

CONSULIER ENGINEERING INC

Form 10-Q

May 18, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2009**

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

COMMISSION FILE NUMBER 0-17756

**CONSULIER ENGINEERING, INC.**

(Exact name of small business issuer as specified in its charter)

Florida

59-2556878

(State or other jurisdiction of  
of incorporation or organization)

(I.R.S. Employer Identification No.)

2391 Old Dixie Highway  
Riviera Beach, FL 33404

(Address of principal executive offices)

(561) 842-2492

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  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.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date:

As of May 10, 2009, there were 5,294,748 outstanding shares of common stock, par value \$0.01 per share.

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words may, could, would, should, believe, expect, anticipate, plan, estimate, intend, or similar expressions. The statements include, among others, statements regarding our prospects, opportunities, outlook, plans, intentions, anticipated financial and operating results, our business strategy and means to implement the strategy, and objectives.

Forward-looking statements are only estimates or predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Important assumptions relating to the forward-looking statements include, among others, assumptions regarding demand for our products and services, competition from existing and new competitors, our ability to introduce new products, expected pricing levels, the timing and cost of planned capital expenditures, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Forward-looking statements also involve risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Among other things, continued unfavorable economic conditions may impact market growth trends or otherwise impact the demand for our products and services, and competition from existing and new competitors and producers of alternative products will impact our ability to penetrate or expand our presence in new or growing markets. Uncertainties relating to our ability to develop and distribute new proprietary products to respond to market needs in a timely manner may impact our ability to exploit new or growing markets. Our ability to successfully identify and implement productivity improvements and cost reduction initiatives may impact profitability.

In addition, unless otherwise specifically provided herein, the statements in this Report are made as of end of the period for which the Report is filed. We expect that subsequent events or developments will cause our views to change. We undertake no obligation to update any of the forward-looking statements made herein, whether as a result of new information, future events, changes in expectations or otherwise. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the end of the period for which the Report is filed.

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

	<b>March 31, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 226,090	\$ 270,192
Receivables	741,838	1,266,429
Inventories	108,623	117,831
Deferred Implementation Costs	2,293,511	2,293,464
Other Current Assets	207,650	252,385
Deferred Income Taxes	270,483	364,615
Total Current Assets	3,848,195	4,564,916
PROPERTY AND EQUIPMENT, Net	1,255,233	1,316,638
<b>PARTNERSHIP AND LIMITED LIABILITY COMPANIES</b>		
INVESTMENTS	2,625,932	2,629,017
DEFERRED INCOME TAXES	668,566	496,393
INTANGIBLE ASSETS	257,516	367,838
OTHER ASSETS	50,898	50,898
TOTAL ASSETS	\$ 8,706,340	\$ 9,425,700
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	\$ 1,606,112	\$ 1,812,163
Unearned Revenue	1,116,223	1,102,902
Related Party Payable		201,992
Total Current Liabilities	2,722,335	3,117,057
NOTES PAYABLE RELATED PARTY COMMITMENTS AND CONTINGENCIES	718,796	968,948
<b>STOCKHOLDERS EQUITY:</b>		
Common Stock \$.01 Par Value:		
Authorized 25,000,000 Shares; Issued 5,485,122 Shares	54,851	54,851
Additional Paid-in Capital	4,117,221	4,117,221
Accumulated Deficit	(1,047,657)	(894,360)
	3,124,415	3,277,712
Less:		
Treasury Stock, Cost - 190,374 Shares in 2009 and 2008	(589,027)	(589,027)
Notes Receivable for Common Stock	(6,651)	(6,651)
Total Stockholders Equity	2,528,737	2,682,034

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Noncontrolling interest	2,736,472	2,657,661
Total Equity	5,265,209	5,339,695
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 8,706,340</b>	<b>\$ 9,425,700</b>

See accompanying notes to unaudited consolidated financial statements

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(UNAUDITED)**

	<b>THREE MONTHS ENDED</b>	
	<b>MARCH 31,</b>	
	<b>2009</b>	<b>2008</b>
Revenue:		
Software Licensing Fees	\$ 1,132,859	\$ 885,155
Other Revenue	2,278	3,717
<b>Total Revenue</b>	<b>1,135,137</b>	<b>888,872</b>
Operating Costs and Expenses:		
Cost of Revenue	249,415	251,325
Payroll and Related Expense	794,239	853,780
Selling, General and Administrative	595,125	586,099
Professional Services	139,037	373,827
Depreciation and Amortization	168,537	279,852
<b>Total Operating Costs and Expenses</b>	<b>1,946,353</b>	<b>2,344,883</b>
Operating Loss	(811,216)	(1,456,011)
Other Income (Expense):		
Investment Income - Related Parties	462,511	1,166,049
Interest Expense	(19,848)	(83,564)
Net Undistributed Income of Equity Investees	26,282	(43,813)
Other Income	37,138	62,868
<b>Total Other Income (Expense)</b>	<b>506,083</b>	<b>1,101,540</b>
Loss Before Income Taxes	(305,133)	(354,471)
Benefit from Income Taxes	90,997	28,163
Net Loss	\$ (214,136)	\$ (326,308)
Less: Net (loss) attributable to noncontrolling interest	(60,839)	(313,984)
Net Loss attributed to Consulier Engineering, Inc.	(153,297)	(12,324)
Loss Per Share - Basic and Diluted	\$ (0.03)	\$

