

Edgar Filing: MEDICAL DISCOVERIES INC - Form SC 13G/A

MEDICAL DISCOVERIES INC
Form SC 13G/A
April 20, 2006

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 4)

MEDICAL DISCOVERIES, INC.
(Name of Issuer)

Common Stock
(Title of Class of Securities)

58456E106
(CUSIP Number)

December 31, 2005
(Date of Event Which Requires Filing of this Statement)

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

SCHEDULE 13G

CUSIP No. 58456E106

Page 2 of 13 Pages

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Mercator Momentum Fund, L.P.
EIN: 03-0021366

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

- (a)
- (b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

5. SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY OWNED BY EACH REPORTING

6. SHARED VOTING POWER

11,951,121

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PERSON WITH 7. SOLE DISPOSITIVE POWER
0

8. SHARED DISPOSITIVE POWER
11,951,121

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
11,951,121

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
9.99%

12. TYPE OF REPORTING PERSON*
PN

-2-

SCHEDULE 13G

CUSIP No. 58456E106

Page 3 of 13 Pages

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Mercator Momentum Fund III, L.P.
EIN: 32-0056070

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

5. SOLE VOTING POWER

NUMBER OF SHARES 0

BENEFICIALLY OWNED BY EACH REPORTING PERSON 6. SHARED VOTING POWER
11,951,121

7. SOLE DISPOSITIVE POWER

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WITH

0

8. SHARED DISPOSITIVE POWER

11,951,121

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11,951,121

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

9.99%

12. TYPE OF REPORTING PERSON*

PN

-3-

SCHEDULE 13G

CUSIP No. 58456E106

Page 4 of 13 Pages

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

Monarch Pointe Fund, Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

British Virgin Islands

5. SOLE VOTING POWER

NUMBER OF
SHARES

0

BENEFICIALLY
OWNED BY

6. SHARED VOTING POWER

EACH
REPORTING
PERSON

11,951,121

WITH

7. SOLE DISPOSITIVE POWER

0

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8. SHARED DISPOSITIVE POWER

11,951,121

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11,951,121

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

9.99%

12. TYPE OF REPORTING PERSON*

CO

-4-

SCHEDULE 13G

CUSIP No. 58456E106

Page 5 of 13 Pages

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

M.A.G. Capital, LLC
EIN: 300021359

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)
(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

California

5. SOLE VOTING POWER

0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON
WITH

6. SHARED VOTING POWER

11,951,121, all of which are held by Mercator Momentum Fund, L.P. and Mercator Momentum Fund III, L.P. (collectively, the "Funds"), Monarch Pointe Fund, Ltd. ("MPF"), and M.A.G. Capital, LLC ("MAG"). MAG is the general partner of the Funds and controls the investments of MPF.

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7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

11,951,121, all of which are held by the Funds, MPF and MAG.

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11,951,121

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

9.99%

12. TYPE OF REPORTING PERSON*

IA

-5-

SCHEDULE 13G

CUSIP No. 58456E106

Page 6 of 13 Pages

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

David F. Firestone

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a)

(b)

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

5. SOLE VOTING POWER

0

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON

6. SHARED VOTING POWER

11,951,121, all of which are held by the Funds, MPF and MAG.
David F. Firestone is Managing Member of MAG.

7. SOLE DISPOSITIVE POWER

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WITH

0

8. SHARED DISPOSITIVE POWER

11,951,121, all of which are held by the Funds, MPF and MAG.
David F. Firestone is Managing Member of MAG.

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11,951,121

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

9.99%

12. TYPE OF REPORTING PERSON*

IN

-6-

SCHEDULE 13G

CUSIP No. 58456E106

Page 7 of 13 Pages

This statement is hereby amended and restated in its entirety as follows:

Item 1. Issuer.

(a) The name of the issuer is Medical Discoveries, Inc. (the "Issuer").

(b) The address of the Issuer's principal executive office is 738
Aspenwood Lane, Twin Falls, Idaho 83301.

Item 2. Reporting Person and Security.

(a) Mercator Momentum Fund, L.P. ("Momentum Fund") and Mercator Momentum Fund III, L.P. ("Momentum Fund III" and collectively with Momentum Fund, the "Funds") are private investment limited partnerships organized under California law. The general partner of each of the Funds is M.A.G. Capital, LLC ("MAG"), a California limited liability company. David F. Firestone is the Managing Member of MAG. Monarch Pointe Fund, Ltd. ("MPF") is a corporation organized under the laws of the British Virgin Islands. MAG controls the investments of MPF. The Funds, MPF, MAG and David F. Firestone are referred to herein as the "Reporting Persons."

(b) The business address of each of the Funds, MAG and David F. Firestone is 555 S. Flower Street, Suite 4200, Los Angeles, CA 90071. The business address of MPF is c/o Bank of Ireland Securities Services, Ltd., New Century House, International Financial Services Center, Mayor Street Lower, Dublin 1, Republic of Ireland.

(c) Each of the Funds is a California limited partnership. MAG is a

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California limited liability company. MPF is a corporation organized under the laws of the British Virgin Islands.

(d) The title of the class of securities to which this statement relates is the common stock of the Issuer, no par value per share (the "Common Stock").

(e) The CUSIP number is 58456E106.

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b) or 13d-2(b) or (c), Check Whether the Person Filing is a:

(a) Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).

(b) Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).

(d) Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).

-7-

SCHEDULE 13G

CUSIP No. 58456E106

Page 8 of 13 Pages

(e) An investment adviser in accordance with ss. 240.13d-1(b)(1)(ii)(E).

(f) An employee benefit plan or endowment fund in accordance with ss. 240.13d-1(b)(1)(ii)(F).

