NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE TRANSACTION CONTEMPLATED HEREIN; PASSED UPON THE MERITS OR FAIRNESS OF THE TRANSACTION; OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

OFFER TO EXCHANGE

COMMON STOCK
FOR ALL OUTSTANDING WARRANTS AND INSTRUMENTS TITLED "PURCHASE RIGHTS" EXERCISABLE FOR COMMON STOCK
OF
BONDS.COM GROUP, INC.

The exchange offer expires at 11:59 P.M., Eastern Daylight Time, on July 29, 2010, unless we extend the date.

Bonds.com Group, Inc. is offering to exchange (the "Exchange Offer"), upon the terms and subject to the conditions set forth in this Offer to Exchange (this "Exchange Offer Statement"), shares of our common stock, par value $0.0001 per share ("Common Stock"), for all of our outstanding warrants and instruments titled "purchase rights" which entitle the holder to purchase shares of our Common Stock on the terms and conditions set forth therein (the "Warrants"). This is a one-time offer and only valid during the period the Exchange Offer remains open. If you accept the offer and elect to exchange your Warrants, you will be entitled to receive a number of shares of our Common Stock equal to the estimated value of your Warrant based on a "Black-Scholes" valuation. The manner of exchange and our "Black-Scholes" calculations are discussed in more detail under "The Exchange Offer – Terms of the Exchange Offer." You must tender all of a Warrant. Partial Warrant exchanges will not be permitted.

Upon the terms and subject to the conditions of the Exchange Offer, if you properly tender your outstanding Warrants on or prior to 11:59 P.M., Eastern Daylight Time, on July 29, 2010 (the "Expiration Date"), you will be issued the resulting shares of our Common Stock promptly following expiration of the Exchange Offer. No fractional shares of Common Stock will be issued. If your tender results in a fractional shares of Common Stock to be issued, you will receive cash equal to the market value of such fractional share based on the closing price of our Common Stock on the day immediately preceding the Expiration Date.

A special committee of our Board of Directors (the "Board") unanimously approved the Exchange Offer and recommended that the Board approve it. Based on that recommendation and approval, our Board unanimously approved the Exchange Offer. One of our Co-Chairman and his affiliate hold Warrants and may participate in the Exchange Offer. See "The Exchange Offer – Establishment of the Exchange Offer Terms; Conflicts of Interest; Approval" and "The Exchange Offer–Director Participation."

Our Common Stock is quoted on the OTC Bulletin Board under the symbol "BDCG." The last reported sales price for a share of our Common Stock was $0.20 on June 24, 2010.

The shares of Common Stock to be issued pursuant to the Exchange Offer are being offered and issued pursuant to the exemption from registration under the Securities Act of 1933 (the "Securities Act") provided by Section 3(a)(9) of the Securities Act. Shares of Common Stock issued in the Exchange Offer in exchange for the Warrants that are "restricted securities" within the meaning of the Securities Act will themselves be restricted securities. Shares of Common Stock issued in the Exchange Offer in exchange for Warrants that are not restricted securities and not held by affiliates, will be freely tradable.

Please read "Risk Factors" beginning on page 5 for a discussion of the risks that you should consider prior to tendering your outstanding Warrants in the Exchange Offer.

This Exchange Offer Statement incorporates by reference important business and financial information about us from our public filings. Copies of these filings are available to you without charge upon written or oral request to us at: Bonds.com Group, Inc., 529 5th Avenue, 8th Floor, New York, New York 10017, (212) 946-3998, Attention: Jeffrey M. Chertoff. To obtain timely delivery, you should request the information no later than July 22, 2010, which is five business days before the Expiration Date of the Exchange Offer.

In making your decision to participate in the Exchange Offer, you should rely only on the information contained and incorporated by reference in this Exchange Offer Statement. We have not authorized anyone to provide you with any other information. If you received any unauthorized information, you should not rely on it. We

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are not making an offer to sell these securities in any state or jurisdiction where the offer is not permitted. You should not assume that the information contained in this Exchange Offer Statement, or the documents incorporated by reference into this Exchange Offer Statement, is accurate as of any date other than the date on the front cover of this Exchange Offer Statement or the date of such document incorporated by reference, as the case may be.

SUMMARY

This following summary highlights selected information from the Exchange Offer Statement and in the documents incorporated by reference. Before making an investment decision, you should read this entire Exchange Offer Statement as well as the information to which we refer you and the information incorporated by reference carefully, including the section entitled "Risk Factors," for a more detailed description of our business. In this Exchange Offer Statement, "the Company," "we," "us" and "our" refer to Bonds.com Group, Inc.

The Company

The Company, through our Bonds.com, Inc. subsidiary, operates electronic trading platforms known as *BondStation* and *BondStation Pro*, which are utilized by individual investors, institutional investors, and other broker-dealers primarily for electronic trading of fixed income securities. The fixed income securities traded on our *BondStation* and *BondStation Pro* platforms include municipal bonds, corporate bonds, U.S. Treasury securities, agency bonds, emerging market debt, TLG (Temporary Liquidity Paper), mortgage backed securities and certificates of deposit, among others. Our electronic trading platforms provide investors with the ability to obtain real-time executable bids or offers on thousands of bond offerings sourced directly from broker-dealers and other end users. Unlike other electronic trading platforms that charge subscription fees, access charges, ticket fees, or commissions in order to generate revenue, our platforms allow us to generate revenue through mark-ups or mark-downs on secondary market securities and sales concessions on primary issues.

BondStation and *BondStation Pro* provide a direct channel between institutional investors and the trading desks at our participating broker-dealers, which we expect will reduce sales and marketing costs, and eliminate layers of intermediaries between dealers and end investors. We expect our investor clients, as well as other broker-dealers, to benefit from the direct access to the fixed income marketplace provided by our platforms.

