

CRDENTIA CORP
Form 424B3
September 25, 2007
PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 31, 2007)

Filed Pursuant to Rule 424(b)(3)
Registration File No. 333-145837

7,440,141 Shares

Common Stock

This Prospectus Supplement No. 1 supplements our Prospectus dated August 31, 2007 (which was contained in our Registration Statement on Form S-1 (File No. 333-145837)) with the following attached documents:

- A Current Report on Form 8-K dated September 14, 2007.

The attached information modifies and supersedes, in part, the information in the Prospectus. This Prospectus Supplement No. 1 should be read in conjunction with the Prospectus, as previously supplemented, which is required to be delivered with this Prospectus Supplement.

Our common stock is quoted on the OTC Bulletin Board under the symbol CRDT. On September 21, 2007 the last reported sale price of our common stock on the OTC Bulletin Board was \$0.25 per share.

Investing in our common stock involves risks. See Risk Factors beginning on page 7 of our Annual Report on Form 10-K for the year ended December 31, 2006, which is incorporated by reference into the Prospectus, before deciding to invest in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 1 is September 25, 2007

INDEX TO FILINGS

Annex

Current Report on Form 8-K dated September 14, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **September 14, 2007**

CRDENTIA CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

000-31152
(Commission
File Number)

76-0585701
(I.R.S. Employer
Identification Number)

5001 LBJ Freeway, Suite 850

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(Address of Principal Executive Offices) (Zip Code)

(972) 850-0780

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

On September 14, 2007, Crdentia Corp. (the Company) entered into a Settlement Agreement (the Settlement Agreement) with Travmed USA, Inc. (Travmed), Robert Litton and Steve Williams (collectively, the Travmed Parties). The Settlement Agreement terminated and released all parties from any and all claims asserted by all of the parties in the following actions: (i) the lawsuit originally styled *Crdentia Corp., CRDE Corp. and Travmed USA, Inc. v. Robert Litton and Steve Williams*, which was Cause No. 06-00992 in the 193rd Judicial District Court, Dallas County, Texas, and which was subsequently removed to the U.S. District Court for the Northern District of Texas, Dallas Division, and assigned Civil Action Number 3:06-CV-1182-R, (ii) the lawsuit originally styled *Travmed, USA, Inc. v. Crdentia Corp.*, which was Cause No. 06 CVS 9921, and which was filed in the General Court of Justice, Superior Court Division of Mecklenburg County North Carolina (the First NC Lawsuit), and (iii) the lawsuit originally styled *Crdentia Corporation v. Travmed USA, Inc., Sonia M. Harvey, Jennifer A. Barnette, Kelley Goulla and Steven G. Giesler*, which was Cause No. 06 CVS 10480, and which was filed in the General Court of Justice, Superior Court Division of Mecklenburg County North Carolina (the Second NC Lawsuit) (the First NC Lawsuit and the Second NC Lawsuit were ultimately transferred and consolidated into Cause No. 06 CVS 9921 before the North Carolina Business Court) (collectively, the Litigation).

Pursuant to the terms of the Settlement Agreement, the Travmed Parties agreed: (i) to release all claims, known or unknown, related to or arising out of the Litigation, (ii) to indemnify the Company from and against all matters or obligations related to certain creditors expressly identified in the Settlement Agreement and (iii) that the Company shall not have any responsibility to indemnify or defend the Travmed Parties from any claims, demands or causes of action arising from any acts or omissions occurring, in whole or in part, during the time period from March 28, 2005 to May 8, 2006. Also, pursuant to the terms of the Settlement Agreement, we agreed to pay Robert Litton and Steve Williams the sum of \$275,000.00.

The foregoing description of the Settlement Agreement does not purport to be complete and is qualified in its entirety by the Settlement Agreement attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) *Exhibits*

Exhibit	Description
10.1	Settlement Agreement, by and between the Company, Travmed, Robert Litton and Steve Williams, dated as of September 14, 2007.

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 hereunto duly authorized.

