Column 3, if filing under ULOE.

2. Enter the number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

	Number Investors	Aggregate Dollar Amount of Purchases
Accredited Investors.....	47	\$ 22,179,703.93
Non-accredited Investors.....	\$
Total (for filings under Rule 504 only)	\$

Answer also in Appendix, Column 4, if filing under ULOE.

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated, in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C Question 1.

Type of Offering	Type of Security	Dollar Amount Sold
Rule 505	\$
Regulation A	\$
Rule 504	\$
Total.....	\$

4 a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the insurer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

Transfer Agent's Fees	<input type="checkbox"/>	\$
Printing and Engraving Costs	<input type="checkbox"/>	\$
Legal Fees.....	<input checked="" type="checkbox"/>	\$ 150,000
Accounting Fees.....	<input type="checkbox"/>	\$
Engineering Fees	<input type="checkbox"/>	\$
Sales Commissions (specify finders' fees separately)	<input type="checkbox"/>	\$ 900,000*
Other Expenses (identify)	<input type="checkbox"/>	\$
Total	<input checked="" type="checkbox"/>	\$ 1,050,000

OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

b. Enter the difference between the aggregate offering price given in response to Part C--Question 1 and total expenses furnished in response to Part C--Question 4.a. This difference is the "adjusted gross proceeds to the issuer."


\$ 22,950,000

5. Indicate below the amount of the adjusted gross proceed to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C--Question 4.b above.

	Payments to Officers, Directors, & Affiliates	Payments to Others
Salaries and fees	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase of real estate.....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase, rental or leasing and installation of machinery and equipment	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Construction or leasing of plant buildings and facilities	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger)	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Repayment of indebtedness	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Working capital	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$ 22,950,000
Other (specify): _____	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
.....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Column Totals	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$ 22,950,000
Total Payments Listed (column totals added)		<input checked="" type="checkbox"/> \$ 22,950,000

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) ZARS, Inc.	Signature 	Date 12-23-04
Name of Signer (Print or Type) Robert Lippert	Title of Signer (Print or Type) Chief Operating Officer	

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C.1001.)

APPENDIX

1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
AL									
AK		X	Series C Preferred Convertible/\$99,999	1	99,999	0	0		X
AZ									
AR									
CA		X	Series C Preferred Convertible/12,945,977	1	12,945,977	0	0		X
CO									
CT									
DE									
DC									
FL		X	Series C Preferred Convertible/\$172,608	2	172,608	0	0		X
GA		X	Series C Preferred Convertible/\$61,300	1	61,300	0	0		X
HI									
ID		X	Series C Preferred Convertible/\$144,999	3	144,999	0	0		X
IL									
IN									
IA									
KS									
KY									
LA									
ME									
MD									
MA									
MI									
MN									
MS									

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1 State	2 Intend to sell to non-accredited investors in State (Part B-Item 1)		3 Type of security and aggregate offering price offered in state (Part C-Item 1)	4 Type of investor and amount purchased in State (Part C-Item 2)				5 Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item I)	
	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
MO		X	Series C Preferred Convertible/\$150,663	5	150,663	0	0		X
MT									
NE									
NV									
NH									
NJ									
NM									
NY		X	Series C Preferred Convertible/\$99,999	1	99,999	0	0		X
NC									
ND									
OH									
OK									
OR									
PA									
RI									
SC		X	Series C Preferred Convertible/\$30,650	1	30,650	0	0		X
SD									
TN		X	Series C Preferred Convertible/\$183,900	1	183,900	0	0		X
TX									
UT		X	Series C Preferred Convertible/\$5,870,360	20	5,870,360	0	0		X
VT									
VA									
WA									
WV									
WI									

APPENDIX

APPENDIX									
1	2		3	4				5	
	Intend to sell to non-accredited investors in State (Part B-Item 1)			Type of security and aggregate offering price offered in state (Part C-Item 1)	Type of investor and amount purchased in State (Part C-Item 2)				Disqualification under State ULOE (if yes, attach explanation of waiver granted) (Part E-Item 1)
State	Yes	No		Number of Accredited Investors	Amount	Number of Non-Accredited Investors	Amount	Yes	No
WY									
PR									