BondStation Pro provides users with the ability to obtain real-time executable bids or offers from the same pool of fixed income securities as *BondStation*, but with increased functionality. Users are able to customize screens and utilize dynamic filtering capabilities to quickly and easily select and view only those market areas that meet their criteria. The platform supports a broad range of trading opportunities, offering cutting edge technology solutions for list trading, Application Programming Interface (API) based order submission, and user portfolio specific market views.

Until recently, trading of fixed income securities including, without limitation, product searching and price discovery functions, were conducted primarily over the telephone among two or more parties. This process presents several shortcomings primarily due to the lack of a central trading facility for these securities, which can make it difficult to match buyers and sellers in an efficient manner for a particular issue. Based on management's experience, we believe that in recent years, an increasing number of institutional bond trading participants have utilized e-mail and other electronic means of communication for locating, pricing, and trading fixed income securities. While we believe that this has addressed some of the shortcomings associated with more traditional methods of trading, we also believe that the process is still hindered by a limited supply of securities, limited liquidity, limited price efficiency, significant transaction costs, compliance and regulatory challenges, and difficulty in executing numerous trades in a timely manner.

Background of the Exchange Offer

As of June 30, 2010, we have outstanding Warrants to purchase up to 111,817,240 shares of our Common Stock, compared to 76,593,154 shares of our Common Stock issued and outstanding. The significant potentially dilutive effect of these outstanding Warrants creates an overhang on our Common Stock, which we believe depresses the price of our Common Stock and impedes us from raising new equity capital. Additionally, 76,113,898 of those Warrants contain "down-round" provisions which provide that the exercise price of such Warrants is reset to any lower price at which we sell shares of our Common Stock (subject to limited exceptions). These "down-round" provisions further impede our raising of additional equity capital and result in negative accounting consequences.

By offering Warrantholders the opportunity to exchange their Warrants for issued and outstanding shares of our Common Stock, we hope to eliminate or significantly reduce the Warrant overhang and related impact on the price of our Common Stock, attract new equity investors and substantially reduce the negative accounting consequences resulting from the "down-round" provisions in some of the Warrants.

Because one of our directors owns, beneficially and of record, a significant number of Warrants, and because other members of our Board of Directors may be deemed to have interests in the transaction that are different from those of the Company and our stockholders in general, a special committee of disinterested directors was formed and delegated authority to analyze, structure and approve the Exchange Offer or an alternate transaction, including the "Black-Scholes" valuation of the Warrants, the value of our Common Stock for purposes of the Exchange Offer and the resulting exchange ratios. Our special committee engaged an independent financial advisor to assist it with its analysis and structuring of the Exchange Offer. The special committee unanimously approved the Exchange Offer and recommended that it be approved by our Board of Directors. Based on that recommendation, our Board of Directors unanimously approved the Exchange Offer. See "The Exchange Offer – Establishment of the Exchange Offer Terms; Conflicts of Interest; Approval" for more information.

We anticipate that a member of our Board of Directors who owns, beneficially and of record, Warrants and an affiliate of his will participate in the Exchange Offer. However, there is no assurance that they will. See "The Exchange Offer – Establishment of the Exchange Offer Terms; Conflicts of Interest; Approval," "The Exchange Offer – Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and Our Common Stock; Additional Relationships and Related Transactions" and "The Exchange Offer – Director Participation" for more information.

NONE OF THE COMPANY, ITS DIRECTORS, OFFICERS OR EMPLOYEES MAKES ANY RECOMMENDATION AS TO WHETHER A WARRANT HOLDER SHOULD TENDER WARRANTS AND PARTICIPATE IN THE EXCHANGE OFFER. EACH WARRANT HOLDER MUST MAKE HIS, HER OR ITS OWN DECISION AS TO WHETHER TO TENDER AND EXCHANGE HIS, HER OR ITS WARRANTS.

Summary of the Exchange Offer

The following is a summary of the principal terms of the Exchange Offer. A more detailed description is contained under the section entitled "The Exchange Offer." As of the date of the Exchange Offer, there are outstanding Warrants to purchase up to an aggregate of 111,817,240 shares of our Common Stock, all of which are eligible to participate in the Exchange Offer.

Exchange Offer	We are offering to holders of our Warrants the opportunity to exchange all of their Warrants for a number of issued and outstanding shares of our Common Stock equal to the value of the holder's Warrants estimated by the Company using the "Black-Scholes" valuation model. See "The Exchange Offer – Terms of the Exchange Offer" for more information.
No Partial Tenders	To Participate, you must exchange all of a Warrant. No partial Warrant tenders will be permitted.
Director Participation	Edwin L. Knetzger, III, Co-Chairman of our Board of Directors, holds Warrants to purchase 12,936,855 shares of our Common Stock. Additionally, Mr. Knetzger is the manager and holds a 16.3% interest in Fund Holdings LLC, which in turn owns of record Warrants to purchase 26,568,000 shares of our Common Stock. The Warrants held by Mr. Knetzger and Fund Holdings LLC represent approximately 11.6% and 23.8%, respectively, of the outstanding Warrants and 35.4% in the aggregate of the outstanding Warrants. We anticipate that Mr. Knetzger and Fund Holdings, LLC will tender all of their respective Warrants for exchange pursuant to the Exchange Offer. However, there is no assurance that they will. See "Risk Factors," "The Exchange Offer – Establishment of the Exchange Offer Terms; Conflicts of Interest; Approval," "The Exchange Offer – Director Participation" and "The Exchange Offer – Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and Our Common Stock; Additional Relationships and Related Transactions" for more information.