CRDENTIA CORP.

September 19, 2007

By: /s/ James J. TerBeest
James J. TerBeest
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Description
Exhibit 10.1	Settlement Agreement, by and between the Company, Travmed, Robert Litton and Steve Williams, dated as of September 14, 2007.

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WHEREAS, CRD and TRM have agreed to a compromise and settlement of any and all claims asserted by all of the PARTIES in the following lawsuits:

1. **The lawsuit originally styled *CRDENTIA CORP., CRDE CORP. and TRAVMED USA, INC. v. ROBERT LITTON and STEVE WILLIAMS*, which was Cause No. 06-00992 in the 193rd Judicial District Court, Dallas County, Texas, and which was subsequently removed to the United States District Court for the Northern District of Texas, Dallas Division, and assigned Civil Action Number 3:06-CV-1182-R (the **TEXAS LITIGATION**);**

2. **The lawsuit originally styled *TRAVMED, USA, INC. v. CRDENTIA CORP.*, which was Cause No. 06 CVS 9921, and which was filed in the General Court of Justice, Superior Court Division of Mecklenburg County North Carolina (the **FIRST NC LAWSUIT**); and**

2. The lawsuit originally styled TRAVMED, USA, INC. v. CRDENTIA CORP., which was Ca

3. **The lawsuit originally styled *CRDENTIA CORPORATION v. TRAVMED USA, INC., SONIA M. HARVEY, JENNIFER A. BARNETTE, KELLEY GOULLA, and STEVEN G. GIESLER*, which was Cause No. 06 CVS 10480, and which was filed in the General Court of Justice, Superior Court Division of Mecklenburg County North Carolina (the **SECOND NC LAWSUIT**); and**

WHEREAS, the FIRST NC LAWSUIT and the SECOND NC LAWSUIT have been transferred and consolidated into Cause No. 06 CVS 9921, which is currently pending before the North Carolina Business Court (the NC LITIGATION); and

WHEREAS, the Parties desire to finally and forever compromise and to settle all the claims and liabilities related to the TEXAS LITIGATION and the NC LITIGATION and any and all other claims or matters between them as of the EFFECTIVE DATE;

NOW THEREFORE, in consideration of the mutual promises and undertakings stated in this AGREEMENT, the Parties agree as follows:

- Payment to LITTON and WILLIAMS. As a condition precedent to the agreements made by LITTON, WILLIAMS and TRAVMED in this AGREEMENT, CRD shall pay to LITTON and WILLIAMS the sum of TWO HUNDRED and SEVENTY-FIVE THOUSAND DOLLARS and NO CENTS (\$275,000.00) (the PRINCIPAL AMOUNT) as additional consideration to resolve the claims raised in the TEXAS LITIGATION. CRD shall deliver a cashier s check made payable to Jenkins & Watkins, P.C. Trust Account to counsel for TRM in the full amount of the PRINCIPAL AMOUNT on or before September 27, 2007.**

2. **Transfer of Certain Property. As additional consideration to resolve the claims raised in the NC LITIGATION, CRD shall deliver to TRAVMED the following documents and tangible things within seven (7) days of the execution of this AGREEMENT by TRM:**

(a) **The original contract between TRAVMED and the Department of Veterans Affairs.**

(b) **The tangible items that are listed on EXHIBIT A attached hereto.**

(c) **Whatever financial information that may be reasonably necessary in order for TRAVMED to file its 2006 tax returns for the period of May 9, 2006 to December 31, 2006.**

(c) Whatever financial information that may be reasonably necessary in order for TRAVMED to

(d) **A copy of the backup of the original TRAVMED server array [believed to be referenced as TRAV-SERV01RAID5] that was made on or about June 23, 2006, which comprises of a copy of what existed as of March 28, 2005.**

(d) A copy of the backup of the original TRAVMED server array [believed to be referenced as T

In the event that TRAVMED reasonably requires additional financial information pertaining to TRAVMED in connection with an IRS audit, CRD agrees to reasonably cooperate with TRAVMED by complying with reasonable requests for additional information.