See accompanying notes to unaudited consolidated financial statements



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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY**  
**THREE MONTHS ENDED MARCH 31, 2009**  
**(UNAUDITED)**

	<b>Common Stock</b>		<b>Treasury Stock</b>		<b>Additional</b>	<b>Retained</b>	<b>Notes</b>	<b>Total</b>
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>	<b>Paid-in</b>	<b>Earnings</b>	<b>for</b>	<b>Stockholders</b>
					<b>Capital</b>	<b>(Accumulated</b>	<b>Common</b>	<b>Equity</b>
						<b>Deficit)</b>	<b>Stock</b>	
Balance, December 31, 2008	5,485,122	\$ 54,851	190,374	\$ (589,027)	\$ 4,117,221	\$ (894,360)	\$ (6,651)	\$ 2,682,034
Net Loss attributed to Consulier Engineering, Inc.						(153,297)		(153,297)
Balance March 31, 2009	5,485,122	\$ 54,851	190,374	\$ (589,027)	\$ 4,117,221	\$ (1,047,657)	\$ (6,651)	\$ 2,528,737

See accompanying notes to unaudited consolidated financial statements

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

	<b>THREE MONTHS ENDED</b>	
	<b>MARCH 31,</b>	
	<b>2009</b>	<b>2008</b>
Cash Flow (Used in) Operating Activities	\$ (169,912)	\$ (1,536,777)
Investing Activities:		
Acquisition of Software Upgrades		(20,400)
Distributions from Partnership Interest	460,992	1,389,091
Net Acquisition of Property and Equipment	(3,190)	(23,703)
Net Cash Provided by Investing Activities	457,802	1,344,988
Financing Activities:		
Proceeds from Noncontrolling Interest in ST, LLC	140,000	375,000
Increase (Decrease) in Related Party Payables	(201,992)	85,137
Proceeds from Subscription Receivable		22,496
Purchase of Treasury Stock		(126,425)
Repayment of Notes Payable Related Party	(270,000)	
Net Cash Provided by (Used in) Financing Activities	(331,992)	356,208
Increase (Decrease) in Cash and Cash Equivalents	(44,102)	164,419
Cash and Cash Equivalents Beginning of Period	270,192	333,024
Cash and Cash Equivalents End of Period	\$ 226,090	\$ 497,443
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash Paid for Interest	\$ 63,440	\$
Cash Paid for Income Taxes	\$ 20,000	\$

See accompanying notes to unaudited consolidated financial statements

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES  
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**MARCH 31, 2009**

**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Business**

Consulier Engineering, Inc., and its subsidiaries (collectively called *Consulier* or the *Company* ) are engaged in three primary business lines: ownership in medical software activities, distribution of Captain Cra-Z Soap and minority ownership of other business entities.

Consulier International, Inc. (a wholly-owned subsidiary) markets and distributes Captain Cra-Z Soap . Consulier s income is also derived from ownership of interests (Note 4) in BioSafe Systems, LLC ( *BioSafe* ), a California limited liability company, and AVM, L.P. ( *AVM* ), an Illinois limited partnership. BioSafe develops and markets environmentally safe products, alternatives to traditionally toxic pesticides. AVM is a broker-dealer in government securities and other fixed income instruments. Consulier s Chairman and majority stockholder, Warren B. Mosler ( *Mosler* ), is a general partner of the general partner of AVM.

ST, LLC, a majority-owned (51%) limited liability company, is a majority member (75%) of Patient Care Technology Systems, LLC ( *PCTS* ), a California limited liability company, which develops and licenses data-based integrated emergency room information systems marketed as *Amelior ED* . PCTS is also a provider of passive tracking technologies for emergency departments and operating rooms. Its software technologies track the status and location of patients and assets through wireless badges worn by people or attached to equipment in the emergency department and ancillary areas. PCTS also designs, customizes, markets, sells and distributes paper templates used for diagnostic purposes in emergency medical departments. Mosler s ownership in ST, LLC was approximately 24% as the Class A member and Consulier s ownership was approximately 51% as of March 31, 2009.

**Basis of Consolidation**

The accompanying condensed consolidated financial statements include Consulier and its wholly-owned subsidiary, Consulier International, Inc., and ST, LLC, with its majority-owned subsidiary, PCTS. All significant intercompany accounts and transactions have been eliminated in consolidation. The Company uses the equity method of accounting for investments where its ownership is between 20% and 50% (Note 3).

