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

FORM 8-K/A

(Amendment No. 2)

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

Date of Report (Date of earliest event reported): November 4, 2011

SG BLOCKS, INC.
(Exact name of registrant as specified in its charter)

Delaware	000-22563	95-4463937
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

400 Madison Avenue, Suite 16C NY, New York	10017
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (646) 747-2423

CDSI HOLDINGS INC., 100 S.E. Second Street, Miami, Florida 33131
(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):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

EXPLANATORY NOTE

As reported in the Current Report on Form 8-K filed by the Company on August 2, 2011 with the Securities and Exchange Commission (the "SEC"), CDSI Holdings Inc., a Delaware corporation (now known as SG Blocks, Inc.) ("CDSI" or the "Company") entered into a Merger Agreement and Plan of Reorganization, as amended (the "Merger Agreement") by and among CDSI, CDSI Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of CDSI ("Merger Sub"), SG Blocks, Inc., a Delaware corporation (n.k.a SG Building Blocks, Inc.) ("SG Building"), and certain stockholders of SG Building.

As reported in the Current Report on Form 8-K filed by the Company on November 10, 2011 (the "Original 8-K"), Merger Sub merged with and into SG Building on November 4, 2011, with SG Building surviving the Merger and becoming a wholly-owned subsidiary and principal operating business of CDSI (the "Merger"). Upon consummation of the Merger, SG Building changed its name to SG Building Blocks, Inc.

On November 14, 2011, the Company filed an amendment to the Original 8-K (the "First Amendment"). This Current Report on Form 8-K/A is being filed to, among other things: (a) clarify disclosure regarding the relationship between the Company and certain of its suppliers and providers included in the Original 8-K, (b) clarify, among other things, certain line items mentioned in the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the First Amendment, (c) correct the beneficial ownership table information and related footnotes thereto included in the First Amendment, (d) revise disclosure regarding the independence standards used by the Company to determine the independence of the Company's directors included in the Original 8-K, (e) refile Exhibit 10.6 with the exhibits to that exhibit that were not previously filed with the First Amendment, and (f) file the exhibit required by Regulation S-K Item 601(b)(21).

Item 2.01 Completion of Acquisition of Disposition of Assets.

Merger

Structure

As reported in the Current Report on Form 8-K filed by the Company on August 2, 2011 with the Securities and Exchange Commission (the "SEC") (the "August 8-K"), CDSI entered into a Merger Agreement and Plan of Reorganization, as amended (the "Merger Agreement") by and among CDSI, CDSI Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of CDSI ("Merger Sub"), SG Blocks, Inc., a Delaware corporation (n.k.a SG Building Blocks, Inc.) ("SG Building"), and certain stockholders of SG Building (the "Signing Stockholders").

On November 4, 2011, Merger Sub merged with and into SG Building, with SG Building surviving the Merger and becoming a wholly-owned subsidiary and principal operating business of CDSI (the "Merger") and the holders of common stock of SG Building will received the Merger Consideration described below under the heading "*Merger Consideration*." Upon consummation of the Merger, SG Building changed its name to SG Building Blocks, Inc.

On July 27, 2011, in connection with the Merger, CDSI obtained the written consent of a majority of its outstanding common stock approving, among other things, (i) the Merger Agreement and the related transactions, including the Change of Control described in Item 5.01; (ii) an increase in the number of authorized shares of the Company's common stock, par value $0.01 per share, (the "Common Stock") from 25,000,000 shares to 100,000,000 shares, (iii) the change of the name of the Company to "SG Blocks, Inc." and (iv) the adoption of a 2011 Incentive Stock Plan (the "2011 Plan") to be effective upon consummation of the Merger. The foregoing eliminated the need for a special stockholder meeting to approve such items. The Company's Board of Directors (the "Board") had previously approved each of the foregoing items.

The 2011 Plan allows CDSI to issue options, stock appreciation rights, restricted stock and other stock or incentive awards to directors, officers, consultants, advisors and employees of CDSI. The 2011 Plan provides for the issuance of awards of up to 8,000,000 shares of CDSI's Common Stock.

Upon consummation of the Merger, (i) Robert Lundgren and Glenn Halpryn resigned from their Board positions with the Company and (ii) Paul M. Galvin, SG Building's Chief Executive Officer, Joseph Tacopina, a director of SG Building's, Stevan Armstrong, SG Building's President and Chief Operating Officer, J. Scott Magrane and Christopher Melton were appointed to the Company's Board.

Additionally, upon consummation of the Merger, (i) each of Richard J. Lampen and J. Bryant Kirkland III resigned from their positions as officers of the Company and (ii) Paul Galvin became the Chief Executive Officer of the Company, Brian Wasserman became the Chief Financial Officer of the Company, Stevan Armstrong became the President and Chief Operating Officer of the Company and Jennifer Strumingher became the Chief Administrative Officer of the Company.

As a result of the foregoing, the Change of Control occurred with respect to the Company's stock ownership and management upon consummation of the Merger. See section titled "*Certain Relationships And Related Transactions, and Director Independence -Transaction Relationships - Ladenburg*" in this Item 2.01 for additional background to the Merger and Transaction Relationships. See Item 5.01 titled "*Change in Control of The Registrant*" for additional Change in Control of The Registrant, which is incorporated by reference.

Consideration

Upon consummation of the Merger, the holders of common stock of SG Building became entitled to receive an aggregate of 36,050,764 shares of Company Common Stock (subject to rounding of fractional shares to the next whole share). Additionally, Ladenburg Thalmann & Co. Inc. ("Ladenburg") became entitled to receive in the Merger 408,750 shares of Company Common Stock pursuant to contractual obligations between SG Building and Ladenburg.

Upon consummation of the Merger, all outstanding SG Building warrants were cancelled and substituted with warrants of similar tenor to purchase an aggregate of 1,145,510 shares of Company Common Stock.

As a result of the foregoing, the holders of Company Common Stock prior to the Merger now own an aggregate of 8% of the Company Common Stock on a fully diluted basis, the stockholders and warrant holders of SG Building now beneficially own an aggregate of 91% of the Company Common Stock on a fully diluted basis and Ladenburg owns an aggregate of 1% of the Company Common Stock on a fully diluted basis (not including warrants to purchase shares of Company Common Stock it will receive in the Merger as a result if it currently holding warrants to purchase shares of SG Building common stock).

The Company Common Stock was issued pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") pursuant to Section 4(2) thereof.

Indemnification of CDSI

To provide a fund for payment to CDSI with respect to its post-closing rights to indemnification under the Merger Agreement, 817,500 shares of Company Common Stock, which were to be received by the holders of SG Building common stock, were placed in escrow with an independent escrow agent ("Indemnity Escrow Fund"). The Indemnity Escrow Fund is the sole remedy for CDSI for its rights to indemnification under the Merger Agreement. Claims for indemnification may be asserted against the Indemnity Escrow Fund by CDSI once its damages exceed a $500,000 deductible and will be reimbursable to the full extent of the damages in excess of such amount up to a maximum of the Indemnity Escrow Fund. Claims for indemnification may be asserted until the 5th business day after CDSI has filed with the SEC its Annual Report on Form 10-K for the fiscal year ending December 31, 2011.

Lock-Up Agreements

Pursuant to the terms of lock-up agreements entered into upon signing of the Merger Agreement (the "Lock-Up Agreements"), all of the officers and directors of SG Building and each stockholder of SG Building then owning in excess of 20% of the SG Building common stock agreed not to sell their shares until the 12-month anniversary of the consummation of the Merger, subject to certain exceptions.

Charter Amendments

As previously reported in the August 8-K, the Company, in connection with the Merger Agreement, changed its name to "SG Blocks, Inc." and increased its authorized shares of Common Stock from 25,000,000 shares to 100,000,000 shares. To effect these changes, the Company filed an amended and restated certificate of incorporation with the Secretary of State of the State of Delaware upon consummation of the Merger on November 4, 2011. Concurrently with the filing of the amended and restated certificate of incorporation, the Company notified the Financial Industry Regulatory Authority ("FINRA") of the name change and obtained a new trading symbol for the Company Common Stock. The Company's Common Stock is now quoted on the OTC Bulletin Board under the symbol "SGBX". The Company's Common Stock was previously quoted under the symbol "CDSI".

As the Company's business operations are conducted through SG Building (f.k.a. SG Blocks, Inc.) following consummation of the Merger, the Company believes that the name "SG Blocks, Inc." better describes its business model.

The increase in the authorized number of shares of Common Stock was necessary in order for the Company to have sufficient stock available to issue to the holders of SG Building common stock of upon consummation the Merger and to have additional authorized shares of Common Stock for financing the Company's business, for acquiring other businesses, for forming strategic partnerships and alliances, for stock dividends and stock splits, and for compensation purposes. Except with regard to using such additional authorized shares for compensation purposes, the Company currently has no such plans, proposals, or arrangements, written or otherwise, to issue any of the additional authorized shares of Common Stock for such purposes. For a description of the options granted by the Board on November 7, 2011, see the information set forth under the heading "Executive and Director Compensation - 2011 Option Grants" in Item 2.01, which is incorporated by reference. Notwithstanding the foregoing, authorized but unissued shares of Common Stock may enable the Company's Board to render it more difficult or to discourage an attempt to obtain control of the Company and thereby protect continuity of or entrench its management, which may adversely affect the market price of the Company's Common Stock. If in the due exercise of its fiduciary obligations, for example, the Company's Board were to determine that a takeover proposal were not in the best interests of the Company, such shares could be issued by the board of directors without stockholder approval in one or more private placements or other transactions that might prevent or render more difficult or make more costly the completion of any attempted takeover transaction by diluting voting or other rights of the proposed acquirer or insurgent stockholder group, by creating a substantial voting bloc in institutional or other hands that might support the position of the incumbent Board, by effect effecting an acquisition that might complicate or preclude the takeover, or otherwise.

The Company has attached hereto as Exhibits 3.1 a copy of the Amended and Restated Certificate of Incorporation of the Company, which reflect the above described amendments and which was filed with the Delaware on November 4, 2011. The foregoing summary is qualified in their entirety by the contents of the Amended and Restated Certificate of Incorporation of the Company.

2011 Plan

Reference is made to the section titled "*Description of Stockholder Matters - Stock Plan*" of the Definitive Information Statement on Schedule 14C as filed with the SEC on October 4, 2011 with respect to the description of the 2011 Plan. The 2011 Plan was filed at Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by CDSI on August 2, 2011.

Business

Reference is made to Item 1 of the 2010 Annual Report on Form 10-K as filed with the SEC on January 31, 2011 with respect to the description of the business of CDSI prior to consummation of the Merger. Upon consummation of the Merger, the business of SG Building became the principal operating business of CDSI. The business of SG Building, now the principal business of CDSI, is described below.

Overview

On October 25, 2010, SG Blocks, LLC ("**SG LLC**"), a Missouri limited liability company, merged with and into SG Building, which then continued the business of SG LLC. SG LLC was formed on January 23, 2007 and SG Building (formerly SG Blocks, Inc.) was formed in Delaware on August 16, 2010. SG Building was not engaged in any business prior to the merger with SG LLC in 2010.

The principal business of SG Building is to provide code engineered cargo shipping containers. SG Building modifies and delivers containers to meet the growing demand for safe and green construction. Rather than consuming new steel and lumber, SG Building capitalizes on the structural engineering and design parameters a shipping container must meet and repurposes them for use in building. Offering a product that typically exceeds building code requirements, SG Building seeks to enable developers, architects, builders and owners to achieve greener construction, faster execution and stronger buildings of higher value. Since its inception in 2007, SG Building has developed and implemented the technology to break away from standardized container-construction while maintaining reduced costs. Committed to providing a construction methodology that will lessen the global carbon footprint, SG Building does not simply recycle (which requires additional energy consumption to break down material and then reform it for another purposes) — it utilizes existing steel material and repurposes it into modules that can be put to a higher and better use with significantly less energy input. In addition to providing code engineered cargo shipping containers for construction use, SG Building also continues to advance a patent pending structural steel framing system and the use thereof.

SG Building's products have been featured in reports by several leading media outlets including NY Post, USA Today, CNN, Washington Post, ABC World News, NBC Nightly News and Bob Vila. In addition, Popular Mechanics selected one of SG Building's buildings as a "best green design" in its April 2009 edition.

Description of Business

SG Building first selects shipping containers appropriate for the project, often that have reached the end of their useful life. These durable steel containers are then designed, proprietarily engineered and manufactured into a modified structure that is referred to in this "Business" section as "SG BlocksTM". A combination of engineering and architecture are used to make the containers adaptable for a wide variety of uses including housing, office buildings, barracks, hotels, schools, dormitories, hospitals, clinics and institutional facilities.

From a design perspective, SG BlocksTM can be used to build virtually any style of construction, from traditional to modern. SG BlocksTM can be delivered with a highly durable surface finish or ready to be clad with any type of standard or green technology friendly building skin.