Expiration Date	The Exchange Offer will expire at 11:59 P.M., Eastern Daylight Time, on July 29, 2010, unless we decide to extend it.
Minimum Condition; Required Consent	Holders of Warrants to purchase at least 95% of all of the shares of our Common Stock purchasable under all Warrants must have validly tendered and not withdrawn their Warrants. Additionally, the Exchange Offer requires the consent of holders of our senior secured convertible promissory notes pursuant to agreements with such holders.
Procedure for Accepting the Exchange Offer	In order to tender your Warrants and participate in the Exchange Offer, you must complete, sign and date the Letter of Transmittal included with this Exchange Offer Statement and return it to the Company, along with your Warrant, no later than 11:59 PM Eastern Daylight Time on the Expiration Date. See "The Exchange Offer – Procedures for Tendering Warrants" for more information.
Exchange Agent	The Company will act as Exchange Agent for the Exchange Offer.
Conditions to the Exchange Offer	In addition to the minimum condition and consent requirement described above, the Exchange Offer is subject to customary conditions, which we may waive. See "The Exchange Offer-Conditions to the Exchange Offer" for more information regarding the conditions to the Exchange Offer.
Withdrawal	You may withdraw any Warrants tendered in the Exchange Offer at any time prior to 11:59 P.M., Eastern Daylight Time, on July 29, 2010. For further information regarding the withdrawal of tendered Warrants, please read "The Exchange Offer – Withdrawal Rights."
Rejection or Failure to Accept the Exchange Offer	If you reject or fail to accept the Exchange Offer or do not validly tender your Warrants, your Warrants will remain outstanding until they expire or are exercised by their original terms.
U.S. Federal Income Tax Considerations	Although certain tax aspects of participation in the Exchange Offer are not entirely clear, the Company intends to treat the exchange of Warrants for Common Stock in the Exchange Offer as a non-taxable "recapitalization" for U.S. federal income tax purposes. However, no ruling of any governmental authority and no opinion of counsel has been issued or rendered on these matters, and the characterizations we intend to follow may be rejected, or determined to be inappropriate in the case of particular holders, by the applicable taxing authorities. Warrantholders must therefore rely on the advice of their own tax advisors in assessing these matters. For a general discussion of certain tax considerations, please read "Certain Tax Consequences of the Exchange Offer."
Fees and Expenses	We will pay all of our expenses incident to the Exchange Offer.
Risk Factors	Tendering your Warrants in exchange for Common Stock involves substantial risk. **Please read "Risk Factors" beginning on page 5 for a discussion of certain factors you should consider in evaluating whether to tender your Warrants in the Exchange Offer.**
Section 3(a)(9) Exemption	The shares of Common Stock to be issued pursuant to the Exchange Offer are being offered and issued pursuant to the exemption from registration under the Securities Act provided by Section 3(a)(9) thereof. Shares of Common Stock issued in the Exchange Offer in exchange for the Warrants that are "restricted securities" within the meaning of the Securities Act will themselves be restricted securities. Shares of Common Stock issued in the Exchange Offer in exchange for Warrants that are not restricted securities and not held by affiliates, will be freely tradable.

RISK FACTORS

You should carefully consider each of the risks described below, together with all of the other information set forth elsewhere or incorporated by reference into this Exchange Offer Statement before deciding to accept or reject the Exchange Offer. If any of the following risks develops into actual events, our business, financial condition or results of operations could be negatively affected, and you may lose all or part of your investment.

You should also refer to the risk factors included in our public filings, which are incorporated by reference herein, for additional risk factors relating to our business, the industry in which we operate and an investment in our Common Stock.

Risks Related to the Exchange Offer and an Investment in our Common Stock

There is no assurance that our Exchange Offer will be successful.

While we anticipate that Edwin L. Knetzger, III, Co-Chairman of our Board, and Fund Holdings, LLC, of which Mr. Knetzger is manager, who collectively own Warrants to purchase up to 39,504,855 shares of our Common Stock, will tender their Warrants and participate in the Exchange Offer, there is no assurance that they will. Neither Mr. Knetzger nor Fund Holdings LLC has committed to participating in the Exchange Offer, and either one or both of them may opt not to. Additionally, there is no assurance that any significant number of Warrants will be tendered in the Exchange Offer. Moreover, even if a significant number of Warrants are tendered in the Exchange Offer, there is no assurance that the price of our Common Stock will increase or that we will be able to raise additional equity capital. The price of our Common Stock and the decision of any investors to make an equity investment in the Company are based on numerous material factors, of which our Warrant overhang is only one. Eliminating or significantly reducing our Warrant overhang will not on its own resolve our negative working capital or lack of liquidity, which may remain material impediments to increases in our stock price and equity financings.

The issuance of additional Common Stock upon the exchange of tendered Warrants will dilute our existing shareholders as well as our future shareholders.

If the holders of our Warrants accept the Exchange Offer, we will issue additional shares of Common Stock. The issuance will dilute the percentage ownership interests in the Company of other holders of our Common Stock.

The value of $0.24 per share assigned to our Common Stock for the Exchange Offer is lower than the exercise price of outstanding instruments with "down-round" antidilution protection and will result in additional shares being issuable pursuant to such instruments.

We have outstanding senior secured promissory notes with a principal balance of approximately $3,665,636, which may be converted into shares of our Common Stock at the option of the holder at a conversion price of $0.375 per share. If all of such promissory notes were converted as of the date of the Exchange Offer Statement, we would be required to issued 9,775,029 shares of our Common Stock. These promissory notes include a provision providing that the exercise price thereof shall be adjusted to any lower price at which the Company sells shares of its Common Stock (excluding employee stock options and warrants issued in strategic transactions approved by the Company's Board). As a result of the value of $0.24 per share assigned to our Common Stock for the Exchange Offer, if any holder of Warrants tenders those Warrants, the price adjustment mechanism in these notes would be triggered to reduce the conversion price of those notes to $0.24, and such notes would thereafter be convertible into 13,294,042 shares of our Common Stock, an increase of 3,519,013 shares.