3. **CRD s Release.** In consideration for the mutual agreements contained herein, CRDENTIA and CRDE, on behalf of themselves and their past, current or future subsidiaries, related entities, assigns, officers, directors, agents, servants, attorneys, insurers, employees, consultants, trustees, heirs and the like, (collectively, the CRD RELEASING PARTIES) hereby agree to and do hereby forever generally release and discharge LITTON, WILLIAMS, TRAVMED and their past, current or future subsidiaries, related entities, assigns, officers, directors, agents, servants, attorneys, insurers, employees, consultants, trustees, heirs and the like, (collectively, the TRM RELEASED PARTIES) of and from any and all rights, claims, demands, actions and causes of action, whether known or unknown, suspected or unsuspected, which the CRD RELEASING PARTIES have, may have or may claim to have, against the TRM RELEASED PARTIES, arising out of any act, omission, or event occurring prior to or contemporaneously with the execution of this Agreement, from the beginning of time through the EFFECTIVE DATE of this AGREEMENT, including,

without limitation, those matters which were asserted or which might have been asserted in the TEXAS LITIGATION, or the NC LITIGATION, including, without limitation, any claims for breach of contract, any claims based on tort or any claims in equity; and any other statutory, regulatory or common law causes of action. The CRD RELEASING PARTIES hereby release the TRM RELEASED PARTIES from any liability, past or present, including, without limitation, any and all claims for damages including all claims for actual, compensatory, statutory, punitive, treble, or exemplary damages, costs and expenses, or attorneys' fees which any of the CRD RELEASING PARTIES, has, may have, or may claim to have, against any of the TRM RELEASED PARTIES, from the beginning of time through the EFFECTIVE DATE of this AGREEMENT. The CRD RELEASING PARTIES expressly intend that this release to reach to the maximum extent permitted by law, provided however, that the CRD RELEASING PARTIES do not hereby waive, relinquish or release any rights arising out of this AGREEMENT.

without limitation, those matters which were asserted or which might have been asserted in the TEXAS LITIGATION

4. **TRM s Release.** In consideration for the mutual agreements contained herein, LITTON, WILLIAMS and TRAVMED, on behalf of themselves and their past, current or future subsidiaries, related entities, assigns, officers, directors, agents, servants, attorneys, insurers, employees, consultants, trustees, heirs and the like, (collectively, the TRM RELEASING PARTIES) hereby agree to and do hereby forever generally release and discharge CRDENTIA, CRDE and their past, current or future subsidiaries, related entities, assigns, officers, directors, agents, servants, attorneys, insurers, employees, consultants, trustees, heirs and the like, including but not limited to James D. Durham (collectively, the CRD RELEASED PARTIES), of and from any and all rights, claims, demands, actions and causes of action, whether known or unknown, suspected or unsuspected, which

the TRM RELEASING PARTIES have, may have or may claim to have, against the CRD RELEASED PARTIES, arising out of any act, omission, or event occurring prior to or contemporaneously with the execution of this Agreement, from the beginning of time through the EFFECTIVE DATE of this AGREEMENT, including, without limitation, those matters which were asserted or which might have been asserted in the TEXAS LITIGATION or the NC LITIGATION, including, without limitation, any claims for breach of contract, any claims based on tort or any claims in equity; and any other statutory, regulatory or common law causes of action. The TRM RELEASING PARTIES hereby release the CRD RELEASED PARTIES from any liability, past or present, including, without limitation, any and all claims for damages including all claims for actual, compensatory, statutory, punitive, treble, or exemplary damages, costs and expenses, or attorneys fees which any of the TRM RELEASING PARTIES, has, may have, or may claim to have, against any of the CRD RELEASED PARTIES, from the beginning of time through the EFFECTIVE DATE of this AGREEMENT. The TRM RELEASING PARTIES expressly intend that this release to reach to the maximum extent permitted by law, provided however, that the TRM RELEASING PARTIES do not hereby waive, relinquish or release any rights arising out of this AGREEMENT.

the TRM RELEASING PARTIES have, may have or may claim to have, against the CRD RELEASED PARTIES, ar

5. **Representations.** The PARTIES understand that each of the representations and commitments by them in this Agreement is essential and material to each of the PARTIES and that the consideration referenced herein would not have been given but for each of these representations and commitments by each of them.