SG BlocksTM have a particular application in meeting safe and sustainable housing needs in the United States and globally. The building system is designed to meet the needs of builders, developers, government officials, urban planners, architects, and engineers looking for fast and affordable alternatives that meet safe housing needs and standards, particularly in hurricane and earthquake prone areas. Criteria and testing processes have been developed to evaluate each container. Conversion and assembly is subjected to quality control, making the containers "code-ready." Conformance with International Code Council requirements is an ongoing objective as this standard is used by a vast majority of governmental jurisdictions in the United States.

Partners, affiliates and customers carry the responsibility for container storage, modification, transportation and welding, leaving SG Building to manage the logistical task of coordinating the efforts of its strategic partners. These alliances help SG Building maintain a steady supply of containers available around the world. SG Building is actively exploring international opportunities, including in Brazil where it has formed a subsidiary.

Green Building

There is a worldwide movement toward green and carbon neutrality. Sustainable or "green" building is the practice of designing, constructing, operating, maintaining and removing buildings in ways that conserve natural resources and reduce their impact on climate change. Builders are increasingly incorporating "green" components in all projects as they adopt the LEED system, a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings. SG Building believes its structural system contributes significantly towards LEED certification, and help minimize the wasteful practices of traditional construction methods.

Description of the Product

SG Building's structural building system represents a change from the way buildings have typically been built in the past. It also represents a contribution to the greening of the construction industry with the advancement of new technology. Of great importance to the technology is the recycling of standard shipping containers. Intermodal containers generally come in either 40 foot or 20 foot long units that are either 8'6" (standard cube) or 9'6" (high cube).

The payload rating in a shipping configuration for a 40 foot container is roughly 60,000 pounds. The payload rating normally associated with residential or commercial structures is in most cases half of that amount. These units are designed for 9-high stacking aboard ships. The structures in this condition need to be able to withstand 15 long tons of load transversely and 7.5 long tons longitudinally. This far exceeds any gravity or lateral loads a normal residential or commercial building will ever experience.

This strong structure is the beginning of the SG Building building system. Various combinations as desired of siding, brick, and stucco can be added and the interior finished as any conventional structure would be. Upon completion, structures look and feel as if they were erected using traditional construction methods. However, the SG Building product is generally stronger, more durable, environmentally sensitive, and finished in less time than traditional construction methods.

The Process of the SG Building Conversion

Containers are selected, tested and evaluated against SG Building's engineering, environmental, and utilization criteria and standards. The used containers are then certified as SG Building, ready for the manufacturing and fabrication processes. SG Building then provides specific and detailed engineering and fabrication details and modifies the containers in various configurations which often require structural changes, wall reconfigurations, the creation of window and door openings, and ceiling alterations to allow sheetrock hanging. The exterior walls and roof structure are then insulated with a high tech waterproof ceramic insulation. The SG BlocksTM are then shipped directly to the building site or are run through a modular factory and then delivered to the site. The builder places them into position on their foundation and connects them together by welding. The builder may then add roof trusses or other roof systems, and quickly the builder has an insulated structure under roof. The potential for savings in building time can be significant, particularly if interior pre-finish modularization is introduced at this step.

Historical Use of Shipping Containers in Construction

Although shipping containers have been reused as building structures since their introduction in the 1950s, such applications have been limited. Typically, shipping containers have been re-used to provide temporary shelter or storage. However, the idea of fabricating containers in large quantities for the building sector market is a relatively novel idea.

Over the past few years, several companies and individuals have been touting the use of shipping containers for construction purposes. Very few, however, have actually designed and built structures to meet building code requirements. In contrast, SG Building has already completed projects for the US Military, municipalities and Fortune 500 companies. As a result, SG Building believes it is positioned as the leader in this new technology industry.

SG Building believes it has debunked the architectural notion that structures built with containers look as if they were built with containers. Through concentrated education and promotion, SG Building believes that it has already begun to position its concept into the vocabulary of the architecture and building industries.

Competition

The construction industry is highly competitive. SG Building competes against numerous local, regional, national and international builders and others in the real estate business around the world. Going forward SG Building is committed to further educating the building community on the benefits of its technology to illustrate SG Building is more of a complement to than competition for builders. SG Building may compete for investment opportunities, financing, available land, raw materials and skilled labor with entities that possess greater financial, marketing and other resources than it does. Competition may increase if there is future consolidation in the land development and construction industry or from new building technologies that could arise. Additionally, many of those working with containers focus on the architecture and design element. As they are not fabricators, SG Building can provide the final product.

SG Building believes that it can distinguish itself from its competitors on the basis of cost and construction time. SG Building's construction method is typically 10% to 20% less expensive than traditional construction methods, particularly in urban locations and multi-story projects. Construction time is typically reduced by 30 – 40% using SG Building's construction method, reducing construction and soft costs substantially. The SG BlocksTM are designed to be hurricane, tornado and blast resistant, able to withstand harsh climate conditions and their flexibility of construction allows architects, developers, and owners to design the product to meet their needs.

Having already worked with regulatory agencies and obtained jurisdictional approvals from building departments, SG Building has gained practical experience needed to complement its engineering, architectural and technological knowledge. Standard permit approvals at the municipal level is the principal compliance and approval requirement for SG Building.

Intellectual Property

The creation of a proprietary, patentable intellectual property platform, driven by technological innovation, is a central strategy and a key differentiator for SG Building. This use of advanced technology is positioning SG Building as a primary resource for container based structure information and support. Such advanced application of technology creates a valuable marketing and closing tool for leads, a barrier to competitive entry, and is a cornerstone in the strategic development of SG Building's global, scalable business platform. SG Building is now routinely called upon to provide the product for innovative architects who design container based systems. SG Building relies primarily on trade secrets to protect its intellectual property and proprietary technology at this time.

The SG Buildings Network

One of SG Building's stockholders, ConGlobal Industries, Inc. ("ConGlobal"), is also one of its most important affiliates. ConGlobal is one of the largest depot operators in the United States. ConGlobal operates 17 container repair and storage depots in 14 U.S. cities, Costa Rica and Mexico, catering to major shipping, leasing and freight movement companies around the world. With a national capacity of over 600 acres, the ConGlobal network of maintenance depots currently handles over 6,500 containers per week and can accommodate at least 170,000 TEU's (twenty-foot equivalent unit). SG Building currently has an exclusive 10 year Collaboration and Supply contract with ConGlobal (the "ConGlobal Agreement"), which is currently being renegotiated. Each ConGlobal depot is equipped with the resources to modify used shipping containers into SG Building's green building material.

The ConGlobal Agreement, in its current form, generally provides that during the term of the ConGlobal Agreement, SG Building will purchase its supply of SG BlocksTM for SG Building's business exclusively from ConGlobal within the "Territory", as defined in the ConGlobal Agreement, and within the "Field of Use", as defined in the ConGlobal Agreement. The ConGlobal Agreement defines "Territory" as all locations within the continental United States within a five hundred (500) mile radius of an existing ConGlobal site. The ConGlobal Agreement defines "Field of Use" as housing, office, and/or retail uses generally constructed as a permanent structures, but excludes uses exclusively for storage, mobile storage, temporary storage and commercial applications that:

(1) are occupied by persons temporarily or infrequently (such as construction site temporary offices), or

(2) are not assembled into buildings consisting of greater than 6 containers in size and not intended for use as permanent housing, office, and/or retail structures, or
(3) are buildings of such nature that: (A) (i) they do not require a building or other permit or process from local government agencies, or (ii) are built from drawings, and/or specifications supplied to ConGlobal by the party buying the modified container(s) and (B) are for purposes that are not primarily for permanent housing, office and/or retail structures.

In the event a proposed use of shipping containers by ConGlobal is not clearly within or outside of the Field of Use, ConGlobal will notify SG Building of such proposed use and ConGlobal and SG Building will collaborate to determine whether such use is within the Field of Use and if so, whether (i) the proposed use by ConGlobal should be permitted; and (ii) if so, whether the proposed use should be performed on a shared or joint venture basis.

The ConGlobal Agreement also provides that ConGlobal will not supply SG BlocksTM to any entity competing with SG Building during the term of the ConGlobal Agreement unless SG Building fails to purchase at least sixty percent (60%) of its forecasted purchases, as defined, for two (2) consecutive years.

SG Building has eight employees, not including Brian Wasserman who is serving as the Chief Financial Officer of SG Building pursuant to a consulting agreement. SG Building also hires independent contractors on an as-needed basis.

FORWARD-LOOKING STATEMENTS

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as other portions of this Current Report on Form 8-K contain forward-looking statements. Such forward-looking statements involve a number of assumptions, risks, and uncertainties that could cause the actual results of the Company and SG Building to differ materially from those matters expressed in or implied by such forward-looking statements. They involve known and unknown risks, uncertainties, and other factors, which are in some cases beyond the control of the Company and SG Building. No forward-looking statement can be guaranteed and actual future results may vary materially. The actual results of the Company and SG Building could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties including without limitation, changes in funds budgeted by Federal, state and local governments, the availability and timely delivery of key raw materials, components and chassis, changes in competition, various inventory risks due to changes in market conditions, changes in product demand, substantial dependence on third parties for product quality, interest rate fluctuations, adequate direct labor pools, development of new products, changes in tax and other governmental rules and regulations applicable to the Company, reliability and timely fulfillment of orders and other risks indicated in the Company's filing with the SEC. Additional information regarding these risk factors and uncertainties is described more fully in the Company's SEC filings. A copy of all filings may be obtained from the SEC's EDGAR web site, www.sec.gov, or by contacting the Chief Administrative Officer at the Company's headquarters or by telephone 646-747-2423.

SG BUILDING'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction and Certain Cautionary Statements

The following discussion and analysis of our financial condition and results of operations is intended to assist in the understanding and assessment of significant changes and trends related to the results of operations and financial position of SG Building. This discussion should be read in conjunction with the other sections of this Current Report on Form 8-K, including the sections titled "Risk Factors" and "Business," the Company's Pro-forma Financial Statements and SG Building's Financial Statements attached hereto.

The statements in this information statement may contain forward-looking statements relating to such matters as anticipated future financial performance, business prospects, legislative developments and similar matters. See "Forward-Looking Statements." A variety of factors could cause actual results to differ materially from the anticipated results expressed in the forward-looking statements such as intensified competition and/or operating problems in its operating business projects and their impact on revenues and profit margins or additional factors. In addition, the information presented below is based on unaudited financial information. There can be no assurance that there will not be changes to this information once audited financial information is available.

General

SG Building is a Delaware corporation, which offers the construction industry a safer, greener, faster, longer lasting and more economical alternative to conventional construction methods. SG Building redesigns, repurposes, and converts heavy-gauge steel cargo shipping containers into safe green building blocks for commercial, industrial, and residential building construction.

On July 27, 2011, the Company entered into the Merger Agreement by and among Merger Sub, a Delaware corporation and a wholly-owned subsidiary of the Company, SG Building, a Delaware corporation (known as SG Blocks, Inc. prior to the Merger), and certain stockholders of SG Building. The Merger Agreement provides for the Merger of Merger Sub with and into SG Building, with SG Building surviving the Merger and becoming a wholly-owned subsidiary of the Company. Upon consummation of the Merger, SG Building became the principal operating business of the Company and the Company was renamed SG Blocks, Inc.

SG Building is a provider of code engineered cargo shipping containers that it modifies and delivers to meet the growing demand for safe and green construction. Rather than consuming new steel and lumber, SG Building capitalizes on the structural engineering and design parameters a shipping container must meet and repurposes them for use in building.

The following summaries of the Merger and related transactions, the Merger Agreement and the other agreements entered into by the parties are qualified in their entirety by reference to the text of the agreements, certain of which are attached as exhibits hereto and are incorporated herein by reference.

Upon consummation of the Merger, the holders of common stock of SG Building received an aggregate of 36,050,764 shares of the Company's Common Stock. Additionally, Ladenburg received in the Merger 408,750 shares of the Company's Common Stock. Upon consummation of the Merger, all outstanding SG Building warrants were cancelled and substituted with Company warrants of similar tenor to purchase an aggregate of 1,145,510 shares of the Company's Common Stock. Immediately following the Merger, warrants to purchase 100,926 shares of Company common stock were forfeited by a warrant holder.

The Merger was a reverse merger that will be accounted for as a recapitalization of SG Building, and accordingly SG Building is deemed to be the accounting acquirer.

Results of Operations

Year Ended December 31, 2010 Compared to the Year Ended December 31, 2009

	Year Ended December 31		
	2010	2009	Change
Loss from operations	$ (933,858)	$ (218,137)	$ (715,721)
Other expenses:	(313,786)	(80,982)	(232,804)
Net Loss	$ (1,247,644)	$ (299,119)	$ (948,525)

Revenue

Revenue for the year ended December 31, 2010 was $1,916,565 compared to $478,340 for the year ended December 31, 2009. This increase of $1,438,225 results from significantly increased block “green steel” sales to a single customer (2010 sales of approximately $990,000 vs 2009 sales of approximately 285,000) and an increase in new engineering and project management jobs during 2010.