Additionally, Warrants to purchase up to an aggregate of 76,113,898 shares of our Common Stock have similar "down round" price protection. Any of those Warrants that are not tendered in the Exchange Offer will benefit from the reduction in their exercise price from $0.375 per share to $0.24 per share, but no additional shares would be issuable pursuant to those Warrants. We also have outstanding purchase rights to purchase up to 137,280 shares of our Series A Participating Preferred Stock at a price per share of $37.50. We have made an equivalent exchange offer to the holder of those rights. If the holder does not accept such offer, it will benefit from similar "down-round" protection that will reduce the exercise price of such purchase rights to $24.00 per share.

Members of our Board of Directors and management are subject to conflicts of interest with respect to the Exchange Offer.

Edwin L. Knetzger, III, Co-Chairman of our Board of Directors, which unanimously approved this transaction, owns of record Warrants to purchase 12,936,855 shares of our Common Stock. Additionally, Mr. Knetzger is the manager and holds a 16.3% interest in Fund Holdings LLC, which in turn owns of record Warrants to purchase 26,568,000 shares of our Common Stock. The Warrants held by Mr. Knetzger and Fund Holdings LLC represent approximately 11.6% and 23.8%, respectively, of the outstanding Warrants and 35.4% in the aggregate of the outstanding Warrants.

Additionally, Victor Angermueller, Mr. Knetzger's brother-in-law and also an affiliate of Fund Holdings LLC, holds Warrants to purchase 12,936,854 shares of our Common Stock. These Warrants represent approximately 11.6% of the outstanding Warrants. If aggregated with the Warrants held by Mr. Knetzger and Fund Holdings LLC, such Warrants represent approximately 47% of the outstanding Warrants.

Michael O. Sanderson, Co-Chairman of our Board of Directors and Chief Executive Officer, is a former affiliate of Laidlaw & Company (UK) Ltd. and Laidlaw Venture Partners III, LLC, and Laidlaw & Company (UK) Ltd. is an affiliate of Laidlaw Venture Partners III, LLC. Laidlaw & Company (UK) Ltd. holds warrants to purchase approximately 1,200,000 shares of our Common Stock and Laidlaw Venture Partners III, LLC holds Warrants to purchase approximately 14,400,000 shares of our Common Stock. Laidlaw & Company (UK) Ltd. has acted as a financial advisor to the Company, including advising the Company and management with respect to its preliminary analysis of the Exchange Offer prior to the formation of the special committee and subsequently providing additional information for consideration by the special committee, its independent financial advisor and the Board of Directors.

Additionally, John Barry, III and John J. Barry, IV, who are members of our Board, collectively beneficially own a majority of our issued and outstanding shares of Common Stock. If the Exchange Offer is successful, they will no longer beneficially own a majority of our issued and outstanding shares of Common Stock.

Based on the foregoing and other considerations, a special committee of our Board of Directors comprised of disinterested directors (none of whom holds Warrants) was formed and delegated authority to analyze, structure and approve, it at all, the Exchange Offer, including the "Black-Scholes" valuation of the Warrants, valuation of our Common Stock and resulting exchange ratios. Our special committee engaged an independent financial advisor to assist it with its analysis and structuring of the Exchange Offer. The special committee unanimously approved the Exchange Offer and recommended that it be approved by our Board of Directors. Based on that approval and recommendation, our Board of Directors unanimously approved the Exchange Offer.

We did not obtain a "fairness opinion" in connection with the Exchange Offer.

Our special committee engaged an independent financial advisor to assist it with its analysis and structuring of the Exchange Offer. Among other things, the independent financial advisor calculated the estimated "Black-Scholes" values of the Warrants, the fair value of our Common Stock for purposes of the Exchange Offer and the resulting exchange ratios of Warrants for shares of our Common Stock. However, neither the special committee nor our Board requested or obtained a written opinion from the financial advisor that the Exchange Offer is fair, from a financial point of view, to the Company and its stockholders.

The market price of our Common Stock may fluctuate between the date the Exchange Offer is commenced and the date on which Common Stock is issued to Warrantholders.

The market price of our Common Stock will fluctuate between the date the Exchange Offer is commenced, the Expiration Date and the date on which Common Stock is issued to tendering Warrantholders. Accordingly, the market price of such shares of Common Stock upon settlement of the Exchange Offer could be less than the price on which the Warrants were valued for Black-Scholes purposes and at which the Common Stock will be exchanged for the Warrants. The Company does not intend to re-calculate the Black-Scholes value of any Warrant or adjust the exchange ration of shares of Common Stock for Warrants based on any fluctuation in our Common Stock.

We have experienced losses and expect to incur additional losses in the future.

We are an early stage company with a limited operating history. As of March 31, 2010, we had an accumulated deficit of approximately $22.7 million and we expect to continue to incur operating losses, in the aggregate and on a per share basis. There is no assurance that we will be able to achieve or sustain positive cash flows or profitability and we may incur losses in future periods. If we are not able to achieve or sustain positive cash flows or profitability, our stock price may decline. Our independent auditors have expressed substantial doubt as to our ability to continue as a going concern in connection with their audit of our annual financing statements for the fiscal year ended December 31, 2009 and our unaudited, quarterly financing statements for the fiscal quarter ended March 31, 2010 were prepared on the same basis.

We will require additional capital to continue operations. We cannot predict our future sources of capital or our ability to obtain additional financing. If we cannot raise such capital, we may be forced to curtail or cease operations.

Historically, we have satisfied our funding needs primarily through equity and debt financings. Our ability to continue operations and grow our business depends on our continued ability to raise additional funds. We will need to raise additional funds to satisfy our working capital requirements.