5. Representations. The PARTIES understand that each of the representations and commi

6. Obligations to Creditors and Indemnity. TRAVMED will indemnify, defend, and hold CRD harmless against and from all matters or obligations listed on the schedules attached hereto as **EXHIBIT B**. In the event that any person or entity presents a claim or demand to CRD regarding any matter or obligation listed on the schedules attached hereto as Exhibit B, CRD shall promptly provide written notice of such claim or demand to TRAVMED, along with all information reasonably available to CRD regarding such claim or demand. Thereafter, TRAVMED will have an obligation to attempt to resolve such claim or demand and/or to defend such claim or demand if no resolution is accomplished by TRAVMED. Further, TRAVMED's maximum obligation to indemnify (but not to defend) CRD regarding each matter or obligation listed on the schedules attached hereto as Exhibit B shall be limited to the amount of each matter or obligation listed on the schedules attached hereto as Exhibit B. Nothing in this AGREEMENT shall be interpreted or construed as an admission by any PARTY of liability or responsibility for any matter or obligation not listed on the schedules attached hereto as Exhibit B.

7. **Notices. All notices and other communications hereunder shall be communicated to the PARTIES in writing and shall be hand-delivered or mailed by registered or certified mail, postage prepaid, with return receipt requested. Hand-delivered notices shall be deemed communicated when received. Mailed notices shall be deemed communicated upon the earlier of: (i) the date of receipt, or (ii) three (3) full business days after mailing if mailed to the following respective addresses:**

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TO LITTON:

Robert Litton
1815 Coffey Point Dr., Ste. 100
Charlotte, NC 28217

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WITH A COPY TO: Kevin Robinowitz
Jenkins & Watkins, A Professional Corporation
2515 McKinney Avenue, Suite 800
Dallas, Texas 75201

TO WILLIAMS: Steve Williams
1815 Coffey Point Dr., Ste. 100
Charlotte, NC 28217

WITH A COPY TO: Kevin Robinowitz
Jenkins & Watkins, A Professional Corporation
2515 McKinney Avenue, Suite 800
Dallas, Texas 75201

TO TRAVMED: Travmed USA, Inc.
Attn: Mr. Robert Litton
1815 Coffey Point Dr., Ste. 100
Charlotte, NC 28217

WITH A COPY TO: Kevin Robinowitz
Jenkins & Watkins, A Professional Corporation
2515 McKinney Avenue, Suite 800
Dallas, Texas 75201

TO CRDENTIA: Crdentia Corp.
Attention: Mr. John Kaiser
Chief Executive Officer
and
Mr. James J. TerBeest
Chief Financial Officer
5001 LBJ Freeway
Suite 850
Dallas, Texas 75244

WITH A COPY TO: Boyd A. Mouse
Kane Russell Coleman & Logan P.C.
3700 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75201

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TO CRDE Corp.:

CRDE Corp.
Attention: Mr. John Kaiser
Chief Executive Officer
and
Mr. James J. TerBeest
Chief Financial Officer
5001 LBJ Freeway
Suite 850
Dallas, Texas 75244

WITH A COPY TO:

Boyd A. Mouse
Kane Russell Coleman & Logan P.C.
3700 Thanksgiving Tower
1601 Elm Street
Dallas, Texas 75201

TO MEDCAP:

C. Fred Toney
MedCap Partners, L.P.
500 Third Street, Suite 535
San Francisco, CA 94107

Any PARTY may change an address for notices by giving written notice to the other PARTIES.