Cost of Revenue and Gross Profit

Cost of revenue increased by $1,049,466 to $1,339,159 for the year ended December 31, 2010 from $289,693 for the year ended December 31, 2009. The increase in cost of revenue results from an increase in sales offset by a decrease in the gross profit percentage. Gross profit increased to $577,406 for the year ended December 31, 2010 from a gross profit of $188,647 for the year ended December 31, 2009. The gross profit percentage was 30.1% for the year ended December 31, 2010 as compared to a gross profit percentage of 39.4% for the year ended December 31, 2009. This decrease in gross profit percentage results from a decrease in gross profit percent in engineering (from 58.9% in 2009 to 42.4% in 2010) and project management (from 49.1% in 2009 to 20.1 % in 2010) projects offset by an increase in the gross profit percent in block “green steel” sales (from 29.6% in 2009 to 32.5% in 2010). The decrease in gross profit percentage for engineering and project management projects resulted from jobs which were priced below our normal margin in order to obtain product acceptance and building approvals.

Payroll and Related Expense

Payroll and related expense for the year ended December 31, 2010 was $963,075 compared to $172,537 for the year ended December 31, 2009. The increase of $790,538 results from an increase in sales, marketing and administrative personnel.

Other Operating Expenses

Other operating expense for the year ended December 31, 2010 was $548,189 compared to $234,247 for the year ended December 31, 2009. The increase of $313,942 results from an increase of approximately (i) $81,000 in consulting and professional fees, (ii) $65,000 in marketing costs, (iii) $25,000 in travel and entertainment expenses, (iv) $64,000 in insurance costs and (v) $78,000 other general and administrative expenses.

Interest Expense

Interest expense for the year ended December 31, 2010 was $ 396,155 compared to $81,083 for the year ended December 31, 2009. This increase results from the beneficial conversion feature embedded in the convertible notes and related debt discount and contractual interest on increased borrowings.

Other income (expense)

During 2010 there was other income recognized from a cancellation of trade liabilities and accrued interest of $73,057 while there were no such debt cancellations during 2009. Additionally in 2010 there was other income of $9,275 recognized due to a change in fair value of derivative conversion option liabilities.

Income Tax Provision

A 100% valuation allowance was provided against the deferred tax asset consisting of available net operating loss carryforwards and accordingly no income tax benefit was provided.

Nine Months Ended September 30, 2011 Compared to the Nine Months ended September 30, 2010:

	Nine months ended September 30		
	2011	2010	Change
Loss from operations	$ (1,146,722)	$ (491,255)	$ (655,467)
Other income (expenses):	10,171	(95,096)	105,267
Net Loss	$ (1,136,551)	$ (586,351)	$ (550,200)

Revenue

Revenue for the nine months ended September 30, 2011 was $2,821,613 compared to $1,538,013 for the nine months ended September 30, 2010. This increase of $1,283,600 results from an increase of $1,799,728 in block “green steel” sales reduced by $516,128 of lower sales in engineering and project management jobs.

The table below illustrates how the decrease of sales in engineering and project management jobs resulted from SG Building having fewer customers in these product areas with lower contracted dollar amounts than during the respective prior periods.

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010	Increase/ (Decrease)
Engineering:			
Customer 1	-	19,052	(19,052)
Customer 2	-	12,488	(12,488)
Customer 3	-	1,731	(1,731)
Customer 4	-	7,579	(7,579)
Customer 5	-	4,927	(4,927)
Customer 6	4,190	70,471	(66,281)
Customer 7	1,500	-	1,500
Customer 8	300	-	300
Customer 9	750	-	750
	6,740	116,248	(109,508)
Project Management:			
Customer 1	-	333,963	(333,963)
Customer 2	-	5,610	(5,610)
Customer 3	-	8,367	(8,367)
Customer 4	-	1,877	(1,877)
Customer 5	1,932	136,047	(134,115)
Customer 6	52,831	-	52,831
Customer 7	10,132	-	10,132
Customer 8	14,349	-	14,349
	79,244	485,864	(406,620)

Cost of Revenue and Gross Profit

Cost of revenue increased by $1,369,077 to $2,417,082 for the nine months ended September 30, 2011 from $1,048,005 for the nine months ended September 30, 2010. The increase in cost of revenue results from an increase in sales offset by a decrease in the gross profit percentage. Gross profit decreased to $404,531 for the nine months ended September 30, 2011 from a gross profit of $490,008 for the nine months ended September 30, 2010. The gross profit percentage was 14.3% for the nine months ended September 30, 2011 as compared to a gross profit percentage of 31.9% for the nine months ended September 30, 2010. This decrease in gross profit percentage results from a decrease in the gross profit percent in block “green steel” sales (from 33.5% during the period in 2010 compared to 13.3% during the period in 2011) offset by an increase in gross profit percent in project management (from 25.6% during the period in 2010 to 44.4% during the period in 2011) and engineering (from 45.2% during the period in 2010 to 68.7% during the period in 2011). The decrease in the gross profit percentage for block “green steel” sales was partially the result of the Company bidding on projects with lower than usual gross profit margins in order to achieve initial building permit approvals and establish market share and proof of concept in certain product classes. The Company intends to leverage these initial projects to successfully execute similar projects at higher gross margin percentages. The decrease in gross profit percentage also resulted from an increase in commodities costs related to containers used in production.

Payroll and Related Expense

Payroll and related expense was relatively unchanged for the nine months ended September 30, 2011 ($697,305) compared to compensation expense for the nine months ended September 30, 2010 ($704,207).

Other Operating Expenses

Other operating expense for the nine months ended September 30, 2011 was $853,948 compared to $277,056 for the nine months ended September 30, 2010. The increase of $576,892 results from an increase of approximately (i) $326,000 in consulting and professional fees, (ii) $97,000 in marketing costs, (iii) $70,000 in travel and entertainment expenses, and (iv) $84,000 of general and administrative expenses. Operating expenses partially increased by approximately $125,000 due to non-recurring legal and accounting fees associated with the Merger.

Interest Expense

Interest expense for the nine months ended September 30, 2011 was $2,520 compared to $146,388 for the nine months ended September 30, 2010. This decrease results from the maturity and payment or conversion of outstanding interest bearing debts.

Other income (expense)

During the nine months ended September 30, 2011 and September 30, 2010 there was other income recognized from (1) cancellation of trade liabilities and unpaid interest of $61,733 and $41,982, respectively and (2) a change in the fair value of the derivative liability of $49,111 and ($9,275), respectively.

Income Tax Provision

A 100% valuation allowance was provided against the deferred tax asset consisting of available net operating loss carryforwards and accordingly no income tax benefit was provided.

Impact of Inflation

The impact of inflation upon SG Building's revenue and results from continuing operations during each of the past two fiscal years has not been material to its financial position or results of operations for those years.

Liquidity and Capital Resources

Since SG Building's inception in 2008, SG Building has generated losses from operations and it anticipates that it will continue to generate losses from operations for the foreseeable future. As of December 31, 2010 and December 31, 2009, SG Building's stockholders' equity/(deficit) was approximately $440,200 and ($1,191,200), respectively. SG Building's net loss from operations for the years ended December 31, 2010 and 2009 was $933,858 and $218,137, respectively. Net cash used in operating activities was $646,267 and $804,405 for the years ended December 31, 2010 and December 31, 2009, respectively. Operations since inception have been funded with the proceeds from equity and debt financings and sales activity. As of December 31, 2010, we had cash and cash equivalents of $1,038,661. As of September 30, 2011, we had cash and cash equivalents of $955,136. We anticipate that our existing capital resources will enable us to continue operations through at least October 1, 2012.

SG Building incurred a net loss of $1,247,644 for the year ended December 31, 2010. SG Building's cash balance as of December 31, 2010 was $1,038,661 and SG Building had working capital as of that date of $435,793.

Since inception, SG Building has funded its operations and working capital needs primarily with proceeds from equity and debt financings and sales activity. During 2009, SG Building generated net cash proceeds of $1,027,858 from the issuance of notes payable and capital contributions. During 2009, SG Building repaid $124,834 of outstanding notes payable. During 2010, SG Building generated net cash proceeds of $2,739,797 from the issuance of notes payable and issuance of common stock. During 2010, SG Building repaid $999,224 of outstanding notes payable. Also, from January 1, 2011 to September 30, 2011 SG Building generated net cash proceeds of $1,200,000 from the issuance of common stock.

Based on the recent progress SG Building made in the execution of its business plan, SG Building believes that its currently available cash, which includes funds it expects to generate from operations, will enable it to operate its business through at least October 1, 2012. However, SG Building will require additional capital in order to execute the longer term aspects of its business plan. If SG Building is unable to raise additional capital or encounter unforeseen circumstances that place constraints on its capital resources, SG Building will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing its business development activities or suspending the pursuit of its business plan. SG Building cannot provide any assurance that it will raise additional capital. SG Building has not secured any commitments for new financing at this time, nor can it provide any assurance that new financing will be available to it on acceptable terms, if at all.

Off–Balance Sheet Arrangements

As of December, 2010 and September 30, 2011, SG Building had no material off-balance sheet arrangements other than operating leases.

In the ordinary course of business, SG Building enters into agreements with third parties that include indemnification provisions which, in its judgment, are normal and customary for companies in its industry sector. These agreements are typically with consultants and certain vendors. Pursuant to these agreements, SG Building generally agrees to indemnify, hold harmless, and reimburse indemnified parties for losses suffered or incurred by the indemnified parties with respect to actions taken or omitted by SG Building. The maximum potential amount of future payments SG Building could be required to make under these indemnification provisions is unlimited. SG Building has not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of liabilities relating to these provisions is minimal. Accordingly, SG Building has no liabilities recorded for these provisions as of December 31, 2010.

Critical Accounting Estimates and New Accounting Pronouncements

Critical Accounting Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts and related disclosures in the financial statements. Management considers an accounting estimate to be critical if it requires assumptions to be made that were uncertain at the time the estimate was made, and changes in the estimate or different estimates that could have been selected could have a material impact on our consolidated results of operations or financial condition.

Share-Based Payments. SG Building adopted authoritative accounting guidance which establishes standards for share-based transactions in which we receive employee's services in exchange for equity instruments, such as common stock. These authoritative accounting standards require that we expense the fair value of stock options and similar awards, as measured on the awards' grant date.

SG Building estimates the value of stock awards using valuation models developed by the Company. The determination of the fair value of share-based payment awards on the date of grant is affected by our stock price as determined by the valuation model and the assumptions used regarding a number of complex and subjective variables.

If factors change and SG Building employs different assumptions in the application of the relevant accounting guidance in future periods, the compensation expense that it records may differ significantly from what it has recorded in the current period. There is a high degree of subjectivity involved when determining the fair value of our stock to estimate share-based compensation. Consequently, there is a risk that SG Building's estimates of the fair values of its share-based compensation awards on the grant dates may bear little resemblance to the actual values realized upon the exercise, expiration, early termination or forfeiture of those share-based payments. Employee stock grants may be forfeited as worthless or otherwise result in zero value as compared to the fair values originally estimated on the grant date and reported in SG Building's financial statements. Alternatively, value may be realized from these instruments that are significantly in excess of the fair values originally estimated on the grant date and reported in SG Building's financial statements.

Derivative Instruments. Since inception, SG Building has issued warrants to purchase its common stock and convertible notes. In accordance with current accounting guidelines, SG Building has treated these derivative financial instruments as liabilities on its balance sheet, measured at fair value at issuance date, and re-measured at fair value on each reporting date. SG Building records changes in the fair value of these derivative liabilities in income or loss on each balance sheet date. SG Building uses both a Black-Scholes option and lattice pricing model, which uses the underlying price of its common stock as one of the inputs to determine the fair value at issuance date and at each subsequent reporting period. As a result, the fair value of the derivative instruments is impacted by changes in the market price of its common stock. The market price of its common stock can be volatile and is subject to factors beyond SG Building's control. These factors include, but are not limited to, trends in the industry in which SG Building operates, the market of OTC Bulletin Board quoted stocks in general and sales of SG Building's common stock. As a result, the value of its common stock may change from measurement date to measurement date, thereby resulting in fluctuations in the fair value of the derivative instruments, which can materially impact its operating results.

Revenue Recognition. SG Building accounts for its long-term contracts associated with the design, engineering, manufacture and project management of building projects and related services, using the percentage-of-completion accounting method. Under this method, revenue is recognized based on the extent of progress towards completion of the long-term contract.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance. General and administrative costs, marketing and business development expenses and pre-project expenses are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. An amount equal to contract costs attributable to claims is included in revenue when realization is probable and the amount can be reliably estimated.