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES  
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**MARCH 31, 2009**

**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Interim Financial Data**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. However, management believes the accompanying unaudited condensed consolidated financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the consolidated financial position of Consulier Engineering, Inc. and subsidiaries as of March 31, 2009, and the results of their operations and cash flows for the three months ended March 31, 2009 and 2008. The results of operations and cash flows for the period are not necessarily indicative of the results of operations or cash flows that can be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in Consulier's annual report on Form 10-K for the year ended December 31, 2008.

**Revenue Recognition**

PCTS derives revenue from the following sources: (1) licensing and sale of data-based integrated emergency room information systems and passive tracking technologies, which include new software license and software license updates and product support revenues, and (2) services, which include consulting, advanced product services and education revenues. The following generally describes the revenue accounting followed by PCTS.

New software license revenues represent all fees earned from granting customers licenses to use the PCTS's database and tracking technology as well as applications software, and exclude revenue derived from software license updates, which is included in software license updates and product support. While the basis for software license revenue recognition is substantially governed by the provisions of Statement of Position ( SOP ) No. 97-2, *Software Revenue Recognition*, issued by the American Institute of Certified Public Accountants, PCTS exercises judgment and uses estimates in connection with the determination of the amount of software and services revenues to be recognized in each accounting period. For software license arrangements that do not require significant modification or customization of the underlying software, PCTS recognizes new software license revenue when: (1) PCTS enters into a legally binding arrangement with a customer for the license of software; (2) PCTS delivers the products; (3) a customer payment is deemed fixed or determinable and free of contingencies or significant uncertainties; and (4) collection is probable. Substantially all new software license revenues are recognized in this manner.

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**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition (Continued)**

The vast majority of software license arrangements include software license updates and product support, which are recognized ratably over the term of the arrangement, typically one year. Software license updates provide customers with rights to unspecified software product upgrades, maintenance releases and patches released during the term of the support period. Product support includes internet access to technical content, as well as internet and telephone access to technical support personnel. Software license updates and product support are generally priced as a percentage of the net new software license fees.

Many of PCTS's software arrangements include consulting implementation services sold separately under consulting engagement contracts. Consulting revenue from these arrangements is generally accounted for separately from new software license revenue because the arrangements qualify as service transactions as defined in SOP No. 97-2. The more significant factors considered in determining whether the revenue should be accounted for separately include the nature of services (e.g. consideration of whether the services are essential to the functionality of the licensed product), degree of risk, availability of services from other vendors, timing of payments and impact of milestones or acceptance criteria on the realizability of the software license fee.

Revenue for consulting services is generally recognized as the services are performed. If there is a significant uncertainty about the project completion or receipt of payment for the consulting services, revenue is deferred until the uncertainty is sufficiently resolved. Contracts with fixed or not to exceed fees are recognized on a proportional performance basis.

If an arrangement does not qualify for separate accounting of the software license and consulting transactions, then new software license revenue is generally recognized together with the consulting services based on contract accounting using either the percentage-of-completion or completed-contract method. Contract accounting is applied to any arrangements: (1) that include milestones or customer specific acceptance criteria that may affect collection of the software license fees; (2) where services include significant modification or customization of the software; (3) where significant consulting services are provided for in the software license contract without additional charge or are substantially discounted; or (4) where the software license payment is tied to the performance of consulting services. Advanced product services revenue is recognized over the term of the service contract, which is generally one year. Education revenue is recognized as the classes or other education offerings are delivered.

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**MARCH 31, 2009**

**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition (Continued)**

For arrangements with multiple elements, PCTS allocates revenue to each element of a transaction based upon its fair value as determined by vendor specific objective evidence. Vendor specific objective evidence of fair value for all elements of an arrangement is based upon the normal pricing and discounting practices for those products and services when sold separately, and for software license updates and product support services, is additionally measured by the renewal rate offered to the customer. PCTS defers revenue for any undelivered elements, and recognizes revenue when the product is delivered or over the period in which the service is performed, in accordance with the revenue recognition policy for such element. If PCTS cannot objectively determine the fair value of any undelivered element included in bundle software and service arrangements, PCTS defers revenue until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements. When the fair value of a delivered element has not been established, the residual method is used to record revenue if the fair value of all undelivered elements is determinable. Under the residual method, the fair value of the undelivered elements is deferred and the remaining portion of the arrangement fee is allocated to the delivered elements and is recognized as revenue.

Sales of the Company's soap products are recorded upon shipment of goods to customers.

Shipping and handling costs billed to customers are included in sales and recorded when goods are shipped to customers. Shipping costs of the Company are classified as a selling expense.

**Income Taxes**

The Company accounts for income taxes under the liability method. Under this method, deferred tax liabilities and assets are determined based on the difference between the consolidated financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

As part of the process of preparing our consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves estimating current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the Company's consolidated balance sheet. The Company then assesses the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent it believes that recovery is not likely, it establishes a valuation allowance.



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**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Income Taxes (Continued)**

To the extent the Company establishes a valuation allowance or changes this allowance in a period, it includes an expense or a benefit within the tax provision in the Company's statement of operations.