8. Additional Representations and Indemnification Agreement by MEDCAP To induce LITTON, WILLIAMS and TRAVMED to enter into this AGREEMENT, MEDCAP represents and affirms as follows: (1) On or about April 18, 2006, CRDENTIA, CRDE, TRAVMED, and certain other entities owned or controlled by CRDENTIA issued a promissory note in the principal amount of One Million, Four Hundred and Ten Thousand Dollars (\$1,410,000.00) made payable to Staff Search, Ltd. (the STAFF SEARCH NOTE); (2) MEDCAP purchased the STAFF SEARCH NOTE; (3) During the time that MEDCAP was the sole owner of the STAFF SEARCH NOTE and all legal rights arising therefrom, MEDCAP released TRAVMED from all obligations under the

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7. Notices. All notices and other communications hereunder shall be communicated to the

STAFF SEARCH NOTE; and (4) During the time that MEDCAP was the sole owner of the STAFF SEARCH NOTE and all legal rights arising therefrom, MEDCAP removed TRAVMED from the STAFF SEARCH NOTE by eliminating any reference to TRAVMED from the STAFF SEARCH NOTE and by striking out TRAVMED's signature from the STAFF SEARCH NOTE.

To further induce LITTON, WILLIAMS and TRAVMED to enter into this AGREEMENT, CRD warrants and represents that the STAFF SEARCH NOTE is the only promissory note (other than any promissory notes or indebtedness with Bridge Healthcare Finance, LLC or its related entities, from which TRAVMED has been released) that was entered into, undertaken or made by TRAVMED from March 28, 2005 through May 9, 2006.

To further induce LITTON, WILLIAMS and TRAVMED to enter into this AGREEMENT, MEDCAP promises that, should either CRDENTIA or CRDE file a voluntary petition in bankruptcy or have an involuntary petition in bankruptcy filed against it within 100 days of the day on which CRD delivers payment of the PRINCIPAL AMOUNT to TRM's attorney, MEDCAP will indemnify, defend, and hold LITTON, WILLIAMS and TRAVMED harmless against and from any and all preference claims that may be brought against LITTON, WILLIAMS or TRAVMED as a result of the payment of the PRINCIPAL AMOUNT. In the event that any person or entity presents a claim or demand to LITTON, WILLIAMS or TRAVMED regarding such preference claim, TRM shall promptly provide written notice of such claim or demand to MEDCAP, along with all information reasonably available to TRM regarding such claim or demand. Thereafter, MEDCAP will have an obligation to attempt to resolve such claim or demand and/or to defend such claim or demand if no

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resolution is accomplished by MEDCAP. Further, MEDCAP's maximum obligation to indemnify (but not to defend) LITTON, WILLIAMS or TRAVMED shall be limited to the PRINCIPAL AMOUNT.

To induce CRD and MEDCAP to enter into this AGREEMENT, LITTON, WILLIAMS and TRAVMED covenant and agree that they have not and shall not take any action whatsoever, directly or indirectly, to encourage, solicit, assist, induce, or in any way aid any other person or entity in the filing of any petition in bankruptcy against CRDENTIA and/or CRDE. In the event that LITTON, WILLIAMS or TRAVMED breach or have breached the foregoing covenant, then MEDCAP shall be excused and/or relieved of any obligation to indemnify, defend, and hold LITTON, WILLIAMS and TRAVMED harmless against and from any and all preference claims that may be brought against LITTON, WILLIAMS or TRAVMED as a result of the payment of the PRINCIPAL AMOUNT.

9. **Letter to Bridge Healthcare Finance, LLC and Bridge Opportunity Finance, LLC.** Concurrently with the execution of this AGREEMENT, the PARTIES shall execute the letter in the form attached hereto as EXHIBIT C, which will authorize and request Bridge Healthcare Finance, LLC and Bridge Opportunity Finance, LLC (collectively, BRIDGE) to release to CRD all monies held by BRIDGE as a result of the PARTIES' disputes. CRD represents and warrants that the amount of money being held by BRIDGE is less than \$25,000. CRD represents and warrants that all monies held by BRIDGE as a result of the PARTIES' disputes and being released pursuant to the letter attached as EXHIBIT C are being held by Bridge solely to pay its anticipated attorney's

fees expended on matters related the PARTIES disputes. The PARTIES shall take whatever additional reasonable actions, if any, that Bridge may request to accomplish the release of the foregoing funds to CRD.