Additionally, we have convertible debt in the principal amount of $2,440,636 due on September 24, 2010 and nonconvertible debt in the principal amount of $673,000 due at various points through the balance of 2010. We currently do not have sufficient liquidity to satisfy these obligations when they come due, though management is actively exploring the restructuring of certain obligations and arrangements to obtain the necessary liquidity.

As of June 29, 2010, the Company had cash on hand and liquid deposits with clearing organizations in the total amount of approximately $1 million. We intend to use the majority of these funds for working capital purposes. Management anticipates that our current liquidity, along with cash generated from revenues, will be sufficient for sustaining our operating activities through August 2010. We will need to raise additional funds to support our operations.

We may not be able to obtain additional financing in amounts or on terms acceptable to us, if at all. We believe that if the Exchange Offer is not successful, our outstanding Warrants will be a significant impediment to us raising any additional capital.

Our current assets are less than our current liabilities and, therefore, we have negative net working capital. For this reason and others, there is substantial doubt about our ability to continue as a going concern.

Among other things, we have convertible debt in the principal amount of $2,440,636 due on September 24, 2010 and nonconvertible debt in the principal amount of $673,000 due at various points through 2010. We currently do not have sufficient liquidity to satisfy these obligations when they come due. However, management is actively exploring the restructuring of certain obligations and arrangements to obtain the necessary liquidity. There is no assurance that those efforts will be successful. If we are unable to secure a restructuring of these obligations or obtain the liquidity to satisfy them, the holders of the notes may exercise their rights as creditors of the Company, which could materially impair our ability to continue to operate our business.

The value of the Common Stock that you receive may fluctuate.

We are offering shares of our Common Stock for validly tendered Warrants. The price of our Common Stock may fluctuate widely in the future. If the market price of our Common Stock declines, the value of the shares you will receive in exchange for your Warrants will decline. The trading value of our Common Stock could fluctuate depending upon any number of factors, including those specific to us and those that influence the trading prices of equity securities generally, many of which are beyond our control. There can be no assurance that tendering your Warrants will put you in a better financial position than you would be in if you continued to hold your Warrants following the Expiration Date.

A significant number of shares of our Common Stock issued to non-affiliates in connection with the Exchange Offer may be freely tradable under Rule 144 immediately after they are issued in the Exchange Offer.

As noted elsewhere in this Exchange Offer Statement, the offer and sale of shares pursuant to the Exchange Offer is being made in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act. Accordingly, it is our understanding that Warrantholders receiving shares of our Common Stock in the Exchange Offer generally will be able to "tack" the holding period of their Warrants to the holding period of their Common Stock for purposes of Rule 144. Accordingly, non-affiliates of the Company who have held their Warrants for at least twelve months and receive shares of our Common Stock in the Exchange Offer may be able to freely sell such shares pursuant to Rule 144, so long as the Company remains current in its periodic reports with the SEC. As a result, if all of the Warrants held by non-affiliates for at least twelve months are tendered in the Exchange Offer, we estimate that a significant number of shares of our Common Stock may become freely tradable immediately after the consummation of the Exchange Offer. If such holders sought to sell a significant portion of such shares promptly, it could have a negative impact on the trading price of our Common Stock.

Tax Risks

No rulings or opinions have been received as to the tax consequences of the Exchange Offer to holders of Warrants

The tax consequences that will result to a Warrantholder that participates in the Exchange Offer are not well defined by the existing authorities. No ruling of any governmental authority and no opinion of counsel has been issued or rendered on these matters, and the characterizations we intend to follow may be rejected, or determined to be inappropriate in the case of particular holders, by the applicable taxing authorities. Warrantholders must therefore rely on the advice of their own tax advisors in assessing these matters. For a general discussion of certain tax considerations, please read "Certain Tax Consequences of the Exchange Offer."

CAPITALIZATION

The following table shows our capitalization, as of March 31, 2010, and as adjusted to reflect the Exchange Offer. For purposes of this table, we have assumed the following that 100% of our Warrants outstanding as of March 31, 2010 are tendered in the Exchange Offer. There is no assurance that all Warrantholders will exchange their Warrants in the Exchange Offer.

	March 31, 2010 (Unaudited)		
	Actual	**Adjustments**	**Pro Forma**
Total debt	$ 3,394,666	$ -	$ 3,394,666
Derivative financial instruments	7,839,471	(7,691,626)	147,845
Total debt and Derivative financial instrument	$ 11,234,137	$ (7,691,626)	3,542,511
Stockholders' Deficit			
Preferred stock $.0001 par value; 1,000,000 authorized; 46,939 and 0 issued and outstanding, respectively	5	-	5
Common stock $0.0001 par value; 300,000,000 authorized; 76,593,154 issued and outstanding	7,659	3,229 [2]	10,888
Additional paid-in capital	15,212,592	7,746,794 [2]	22,959,386
Accumulated deficit	(22,659,080)	(2,179,174) [3]	(24,838,254)
Total stockholders' deficit	$ (7,438,824)	$ 5,570,849	$ (1,867,975)
Total Capitalization	$ 3,795,313		$ 1,674,536

1 *Extinguishment of Warrant Liability.* Reflects the adjustment to extinguish the warrant liability, as if all warrants outstanding as of March 31, 2010 were exchanged for Common Stock on March 31, 2010.

2 *Issuance of Common Stock.* Reflects adjustments assuming that warrants outstanding as of March 31, 2010 were exchanged for Common Stock on March 31, 2010, and assuming the March 31, 2010 closing market price of our Common Stock was equal to the May 2010 average closing market price of $0.24 per share of Common Stock. Assumes a fair value of $0.24 per share of Common Stock issued pursuant to the exchange offering.

3 *Non-recurring Loss.* Reflects a non-recurring loss assuming all warrants outstanding as of March 31, 2010 were exchanged for Common Stock on March 31, 2010.