In June 2006, the Financial Accounting Standards Board published FASB Interpretation No. 48 (FIN No. 48).

Accounting for Uncertainty in Income Taxes, to address the non-comparability in reporting tax assets and liabilities resulting from a lack of specific guidance in FASB Statement of Financial Accounting Standards No. 109 (SFAS 109), Accounting for Income Taxes, on the uncertainty in income taxes recognized in an enterprise's financial statements. Specifically, FIN No. 48 prescribes (a) a consistent recognition threshold and (b) a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides related guidance on derecognition, classification, interest and penalties, accounting interim periods, disclosure and transition. FIN 48 requires companies to determine whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. For those tax positions where it is not more likely than not that a tax benefit will be sustained, no tax benefit is recognized. Where applicable, associated interest and penalties are also recorded in the accompanying consolidated financial statements as selling, general and administrative expenses.

Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our financial statements. Our evaluation was performed for the tax years ended December 31, 2008, 2007, 2006, and 2005, the tax years which remain subject to examination by major tax jurisdictions as of March 31, 2009.

**Newly Issued Accounting Pronouncements**

In September 2006, the FASB issued SFAS 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. For all of our financial assets and liabilities that are recognized and disclosed at fair value on a recurring basis, we adopted the provisions of SFAS 157 effective January 1, 2008. The implementation of SFAS No. 157 did not have a material effect on the Company's consolidated financial statements.

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**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Newly Issued Accounting Pronouncements (Continued)**

For all assets and liabilities that are non-financial that are recognized or disclosed at fair value in the financial statements on a non-recurring basis we had planned to adopt the provisions of SFAS 157 effective January 1, 2009. This partial deferral was a result of Staff Position 157-2 Effective Date of FASB Statement No. 157 (FSP 157-2 ) issued on February 12, 2008, which delayed the adoption of SFAS 157 for non-financial assets and liabilities that are recognized or disclosed at fair value on a non-recurring basis. We are currently evaluating the impact of SFAS 157-2 on our financial statements relative to non-financial assets and liabilities.

On February 15, 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ( SFAS No. 159 ). Under SFAS No. 159, the Company may elect to report financial instruments and certain other items at fair value on a contract-by-contract basis with changes in value reported in earnings. This election is irrevocable. SFAS No. 159 provides an opportunity to mitigate volatility in reported earnings that is caused by measuring hedged assets and liabilities that were previously required to use a different accounting method than the related hedging contracts when the complex provisions of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, ( SFAS 133 ) applicable to hedge accounting are not met. The Company adopted SFAS No. 159 on January 1, 2008. The Company chose not to elect the fair value option for its financial assets and liabilities existing at January 1, 2009, and did not elect the fair value option on financial assets and liabilities transacted in the three months ended March 31, 2009. Therefore, the adoption of SFAS No. 159 had no impact on the Company's interim condensed consolidated financial statements.

In March 2008, the FASB issued SFAS 161 *Disclosures about Derivative Instruments and Hedging Activities*, an amendment of FASB Statement No. 133 ( SFAS 161 ), which is effective for fiscal years and interim periods beginning after November 15, 2008, with earlier adoption encouraged. This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity's derivative instruments and hedging activities and their effects on the entity's financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, as well as related hedged items, bifurcated derivatives, and non-derivative instruments that are designated and qualify as hedging instruments. This statement was adopted effective January 1, 2009. SFAS 161 had no material impact on our consolidated financial statements.

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**MARCH 31, 2009**

**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Newly Issued Accounting Pronouncements (Continued)**

In December 2007, the FASB issued SFAS 141R, *Business Combinations* ( SFAS 141R ), which is effective prospectively for all business combinations with acquisition dates on or after the beginning of the first fiscal year beginning after December 15, 2008, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. SFAS 141R replaces SFAS 141 *Business Combinations* ( SFAS 141 ), but it retains the underlying concepts of SFAS 141 in that all business combinations are required to be accounted for at fair value under the acquisition method of accounting. However, SFAS 141R changed the method of applying the acquisition method in a number of significant ways. Acquisition costs will generally be expensed as incurred; noncontrolling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value at the acquisition date as an indefinite-lived intangible asset; restructuring cost associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. This statement was adopted effective January 1, 2009. SFAS 141R did not have a material impact on our consolidated financial statements.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*. This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). The objective of this FSP is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R), and other principles of GAAP.

This FSP applies to all intangible assets, whether acquired in a business combination or otherwise, and shall be effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years and applied prospectively to intangible assets acquired after the effective date. Early adoption is prohibited. We have evaluated the new statement and have determined that it will not have a significant impact on the determination or reporting of our consolidated financial results.

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles* (SFAS 162). This statement identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in accordance with GAAP. With the issuance of this statement, the FASB concluded that the GAAP hierarchy should be directed toward the entity and not its auditor, and reside in the accounting literature

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**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Newly Issued Accounting Pronouncements (Continued)**

established by the FASB as opposed to the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. This statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. We have evaluated the new statement and have determined that it will not have a significant impact on the determination or reporting of our consolidated financial results.