10. No Indemnity for Medical Malpractice and Workman's Compensation Liability Claims. LITTON, WILLIAMS and TRAVMED agree that CRDENTIA and CRDE shall not have any responsibility to indemnify, defend or hold them harmless from any claims, demands and causes of action asserted against LITTON, WILLIAMS, or TRAVMED arising from any acts or omissions occurring, in whole or in part, during the time period from March 28, 2005 to May 8, 2006, including but not limited to (1) any incident involving a patient that occurred in whole or in part during the period from March 28, 2005 to May 8, 2006, or (2) any on-the-job injury sustained in whole or in part by a TRAVMED nurse or employee during the period from March 28, 2005 to May 8, 2006. CRDENTIA and CRDE agree that LITTON, WILLIAMS and TRAVMED shall not have any responsibility to indemnify, defend or hold them harmless from any claims, demands and causes of action asserted against CRDENTIA or CRDE arising from any acts or omissions occurring, in whole or in part, during the time period from March 28, 2005 to May 8, 2006, including but not limited to (1) any incident involving a patient that occurred in whole or in part during the period from March 28, 2005 to May 8, 2006, or (2) any on-the-job injury sustained in whole or in part by a TRAVMED nurse or employee during the period from March 28, 2005 to May 8, 2006. Nothing in this AGREEMENT shall be interpreted or construed as an admission by any PARTY of liability or responsibility for any such claims.

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11. **Additional Representations by LITTON and WILLIAMS.** LITTON and WILLIAMS each represent and warrant to CRD that they are the sole shareholders of TRAVMED as of the EFFECTIVE DATE.

12. **Advice of Counsel.** In executing this **AGREEMENT**, each of the **PARTIES** acknowledges that they have either consulted with counsel of their choice or have had sufficient opportunity to consult with counsel of their choice; and, that they have executed this **AGREEMENT** freely and voluntarily, after independent investigation, and without fraud, duress or undue influence. The **PARTIES** further acknowledge and agree that they have had a reasonable period of time for deliberation before executing this **AGREEMENT**.

13. **Applicable Law. This AGREEMENT shall be exclusively enforceable in Dallas County, Texas, and a Court of proper jurisdiction located in Dallas County, Texas shall be exclusive venue for any lawsuit regarding this AGREEMENT. This AGREEMENT shall be interpreted by, governed by, and enforced under the laws of the State of Texas, and is performable exclusively in Dallas County, Texas.**

14. **Amendments. This AGREEMENT constitutes the entire understanding between the PARTIES. This AGREEMENT replaces and supersedes any previous agreements between LITTON and CRDENTIA, between LITTON and CRDE, between WILLIAMS and CRDENTIA, between WILLIAMS and CRDE, between TRAVMED and CRDENTIA, between TRAVMED and CRDE, as well as any other agreement between LITTON, WILLIAMS and/or TRAVMED and any entity owned or controlled, whether directly or indirectly, by CRDENTIA, as well as any other agreement between CRDENTIA, CRDE, and any entity owned or controlled, whether directly or indirectly, by**

LITTON, WILLIAMS and/or TRAVMED. No subsequent amendments to this AGREEMENT or other promises or agreements shall be binding unless they are in writing and signed by an officer or person authorized to bind the party against whom the enforcement of such amendments, promises or agreements is sought. In the event any portion of this AGREEMENT is deemed unenforceable, void, voidable, or of no force and effect, no other portion will be thereby affected, and the remainder of this AGREEMENT will continue in full force and effect. The AGREEMENT may be executed in multiple originals each of which shall be construed as an original.

