

Fortress International Group, Inc.
Form 10-K/A
October 03, 2008

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

**FORM 10-K/A
(Amendment No. 2)**

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: **000-51426**

FORTRESS INTERNATIONAL GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

20-2027651
(I.R.S. Employer Identification No.)

7226 Lee DeForest Drive
Suite 203
Columbia, Maryland
(Address of principal executive offices)

21046
(Zip Code)

Registrant's telephone number, including area code
(410) 423-7438

Securities registered pursuant to Section 12(b) of the Exchange Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Stock, \$.0001 par value per share | NASDAQ Capital Market |
| Warrants to purchase common stock, \$.0001 par value per share | NASDAQ Capital Market |
| Units, each consisting of one share of Common Stock, \$.0001 par value and two warrants to purchase shares of common stock, \$.0001 par value | NASDAQ Capital Market |

Securities registered pursuant to Section 12(g) of the Exchange Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

The aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates of the registrant (without admitting that any person whose shares are not included in such calculation is an affiliate) computed by reference to the price at which the common stock was last sold, or the average bid and asked price of the common stock, as of the last business day of the registrant's most recently completed second fiscal quarter end was \$16,657,118.

As of September 17, 2008, 12,566,564 shares of the registrant's common stock, \$0.0001 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This Amendment No. 2 (the “Amendment No. 2”) to the Annual Report on Form 10-K of Fortress International Group, Inc. for the year ended December 31, 2007 (the “Original Annual Report”), as amended by Amendment No. 1 (“Amendment No. 1”), is being filed solely to revise the opinion and consent provided by Grant Thornton LLP as follows:

(i) to revise the opinion provided by Grant Thornton LLP on the audited financial statements of Vortech, LLC and VTC, LLC for the period from January 1, 2007 to January 19, 2007 (the “audited financial statements”) by identifying Grant Thornton LLP as an “Independent Registered Public Accounting Firm” and stating that the audited financial statements have been conducted in accordance with the “Public Company Accounting Oversight Board (United States)”, as indicated below; and

(ii) to revise the consent provided by Grant Thornton LLP in connection with the audited financial statements by identifying Grant Thornton LLP as an “Independent Registered Public Accounting Firm”. The revised consent is filed herewith as Exhibit 23.2.

Except as described above, no other amendments are being made to the Original Report, as amended by Amendment No. 1. This Amendment No. 2 does not reflect events occurring after March 31, 2008, the filing date of the Original Annual Report, or modify or update the disclosure contained in the Original Annual Report in any way other than as required to reflect the amendments discussed above and reflected below and in Exhibit 23.2. We are including in this Amendment No. 2 Item 15—Exhibits in its entirety. As a result of this Amendment No. 2, we are also filing as exhibits to this Amendment No. 2 the certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Exhibits 31.1, 31.2 and 32.1.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Fortress International Group, Inc.

We have audited the accompanying combined balance sheet of Vortech, LLC and VTC, LLC (the "Company") (a Delaware corporation) as of January 19, 2007, and the related statements of operations, stockholders' equity, and cash flows for the period from January 1, 2007 through January 19, 2007. Our audit of the basic financial statements included the financial statement schedule for the year ended December 31, 2007 listed in the index appearing under Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Vortech, LLC and VTC, LLC as of January 19, 2007, and the combined results of their operations and their cash flows for the period from January 1, 2007 through January 19, 2007 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects, the information set forth therein for the period from January 1, 2007 through January 19, 2007.

/s/ Grant Thornton
Grant Thornton

Baltimore,
Maryland
March 28, 2008

PART IV

Item 15. EXHIBITS

(b) **Exhibits.**

| Exhibit Number | Description |
|-----------------------|--|
| 3.1 | Second Amended and Restated Certificate of Incorporation dated January 19, 2007 (previously filed with the Commission as Exhibit 3.1 to the Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference) |
| 3.1.1 | Amendment to the Second Amended and Restated Certificate of Incorporation (previously filed with the Commission as Exhibit A-1 to the Company's Definitive Proxy Statement filed on May 22, 2007 and incorporated herein by reference) |
| 3.2 | Amended and Restated By-laws (previously filed with the Commission as Exhibit 4.2 to the Company's Registration Statement on Form S-8 No. 333-142906, filed on May 14, 2007 and incorporated herein by reference) |
| 4.1 | Specimen Unit Certificate (previously filed with the Commission as Exhibit 4.1 to the Company's Registration Statement on Form S-1 No. 333-123504, effective July 13, 2005 and incorporated herein by reference) |
| 4.2 | Specimen Common Stock Certificate (previously filed with the Commission as Exhibit 4.2 to the Company's Registration Statement on Form S-1 No. 333-123504, effective July 13, 2005 and incorporated herein by reference) |
| 4.3 | Specimen Warrant Certificate (previously filed with the Commission as Exhibit 4.3 to the Company's Registration Statement on Form S-1 No. 333-123504, effective July 13, 2005 and incorporated herein by reference) |
| 4.4 | Warrant Agreement between Continental Stock Transfer & Trust Company and the Company (previously filed with the Commission as Exhibit 4.4 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 4.4.1 | Warrant Clarification Agreement between Continental Stock Transfer & Trust Company and the Company (previously filed with the Commission as Exhibit 4.5 to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2006 and incorporated herein by reference) |
| 4.4.2 | Warrant Clarification Agreement No. 2 between Continental Stock Transfer & Trust Company and the Company (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 14, 2006 and incorporated herein by reference) |
| 4.5 | Unit Purchase Option (previously filed with the Commission as Exhibit 4.5 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 4.5.1 | Amendment to Unit Purchase Option (previously filed with the Commission as Exhibit 4.6 to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2006 and incorporated herein by reference) |