The asset, “Costs and estimated earnings in excess of billing on uncompleted contracts,” represents revenue recognized in excess of amounts billed. The liability, “Billings in excess of costs and estimated earnings on uncompleted contracts,” represents billing in excess of revenue recognized.

SG Building offers a one-year warranty on completed contracts. SG Building has not incurred any losses to date and nor does it anticipate incurring any losses for warranties that are currently outstanding. Accordingly no warranty reserve is considered necessary for any of the periods presented.

SG Building also supplies repurposed containers to its customers. In these cases, SG Building serves as a supplier to its customers for standard and made to order products that it sells at fixed prices. Revenue from these contracts is generally recognized when the products have been delivered to the customer, accepted by the customer and collection is reasonably assured. Revenue is recognized upon completion of the following: an order for product is received from a customer; written approval for the payment schedule is received from the customer and the corresponding required deposit or payments are received; a common carrier signs documentation accepting responsibility for the unit as agent for the customer; and the unit is delivered to the customer’s shipping point.

Amounts billed to customers in a sales transaction for shipping and handling are classified as revenue. Products sold are generally paid for based on schedules provided for in each individual customer contract including upfront deposits and progress payments as products are being manufactured.

Funds received in advance of meeting the criteria for revenue recognition are deferred and are recorded as revenue when they are earned.

New Accounting Pronouncements

In January 2010, FASB issued ASU No. 2010-06 – Improving Disclosures about Fair Value Measurements. This update provides amendments to Subtopic 820-10 that requires new disclosure as follows: 1) Transfers in and out of Levels 1 and 2 fair value measurements. A reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. 2) Activity in Level 3 fair value measurements. In the reconciliation for fair value measurements using significant unobservable inputs (Level 3), a reporting entity should present separately information about purchases, sales, issuances, and settlements (that is, on a gross basis rather than as one net number). This update provides amendments to Subtopic 820-10 that clarifies existing disclosures as follows: 1) Level of disaggregation. A reporting entity should provide fair value measurement disclosures for each class of assets and liabilities. A class is often a subset of assets or liabilities within a line item in the statement of financial position. A reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities. 2) Disclosures about inputs and valuation techniques. A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. Those disclosures are required for fair value measurements that fall in either Level 2 or Level 3. The adoption of this guidance did not have a material impact on SG Building’s consolidated financial statements.

In February 2010, FASB issued ASU No. 2010-9 –Amendments to Certain Recognition and Disclosure Requirements. This update addresses certain implementation issues related to an entity’s requirement to perform and disclose subsequent-events procedures and removes the requirement that public companies disclose the date of their financial statements in both issued and revised financial statements. According to the FASB, the revised statements include those that have been changed to correct an error or conform to a retrospective application of U.S. GAAP. The adoption of this ASU did not have a material impact on SG Building’s consolidated financial statements.

In March 2010, FASB issued ASU No. 2010-11 –Scope Exception Related to Embedded Credit Derivatives. Embedded credit-derivative features related only to the transfer of credit risk in the form of subordination of one financial instrument to another are not subject to potential bifurcation and separate accounting as clarified by recently issued FASB guidance. Other embedded credit-derivative features are required to be analyzed to determine whether they must be accounted for separately. This update provides guidance on whether embedded credit-derivative features in financial instruments issued by structures such as collateralized debt obligations (CDOs) and synthetic CDOs are subject to bifurcation and separate accounting. The guidance is effective at the beginning of a company's first fiscal quarter beginning after June 15, 2010. We do not expect the adoption of this ASU to have a material impact on SG Building's consolidated financial statements.

In April 2010, the FASB issued ASU No. 2010-13, Compensation – Stock Compensation: Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades. ASU 2010-13 clarifies that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, such an award should not be classified as a liability if it otherwise qualifies as equity. ASU 2010-13 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early adoption permitted. SG Building is currently evaluating the potential impact of this standard.

In May 2011, FASB issued ASU No. 2011-04, "Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU addresses fair value measurement and disclosure requirements within Accounting Standards Codification Topic 820 for the purpose of providing consistency and common meaning between U.S. GAAP and IFRSs. Generally, this ASU is not intended to change the application of the requirements in Topic 820. Rather, this ASU primarily changes the wording to describe many of the requirements in U.S. GAAP for measuring fair value or for disclosing information about fair value measurements. This ASU is effective for periods beginning after December 15, 2011. It is not expected to have any material impact on SG Building's s consolidated financial statements or disclosures.

Related Party Transactions

ConGlobal, a pre-Merger stockholder of SG Building and now a stockholder of the Company, provides containers and labor on domestic projects. SG Building recognized Cost of Goods Sold of $845,692, $254,251 and $2,164,719, for services ConGlobal rendered during the years ended December 31, 2010 and 2009 and for the nine months ended September 30, 2011, respectively. For the year ended December 31, 2010 and for the nine months ended September 30, 2011, $36,622 and $1,750, respectively, of such expenses are included in accounts payable and accrued expenses in the accompanying balance sheet.

The Lawrence Group, a pre-Merger stockholder of SG Building and now a stockholder of the Company, is a building design, development and project delivery firm. SG Building recognized Pre-project Expenses of $5,483 and $7,527 for consulting services The Lawrence Group rendered during the years ended December 31, 2010 and 2009, respectively. For the years ended December 31, 2010 and 2009 and for the nine months ended September 30, 2011, $103,782, $98,300, and $103,782, respectively, of such expenses are included in accounts payable and accrued expenses in the accompanying balance sheets.

SG Building has accrued certain reimbursable expenses of owners of the Company. Such expenses amounted to $47,363, $35,226 and $0, for the years ended December 31, 2010 and 2009 and for the nine months ended September 30, 2011, respectively.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the number of shares of common stock beneficially owned as of November 9, 2011 by (i) those persons or groups known to beneficially own more than 5% of Company common stock, (ii) each current director and executive officer of the Company and (iii) all executive officers and directors as a group. The information is determined in accordance with Rule 13d-3 promulgated under the Exchange Act. Except as indicated below, the stockholders listed possess sole voting and investment power with respect to their shares. Except as otherwise indicated in the table below, the business address of each individual or entity is 400 Madison Avenue, Suite 16C NY, New York, 10017.

Name of Beneficial Owner	**Number of Shares(1)**	**Percent of Class(2)**
Vector Group Ltd.(8)	3,508,519	8.8 %
Tag Partners, LLC (4)	2,658,127	6.7 %
SMA Development Group, LLC (5)	3,327,266	8.4 %
George Karfunkel (21)	2,018,519	5.1 %
Pro-Mall International, Ltd. (22)	2,018,519	5.1 %
Directors and Named Executive Officers:		
Paul Galvin (3)(4)(11)	3,991,459	9.8 %
Joseph Tacopina (3)(4)(12)	2,674,793	6.7 %
Stevan Armstrong (3)(5)(13)	3,443,932	8.6 %
J. Scott Magrane (3)(6)(14)	401,970	1.0 %
Christopher Melton (3)(7)(15)	215,742	*
J. Bryant Kirkland III (8)(9)(16)(20)	26,428	*
Richard J. Lampen (8)(9)(10)(17)	1,470,000	3.7 %
Brian Wasserman(3)(18)	333,334	*
Jennifer Strumingher (3)(7)(19)	83,334	*
All executive officers and directors as a group (9 persons)	9,982,865	24 %

* Less than 1%.

(1) Unless otherwise indicated, includes shares owned by a spouse, minor children and relatives sharing the same home, as well as entities owned or controlled by the named person. Also includes options and warrants to purchase shares of Common Stock exercisable within sixty (60) days. Unless otherwise noted, shares are owned of record and beneficially by the named person.

(2) Based on 39,779,506 shares of Common Stock outstanding on November 9, 2011.

(3) Paul Galvin, Joseph Tacopina, Stevan Armstrong, J. Scott Magrane and Christopher Melton were appointed as directors upon consummation of the Merger on November 4, 2011. Additionally, Mr. Galvin was appointed as Chief Executive Officer, Mr. Armstrong was appointed as President and Chief Operating Officer, Brian Wasserman was appointed as Chief Financial Officer and Ms. Strumingher was appointed as Chief Administrative Officer, all upon consummation of the Merger on November 4, 2011.

(4) Includes 2,658,127 shares held by Tag Partners, LLC ("TAG"), an investment partnership formed for the purpose of investing in SG Building (other partners include employees of SG Building). Paul Galvin and Joseph Tacopina are managing members of, and have a controlling interest in, TAG. Each of Messrs. Galvin and Tacopina may be deemed to beneficially own the shares of Common Stock owned by TAG. Each of Messrs. Galvin and Tacopina specifically disclaims beneficial ownership of the shares of Common Stock held by TAG, except to the extent of each of their pecuniary interest therein, and this shall not be deemed to be an admission that Messrs. Galvin and Tacopina are the beneficial owner of such shares of Common Stock.

(5) Includes 3,327,266 shares held by SMA Development Group, LLC, an entity controlled by Mr. Armstrong. Mr. Armstrong specifically disclaims beneficial ownership of the shares of Common Stock held by SMA Development Group, LLC, except to the extent of his pecuniary interest therein, and this shall not be deemed to be an admission that Mr. Armstrong is the beneficial owner of such shares of Common Stock. The business address for SMA Development Group, LLC is 912 Bluff Road - Brentwood, TN 37027.

(6) Includes 381,137 shares held by Two Lake, LLC, an entity controlled by Mr. Magrane. Mr. Magrane specifically disclaims beneficial ownership of the shares held by Two Lake, LLC except to the extent of his pecuniary interest therein, and this shall not be deemed an admission that Mr. Magrane is the beneficial owner of such shares of stock.

(7) Includes 194,909 shares held by Mr. Melton. Does not include shares held by TAG. Mr. Melton and Ms. Strumingher each has a membership interest in TAG. Mr. Melton and Ms. Strumingher each specifically disclaims beneficial ownership of the shares of Common Stock held by TAG, except to the extent of their pecuniary interest therein, and this shall not be deemed to be an admission that either Mr. Melton or Ms. Strumingher is a beneficial owner of such shares of Common Stock.

(8) Richard J. Lampen, a director of the Company, serves as Executive Vice president of Vector Group Ltd. ("Vector"), a publicly traded NSYE listed holding company engaged principally in: (a) the manufacture and sale of cigarettes in the United States through its Liggett Group LLC and Vector Tobacco Inc. subsidiaries, and (b) the real estate business through its subsidiary, New Valley LLC. J. Bryant Kirkland III, a director of the Company, serves as Vice President, Treasurer and Chief Financial Officer of Vector. Neither Mr. Kirkland nor Mr. Lampen has investment authority or voting control over the 1,490,000 shares of Common Stock owned by Vector. The business address for Vector is 100 S.E. Second Street, Miami, Florida 33131. Based upon a Schedule 13D filed on December 1, 2011 with the SEC by Vector, the other executive officers and directors of Vector are:

Howard M. Lorber	Director; President and Chief Executive Officer
Marc N. Bell	Vice President, Secretary and General Counsel
Ronald J. Bernstein	Director
Stanley S. Arkin	Director
Henry C. Beinstein	Director
Bennett S. LeBow	Director, Chairman of the Board
Jeffrey S. Podell	Director
Jean E. Sharpe	Director

(9) Does not include shares of Common Stock held by Vector, as neither Mr. Kirkland nor Mr. Lampen has investment authority or voting control over the securities owned by Vector.

(10) Includes (i) 408,750 shares of Common Stock held by Ladenburg and (ii) 1,044,584 shares of Common Stock issuable upon exercise of presently exercisable warrants held by Ladenburg. Mr. Lampen is the president and chief executive officer of Ladenburg Thalmann Financial Services Inc., the parent company and sole owner of Ladenburg. Accordingly, Mr. Lampen may be deemed to have investment authority and voting control over the securities owned by Ladenburg. Mr. Lampen specifically disclaims beneficial ownership of the shares of Common Stock held by Ladenburg, except to the extent of his pecuniary interest therein, and this shall not be deemed to be an admission that Mr. Lampen is the beneficial owner of such shares of stock.

(11) Includes 1,333,332 shares that Mr. Galvin has the right to acquire at within 60 days upon exercise of stock options, including with regard to the Galvin Options. For a description of the Galvin Options, see the information set forth under the heading "*Executive and Director Compensation - 2011 Option Grants*" in Item 2.01, which is incorporated by reference.

(12) Includes 16,666 shares that Mr. Tacopina has the right to acquire at within 60 days upon exercise of stock options.

(13) Includes 116,666 shares that Mr. Armstrong has the right to acquire at within 60 days upon exercise of stock options.

(14) Includes 20,833 shares that Mr. Magrane has the right to acquire at within 60 days upon exercise of stock options.

(15) Includes 20,833 shares that Mr. Melton has the right to acquire at within 60 days upon exercise of stock options.