In December 2007, the FASB issued FAS 160 Non-controlling Interests in Consolidated Financial Statements ( FAS160 ), which amends Accounting Research Bulletin ( ARB ) 51, Consolidated Financial Statements ( ARB 51 ). This statement was adopted effective January 1, 2009. FAS160 provides guidance for the accounting, reporting and disclosure of noncontrolling interests and requires, among other things, that noncontrolling interests be recorded as equity in the consolidated financial statements. The adoption of this standard resulted in the reclassification of \$2,736,472 of Minority Interests (now referred to as noncontrolling interests) to a separate component of Stockholders Equity on the Consolidated Balance Sheet. Additionally, net income attributable to non controlling interests is now shown separately from parent net income in the Consolidated Statement of Income. Prior periods have been restated to reflect the presentation and disclosure requirements of FAS 160.

EITF 08-6, which is effective January 1, 2009, clarifies the accounting for certain transactions and impairment considerations involving equity method investments and is applied on a prospective basis to future transactions. Under FSP FAS 157-4, if an entity determines that there has been a significant decrease in the volume and level of activity for an asset or liability in relation to the normal market activity for the asset or liability (or similar assets or liabilities), then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that the transaction for the asset or liability is not orderly, the entity shall place little, if any, weight on that transaction price as an indicator of fair value. Since FSP FAS 157-4 is effective for interim reporting periods ending after June 15, 2009, the Company will adopt the provisions of FSP FAS 157-4 during the second quarter of 2009 and is currently assessing the impact of adoption on its financial position and results of operations.

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**NOTE 1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Newly Issued Accounting Pronouncements (Continued)**

FSP FAS 107-1/APB 28-1 requires disclosures about fair values of financial instruments in interim and annual financial statements. Prior to the issuance of FSP FAS 107-1/APB 28-1, disclosures about fair values of financial instruments were only required to be disclosed annually. FSP FAS 107-1/APB 28-1 requires disclosures about fair value of financial instruments in interim and annual financial statements. Since FSP FAS 107-1/APB 28-1 is effective for interim reporting periods ending after June 15, 2009, the Company will adopt FSP FAS 107-1/APB 28-1 in the second quarter 2009. Since FSP FAS 107-1/APB 28-1 requires only additional disclosures of fair values of financial instruments in interim financial statements, the adoption will not affect the Company's financial position or results of operations.

**NOTE 2. DEFERRED IMPLEMENTATION COSTS**

Deferred implementation costs as of March 31, 2009, totaled \$2,293,511 and \$2,293,464 as of December 31, 2008, and represented equipment purchased for customers, payroll and payroll related expenses for customer contracts which have not met certain milestones and customer acceptance or go-live dates. Implementation costs are deferred and recognized ratably over the initial licensing term or upon reaching certain milestones, acceptance criteria or go-live dates, depending on the applicable revenue stream. Deferred implementation costs are stated at the lower of cost or market.

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**NOTE 3. INVESTMENTS PARTNERSHIP AND LIMITED LIABILITY COMPANY**

The Company's limited partnership and limited liability company interests consist of its investments in AVM and BioSafe, respectively.

**AVM, L.P.**

Consulier owned an approximately 6.3% and 7.5% limited partnership interest in AVM as of March 31, 2009 and 2008, respectively. Based on capital and earnings distributions provided in the partnership agreement, Consulier was allocated approximately 3.7% and 5.6% of AVM's earnings during the three months ended March 31, 2009 and 2008, respectively. Under the partnership agreement, Consulier may withdraw from AVM upon 90 days' written notice. The following is a summary of the results of operations (unaudited) of AVM and the income allocated to the Company:

	<b>Three Months Ended March 31, (In Thousands) (Unaudited)</b>	
	<b>2009</b>	<b>2008</b>
Revenues	\$ 27,347	\$ 43,413
Cost & Expenses	\$ 14,967	\$ 22,727
Net Income	\$ 12,380	\$ 20,686
Consulier's Share of Earnings	\$ 463	\$ 1,166

The carrying value of the Company's investment in AVM, at March 31, 2009 and December 31, 2008, was \$1,552,893 and \$1,582,260, respectively.

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**BIOSAFE SYSTEMS, LLC**

Consulier owned a 40% interest in BioSafe Systems as of March 31, 2009 and 2008. The following is a summary of the results of operations of BioSafe and the income allocated to Consulier:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>(In Thousands)</b>	
	<b>(Unaudited)</b>	
	<b>2009</b>	<b>2008</b>
Revenues	\$ 1,419	\$ 1,786
Cost & Expenses	\$ 1,351	\$ 1,896
Net Income	\$ 68	\$ (110)
Consulier's Share of Earnings	\$ 26	\$ (44)

The carrying value of Consulier's investment in BioSafe at March 31, 2009 was \$1,073,039 and \$1,046,757 at December 31, 2008.