(g) A parent holding company or control person in accordance with ss. 240.13d-1(b)(1)(ii)(G).

(h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(i) A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3).

(j) Group, in accordance with ss. 240.13d-1(b)(1)(ii)(J).

Not Applicable.

Item 4. Ownership.

Momentum Fund, Momentum Fund III, MPF and MAG each own warrants to purchase shares of Common Stock. Momentum Fund owns 17,750 shares of the Series A Convertible Preferred Stock ("Series A Shares") issued by the Issuer, which are convertible into Common Stock. Momentum Fund III owns 12,250 Series A Shares. MPF owns 12,000 Series A Shares.

Each Series A Share is convertible into the number of shares of Common Stock determined by dividing \$100.00 by the Conversion Price at the time of conversion. The Conversion Price is defined as 75% of the average of the lowest three intra-day trading prices of the Common Stock during the 10 trading days

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immediately preceding the conversion, rounded to the nearest ten-thousandth; provided, however, that the Conversion Price may not be more than \$0.1967 adjusted for stock splits and similar events.

The documentation governing the terms of the warrants and the Series A Shares contains provisions prohibiting any exercise of the warrants or conversion of Series A Shares that would result in the Reporting Persons owning beneficially more than 9.99% of the outstanding shares of Common Stock as determined under Section 13(d) of the Securities Exchange Act of 1934. The Reporting Persons have never had beneficial ownership of more than 9.99% of the outstanding shares of Common Stock.

As of December 31, 2005, the Reporting Persons owned the following securities of the Issuer:

Momentum Fund owned 17,750 Series A Shares and warrants to purchase up to 6,748,856 shares of Common Stock.

-8-

SCHEDULE 13G

CUSIP No. 58456E106

Page 9 of 13 Pages

Momentum Fund III owned 12,250 Series A Shares and warrants to purchase up to 4,689,883 shares of Common Stock.

MPF owned 12,000 Series A Shares and warrants to purchase up to 3,660,396 shares of Common Stock.

MAG owned warrants to purchase up to 12,353,838 shares of Common Stock.

David F. Firestone owned no securities of the Issuer directly.

The right to vote and the right to dispose of the shares beneficially owned by Momentum Fund, Momentum Fund III and MPF are, in each case, shared among either Momentum Fund, Momentum Fund III or MPF, as applicable, and both MAG and David F. Firestone. The right to vote and the right to dispose of the shares beneficially owned by MAG are shared by MAG and David F. Firestone.

Assuming that the Issuer had 107,679,724 shares of Common Stock outstanding as of December 31, 2005, which is the number reported by the Issuer as outstanding as of November 10, 2005, in its Quarterly Report on Form 10-QSB for the quarter ending September 30, 2005, the individual Reporting Persons had, on December 31, 2005, beneficial ownership of the following numbers of shares of Common Stock which represented the following percentages of the Common Stock outstanding:

| | Shares Owned ----- | Percentage ----- |
|--------------------|-----------------------|---------------------|
| Momentum Fund | 11,951,121 | 9.99% |
| Momentum Fund III | 11,951,121 | 9.99% |
| MPF | 11,951,121 | 9.99% |
| MAG | 11,951,121 | 9.99% |
| David F. Firestone | 11,951,121 | 9.99% |

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The percentages of the outstanding Common Stock held by the Reporting Parties set forth above and on the cover pages to this report were determined using a Conversion Price of \$0.075 with respect to the Series A Shares.

Item 5. Ownership of Five Percent or Less of a Class.

If this Schedule is being filed to report the fact that as of the date hereof the Reporting Person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [___]

-9-

SCHEDULE 13G

CUSIP No. 58456E106

Page 10 of 13 Pages

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

Not Applicable.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

-10-

SCHEDULE 13G

CUSIP No. 58456E106

Page 11 of 13 Pages

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 18, 2006

MERCATOR MOMENTUM FUND, L.P.

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By: M.A.G. CAPITAL, LLC,
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Dated: April 18, 2006

MERCATOR MOMENTUM FUND III, L.P.

By: M.A.G. CAPITAL, LLC,
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Dated: April 18, 2006

MONARCH POINTE FUND, LTD.

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Dated: April 18, 2006

M.A.G. CAPITAL, LLC

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

Dated: April 18, 2006

/s/ David F. Firestone

David F. Firestone

-11-

SCHEDULE 13G

CUSIP No. 58456E106

Page 12 of 13 Pages

EXHIBIT INDEX

Exhibit A Agreement of Joint Filing

-12-

SCHEDULE 13G

CUSIP No. 58456E106

Page 13 of 13 Pages

Edgar Filing: MEDICAL DISCOVERIES INC - Form SC 13G/A

EXHIBIT A

AGREEMENT OF JOINT FILING

The undersigned hereby agree that they are filing jointly pursuant to Rule 13d-1 of the Securities Exchange Act of 1934 a report on Schedule 13G, containing the information required by Schedule 13G, for shares of the common stock of Medical Discoveries, Inc., beneficially owned by Mercator Momentum Fund, L.P., Mercator Momentum Fund III, L.P., Monarch Pointe Fund, Ltd., M.A.G. Capital, LLC and David F. Firestone and such other holdings as may be reported therein.

Dated: April 18, 2006

MERCATOR MOMENTUM FUND, L.P.

By: M.A.G. CAPITAL, LLC,
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

MERCATOR MOMENTUM FUND III, L.P.

By: M.A.G. CAPITAL, LLC,
its general partner

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

M.A.G. CAPITAL, LLC

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

MONARCH POINTE FUND, LTD.

By: /s/ Harry Aharonian

Harry Aharonian, Portfolio Manager

/s/ David F. Firestone

David F. Firestone