4 *Derivative Financial Instruments.* Post redemption derivative financial instruments are comprised of beneficial conversion rights that contain "down round" pricing protection. The Pro Forma amounts do not reflect valuation changes in these instruments arising from the tender offer.

Pro Forma Book Value Per Share (Unaudited)

The following shows our pro forma book value per share as of March 31, 2010, to reflect the Exchange Offer. For purposes of the following, we have assumed that 100% of our Warrants were tendered in the Exchange Offer as of January 1, 2010.

	Actual	March 31, 2010 (Unaudited) Adjustments	Pro Forma
Common stock $0.0001 par value; 300,000,000 authorized; issued and outstanding	7,659	2,952	10,611
Additional paid-in capital	13,670,597	7,081,715	20,752,312
Accumulated deficit	(22,659,080)	(2,179,174)	(24,838,254)
Total stockholders' deficit (equity)	$ (8,980,824)	$ 4,905,493	$ (4,075,331)
Shares Outstanding	76,593,154	29,519,446	106,112,600
Book Value Per Share	$ (0.12)		$ (0.04)

The pro forma book value per share shown above is based on our Common Stock outstanding only, and excludes our shares of Series A Participating Preferred Stock.

TRADING MARKET AND PRICE RANGES OF OUR COMMON STOCK

Price Range of Our Common Stock

Our Common Stock is quoted on the OTC Bulletin Board under the symbol "BDCG." The market for our Common Stock is limited and subject to volatility. There is no certainty that our Common Stock will continue to be quoted on the OTC Bulletin Board or that any liquidity exists for our stockholders.

The following is a summary of the high and low closing prices of our Common Stock for each quarterly period indicated during the last two fiscal years based on reports of transactions on the OTC Bulletin Board.

Fiscal Quarter End	Low	High
March 31, 2008	$1.05	$1.75
June 30, 2008	$0.95	$1.25
September 30, 2008	$0.20	$0.95
December 31, 2008	$0.22	$0.60
March 31, 2009	$0.15	$0.50
June 30, 2009	$0.15	$0.50
September 30, 2009	$0.25	$0.50
December 31, 2009	$0.20	$0.42
March 31, 2010	$0.23	$0.35

You should evaluate current market prices for our Common Stock, among other factors, before deciding whether or not to tender your Warrants in the Exchange Offer.

THE EXCHANGE OFFER

Our Outstanding Warrants

As of June 30, 2010, we have issued and outstanding the following different classes of Warrants:

- Warrants to purchase an aggregate of 4,658,225 shares of our Common Stock issued pursuant to a private placement in November 2007, which have an exercise price of $0.66 per share and expire in November 2012 (referred to in this Offer as the "November 2007 Warrants");

- Warrants to purchase an aggregate of 1,627,114 shares of our Common Stock issued pursuant to a private placement in September 2008, which have an exercise price of $0.46875 per share and expire in September 2013 (the "September 2008 Warrants");

- a Warrant to purchase 1,070,000 shares of our Common Stock issued pursuant to a private placement in March 2009, which has an exercise price of $0.375 per share and expires in March 2014 (the "March 2009 Warrant");

- Warrants to purchase an aggregate of 383,336 shares of our Common Stock issued pursuant to a private placement in April 2009, which have an exercise price of $0.46875 per share and expire in April 2014 (the "April 2009 Warrants");

- Warrants (titled "Ordinary Purchase Rights" and "Special Purchase Rights") to purchase an aggregate of 10,597,000 shares of our Common Stock issued pursuant to a private placement in September 2009, which have an exercise price of $0.375 per share, expire in September 2012 and include a "down-round" antidilution protection provision which resets the exercise price to any lower price at which we sell shares of our Common Stock (subject to limited exceptions) (the "September 2009 Warrants");

- Warrants (titled "Ordinary Purchase Rights") to purchase an aggregate of 9,597,000 shares of our Common Stock issued pursuant to a private placement in November 2009, which have an exercise price of $0.375 per share, expire in November 2012 and include down-round antidilution protection (the "November 2009 Warrants");
- Warrants (titled "Ordinary Purchase Rights") to purchase an aggregate of 28,791,000 shares of our Common Stock issued pursuant to a private placement in December 2009, which have an exercise price of $0.375 per share, expire in December 2012 and include down-round antidilution protection (the "December 2009 Ordinary Warrants");
- Warrants (titled "Additional Purchase Rights") to purchase up to an aggregate of 22,208,914 shares of our Common Stock issued pursuant to a private placement transaction in December 2009, which have an exercise price of $0.375 per share, include down-round antidilution protection and which vest and become exercisable if and only to the extent that other derivative securities outstanding as of September 2, 2009 are actually exercised (if any of such underlying derivative securities expire or terminate without being exercised, the related portion of these Warrants are not exercisable). The right to exercise these Warrants for shares of our Common Stock expires three years after the date that the underlying derivative securities are actually exercised (the "December 2009 Additional Warrants");
- a Warrant issued in December 2009 with three series comprised of the right to purchase 5,000,000 shares of our Common Stock at an exercise price of $0.50 per share, the right to purchase 10,000,000 shares of our Common Stock at an exercise price of $1.00 per share, and the right to purchase 5,000,000 shares of our Common Stock at an exercise price of $1.50 per share. This Warrant is subject to time-based vesting and expires in December 2012 (the "December 2009 License Warrants");
- Warrants to purchase an aggregate of 9,784,650 shares of our Common Stock issued pursuant to a private placement in January 2010, which have an exercise price of $0.375 per share, expire in January 2013 and include down-round antidilution protection (the "January 2010 Warrants");
- a Warrant to purchase 500,000 shares of our Common Stock issued as a consent fee to a lender in January 2010, which has an exercise price of $0.375 per share and expires in January 2015 (the "January 2010 Lender Warrant");
- Warrants to purchase an aggregate of 1,300,000 shares of our Common Stock issued pursuant to a private placement in May 2010, which have an exercise price of $0.375 per share and expire in May 2013 (the "May 2010 Warrants"); and
- Warrants to purchase an aggregate of 1,300,000 shares of our Common stock issued pursuant to a private placement in June 2010, which have an exercise price of $0.50 per share and expire in June 2013 (the "June 2010 Warrants").