**NOTE 4. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing net income (loss) available to stockholders by the weighted average number of common shares outstanding during each period. Diluted earnings per share are computed using the weighted average number of common and dilutive potential common shares outstanding during the period. Dilutive potential common shares consist of shares issuable upon the exercise of stock awards (calculated using the treasury stock method) warrants, convertible debt and convertible preferred stock during the period they were outstanding.

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**NOTE 4. EARNINGS PER SHARE (CONTINUED)**

Basic and diluted earnings per share for the three months ended March 31, 2009 were calculated as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>BASIC &amp; DILUTED EARNINGS PER SHARE COMPUTATION:</b>		
<b>NUMERATOR:</b>		
Net Loss attributed to Consulier Engineering, Inc.	\$ (153,297)	\$ (12,324)
 <b>DENOMINATOR:</b>		
Common Shares- Weighted Average Number of common share outstanding	5,294,748	5,320,823
 Earnings(Loss) per share weighted average shares outstanding	 \$ (0.03)	 \$ 0.00

As of March 31, 2009 and 2008, the Company did not have any dilutive outstanding common stock instruments to be included in its diluted earnings per share computation.

**NOTE 5. SEGMENT INFORMATION**

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company has four reportable segments: distribution of household and tool products, ownership of limited liability entities, medical software activities, and corporate. The household and tool products manufacturing segment is engaged in sales of the Captain Cra-Z soap product line and tool and ladder related products. The investments segment maintains investment interests in a limited partnership and a limited liability company (which are together called Limited Liability Companies in the following tables). The corporate segment is engaged in management of the business and finance activities.



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Segment information as of and for the three months ended March 31, 2009 and 2008 are as follows:

	<b>Three Months Ended March 31, 2009</b>				
	<b>Income (loss)</b>				<b>Total</b>
	<b>Distribution</b>	<b>Derived</b>		<b>Medical</b>	
	<b>Activities</b>	<b>from</b>		<b>Software</b>	
	<b>Activities</b>	<b>Ownership of</b>	<b>Corporate</b>	<b>Activites</b>	
	<b>Activities</b>	<b>Investments</b>	<b>Activities</b>	<b>Activites</b>	
Revenue (b)	\$ 2,278	\$	\$	\$ 1,132,859	\$ 1,135,137
Operating Income (loss)	(26,425)		(148,474)	(636,317)	(811,216)
Other Income (loss)(a)		488,793	17,290		506,083
Noncontrolling Interest				60,839	60,839
Income Tax Benefit					0
(Expense)	8,945	(165,673)	44,603	203,122	90,997
Net Income (loss)(a)	(17,480)	323,120	(86,581)	(372,356)	(153,297)
Total Assets	\$ 36,241	\$ 2,625,932	\$ 2,289,116	\$ 3,755,051	\$ 8,706,340

	<b>Three Months Ended March 31, 2008</b>				
	<b>Income (loss)</b>				<b>Total</b>
	<b>Distribution</b>	<b>Derived</b>		<b>Medical</b>	
	<b>Activities</b>	<b>from</b>		<b>Software</b>	
	<b>Activities</b>	<b>Ownership of</b>	<b>Corporate</b>	<b>Activites</b>	
	<b>Activities</b>	<b>Investments</b>	<b>Activities</b>	<b>Activites</b>	
Revenue (b)	\$ 3,717	\$	\$	\$ 885,155	\$ 888,872
Operating Income (loss)	(33,706)		(204,274)	(1,218,031)	(1,456,011)
Other Income (loss)(a)		1,122,236	64,491	(85,187)	1,101,540
Noncontrolling Interest				313,984	313,984
Income Tax Benefit					
(Expense)	11,096	(401,756)	51,720	367,103	28,163
Net Income (loss)(a)	(22,610)	720,480	(88,063)	(622,131)	(12,324)
Total Assets	\$ 50,272	\$ 2,902,441	\$ 2,602,286	\$ 4,245,460	\$ 9,800,459

(a) All interest expense incurred by the Company was allocated to the Corporate Activities Segment.

(b) There was no intersegment revenue during the period.



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**NOTE 6. INCOME TAXES**

Provisions (benefit) for federal and state income tax in the interim condensed consolidated statements of operations consist of the following:

	<b>For the Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Current:		
Federal	\$ (12,956)	\$
State		\$
	\$ (12,956)	\$
Deferred:		
Federal	\$ (64,741)	\$ (25,477)
State	\$ (13,300)	\$ (2,686)
	\$ (78,041)	\$ (28,163)
Total Income Tax (Benefit)	\$ (90,997)	\$ (28,163)

Applicable income taxes (benefit) for financial reporting purposes differ from the amount computed by applying the statutory federal income tax rate as follows:

	<b>For Three Months Ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Federal Tax Expense (Benefit) at statutory Rate	\$ (103,745)	\$ (120,520)
State Income Tax Expense (Benefit) net of Federal Tax effect	\$ (8,778)	\$ (12,867)
Losses allocated to noncontrolling interest of ST, LLC	\$ 20,685	\$ 103,072
Meals and Entertainment	\$ 841	\$ 2,152
Income Tax (Benefit)	\$ (90,997)	\$ (28,163)

As of March 31, 2009, the Company had Federal and state tax loss carry-forwards totaling approximately \$0 and \$5,200,000, respectively, available to reduce future years' income through 2023.