15. **Dismissal of the TEXAS LITIGATION and the NC LITIGATION.**

The PARTIES shall dismiss the TEXAS LITIGATION, the FIRST NC LAWSUIT, the SECOND NC LAWSUIT, and the NC LITIGATION in their entirety, with prejudice to the refilling of same. The PARTIES hereby authorize their respective counsel to dismiss the TEXAS LITIGATION, the FIRST NC LAWSUIT, the SECOND NC LAWSUIT, and the NC LITIGATION in their entirety, with prejudice to the refilling of same, with each party to bear its own costs and fees. The PARTIES also authorize their respective counsel to file whatever papers are necessary to accomplish the return of any bonds or other monies deposited with a court to the PARTY that deposited the same.

16. **No Assignment/Indemnity. The CRD RELEASING PARTIES hereby represent and warrant that they have not assigned or otherwise transferred to any other person or entity any interest in any claim, demand, action and/or cause of action they have, or may have, or may claim to have against any of the TRM RELEASED PARTIES. CRD agrees to indemnify and hold harmless each and every one of the TRM RELEASED PARTIES from any and all injuries, harm, damages, costs,**

losses, expenses and/or liability including reasonable attorneys fees and court costs, incurred as a result of any claims or demands which may hereafter be asserted against any of the TRM RELEASED PARTIES by, through, or by virtue of an assignment or other transfer by the CRD RELEASING PARTIES or any assignee of the CRD RELEASING PARTIES. The CRD RELEASING PARTIES represent and warrant that they have made no assignment for the benefit of creditors and that they have not filed any bankruptcy proceeding, nor had any bankruptcy proceeding pending to their knowledge, since January 1, 2005. The TRM RELEASING PARTIES hereby represent and warrant that they have not assigned or otherwise transferred to any other person or entity any interest in any claim, demand, action and/or cause of action they have, or may have, or may claim to have against any of the CRD RELEASED PARTIES. TRM agrees to indemnify and hold harmless each and every one of the CRD RELEASED PARTIES from any and all injuries, harm, damages, costs, losses, expenses and/or liability including reasonable attorneys fees and court costs, incurred as a result of any claims or demands which may hereafter be asserted against any of the CRD RELEASED PARTIES by, through, or by virtue of an assignment or other transfer by the TRM RELEASING PARTIES or any assignee of the TRM RELEASING PARTIES. The TRM RELEASING PARTIES represent and warrant that they have made no assignment for the benefit of creditors and that they have not filed any bankruptcy proceeding, nor had any bankruptcy proceeding pending to their knowledge, since January 1, 2005.

17. **Multiple Counterparts. The AGREEMENT may be executed in multiple originals each of which shall be construed as an original.**

18. **Warranty of Authority.** Each of the signatories hereto represents and warrants that he or she is competent to execute this AGREEMENT and has full authority to bind the PARTY represented.

19. **No Waiver.** The waiver by any PARTY hereto of any provision of this AGREEMENT shall not operate or be construed as a waiver of any subsequent breach by any PARTY, nor shall any waiver operate or be construed as a rescission of this AGREEMENT.

20. **Section Captions. Any section captions which may appear on this document are not part of this AGREEMENT and shall not be used in construing its terms.**

21. **Facsimile Signatures. A signature by facsimile shall be as binding as an original signature.**

22. **Construction of Agreement. Each PARTY has participated equally in the formation and drafting of this AGREEMENT. Any ambiguity herein shall not be construed against any PARTY as the drafter of this AGREEMENT.**

23. **Voluntary Agreement.** The PARTIES further declare that, upon execution of this AGREEMENT, the terms of such AGREEMENT have been completely read, are fully understood, and are voluntarily accepted, after complete consideration of all facts and their legal rights, of which each has had the opportunity to be fully advised by counsel for the purpose of making a full and final compromise, adjustment, and settlement of the claims released herein.

24. **Costs.** The PARTIES agree that each of the PARTIES shall bear the costs of court and attorney s fees that have been incurred by that PARTY, and that no PARTY shall be entitled to any further award of costs or fees.

25.