(16) Includes 20,833 shares that Mr. Kirkland has the right to acquire at within 60 days upon exercise of stock options.

(17) Includes 16,666 shares that Mr. Lampen has the right to acquire at within 60 days upon exercise of stock options.

(18) Includes 333,334 shares that Mr. Wasserman has the right to acquire at within 60 days upon exercise of stock options.

(19) Includes 83,334 shares that Ms. Strumingher has the right to acquire at within 60 days upon exercise of stock options.

(20) Includes 5,595 shares held by Mr. Kirkland.

(21) The business address for George Karfunkel is 1671 52nd Street, Brooklyn, NY 11204.

(22) The business address for Pro-Mall International, Ltd. is P.O. Box 1586, Georgetown, Grand Cayman, Cayman Island KY1-1110

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Certain Relationships and Related Transactions

Transactions with Vector

Prior to consummation of the Merger, certain accounting and related finance functions were performed on behalf of the Company by employees of Vector, the Company's pre-Merger principal stockholder. Expenses incurred relating to these functions were allocated to the Company and paid as incurred to Vector based on management's best estimate of the cost involved. The amounts allocated were immaterial for the fiscal years ended December 31, 2009 and 2010.

On March 26, 2009, the Company entered into a $50,000 Revolving Credit Promissory Note (the "Revolver") with Vector due December 31, 2012. The loan bears interest at 11% per year. There was a balance $37,500 outstanding under the Revolver at December 31, 2010. On January 26, 2011, the Company and Vector entered into an amendment to the Revolver increasing the amount that it may borrow thereunder from $50,000 to $100,000. The Revolver had a balance of $68,500 at June 30, 2011. Accrued interest on the Revolver was $8,253 as of June 30, 2011.

As a pre-Merger stockholder of SG Building and now a stockholder of the Company, Vector received 2,018,519 shares of Company common stock in exchange for the SG Building common stock it held at the time of the Merger. Messrs. Lampen and Kirkland are each executive officers of Vector.

Transactions with Ladenburg

In October and December 2010, Ladenburg acted as placement agent for SG Building in a private placement and raised aggregate gross proceeds of $2,875,000 (the "Private Placement"). Ladenburg was paid an aggregate cash fee of $201,250 for its services in the Private Placement and was also issued warrants to purchase shares of common stock of SG Building, which represents the right to purchase an aggregate of 1,044,584 shares of the Company's Common Stock. SG Building also agreed that if Ladenburg introduced it to an existing publicly traded company with which to consummate a merger, it would cause Ladenburg to be issued shares of Common Stock of the combined merger entity equal to 1% of the outstanding shares of such entity on a fully diluted basis. Ladenburg introduced the Company to SG Building and accordingly, was issued an aggregate of 408,750 shares of the Company's Common Stock (representing 1% of the Company's stock on a fully diluted basis at the time of the Merger) upon consummation of the Merger. Vector invested $500,000 in SG Building as part of the Private Placement.

Mr. Lampen is the president and chief executive officer of Ladenburg's parent company. Additionally, Vector, through a wholly-owned subsidiary, owns approximately 8% of the outstanding common stock of Ladenburg.

Director Independence and Board Committees

Prior to consummation of the Merger on November 4, 2011, the Company's Board consisted of Messrs. Lampen, Kirkland, Halpryn and Lundgren. Upon consummation of the Merger, Messrs. Halpryn and Lundren resigned and Paul Galvin, Joseph Tacopina, Stevan Armstrong, J. Scott Magrane and Christopher Melton were appointed to the Company's Board.

As the Company is not a "listed company" under SEC rules and is, therefore, not required to comply with the director independence requirements of any securities exchange, the Company currently utilizes the definition of "independent" set forth in Rule 10A-3 of the Exchange Act. The Company believes that Messrs. Kirkland, Tacopina, Magrane and Melton are independent.

The Company currently has an audit committee consisting of J. Bryant Kirkland III, J. Scott Magrane and Christopher Melton each of whom is an independent director. Mr. Kirkland is an "audit committee financial expert." Prior to consummation of the Merger the Company's audit committee consisted of Messrs. Lundgren and Halpryn, with Mr. Lundgren being the "audit committee financial expert." During the fiscal year ending December 31, 2010, the audit committee met on four occasions. The audit committee has met on three occasions and acted by unanimous written consent on one occasion thus far in 2011.

As the Company is not a "listed company" under SEC rules, the Company is not required to have a compensation committee. Furthermore, the Company does not believe it is necessary for the Board to appoint such committee, or have a separately designated lead director, because the volume of matters that came before the Board for consideration permits all directors to give sufficient time and attention to such matters to be involved in all decision making. Notwithstanding the foregoing, the Company has established a Stock Option Committee consisting of Messrs. Magrane and Melton, which is responsible for reviewing and approving all stock option grants.

The Board is responsible for overseeing risk management, and receives reports from management periodically.

Nominating Committee and Stockholder-Director Communications

The Company's Board does not have a nominating committee because the Board does not believe that a defined policy with regard to the consideration of candidates recommended by stockholders is necessary at this time. Given the scope of the Company's operations, the Board believes a specific nominating policy would be premature and of little assistance until the Company's business operations are at a more advanced level.

Currently, the entire Board decides on nominees, on the recommendation of any member of the Board, followed by the Board's review of the candidates' resumes and interviews of candidates. There has not been any defined policy or procedural requirements for stockholders to submit recommendations or nomination for directors. However, the Board will consider suggestions from individual stockholders, subject to evaluation of the person's merits. Stockholders should communicate nominee suggestions directly to any of the Board members, accompanied by biographical details and a statement of support for the nominees. The suggested nominee must also provide a statement of consent to being considered for nomination. Although there are no formal criteria for nominees, the Board believes that persons should be actively engaged in business endeavors, have a financial background, be familiar with acquisition strategies and money management and be able to promote a diversity of views based on the person's education, experience and professional employment. Based on the information gathered, the Board then makes a decision on whether to recommend the candidates as nominees for director. The Company does not pay any fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominees.

Family Relationships

There are no family relationships among the Company's existing or incoming directors or officers.

Board of Directors' Meetings

During the fiscal year ending December 31, 2010, the Board acted by unanimous written consent on one occasion. The Board has also met on three occasions and acted by unanimous written consent on one occasion thus far in 2011.

The Board does not have a formal policy of attendance of directors at the annual meeting. The Company did not have an annual meeting of stockholders in 2009 or 2010.

Item 9.01 Financial Statements, Pro Forma Financial Information and Exhibits.

(a) Financial Statements of Businesses Acquired.

In accordance with Item 9.01(a), SG Building's audited financial statements for the fiscal years ended December 31, 2010 and December 31, 2009 and SG Building's unaudited financial statements for the six-month interim period ended September 30, 2011 and September 30, 2010 are filed in this Current Report on Form 8-K as Exhibit 99.1.

(b) Pro Forma Financial Information.

In accordance with Item 9.01(b), our pro forma financial statements are filed in this Current Report on Form 8-K as Exhibit 99.2.

(c) Exhibits.

The exhibits listed in the following Exhibit Index are filed as part of this Current Report on Form 8-K.

Exhibit	Description
2.01	Merger Agreement and Plan of Reorganization, dated July 27, 2011, by and among CDSI Holdings Inc., CDSI Merger Sub, Inc., SG Blocks, Inc. and Certain Stockholders of SG Blocks, Inc. Incorporated herein by reference to Exhibit 2.01 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) with the Securities and Exchange Commission on August 2, 2011.
3.01	Amended and Restated Certificate of Incorporation of SG Blocks, Inc. (fka CDSI Holdings Inc.). Incorporated herein by reference to Exhibit 3.01 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
3.02	Amended and Restated Bylaws of SG Blocks, Inc. (fka CDSI Holdings Inc.). Incorporated herein by reference to Exhibit 3.2 to the Company's Registration Statement on Form SB-2A (filed on May 05, 2009).
10.01+	2011 Incentive Stock Plan, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) with the Securities and Exchange Commission on August 2, 2011.

10.02	Form of Company Indemnification Agreement dated, November 7, 2011, between SG Blocks, Inc. and each of Paul Galvin, Joseph Tacopina, Stevan Armstrong, J. Scott Magrane, Christopher Melton, J. Bryant Kirkland III, Richard J. Lampen, Jennifer Strumingher, and Brian Wasserman. Incorporated herein by reference to Exhibit 10.02 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
10.03+	Employment Agreement, dated October 26, 2010, between Paul Galvin and SG Building Blocks, Inc. (fka SG Blocks, Inc.). Incorporated herein by reference to Exhibit 10.03 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
10.04+	Employment Agreement, dated October 26, 2010, between Stevan Armstrong and SG Building Blocks, Inc. (fka SG Blocks, Inc.). Incorporated herein by reference to Exhibit 10.04 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
10.05+	Employment Agreement, dated October 26, 2010, between Jennifer Strumingher and SG Building Blocks, Inc. (fka SG Blocks, Inc.). Incorporated herein by reference to Exhibit 10.05 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
10.06+*	Consulting Agreement, dated November 7, 2011 between SG Blocks, Inc., BAW Holdings Corp. and Brian Wasserman.
16.01	Letter from Becher Della Torre Gitto & Company PC to the Securities and Exchange Commission, dated November 9, 2011. Incorporated herein by reference to Exhibit 16.01 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
17.01	Resignation Letter of Glenn L. Halpryn, dated October 19, 2011. Incorporated herein by reference to Exhibit 17.01 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
17.02	Resignation Letter of Robert Lundgren, dated October 19, 2011. Incorporated herein by reference to Exhibit 17.02 to the Current Report on Form 8-K as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 10, 2011.
21.1*	List of Subsidiaries.
99.01	SG Building Blocks, Inc. (fka SG Blocks, Inc.) financial statements for the fiscal years ended December 31, 2010 and 2009 and for the six months ended June 30, 2011 and 2010 (unaudited). Incorporated herein by reference to Exhibit 99.01 to the Current Report on Form 8-K/A as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 14, 2011.
99.02	Unaudited pro forma condensed combined balance sheet as of June 30, 2011 and unaudited pro forma condensed combined statements of operations for the year ended December 31, 2010 and six months ended June 30, 2011. Incorporated herein by reference to Exhibit 99.02 to the Current Report on Form 8-K/A as filed by SG Blocks, Inc. (fka CDSI Holdings Inc.) on November 14, 2011.

* Filed herewith.

\+ Includes compensatory plan or arrangement.

SIGNATURE

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.

Date: December 20, 2011

SG BLOCKS, INC.

By: /s/ Brian Wasserman
Name: Brian Wasserman
Title: Chief Financial Officer

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT (the "Agreement") is made and entered into as of the 7th day of November 2011, by and among SG Blocks, Inc., with an address at 400 Madison Avenue Suite 16C, New York, New York 10017 (the "Company"), BAW Holdings Corp., a New York corporation, with an address at 100 Quentin Roosevelt Blvd, Garden City, NY 11530 (the "BAW") and Brian A. Wasserman ("Wasserman" together with BAW "Consultant").

WITNESSETH:

In consideration of the agreements, provisions, promises and covenants contained herein, and for other consideration as hereinafter described, the parties hereto agree as follows:

1. Retention. The Company hereby retains the Consultant, and the Consultant hereby accepts such retention by the Company, for the Term (as hereinafter defined), in accordance with the terms and conditions hereinafter set forth.

2. Term of Retention. Unless earlier terminated as hereinafter provided, the term of the Consultant's retention under this Agreement (the "Term") shall be for a period of three (3) years, commencing November 7, 2011, and ending November 7, 2014. In the event that the Consultant continues in the retention of the Company after the end of the Term, then unless otherwise agreed to by the Consultant and the Company in writing, the Consultant's continued retention by the Company shall, notwithstanding anything to the contrary expressed or implied herein, be terminable by either party at will. It is expressly understood and agreed that the Company does not now have, nor hereafter shall have, any obligation to continue the Consultant in its retention after the Term ends, and that the Consultant does not now have, nor hereafter shall have, any obligation to continue its retention by the Company after the Terms ends.

3. Duties.

(a) The Consultant shall be retained to provide services inclusive of the services listed on Exhibit A attached hereto (collectively the "Services").

(b) The BAW shall arrange for Wasserman to perform the Services provided for this Agreement. No one else other than Wasserman shall perform Services without the Company's prior written consent.

(c) Consultant shall devote such time to the affairs of the Company as is necessary to render the Services contemplated by this Agreement in a professional and workmanlike manner and to fulfill the statutory and fiduciary duties of the Chief Financial Officer of the Company. Consultant agrees to make itself available to the officers and the board of directors (the "Board") of the Company, subject to reasonable advance notice and mutually convenient scheduling, for the purpose of participating in telephone conferences with the officers and Board of the Company and advising the Company in the preparation of any reports, products or licenses, and/or other material and documentation ("Documentation") as shall be necessary, in the reasonable opinion of the Company's management and Board.