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES**  
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**NOTE 6. INCOME TAXES (CONTINUED)**

The approximate tax effects of temporary differences that give rise to deferred tax assets (liabilities) as of March 31, 2009 and December 31, 2008, are as follows:

	March 31, 2009	December 31, 2008
Depreciation and Amortization	\$ 339,567	\$ 310,974
Tax loss carry forward	328,999	185,419
Accrued Interest	270,483	364,615
<b>Total Net Deferred Tax Asset</b>	<b>\$ 939,049</b>	<b>\$ 861,008</b>

Deferred tax assets and liabilities are reflected on the balance sheet as of March 31, 2009 and December 31, 2008, as follows:

	March 31, 2009	December 31, 2008
Net Short-Term Deferred Tax Asset	\$ 270,483	\$ 364,615
Net Long-Term Deferred Tax Asset	668,566	496,393
<b>Net Deferred Tax Assets</b>	<b>\$ 939,049</b>	<b>\$ 861,008</b>

**NOTE 7. COMMITMENTS AND CONTINGENCIES**

From time to time, the Company may be involved in lawsuits and claims in the ordinary course of business. Currently, neither the Company nor any of its subsidiaries are involved in any lawsuits or claims.

**NOTE 8. RELATED PARTY TRANSACTIONS****NOTE PAYABLE RELATED PARTY**

ST, LLC, has unsecured promissory notes to the majority stockholder totaling \$718,796 as of March 31, 2009, the proceeds of which have been used to meet operating requirements. These promissory notes accrue interest at 10% per annum, compounding monthly. Interest only is payable annually on the anniversary date of each of the promissory notes. The promissory notes and any accrued interest are due on demand any time after 10 years from the applicable date of the note. Accordingly, the total unpaid principal balance is included in long-term liabilities on the accompanying consolidated balance sheet. The Company may not prepay the principal balance without prior consent of the majority stockholder.

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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES  
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**NOTE PAYABLE RELATED PARTY (CONTINUED)**

Accrued interest on these notes totaled \$9,815 and \$53,407 and is included in note payable related party on the accompanying consolidated balance sheets as of March 31, 2009 and December 31, 2008, respectively. Interest on the note totaled \$19,848 and \$858,783 for the period ending March 31, 2009 and 2008, respectively.

**OTHER RELATED PARTY TRANSACTIONS**

PCTS's president is also the majority owner of a company that provides materials related to the Company's passive tracking technologies. The Company paid this vendor approximately \$14,000 for the three months ended March 31, 2009, for these materials. Amounts due this related party vendor totaled \$2,950. These amounts are included in accounts payable and accrued expenses on the accompanying condensed consolidated balance sheets.

**ACCOUNTS RECEIVABLE RELATED PARTY**

Included in accounts receivable on the condensed consolidated balance sheets at March 31, 2009, is \$154,197 due from AVM, L.P.

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**CONULIER ENGINEERING, INC. AND SUBSIDIARIES**

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

**RESULTS OF OPERATIONS**

Gross revenue, which is predominantly software licensing fees, increased approximately 28% in the quarter ended March 31, 2009, compared to the quarter ended March 31, 2008, due to the completion of implementation projects at certain hospitals.

The operating loss for the three months ended March 31, 2009, was approximately \$811,000 compared to an operating loss for the three months ended March 31, 2008, of \$1,456,000. This reduction in operating loss of approximately \$645,000 was largely due to an increase in revenue from software licensing fees, and reduction in professional services of that segment.

During the quarter ended March 31, 2009, other income decreased by approximately \$600,000, primarily driven by the Company's interest in AVM, Ltd., whose income was approximately 60% less than for the same period of 2008. The income from the Company's interest in AVM Ltd., was income of approximately \$463,000 in the first quarter of 2009 compared to income of \$1,166,000 for the quarter ended December 31, 2008.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company's cash position decreased \$44,102 in the three months ended March 31, 2009, compared to an increase of \$164,419 during the comparable period in 2008. Net cash flow used in operations for the three months ended March 31, 2009, was \$169,912, compared with cash used in operations of approximately \$1,536,000 for the three months ended March 31, 2008. The primary reason for the \$1,366,088 difference is a decrease in operating costs and the recognition of deferred revenues associated with completed implementation contracts.

Net cash used by financing activities was \$331,992 for the three months ended March 31, 2009, compared to cash provided by financing activities of approximately \$356,000 for the three months ended March 31, 2008. Net cash provided by financing activities in 2008 was primarily affected from investments from the minority shareholder in the amount of approximately \$375,000. During the period ending March 31, 2009, approximately \$472,000 was used to reduce related party debt and investments from minority shareholder was \$140,000.