Release of contracts with and claims against TRAVMED employees. CRDENTIA and CRDE hereby release each individual actually employed by TRAVMED at any time from May 9, 2006 through the EFFECTIVE DATE of this AGREEMENT from any obligation, claim or liability contained in any contract or agreement entered into between such individual and CRDENTIA, CRDE, or any other entity owned or controlled by CRDENTIA or CRDE. Notwithstanding the foregoing, CRD is not releasing any of the foregoing individuals from any statutory or common law duties regarding trade secrets or confidential or proprietary information.

25.

Release of contracts with and claims against TRAVMED employees. CRDENTIA and CRD

26. **Return of Payments made by Third Parties.** In the event that CRDENTIA, CRDE or any entity owned or controlled by CRDENTIA or CRDE receives a check, warrant or transfer made payable, in whole or in part, to TRAVMED or in which the payee s name includes the word Travmed, CRD agrees that it will provide NOTICE of such check, warrant or transfer to TRAVMED within ten (10) days of receiving same. In the event that CRDENTIA, CRDE or any entity owned or controlled by CRDENTIA or CRDE receives a check, warrant or transfer made payable solely to TRAVMED, CRD agrees that it will forward such check, warrant or transfer to TRAVMED within ten (10) days of receiving same. In the event that LITTON, WILLIAMS or TRAVMED, or any entity owned or controlled by LITTON, WILLIAMS or TRAVMED receives a check, warrant or transfer made payable, in whole or in part, to CRDENTIA or CRDE, or in which the payee s name includes the words Crdentia or CRDE, TRM agrees that it will provide NOTICE of such check, warrant or transfer to CRD within ten (10) days of receiving same. In the

event that LITTON, WILLIAMS or TRAVMED, or any entity owned or controlled by LITTON, WILLIAMS or TRAVMED receives a check, warrant or transfer made payable solely to CRDENTIA and/or CRDE, TRM agrees that it will forward such check, warrant or transfer to CRD within ten (10) days of receiving same.

27. **Payment to GE Capital on the Panafax machine. CRD represents and warrants that it will pay the outstanding obligations listed on the schedule attached hereto as EXHIBIT D within ten (10) days of the EFFECTIVE DATE.**

28.

Written Notice of Breach. No PARTY shall be in breach of any covenant, agreement, or obligation hereunder unless such PARTY fails to cure such breach within seven (7) days from the receipt of written notice specifying the circumstances of such breach from any other PARTY.

28.

Written Notice of Breach. No PARTY shall be in breach of any covenant, agreement, or ob

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29. **Taxes.** CRD represents and warrants that it has filed, or will file, all state and federal income tax returns relating to TRAVMED during the time period from March 28, 2005 through May 8, 2006 that may be required by any state or federal government. Except for any matters or obligations listed on the schedules attached hereto as Exhibit B , CRD represents and warrants that it has paid, or will pay, any and all taxes, including but not limited to income, franchise, property tax, and payroll taxes, that were due or owing by TRAVMED due to business conducted, property owned or payments made or received during the time period from March 28, 2005 through May 8, 2006.

30. **Attorneys Fees. The provisions of Texas Civil Practice and Remedies Code Chapter 38 shall govern the recovery of reasonable attorneys fees and costs for a claim asserted by a PARTY**

under this AGREEMENT.

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IN WITNESS WHEREOF, the PARTIES have executed this AGREEMENT and make it effective on the 14th day of September, 2007.

Agreed to and Accepted on this 14th day of September, 2007.

CRDENTIA CORP.

By: /s/ John Kaiser

Name: John Kaiser

Its: CEO

Agreed to and Accepted on this 14th day of September, 2007.

CRDE CORP.

By: /s/ John Kaiser

Name: John Kaiser

Its: CEO

Agreed to and Accepted on this 14th day of September, 2007.

TRAVMED USA, INC.

By: /s/ Steve Williams

Name: Steve Williams

Its: President

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Agreed to and Accepted on this 14th day of September, 2007.

/s/ Robert Litton