(d) In the performance of Services, Consultant will (i) assist and support the Company's compliance with the requirements of the Securities Exchange Act of 1934, as amended, Securities Act of 1933, as amended, the Sarbanes Oxley Act of 2002 (the "SOA") and the rules and regulations of the Securities and Exchange Commission promulgated thereunder (including Section 404 of the SOA related to internal controls and Sections 302 and 906 of the SOA related to certifications) and any other applicable Federal or state securities law, and act in a manner consistent with regards thereto, and (ii) not cause the Company to violate, any statue or regulation or any order, writ, judgment, or decree of any court, arbitrator or governmental authority applicable to the Company and its subsidiaries and affiliates.

(e) The Company and Consultant understand and agree that Consultant is currently actively engaged with other ventures and that Consultant's efforts in connection with these other ventures hereunder shall not interfere with its obligations to the Company.

4. Independent Contractor Status.

(a) The Consultant's engagement hereunder shall be as an independent contractor, rather than as an employee of the Company, and the Consultant shall not be entitled to any benefits available to employees of the Company. Nothing contained herein shall be interpreted or construed as creating or establishing the relationship of employer-employee between the Company and the Consultant. The Consultant acknowledges that it will be solely responsible for any federal, state or local income or self employment taxes arising with respect to its fees hereunder, and the Company shall not be obligated to withhold or pay any payroll taxes of any kind with regard to Consultant. The Consultant also acknowledges that it has no state law workers' compensation rights with respect to its services under this Agreement.

(b) The Consultant shall have no power to enter into any agreement on behalf of, or otherwise bind the Company. Without limiting the foregoing, Consultant shall not enter into any contract or commitment on behalf of the Company without the Company's prior written consent.

5. Compensation. In consideration for the Services to be performed by Consultant for the Company, the Company agrees that the Consultant shall be entitled to compensation as follows:

(a) Cash Compensation for Services. Consultant shall receive the sum of Ten Thousand Dollars ($10,000) per month (the “Cash Compensation”) payable within five (5) business days of the beginning of each month, provided, however, that no Cash Compensation shall be payable if the Agreement is terminated pursuant to Section 7.

(b) In the event Wasserman resigns from BAW or if either BAW or Wasserman resign from this engagement with the Company, cease to provide the Services to the Company, or otherwise terminate this Agreement, the Company shall pay Consultant all Cash Compensation lawfully due to Consultant through such date, and the Company shall have no further obligation to pay Cash Compensation to Consultant after such date.

(c) Option Compensation for Services.

(i) Upon execution of this Agreement, the Company will issue to Wasserman an option (the “Option”), in the form of Exhibit B to this Agreement, to purchase one million (1,000,000) shares of the outstanding shares of the Company's common stock (the “Option Shares”) at an exercise price of $.20 per share, exercisable in whole or in part for ten (10) years from the grant date. The option shall vest as follows:

- 1/3 on November 7, 2011
- 1/3 on November 7, 2012
- 1/3 on November 7, 2013

6. Expenses of Consultant. It is expressly understood that each party shall be responsible for its own nominal and reasonable out-of-pocket expenses. Upon the Company's receipt of appropriate documentation, Consultant shall be reimbursed for all reasonable out-of-pocket expenses that have been pre-approved in writing by the Company.

7. Termination for Cause.

(a) In addition to any other rights or remedies available to the Company pursuant to this Agreement, the Company may terminate this Agreement for "Cause", which shall be defined as: (i) willful misconduct in the performance of Consultant's duties, (ii) fraud, embezzlement, dishonesty or theft by Consultant in connection with the performance of the Services, (iii) Consultant's conviction of, or plea of nolo contendere to, a felony or an act of moral turpitude, (iv) breach by Consultant of any material term(s) of this Agreement, or any representation or warranty of this Agreement if not cured after Notification, as provided in Section 7(b) below, (v) Consultant's insolvency or filing of a petition under the federal bankruptcy laws, or (vi) any assignment by Consultant of this Agreement to a third party. Any termination of this Agreement shall act as notice of non-renewal.

(b) The Company will, upon breach by Consultant of any terms or provisions of this Agreement, notify Consultant in writing of such breach (the "Notification"). If the Consultant fails to cure the breach within ten (10) days of Notification, this Agreement will be deemed terminated as of the Notification date.

8. Termination Upon Death of Wasserman. In the event of the death of Wasserman during the Term, this Agreement shall terminate effective immediately, provided however, that the Company shall pay to Consultant the Cash Compensation payable pursuant to Section 5(a), pro rated through the effective date of termination.

9. Termination for Disability. If as a result of incapacity due to physical or mental illness or injury, Wasserman shall have been absent from his duties preventing him from performing the Services hereunder for ninety (90) consecutive days, the Company shall be entitled to terminate this Agreement. Thirty (30) days after giving written notice (which may occur before or after the end of such ninety (90) day period, but which shall not be effective earlier than the last day of such ninety (90) day period), the Company may terminate this Agreement, provided Wasserman is unable to resume his performance of the Services at the conclusion of such notice period. In the event this Agreement is terminated as a result of Wasserman's disability, Consultant shall receive from the Company the Cash Compensation payable pursuant to Section 5(a), pro rated through the effective date of termination.

10. Representations, Warranties and Covenants; SEC and Legal Compliance.

(a) Safeguard Information and Materials. Consultant acknowledges that by the very nature of its relationship with the Company, it will, from time to time, have knowledge of or access to material non-public information. "Non-public information" is information marked as "confidential" or otherwise denoted as such, or which is information any person using reasonable judgment would conclude as being "non-public" or confidential information. Consultant hereby agrees and covenants that it will utilize its commercially reasonable efforts to safeguard and prevent the dissemination of such information to third parties unless authorized in writing by the Company to do so as may be necessary in the performance of its Services under this Agreement.

(b) Conflict With Other Agreements. Both parties acknowledge that the execution, delivery and performance of this Agreement, in the time and manner herein specified, and specifically with regard to the acknowledgment described in Section 3(d), will not conflict with, result in a breach of, or constitute a default under any existing agreement, indenture, or other instrument to which the Consultant is a party or by which either entity may be bound.

(c) Compliance. Consultant is, and during the term hereof, will be, in compliance with all applicable laws and regulations.

(d) Authorization. The individuals whose signatures appear below are authorized to sign this Agreement on behalf of their respective corporations.

(e) Qualifications. Consultant represents and warrants to the Company that (i) it has the experience and ability as may be necessary to perform all the required Services with a high standard of qualify, and (ii) all Services will be performed in a workmanlike and professional manner.

(f) Consultant represents that it is engaged in the financial consulting business. Consultant further represents that it is not in the business of raising money. Consultant represents that it intends to remain in the financial consulting business for the foreseeable future.

(g) Consultant represents to the Company that it has not in the past two (2) years and is not presently in the business of raising money and that there has been no broker or finder involved in any manner in connection with the introduction of the investors to the Company, other than the Consultant, and agrees to indemnify the Company against, and hold the Company harmless from, any claim made by any other party for a broker's or finder's fee or other similar payment based upon any agreements, arrangements, or understanding made by Consultant.

(h) Neither Wasserman nor any entity controlled by Wasserman has been involved in any legal proceeding listed in Item 401(f) of Regulation SK.

11. Confidentiality. Consultant and Wasserman agree to regard and preserve as confidential at all times during Consultant's retention by the Company and thereafter all Confidential Information (as defined below) pertaining to the Company's business that has been or may be obtained by Consultant or Wasserman in the course of this retention by the Company whether Consultant or Wasserman has such information in memory or in writing or other physical form. Neither Consultant nor Wasserman will, without written authority from the Company to do so, use for its or his benefit or purposes or disclose to others for any reason, either during the Term or thereafter, except as required by the Services hereunder, any Confidential Information connected with the business of the Company. This provision shall not apply to Confidential Information known to Consultant or Wasserman prior to Consultant's retention hereunder, or after the Confidential Information has been voluntarily disclosed to the public, independently developed and disclosed by others, or otherwise enters the public domain through lawful means.

For purposes of this Agreement, “Confidential Information” shall mean any information relating to the business of the Company or any of its affiliates that has not previously been publicly released by duly authorized representatives of the Company and shall include (but shall not be limited to) Company information encompassed in all plans, proposals, computer programs, business, marketing and sales plans and strategies, financial information, costs, research information, pricing information, customer and vendor identity, records, files and information, and all methods, concepts, information, knowledge and ideas reasonably related to the business of the Company.

12. Competition; Nonsolicitation; Nondisparagement.

(a) During the Term of this Agreement (as extended by the parties pursuant to Section 2) and for a period of one (1) year following the termination of this Agreement, the Consultant will not, without the prior written consent of the Company, engage in “Competition” with the Company. For purposes of this Agreement, “Competition” shall be defined as engaging in or carrying on any enterprise or business activity (directly or indirectly, whether as an advisor, principal, agent, partner, officer, director, employee, stockholder, associate or consultant to any person, partnership, corporation or other business entity) relating to or that is competitive with the business of the Company.

(b) The Consultant hereby covenants and agrees that, during the Term (as extended pursuant to Section 2) and for a period of two (2) years following the termination of this Agreement, the Consultant will not solicit or induce any customer or client of the Company to terminate or otherwise to cease, reduce, or diminish in any way its relationship with the Company.

(c) The Consultant hereby covenants and agrees that, during the Term (as extended pursuant to Section 2) and for a period of two (2) years following the termination of this Agreement, it will not attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Company or any recruit, candidate, or applicant for employment with the Company to give up, or to not commence, employment or a material or exclusive business relationship with the Company.

(d) The Consultant agrees that, during the Term (as extended pursuant to Section 2) and for a period of two (2) years following the termination of this Agreement, it will not engage in any conduct that is injurious to the reputation(s) and interest(s) of the Company and/or the Company's past or present directors, officers, agents, fiduciaries, trustees, administrators, employees or assigns, including but not limited to disparaging (or inducing or encouraging others to disparage) the Company and/or any of the foregoing individuals. For purposes of this Agreement, the term "disparage" includes without limitation, making any statement that would adversely affect in any manner the conduct of the Company's business(es), the business reputation of the Company and/or any of the foregoing individuals, and/or the personal reputation of any of the foregoing individuals.

(e) If any of the foregoing provisions of this Section 12 is found by any court, agency or arbitrator of competent jurisdiction to be unenforceable because it extends for too long a period of time or over too great a range of activities or in too broad a geographic area, it shall be interpreted to extend over the maximum period of time, range of activities or geographic area as to which it may be enforceable.

(f) The Consultant acknowledges and agrees that any violation of any of the covenants of this Section 12 shall constitute a material breach of this Agreement and further acknowledges and agrees the remedy at law available to the Company for any such breach would be inadequate and that damages flowing from such breach may not readily be susceptible to being measured in monetary terms. Accordingly, the Consultant acknowledges, consents and agrees that, in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of its violation of such covenants and demonstration of a reasonable likelihood of actual damage, the Company will be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach.

13. Indemnification. The Company agrees to indemnify, defend and hold Consultant and its employees, agents and affiliates harmless from and against any and all loss, claim, damage, liability and expense (including, without limitation, all reasonable costs of investigation, legal and other fees and expenses incurred in connection with, and any amounts paid in settlement of, any action, suit or proceeding or any claim asserted), to which Consultant may become subject under the United States or foreign securities laws, any applicable statute or regulation of any jurisdiction at common law (whether tort, contract or any other basis), or which may result from any claim or allegation that the Company has infringed the intellectual property rights of any third party, or which may otherwise result from the Company's willful misconduct or gross negligence as per the attached separate Indemnification Agreement included as Exhibit C.

14. Assignment. This Agreement may not be assigned or delegated by Consultant without the prior written consent of the Company.

15. Waiver. The waiver by either party of a breach of any provision of this Agreement shall not constitute or be construed as a waiver of any future breach of any provision(s) in this Agreement.

16. Severability. The provisions of this Agreement shall be severable and the invalidity of any provision, or portion thereof, shall not affect the enforceability of the remaining provisions of this Agreement.

