

## SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; Order Granting Application to Strike from Listing and Registration on the American Stock Exchange LLC (American Water Star, Inc., Common Stock, \$.0001 par value) File No. 1-32220

February 2, 2006

On January 24, 2006, the American Stock Exchange LLC ("Amex" or "Exchange") filed an application with the Securities and Exchange Commission ("Commission"), pursuant to Section 12(d) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 12d2-2(c) thereunder,<sup>2</sup> to common stock, \$.0001 par value ("Security"), of American Water Star, Inc. ("Company") from listing and registration on Amex.

Amex listing standards provide, among other things, that Amex may consider removing the security of an issuer from listing and registration when: (i) the financial condition and/or operating results of the issuer appear to be unsatisfactory; (ii) the issuer has failed to comply with its listing agreements with the Exchange; or (iii) any other event shall occur or any condition shall exist which makes further dealings on the Exchange unwarranted.

In applying these standards, Amex considers delisting the securities of a company which is not in compliance with the following Amex listing standards requirements: (i) a company that is financially impaired (Section 1003(a)(iv) of the Amex Company Guide ("Company Guide")); (ii) issuers are required to file information, documents, and reports with the Commission on a timely basis (Sections 134 and 1101 of the Company Guide); (iii) issuers that file reports under

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<sup>1</sup> 15 U.S.C. 78l(d).

<sup>2</sup> 17 CFR 240.12d2-2(c).

Regulation S-B under the Act<sup>3</sup> are required to maintain a Board of Directors comprised of at least 50% independent directors, and an audit committee of at least two members comprised solely of independent directors who also meet the requirements of Rule 10A-3 under the Act<sup>4</sup> (Section 121(B)(2)(c) of the Company Guide); and (iv) a listed company is not permitted to issue or register securities of a listed class until it has filed an application for the listing of such additional securities and received notification from the Exchange that the securities has approved for listing (Section 301 of the Company Guide).

In addition, the Exchange will normally consider suspending dealings in, or removing from the list, a security of a listed company if it or its management engage in operations which, in the opinion of the Exchange, are contrary to the public interest (Section 1003(f)(iii) of the Company Guide).

Amex stated in its application filed with the Commission that the Security no longer qualifies for continued listing for the following reasons. First, the Company is financially impaired in that the Company's one existing production facility is to be sold at auction to satisfy outstanding debts to creditors. The Company is attempting to mortgage the facility to repay creditors, despite the foreclosure of the facility. Based on the Company's Form 10-QSB for the period ending June 30, 2005 filed with the Commission on August 15, 2005, the Company has a working capital deficiency and a negligible cash position. Second, the Company has failed to file its Form 10-QSB with the Commission for the period ended September 30, 2005. Third, the

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<sup>3</sup> 17 CFR 228.

<sup>4</sup> See 17 CFR 240.10A-3.

Company's Board of Directors ("Board") consists of three directors of which only one director is independent. Further, the audit committee of the Board consists of only one independent director. Fourth, the Company issued shares of the Security without first filing an application for the listing of such shares and/or receiving notification from the Exchange that the shares were approved for listing. Fifth, the Company provided contradictory and/or misleading information in response to the Exchange Staff's requests for additional information.

By letter dated November 23, 2005, in accordance with Section 1009 of the Company Guide, Amex advised the Company of its status in relation to the standards of the Exchange and offered the Company an opportunity to submit a business plan in support of continued listing. The Exchange's letter advised the Company that the Company would need to regain compliance with the Exchange's continued listing standards as specified by Sections 134 and 1101 of the Company Guide by January 5, 2006, and Section 1003(a)(iv) of the Company Guide by February 23, 2006. The Company submitted its plans by letters dated December 9, 2005 and December 22, 2005.

The Exchange stated in its application that continued monitoring of the Company's compliance status following the Exchange's November 23, 2005 letter indicated that the Company was additionally not in compliance with Sections 121(B)(2)(c), 301 and 1003(f)(iii) of the Company Guide.

The Exchange did not accept the Company's plan and determined that the Security did not qualify for continued listing. This determination, along with the Company's right to appeal, was communicated to the Company by letter dated January 11, 2006. The Company was also notified that it could appeal the Exchange Staff's determination no later than January 18, 2006 by requesting an oral or written hearing before the Exchange's Listing Qualifications Panel. The

Company did not appeal the Exchange's determination within the specified time period or thereafter.

The Commission having considered the facts stated in Amex's application and having due regard for the public interest and protection of investors, orders that the application be, and it hereby is, granted, effective at the opening of business on February 3, 2006.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>5</sup>

Nancy M. Morris  
Secretary

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<sup>5</sup> 17 CFR 200.30-3(a)(1).