The foregoing November 2007 Warrants, September 2008 Warrants, March 2009 Warrant, April 2009 Warrants, September 2009 Warrants, November 2009 Warrants, December 2009 Ordinary Warrants, December 2009 Additional Warrants, December 2009 License Warrants, January 2010 Warrants, January 2010 Lender Warrant, May 2010 Warrants and June 2010 Warrants comprise all of our issued and outstanding warrants as of June 30, 2010. The Exchange Offer relates solely to all of the foregoing.

Terms of the Exchange Offer

Upon and subject to the terms and conditions set forth in this Exchange Offer Statement and the accompanying Letter of Transmittal, the Company is offering to exchange new issued shares of its Common Stock for all of its outstanding Warrants. The number of shares to be issued to any Warrantholder who tenders his, her or its Warrant in connection with the Offer will be determined using an exchange ratio equal to (a) the value of such Warrant estimated by the Company using the "Black-Scholes" model, divided by (b) a price per share of Common Stock equal to $0.24.

The Exchange Offer is subject to a number of important conditions, including the conditions that (a) holders of Warrants representing the right to purchase at least 95% of all of the shares of our Common Stock that may be purchased under all of the Warrants must have validly tendered and not withdrawn their Warrants prior to the Expiration Date (the "Minimum Condition"); and (b) holders of our senior secured convertible promissory notes shall have provided a consent required pursuant to the terms of agreements between such holders and the Company.

The Value of Each Warrant – Application of the "Black-Scholes" Model

The special committee of the Company's Board, with the advice and assistance of its independent financial advisor, estimated the value of each outstanding Warrant using the "Black-Scholes" model. The "Black-Scholes" model is a well-established and commonly used method of valuing options and warrants.

The "Black-Scholes" model uses the following six factors in valuing warrants: (1) the price of the Company's Common Stock, (2) the exercise price of the Warrant, (3) the anticipated remaining exercise period of the Warrant, (4) the current, annual risk-free interest rate, (5) the expected dividend yield of the Company's Common Stock, and (6) the volatility of the price of the Company's Common Stock. Some of these inputs are objectively determinable, while others, such as appropriate volatility measures, require some judgment and applicable of assumptions.

For purposes of valuing the Warrants using the "Black-Scholes" model, the special committee and its independent financial advisor used the following measures:

(1) *Price of the Company's Common Stock* – The volume-weighted average price of the Company's Common Stock during the most recent full month, as reported by Bloomberg, was used to calculate the price of the Company's Common Stock. Using this methodology, a price of $0.24 was applied to the "Black-Scholes" model for all Warrants.

(2) *Exercise Price of the Warrant* – The actual exercise price of each Warrant being valued was used.

(3) *Remaining Exercise Period* – The remaining exercise period of each Warrant being valued was used.

(4) *The Current, Annual Risk-Free Interest Rate* – The U.S. Treasury rate yield that corresponds with the remaining exercise of the Warrant was used. For example, if the Warrant had a remaining exercise period of two years, the two year U.S. Treasury rate yield was applied. U.S. Treasury rate yields were obtained from Bloomberg.

(5) *Expected Dividend Yield* – The Company has never paid dividends and does not expect to pay dividends at any time in the foreseeable future. Accordingly, no dividend yield was assumed.

(6) *The Volatility of the Price of the Company's Common Stock* – A 66% annual volatility was used, which is consistent with the rate previously used by the Company to calculate its compensation expense related to stock option issuances on its financial statements. The Company estimates the volatility of its Common Stock based on an average of published volatilities contained in the most recent audited financial statements of other publicly reporting companies in similar industries.

Of the six inputs into the "Black-Scholes" model described above, three were applied consistently to each Warrant. However, because the Company has numerous different classes of Warrants with varying exercise prices, varying issue dates and varying initial exercise periods, the exercise price remaining exercise period and current, annual risk-free interest rate (which has the U.S. Treasury yield that corresponds to the remaining exercise period) for each class of the Company's Warrants is different and, accordingly, those inputs for the "Black-Scholes" model were different for each class of the Company's Warrants. However, these inputs were based on the written terms of the Warrant valued, so as to reflect the estimated relative value of each Warrant under the "Black-Scholes" model after taking into account the varying exercise prices and remaining exercise terms. With respect to the December 2009 Additional Warrants, additional considerations were required due to the terms of those Warrants. The December 2009 Additional Warrants will vest and become exercisable, if at all, only if and to the extent that derivative securities outstanding as of September 2009 (consisting of stock options, warrants and convertible promissory notes) are exercised. Additionally, to the extent the December 2009 Additional Warrants vest and become exercisable, their exercise period is calculated by adding three years to the exercise date of the underlying derivative security. Accordingly, in estimating the value of the December 2009 Additional Warrants using the "Black-Scholes" model, the Company was required to consider the extent to which those underlying derivative securities would be exercised, if at all, before they expire or terminate and (b) when they would be exercised and the resulting exercise period of the December 2009 Additional Purchase Rights.