17. Complete Agreement; Modification. This Agreement sets forth the entire agreement between the parties relative to the subject matter herein. Modification or amendment of any of the provisions of this Agreement shall not be valid unless in writing and signed by the parties hereto.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

19. Notices. All notices pertaining to this Agreement shall be in writing and transmitted either by (a) personal hand delivery, (b) certified or registered mail, return receipt requested, or (c) reputable overnight courier service. All notices shall be sent to the following addresses unless either party gives written notice of a change of address:

If to the Company:

SG Blocks, Inc.
400 Madison Avenue
Suite 16C
New York, New York 10017
Attn: Paul Galvin, CEO

If to Consultant: BAW Holdings Corp.
100 Quentin Roosevelt Blvd
Garden City, New York 11530
Attn: Brian A. Wasserman

20. Headings. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

21. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

22. Binding Effect. The provisions of this Agreement shall be binding upon and inure to the benefit of each of the parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

THE COMPANY:
SG Blocks, Inc.
By: /s/ Paul M. Galvin
Paul M. Galvin, CEO

THE COMPANY:
BAW Holdings Corp.
By: /s/ Brian A. Wasserman
Brian A. Wasserman

/s/ Brian A. Wasserman
Brian A. Wasserman, individually

Exhibit A
List of Services

1. Review of historical and current financial statements — including help in review and preparation of monthly, quarterly and annual financial statements (including full GAAP audited financials footnotes)

    a. Work with the independent auditors for the preparation and completion of the audited statements

    b. Consultant will cause Wasserman to prepare and execute as Chief Financial Officer all SEC documents required to be filed by the Company, to the extent the filing requires such execution by the Company's Chief Financial Officer

2. Mr. Wasserman, in his capacity as Chief Financial Officer, will perform all duties normally associated with that of a Chief Financial Officer, including without limitation:

    a. Responsibility for any and all financing matters for the Company and its subsidiaries including but not limited to debt, equity or other financings, whether through the public markets or in private transactions, or otherwise, including the negotiation and consummation of all of the foregoing.

    b. Review of annual and quarterly budgets and related matters.

    c. Supervise and administer, as appropriate, all accounting/financial duties and related functions on behalf of the Company for its operations and business matters (including control of the Company's cash, checking accounts, revenue receipts, disbursements, bookkeeping, accounts, ledgers, billings, payroll and related matters).

    d. Supervise and manage, as appropriate, all SEC filing obligations.

    e. Other similar items.

3. Review, recommendations and monitoring of the Company's accounting and internal control system

4. Review of the Company's debt and equity capitalization

5. Preparation and review of 3 year P&L and Cash Flow forecast

    a. Preparation of a sales forecasting model

    b. Preparation of an expense structure model

6. Preparation and review of 3 year Balance Sheet forecast

7. Review of Company treasury function including insurance coverage, banking relationships, cash management and bill paying

8. Introductions to strategic partners and investment banking firms

9. Recruiting and building the Company's management team

Exhibit B

SG BLOCKS, INC.
400 Madison Avenue, Suite 16C
New York, NY 110017

November __, 2011

To: _____

We are pleased to inform you that on November 7, 2011 the Stock Option Committee (the "Committee") of the Board of Directors of SG Blocks, Inc. (the "Company") granted you an nonqualified stock option (the "Option") to purchase _____ shares of the Company's common stock, par value $0.01 per share at a price of $0.20 per share and otherwise in accordance with the Company's 2011 Incentive Stock Plan (the "Plan"). The shares of Common Stock issuable upon exercise of the Options are referred to hereinafter as the "Stock."

The Options will become exercisable as follows: (a) as to _____ shares of Stock, immediately on November 7, 2011; (b) as to a further _____ shares of Stock, on November 7, 2012; and (c) as to the remaining _____ shares of Stock, on November 7, 2013; and that each such Option will expire on November 6, 2021.

These Options are issued in accordance with and are subject to and conditioned upon all of the terms and conditions of the Plan (a copy of which in its present form is attached hereto), as from time to time amended, provided, however, that no future amendment or termination of the Plan shall, without your consent, alter or impair any of your rights or obligations under the Options. Reference is made to the terms and conditions of the Plan, all of which are incorporated by reference in this option agreement as if fully set forth herein.

Notwithstanding any other provision in this option agreement or the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise of the Option has been registered under the Securities Act of 1933 (the "Securities Act") and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register the Stock, although the Company may in its sole discretion register the Stock at such time as the Company shall determine. If the Company chooses to comply with an exemption from registration, the Stock may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock, and the Committee may also give appropriate stop transfer instructions with respect to the Stock to the Company's transfer agent.

You understand and acknowledge that, under existing law, unless at the time of the exercise of these Options a registration statement under the Securities Act is in effect as to the Stock (i) any Stock purchased by you upon exercise of these Options may be required to be held indefinitely unless the Stock is subsequently registered under the Securities Act or an exemption from such registration is available; (ii) any sales of the Stock made in reliance upon Rule 144 promulgated under the Securities Act may be made only in accordance with the terms and conditions of that rule (which, under certain circumstances, restricts the number of shares which may be sold and the manner in which shares may be sold); (iii) in the case of securities to which Rule 144 is not applicable, some other exemption will be required; (iv) certificates for Stock to be issued to you hereunder shall bear a legend to the effect that the Stock has not been registered under the Securities Act and that the Stock may not be sold, hypothecated or otherwise transferred in the absence of an effective registration statement under the Securities Act relating thereto or an opinion of counsel satisfactory to the Company that such registration is not required; (v) the Company may place an appropriate "stop transfer" order with its transfer agent with respect to the Stock; and (vi) the Company has undertaken no obligation to register the Stock or to include the Stock in any registration statement which may be filed by it subsequent to the issuance of the Stock to you. In addition, you understand and acknowledge that the Company has no obligation to you to furnish information necessary to enable you to make sales under Rule 144.

These Options (or installment thereof) are to be exercised by delivering to the Company a written notice of exercise in the form attached hereto as Exhibit A, specifying the number of shares of Stock to be purchased, together with payment of the purchase price of the Stock to be purchased. The purchase price is to be paid in cash or, at the discretion of the Committee, by one of the other means provided in the Plan and referenced on Exhibit A.

Kindly evidence your acceptance of these Options and your agreement to comply with the provisions hereof and of the Plan by executing this option agreement under the words "Agreed To and Accepted."

Very truly yours,

SG BLOCKS, INC.

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

_____

Exhibit A

SG BLOCKS, INC.
400 Madison Avenue, Suite 16C
New York, NY 110017

Gentlemen:

Notice is hereby given of my election to purchase _____ shares of Common Stock, $0.01 par value (the "Stock"), of SG Blocks, Inc. (the "Company"), at a price of $0.20 per share, pursuant to the provisions of the stock option granted to me on November 7, 2011 under the Company's 2011 Incentive Stock Plan. Enclosed in payment for the Stock is:

¨ my check in the amount of $ _____.

* ¨ _____ shares of Stock having a total value of $ _____, such value based on the Fair Market Value (as defined in the Plan) of the Stock.

* ¨ the cancellation of _____ shares of Stock pursuant to the cashless exercise provision of the Plan having a total value of $ _____, such value based on the Fair Market Value (as defined in the Plan) of the Stock.

* ¨ a combination of the foregoing, as indicated above.

The following information is supplied for use in issuing and registering the Stock purchased hereby:

Number of Certificates and Denominations _____

Name _____

Address _____

_____

Social Security Number _____

Dated: _____

Very truly yours,

_____

_____
* Subject to the approval of the Committee.

Exhibit C

INDEMNIFICATION AGREEMENT

This **Indemnification Agreement,** dated as of November *7,* 2011 (this "**Agreement**"), is by and between SG Blocks, Inc., a Delaware corporation (the **"Corporation,"** which capitalized term shall include any one or more of its subsidiaries where appropriate), and Brian A. Wasserman **("Indemnitee"):**

RECITALS

WHEREAS, the Corporation and Indemnitee have entered into that certain Consulting Agreement, dated the date hereof (the **"Consulting Agreement"),** pursuant to which Indemnitee will provide certain services to the Corporation, including acting as the Corporation's Chief Financial Officer; and

WHEREAS, highly competent persons are becoming more reluctant to serve publicly-held corporations as directors or executive officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to, and activities on behalf of, such corporations; and

WHEREAS, the statutes and judicial duties regarding the duties of officers and directors and officers are often difficult to apply, ambiguous or conflicting and therefore fail to provide such directors and executive officers with adequate and reliable knowledge of legal risks to which they are exposed or information regarding the proper cause of action to take; and

WHEREAS, the current impracticability and costs of obtaining adequate insurance and the uncertainties relating to indemnification have increased the difficulty of attracting and competitive directors and executive officers retaining competent directors and executive officers; and

WHEREAS, the Board of Directors of the Corporation (the "**Board of Directors**"**)** has determined that the difficulty in attracting and retaining competitive directors and executive officers is detrimental to the best interests of the Corporation's stockholders and that the Corporation should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, the Corporation believes it is unfair directors and executive officers to assume the risk of huge judgments and other expenses which may occur in cases in which the director or executive officer acted in good faith; and

WHEREAS, Section 145 of the General Corporation Law of Delaware **(**"**Section 145**"), under which the Corporation is organized, empowers the Corporation to indemnify its officers and directors by agreement and expressly provides that the indemnification provided by Section 145 is not exclusive; and

WHEREAS, the Board of Directors believes it is reasonable, prudent and necessary for the Corporation contractually to obligate itself to indemnify Indemnitee to the fullest extent permitted by applicable law so that Indemnitee will continue to serve the Corporation free from undue concern that Indemnitee will not be so indemnified; and

WHEREAS, Indemnitee is willing to serve, continue to serve and/or to take on additional service for or on behalf of the Corporation on the condition that Indemnitee is so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained in this Agreement and other good and valuable consideration, the receipt and adequacy of which is acknowledged by both Indemnitor and Indemnity, the Corporation and Indemnitee do hereby covenant and agree as follows:

1. Definitions.

(a) "**Affiliate**" includes any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise directly or indirectly owned by the Corporation.

(b) **"Change in Control**" means a change in control of the Corporation of a nature that would be required to be reported in response to Item 5(f) of Schedule 14A of Regulation 14A (or in response to any similar item or similar schedule or form) promulgated under the Securities Exchange Act of 1934 (the "Act"), whether or not the Corporation is then subject to such reporting requirement; provided, however, that, without limitation, a Change in Control shall be deemed to have occurred if:

(i) any **"person**" (as such term is used in Sections 13(d) and 14(d) of the Act) is or becomes the "**beneficial owner**" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Corporation representing 25% or more of the combined voting power of the Corporation's then outstanding securities without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person attaining such percentage interest;

(ii) the Corporation is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than two-thirds of the Board of Directors immediately thereafter;

(iii) during any period of 24 consecutive months, individuals who at the beginning of such period constituted the Board of Directors (including for this purpose any new director whose election or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) cease for any reason to constitute at least two-thirds of the Board of Directors; or

(iv) the stockholders of the Corporation approve a plan of complete liquidation of the Corporation or an agreement for the sale or disposition by the Corporation (in one transaction or a series of transactions) of all or substantially all of the Corporation's assets.

(c) "**Potential Change in Control**" shall be deemed to have occurred if:

(i) the Corporation enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; or

(ii) the Board of Directors adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(d) "**Corporate Status**" describes the status of a person who is or was or has agreed to become a director, officer, employee or agent of the Corporation, or served at the request of the Corporation as a director, officer, employee, trustee or agent of another corporation, partnership, joint, venture, trust or other enterprise.

(e) "**Disinterested Director**" means a director of the Corporation who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(0 "**Proceeding**" includes any threatened, pending or completed inquiry, action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative, except one initiated by an Indemnitee pursuant to paragraph 12(a) to enforce the Indemnitec's rights under this Agreement.

(g) "**Expenses**" includes all reasonable direct and indirect costs of any type or nature whatsoever (including, without limitation, attorneys' fees and related disbursements, out-of-pocket costs and reasonable compensation for time spent by the Indemnitee for which Indemnitee is not otherwise compensated by the Corporation or any third party, provided that the rate of such compensation and estimated time- involved is approved in advance by the Board of Directors), actually and reasonably incurred by the Indemnitee in connection with either the investigation, defense or appeal of a Proceeding (including amounts paid in settlement by or on behalf of Indemnitee, provided the Corporation agrees to such settlement (an "**Approved Settlement**")), or the prosecution of an action or proceeding, including appeals, to establish or enforce a right to indemnification under this Agreement, Section 145 or otherwise. Expenses as defined in this Agreement shall not include any judgments, fines or penalties actually levied against the Indemnitee**.**

(h) "**Independent Counsel**" means any law firm or member of a law firm which the Board of Directors may designate from time to time, provided that such law firm or member of the law firm so designated is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (x) the Corporation or Indemnitee in any matter material to either such party, or (y) any other party to the Proceeding giving rise to a claim for indemnification under this Agreement. Indemnitee has the sole right, exercisable in Indemnitee's sole discretion, to waive the proviso contained in clause (x) of the immediately preceding sentence. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Corporation or Indemnitee in an action to determine Indemnitee's rights under this Agreement arising on or after the date of this Agreement, regardless of when the Indemnitee's act or failure to act occurred.

2. Services By Indemnitee. Indemnitee shall serve or continue to serve as chief financial officer of the Corporation so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the By-Laws of the Corporation or until such time as he tenders his resignation in writing the Consulting Agreement is terminated or Indemnitee's services to the Corporation are otherwise terminated by the Board of Directors. This Agreement shall not impose any obligation on the Indemnitee or the Corporation to continue the Indemnitee's position with the Corporation beyond any period otherwise applicable, nor to create any right to continued employment of the Indemnitee in any capacity.