Net cash provided by investing activities relates primarily to the distribution from AVM of \$460,992 for the three months ended March 31, 2009. This compares to net cash provided by investing activities for the three months ended March 31, 2008, of approximately \$1,345,000. The distribution from AVM for the quarter ended March 31, 2008, was approximately \$1,389,000.

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The ability of Consulier to continue to generate cash flow in excess of its normal operating requirements depends almost entirely on the performance of its limited partnership interest in AVM. Consulier cannot, with any degree of assurance, predict whether there will be a continuation of the net return from our interest in AVM for the three months ended March 31, 2009, nor whether we will continue to be able to obtain additional funding when necessary. However, Consulier does not expect that the rate of return will decline to the point that Consulier has negative cash flow.

Consulier is planning to continue to invest in ST, LLC, and estimates an additional investment of \$2 million to \$3 million during the next two years, at which time the goal is for ST, LLC to be at the break-even point for its operations. The Company anticipates that the cash which it will use to invest in ST, LLC will be available from the Company's interest in AVM and BioSafe.

The Company does not trade derivative instruments. However, AVM enters into various transactions involving derivatives and other off-balance sheet financial instruments. These derivatives and off-balance sheet instruments are subject to varying degrees of market and credit risk.

**OUTLOOK**

Based on AVM's operations over the past five years, management expects continued return in 2009 on its interest in AVM; however, there is no guarantee that the return in the first quarter of 2009 will be maintained throughout fiscal 2009.

Consulier International, Inc., continues to develop new retail and distribution outlets locally, nationally and internationally. However, sales of that company's primary product, Captain Cra-Z Hand and All Purpose Cleaner, have decreased for the three months ended March 31, 2009, by 39% over the comparable 2008 period.

PCTS successfully completed three implementations across its high acuity tracking and documentation portfolio. These included patient and asset tracking in the cardiovascular department at Providence St. Vincent Medical Center (Portland, OR); patient and asset tracking in the emergency department at Moses Taylor Hospital (Scranton, PA); and emergency department documentation (EDIS) at Stafford Hospital Center in Virginia. During the quarter, PCTS also exhibited at two national clinical conferences. PCTS customer implementations were profiled in trade publications and the Company's emergency department implementation at Albert Einstein Medical Center was featured as a patient flow case study best practice by the Agency for Healthcare Research and Quality (AHRQ), a division of the U.S. Department of Health & Human Services.

PCTS currently supports 28 completed installations of its core product line of electronic tracking and documentation solutions with over 12 implementations in progress. Including its non-core solutions, PCTS supports a total customer base of 66 implementations representing over 1.8 million annual patient encounters.

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The Company's income from its interest in BioSafe was \$26,282 for the three months ended March 31, 2009, compared to a loss of \$43,813 for the three months ended March 31, 2008. Total revenue for the quarter ended March 31, 2009, decreased by 36% compared with the quarter ended March 31, 2008. The Company expects continued sales growth and continued success with cost containment.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is a smaller reporting company, as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, and is accordingly not required to provide the information required by this Item.

**ITEM 4T. CONTROLS AND PROCEDURES**

**Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report, or the Evaluation Date, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Because of its inherent limitations, our internal control over financial reporting may not prevent material errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The continued effectiveness of our internal control over financial reporting is subject to risks, including that the controls may become inadequate because of changes in conditions or that the degree of compliance with our policies or procedures may deteriorate. Based on the evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2009, the disclosure controls were effective in ensuring that the information required to be disclosed by us in reports filed under the Exchange Act is recorded, processes, summarized and reported.

**Changes in Internal Control over Financial Statements**

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



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**CONSULIER ENGINEERING, INC. AND SUBSIDIARIES  
PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

None.

**ITEM 1A. RISK FACTORS**

The Company is a smaller reporting company, as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, and is accordingly not required to provide the information required by this Item.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

In April 2007, the Company adopted a plan to repurchase up to 50,000 shares of its common stock on the open market at a price not to exceed \$3.75 per share plus brokerage fees. In January 2008, the Company adopted a second plan to repurchase up to an additional 50,000 shares of its common stock on the open market at a price not to exceed \$3.50 plus brokerage fees. Since April, 2007 through March 31, 2009, the Company repurchased 91,437 shares of its common stock. There were no repurchases of stock during the quarter ended March 31, 2009.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

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

None.

**ITEM 5. OTHER INFORMATION**

None.

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**ITEM 6. EXHIBITS**

- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

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**SIGNATURES**

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

CONSULIER ENGINEERING, INC.

(Registrant)

Date: May 18, 2009

By: /s/ Alan R Simon  
Alan R. Simon, Esq.  
Secretary and Treasurer (Principal  
Financial and Accounting Officer)

Date: May 18, 2009

By: /s/ Warren B. Mosler  
Warren B. Mosler  
Chairman of the Board, President &  
Chief Executive Officer (Principal  
Executive Officer)