| Exhibit Number | Description |
|----------------|---|
| 4.5.2 | Amendment No. 2 to Unit Purchase Option (previously filed with the Commission as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on December 14, 2006 and incorporated herein by reference) |
| 10.1 | Second Amended and Restated Membership Interest Purchase Agreement dated July 31, 2006 among Fortress America Acquisition Corporation, VTC, L.L.C., Vortech, L.L.C., Thomas P. Rosato and Gerard J. Gallagher, and Thomas P. Rosato as Members' Representative (previously filed with the Commission as Exhibit 10.1 to the Company's Quarterly Report on Form 10-QSB for the quarterly period ended September 30, 2006 and incorporated herein by reference) |
| 10.2 | Amendment to the Second Amended and Restated Membership Interest Purchase Agreement dated January 16, 2007 among Fortress America Acquisition Corporation, VTC, L.L.C., Vortech, L.L.C., Thomas P. Rosato and Gerard J. Gallagher, and Thomas P. Rosato as Members' Representative (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 19, 2007 and incorporated herein by reference) |
| 10.3 | Escrow Agreement (Balance Sheet Escrow) dated January 19, 2007 among Fortress America Acquisition Corporation, VTC, L.L.C., Vortech, L.L.C., Thomas P. Rosato and Gerard J. Gallagher, Thomas P. Rosato as Members' Representative, and SunTrust Bank (previously filed with the Commission as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference) |
| 10.4 | Escrow Agreement (General Indemnity) among Fortress America Acquisition Corporation, VTC, L.L.C., Vortech, L.L.C., Thomas P. Rosato and Gerard J. Gallagher, Thomas P. Rosato as Members' Representative, and SunTrust Bank (previously filed with the Commission as Exhibit 10.4 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference) |
| 10.5 | Registration Rights Agreement among Fortress America Acquisition Corporation and Thomas P. Rosato and Gerard J. Gallagher (previously filed with the Commission as Exhibit 10.5 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference) |
| 10.6 | Fortress America Acquisition Corporation 2006 Omnibus Incentive Compensation Plan (previously filed with the Commission as Exhibit E to the Company's Definitive Proxy Statement filed on December 27, 2006 and incorporated herein by reference) |
| 10.7 | Employment Agreement between Harvey L. Weiss and the Company, dated January 19, 2007 (previously filed with the Commission as Exhibit 10.7 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)* |
| 10.8 | Executive Consulting Agreement dated January 19, 2007 by Fortress America Acquisition Corporation and Washington Capital Advisors, Inc. (previously filed with the Commission as Exhibit 10.8 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference) |
| 10.9 | Executive Employment Agreement dated January 19, 2007 by Fortress America Acquisition Corporation and Thomas P. Rosato (previously filed with the Commission as Exhibit 10.9 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)* |
| 10.10 | Executive Employment Agreement dated January 19, 2007 by Fortress America Acquisition Corporation and Gerard J. Gallagher (previously filed with the Commission as Exhibit 10.10 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)* |
| 10.11 | Voting Agreement dated January 19, 2007 by Fortress America Acquisition Corporation, Thomas P. Rosato, Gerard J. Gallagher, C. Thomas McMillen and Harvey L. Weiss (previously filed with the |

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Commission as Exhibit 10.11 to the Company's Current Report on Form 8-K filed on January 25, 2007 and incorporated herein by reference)

10.12

Letter Agreement among the Company, Sunrise Securities Corp. and C. Thomas McMillen (previously filed with the Commission as Exhibit 10.1 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference)