For this purpose, the Company assumed that all of the underlying derivative securities will be exercised in full before termination, except that the following derivative securities were deemed terminated for this calculation: (a) derivative securities that have already terminated, (b) an employee stock option to purchase 2,500,000 shares of our Common Stock held by John J. Barry, IV, our former Chief Executive Officer, which is out-of-the-money and we anticipate will terminate within thirty days and (c) 1,484,687 shares of Common Stock issuable pursuant to an employee stock option held by Joseph Nikolson, which we anticipate will be cancelled with Mr. Nikolson's consent prior to the termination of the Exchange Offer. See "The Exchange Offer – Interests of Directors and Executive Officers; Transactions and Arrangements Concerning the Warrants and Our Common Stock; Additional Relationships and Related Transactions – Anticipated Severance Agreements with Company Officers." Additionally, for purposes of determining the remaining exercise period of the December 2009 Additional Warrants, we assumed the latest possible date, which was the current expiration date of the underlying derivative securities plus three years, except that we assumed our secured convertible promissory notes will be extended by three years.

Based on this methodology, we arrived at the following estimated Warrant values:

- the November 2007 Warrants were assigned an aggregate value of $158,379.65;
- the September 2008 Warrants were assigned an aggregate value of $112,270.87;
- the March 2009 Warrant was assigned an aggregate value of $100,580.00;
- the April 2009 Warrants were assigned an aggregate value of $30,666.88;
- the September 2009 Warrants were assigned an aggregate value of $657,014.00;
- the November 2009 Warrants were assigned an aggregate value of $595,014.00;
- the December 2009 Ordinary Warrants were assigned an aggregate value of $1,928,997.00;
- the December 2009 Additional Warrants were assigned an aggregate value of $2,965,240.30;
- the December 2009 License Warrants were assigned an aggregate value of $485,000, with the first series (5,000,000 shares with an exercise price of $0.50 per share) assigned an aggregate value of $245,000; the second series (10,000,000 shares with an exercise price of $1.00 per share) assigned an aggregate value of $190,000; and the third series (5,000,000 shares with an exercise price of $1.50) assigned an aggregate value of $50,000;
- the January 2010 Warrants were assigned an aggregate value of $665,356.20;
- the January 2010 Lender Warrant was assigned an aggregate value of $51,500;
- the May 2010 Warrants were assigned an aggregate value of $68,900; and
- the June 2010 Warrants were assigned an aggregate value of $49,400.

Because option valuation is inherently speculative and imprecise, our determination as to the value of each Warrant is final.

The Exchange Ratios

As noted above, the number of shares of our Common Stock to be issued with respect to any Warrant pursuant to the Exchange Offer will be determined using an exchange ratio equal to the estimated "Black-Scholes" value of such Warrant, divided by a price per share of Common Stock equal to $0.24. The $0.24 price per share used in this ratio is the same price per share that was used in the "Black-Scholes" calculations and was determined using the volume-weighted average price of the Company's Common Stock during the most-recent full month (as reported by Bloomberg). Based on this calculation, set forth below is the approximate exchange ratio per share for the Warrants in each of the Company's classes of Warrants. The "Exchange Ratio Per Warrant Share" is the approximate number of shares of our Common Stock that that would be issued in the Exchange Offer in respect of each share for which a Warrant in that class is exerciseable. *For example, and for illustrative purposes only, if the exchange ratio below states .50 for a particular class of Warrants, then each two shares for which a Warrant in that class may be exercised would be exchanged for one newly issued share of our Common Stock.*

Class of Warrants	Exchange Ratio Per Warrant Share
November 2007 Warrants	.14
September 2008 Warrants	.29

March 2009 Warrant	.39
April 2009 Warrants	.33
September 2009 Warrants	.26
November 2009 Warrants	.26
December 2009 Ordinary Warrants	.28
December 2009 Additional Warrants	.55
December 2009 License Warrants - First Series	.20
December 2009 License Warrants - Second Series	.08
December 2009 License Warrants - Third Series	.04
January 2010 Warrants	.28
January 2010 Lender Warrants	.43
May 2010 Warrants	.22
June 2010 Warrants	.18

The ratios above have been rounded to the nearest hundredth. When calculating the shares to be issued to a tendering Warrantholder, we will use the exchange ratio without rounding.

Purpose of the Exchange Offer

The Warrants detailed above under "The Exchange – Our Outstanding Warrants" provide the holders with the right to purchase an aggregate of up to 111,817,240 shares of our Common Stock. The significant potentially dilutive effect of these outstanding Warrants creates an overhang on our Common Stock, which we believe depresses the price of our Common Stock and impedes us from raising new equity capital. Additionally, 76,113,898 of those Warrants contain "down-round" provisions which provide that the exercise price of such Warrants is reset to any lower price at which we sell shares of our Common Stock (subject to limited exceptions). These "down-round" provisions further impede our raising of additional equity capital and result in negative accounting consequences.

By offering Warrantholders the opportunity to exchange their Warrants for issued and outstanding shares of our Common Stock, we hope to eliminate or significantly reduce the Warrant overhang and related downward pressure on the price of our Common Stock, attract new equity investors and substantially reduce the negative accounting consequences resulting from the down-round antidilution provisions in some of the Warrants.

Establishment of the Exchange Offer Terms; Conflicts of Interest; Approval

The Company's management recommended to our Board of Directors that the Company analyze, structure and undertake a transaction to eliminate or significantly reduce the Warrant overhang and related downward pressure on the price of our Common Stock, attract new equity investors and reduce the negative accounting consequences resulting from the "down-round" antidilution provisions in some of the Warrants. Management's proposal to the Board of Directors included discussion of parameters for a possible exchange transaction in which outstanding Warrants would be exchanged with the Company for newly issued shares of our Common Stock, based on a "Black-Scholes" valuation of the Warrants. Management's proposal to the Board of Directors was prepared with the assistance of the Company's financial advisor, Laidlaw & Company (UK) Ltd. Laidlaw & Company (UK)