| Exhibit Number | Description |
|-------------------|--|
| 10.13 | Letter Agreement among the Company, Sunrise Securities Corp. and Harvey L. Weiss (previously filed with the Commission as Exhibit 10.2 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.14 | Letter Agreement among the Company, Sunrise Securities Corp. and David J. Mitchell (previously filed with the Commission as Exhibit 10.3 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.15 | Letter Agreement among the Company, Sunrise Securities Corp. and Donald L. Nickles (previously filed with the Commission as Exhibit 10.4 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.16 | Agreement among the Company, Sunrise Securities Corp. and Paladin Homeland Security Fund, L.P., Paladin Homeland Security Fund (NY City), L.P., Paladin Homeland Security Fund (CA), L.P. and Paladin Homeland Security Fund (Cayman Islands), L.P. (previously filed with the Commission as Exhibit 10.5 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.17 | Letter Agreement among the Company, Sunrise Securities Corp. and Asa Hutchinson (previously filed with the Commission as Exhibit 10.6 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.18 | Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Company (previously filed with the Commission as Exhibit 10.7 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.19 | Stock Escrow Agreement between the Company, Continental Stock Transfer & Trust Company and the Initial Stockholders (previously filed with the Commission as Exhibit 10.8 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.20 | Registration Rights Agreement among the Company and the Initial Stockholders (previously filed with the Commission as Exhibit 10.9 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.21 | Warrant Purchase Agreement between C. Thomas McMillen, Harvey L. Weiss and Sunrise Securities Corp. (previously filed with the Commission as Exhibit 10.10 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.22 | Letter Agreement between the Company and Global Defense Corp. (previously filed with the Commission as Exhibit 10.11 to the Company's Annual Report on Form 10-KSB for the year ended December 31, 2005 and incorporated herein by reference) |
| 10.23 | Agreement and Plan of Merger among Fortress America Acquisition Corporation and FAAC Merger Corporation dated June 29, 2005 (previously filed with the Commission as Exhibit 10.15 to the Company's Registration Statement on Form S-1 No. 333-123504, effective July 13, 2005 and incorporated herein by reference) |
| 10.24 | Non-Employee Director Compensation Policy (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on May 21, 2007 and incorporated herein by reference)* |
| 10.25 | Form of Restricted Stock Agreement (Employees Only) (previously filed with the Commission as Exhibit 10.2 to the Company's Current Report on Form 8-K filed on May 21, 2007 and incorporated herein by reference) |
| 10.26 | Executive Employment Agreement, dated as of August 6, 2007, between Fortress International Group, Inc. and Timothy C. Dec (previously filed with the Commission as Exhibit 10.1 to the |

Company's Current Report on Form 8-K filed on August 8, 2007 and incorporated herein by reference)*

| Exhibit Number | Description |
|-------------------|---|
| 10.27 | Prepayment Agreement, dated as of August 29, 2007, between Fortress International Group, Inc. and Thomas P. Rosato (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on August 30, 2007 and incorporated herein by reference)* |
| 10.28 | Stock Purchase Agreement dated September 24, 2007 between Innovative Power Systems Inc., the Stockholders of Innovative Power Systems Inc., Quality Power Systems, Inc., the Stockholders of Quality Power Systems, Inc., and the Company (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 27, 2007 and incorporated herein by reference) |
| 10.29† | Membership Interest Purchase Agreement dated November 30, 2007 between Rubicon Integration, L.L.C., each of the members of Rubicon and the Company |
| 10.30 | Stock Purchase Agreement by and among SMLB, Ltd, the Stockholders of SMLB, Ltd, and the Company dated January 2, 2008 (previously filed with the Commission as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 1, 2008 and incorporated herein by reference) |
| 14.1 | Code of Ethics |
| 21 | Significant Subsidiaries of the Registrant |
| 23.1 | Consent of Grant Thornton LLP regarding Fortress International Group, Inc. financial statements for the year ended December 31, 2007. |
| 23.2# | Consent of Grant Thornton LLP regarding Vortech L.L.C. and VTC L.L.C. financial statements for the period ending January 1, 2007 through January 19, 2007. |
| 23.3 | Consent of Goldstein Golub Kessler LLP |
| 23.4 | Consent of McGladrey & Pullen, LLP |
| 31.1# | Certificate of Fortress International Group, Inc. Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2# | Certificate of Fortress International Group, Inc. Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1# | Certificates of Fortress International Group, Inc. Principal Executive Officer and Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

Filed herewith.

* Management contract or compensatory plan or arrangement.

† Confidential treatment has been requested as to certain portions, which have been filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 .

Fortress International Group, Inc.

Date: October 3, 2008 By: /s/ Thomas P. Rosato
Thomas P. Rosato
Chief Executive Officer
(Authorized Officer and Principal Executive Officer)

October 3, 2008 By: /s/ Timothy C. Dec
Timothy C. Dec
Chief Financial Officer
(Authorized Officer and Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated below and on the dates indicated.

| Name | Position | Date |
|--|---|-----------------|
| /s/ Thomas P. Rosato Thomas P. Rosato | Chief Executive Officer and Director (Principal Executive Officer) | October 3, 2008 |
| /s/ Harvey L. Weiss Harvey L. Weiss | Chairman and Director | October 3, 2008 |
| /s/ Timothy C. Dec Timothy C. Dec | Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) | October 3, 2008 |
| /s/ Gerard J. Gallagher Gerard J. Gallagher | President and Director | October 3, 2008 |
| /s/ Asa Hutchinson Asa Hutchinson | Director | October 3, 2008 |
| /s/ William L. Jews William L. Jews | Director | October 3, 2008 |
| /s/ C. Thomas McMillen C. Thomas McMillen | Director | October 3, 2008 |
| /s/ David J. Mitchell David J. Mitchell | Director | October 3, 2008 |
| /s/ John Morton, III John Morton, III | Director | October 3, 2008 |

/s/ Donald L. Nickles
Donald L. Nickles

Director

October 3, 2008