3. General Indemnification Right. The Corporation shall indemnify and shall advance Expenses to Indemnitee as provided in this Agreement to the fullest extent permitted by law.

4. Proceedings Other than Proceedings by or in the Right of the Corporation. Indemnitee shall be entitled to the rights of indemnification provided in this section 4 if, by reason of his Corporate Status, he is, or is threatened to be made, a party to any Proceeding, other than a Proceeding by or in the right of the Corporation. Pursuant to this section 4, Indemnitee shall be indemnified against Expenses, including, without limitation, amounts paid in an Approved Settlement, as well as any judgments, fines and penalties levied or awarded against Indemnitce in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in; or not opposed to, the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe Indemnitee's conduct was unlawful. Without limiting the generality of the foregoing, for purposes of this section 4, and in addition to other circumstances for which Indemnitee shall be deemed to have acted in good faith, Indemnitee shall conclusively be deemed to have acted in good faith if Indemnitee's action is based on information supplied to the Indemnitec by legal-counsel for the Corporation or an Affiliate or by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or an Affiliate.

5. Proceedings by or in the Right of the Corporation. Indemnitee shall be entitled to the rights of indemnification provided in this section 5, if, by reason of his Corporate Status, Indemnitee is, or is threatened in writing to be made, a party to any threatened, pending or completed Proceeding brought by or in the right of the Corporation to procure a judgment in the Corporation's favor. Pursuant to this section 5, Indemnitee shall be indemnified against Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding if Indemnitce acted in good faith and in a manner Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation. Notwithstanding the foregoing, no indemnification against such Expenses shall be made in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation if applicable law expressly prohibits such indemnification unless and only to the extent that the Court of Chancery of the State of Delaware, or the court in which such Proceeding shall have been brought or is pending, shall determine that indemnification against Expenses may nevertheless be made by the Corporation. Without limiting the generality of the foregoing, for purposes of this section 5, and in addition to other circumstances for which Indemnitee shall be deemed to have acted in good faith, Indemnitee shall conclusively be deemed to have acted in good faith if Indemnitee's action is based on information supplied to the Indemnitee by legal counsel for the Corporation or an Affiliate or by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or an Affiliate.

6. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Corporation shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter. For purposes of this section 6, but without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal or withdrawal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

7. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that the Indemnitee is, by reason of his Corporate Status, a witness in any Proceeding, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

8. Advance of Expenses. The Corporation shall advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding within twenty days after the receipt by the Corporation of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall evidence or reflect the Expenses incurred by Indemnitee and shall include or he preceded or accompanied by an undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it is determined ultimately that Indemnitee is not entitled to be indemnified against such Expenses.

9. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the secretary of the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. Promptly upon receipt of such a request for indemnification, the secretary of the Corporation shall advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to paragraph 9(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case as follows:

(i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall he delivered to Indemnitee (unless Indemnitee shall request that such determination be made by the Board of Directors, in which case the determination shall he made in the manner provided below in clauses (ii) or (iii));

(ii) if a Change of Control shall not have occurred, (x) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors, or (y) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, if such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee; or

(iii) as provided in paragraph 10(b) of this Agreement;

and, if it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating shall be borne by the Corporation (regardless of the determination as to Indemnitee's entitlement to indemnification) and the Corporation hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(c) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to paragraph 9(b), and no counsel shall have been designated previously by the Board of Directors or the Independent Counsel so designated is unwilling or unable to serve, then,

(i) if no Change of Control shall have occurred, the Independent Counsel shall be selected by the Board of Directors and the Corporation shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected; or

(ii) if a Change of Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the. Board of Directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Corporation advising the Corporation of the identity of three potential independent counsels, of which the Board of Directors may select one counsel to act as Independent Counsel. The Board of Directors shall make such selection within seven days of the giving of such list of three potential independent counsels, and if not selected by the Board of Directors during said seven-day period, Indemnitee shall select the counsel among the three potential independent counsels to serve as the Independent Counsel.

In either event, Indemnitee or the Corporation, as the case may be, may, within seven days after such written notice of selection shall have been given, deliver to the Corporation or to Indemnitee, as the case may be, a written objection to such selection. Such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirement of “Independent Counsel” as defined in this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is made, the Independent Counsel so selected may not serve as Independent Counsel unless and until a court has determined that such objection is without merit. If, within twenty days after submission by Indemnitee of a written request for indemnification pursuant to paragraph 9(a), no Independent Counsel shall have been selected or, if selected, shall have been objected to in accordance with this paragraph 9(c), either the Corporation or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Corporation or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom an objection is favorably resolved or the person so appointed shall act as Independent Counsel under paragraph 9(b). The Corporation shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with the performance of the Independent Counsel's responsibilities pursuant to paragraph 9(b), and the Corporation shall pay all reasonable fees and Expenses incident to the implementation of the procedures of this paragraph 9(c), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding or arbitration pursuant to section 12, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

10. Presumptions and Effect of Certain Proceedings.

(a) If a Change of Control shall have occurred, in making a determination with respect to entitlement to indemnification under this Agreement, the person, persons or entity making such determination shall presume that the Indemnitee is entitled to indemnification under this Agreement if the Indemnitee has submitted a request for indemnification in accordance with paragraph 9(a), and the Corporation shall have the burden of proof to overcome that presumption in connection with the making of any determination contrary to that presumption by any person, persons or entity.

(b) If, within 30 days after receipt by the Corporation of the request for indemnification, the Board of Directors shall not have made a determination under clauses (i) or (ii)(x) of paragraph 9(b) with regard to such indemnification request, the requisite determination of entitlement to indemnification shall be deemed to have been made in favor of the Indemnitee who then shall be entitled to such indemnification, absent (i) a misstatement by the Indemnitee of a material fact, or an omission of a material fact necessary to make the Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) prohibition of such indemnification under applicable law. The foregoing provisions of this paragraph 10(b) shall not apply if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to clauses (i) or (ii)(y) of paragraph 9(b).

(c) The termination of any Proceeding or of any claim, issue or matter therein by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

11. Assumption of Defense.

(a) In the event the Corporation shall be obligated to pay the Expenses of any Proceeding against the Indemnitee, the Corporation may assume the defense of such Proceeding, with counsel of the Corporation's reasonable choice, upon the delivery to the Indemnitee of written notice of the Corporation's reasonable election to do so. After the giving of such notice, the Corporation will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same Proceeding, provided that (i) the Indemnitee shall have the right to employ Indemnity's counsel in such Proceeding at the Indemnitee's expense; and (ii) the fees and Expenses of the Indemnitee's counsel shall be at the expense of the Corporation if (A) the employment of counsel by the Indemnitee has been previously authorized and approved in writing by the Corporation, (B) the Corporation shall have reasonably concluded that there may be a conflict of interest between the Corporation and the Indemnitee in the conduct of any such defense, or (C) the Corporation shall not, in fact, have employed counsel to assume the defense of such Proceeding.

(b) Whether or not such defense is assumed by the Corporation, the Corporation will not be subject to any liability for any settlement made without its written consent. If the Corporation is not entitled to, or does not elect to, assume the defense of a claim, the Corporation will not be obligated to pay the fees and expenses of more than one counsel for Indemnitee.

12. Remedies of Indemnitee.

(a) In the event that any one or more of the following events shall have occurred:

(i) a determination is made pursuant to section 9 that Indemnitee is not entitled to indemnification under this Agreement,

(ii) expenses are not advanced timely in accordance with section 8,

(iii) the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to paragraph 9(b) and such determination shall not have been made and delivered in a written opinion within 90 days after receipt by the Corporation of the request for indemnification,

(iv) payment of indemnification is not made pursuant to section 6 within ten days after receipt by the Corporation of a written request therefor, and/or

(v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to paragraph 10(b),

then, the Indemnitee shall be entitled to an adjudication of Indemnitee's entitlement to such indemnification or advancement of Expenses in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction. Alternatively, Indemnitee, at Indemnitee's sole option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first obtained the right to commence such proceeding pursuant to this section 12. The Corporation shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) Whenever a determination is made pursuant to section 8 of this Agreement that Indemnitee is not entitled to indemnification, the judicial proceeding or arbitration commenced pursuant to this section 12 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. If a Change of Control shall have occurred, the Corporation shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, in any judicial proceeding or arbitration commenced pursuant to this section 12.

(c) If a determination shall have been made or deemed to have been made pursuant to section 9 that Indemnitee is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this section 12 absent

(i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or

(ii) a prohibition of such indemnification under applicable law.

(d) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Agreement.

(e) In the event that Indemnitee, pursuant to this section 12, seeks a judicial adjudication or an award in arbitration to enforce his rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any and all expenses (of the types described in the definition of Expenses in this Agreement) actually and reasonably incurred by Indemnitee in connection with obtaining such judicial adjudication or arbitration, but only if Indemnitee prevails therein. if it shall be determined in said judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

13. Non-Exclusivity; Duration of Agreement; Insurance: and Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Corporation's certificate of incorporation or by-laws, any other agreement, a vote of stockholders, a resolution of directors, or otherwise.

(b) This Agreement shall continue until and terminate upon the later of:

(i) five years after the date that Indemnitee shall have ceased to serve as an officer or director of the Corporation, or

(ii) the final termination of all pending Proceedings in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses under this Agreement and of any proceeding commenced by Indemnitee pursuant to section 12 relating thereto.

(c) This Agreement shall be binding upon the Corporation and its successors and assigns and shall inure to the benefit of Indemnitee and his heirs, executors and administrators.

(d) (i) To the extent that the Corporation maintains an insurance policy or policies providing liability insurance for directors and officers of the Corporation, Indemnitee shall be covered by such policy or policies in accordance with the terms thereof to the maximum extent of the coverage available for Indemnitee under such policy or policies. The Corporation shall take all necessary or appropriate action to cause such insurers to pay on behalf of the Indemnitee all amounts payable as a result of the commencement of a proceeding in accordance with the terms of such policy.

(ii) For a period of three years after the date the Indemnitee shall have ceased to serve as an officer or director of the Corporation, the Corporation will provide officers and directors liability insurance for Indemnitee on terms no less favorable than the terms of the liability insurance which the Corporation then provides to the current officers and directors of the Corporation as of the date such services shall totally lease; provided, that the Corporation provides officers and directors liability insurance to its current officers and directors as of such cessation date; and provided, further, that the annual premiums for the liability insurance to be provided to the Indemnitee do not exceed by more than 50% the premium charged for the coverage available for any of the Corporation's then current officers and directors.

(e) In the event of any payment under this Agreement, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including, without limitation, execution of such documents as are necessary to enable the Corporation to bring suit to enforce such rights.

(f) The Corporation shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee otherwise actually has received such payment under any insurance policy, contract, agreement or otherwise.

14. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever:

(a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and

(b) to the fullest extent possible the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

15. Exception to Right of Indemnification or Advancement of Expenses.

(a) Except as otherwise provided specifically in this Agreement, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement with respect to:

(i) any Proceeding, or any claim herein, brought or made by Indemnitee against the Corporation;

(ii) amounts payable by Indemnitee to the Corporation or any Affiliate in satisfaction of any judgment or settlement in the Corporation's or such Affiliate's favor (except amounts for which you shall be entitled to indemnification pursuant to section 5);

(iii) amounts payable on account of profits realized by you in the purchase or sale of securities of the Corporation or any Affiliate within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended;

(iv) Expenses in connection with which Indemnitee is not entitled to indemnification as a matter of law or public policy; or

(v) Expenses to the extent you are indemnified by the Corporation otherwise than pursuant to this Agreement, including any Expenses for which payment is made to you under an insurance policy or as otherwise provided pursuant to paragraph 13(c).

(b) Anything in this Agreement to the contrary notwithstanding, Indemnitee shall not be entitled to indemnification or advancement of Expenses under this Agreement in connection with any claim initiated by Indemnitee, unless:

(i) the Corporation has joined in or the Board has authorized or consented to any such claim or

(ii) the claim is one to enforce Indemnitee's rights under this Agreement.

16. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. Except as otherwise specifically provided, references in this Agreement to specific section, paragraph and clause numbers and letters shall refer to the sections, paragraphs and clauses in this Agreement having such numbers and letters.

17. Modification and Waiver. This Agreement may be amended from time to time to reflect changes in Delaware law or for other reasons. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the parties to this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

18. Notice by Indemnitee. Indemnitee shall promptly to notify the Corporation in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder; provided, however, that the failure to give any such notice shall not disqualify the Indemnitee from indemnification hereunder unless such failure has a material adverse effect on the Corporation or on the possibility of a favorable outcome to a Proceeding.

19. Notices. Notices or other communications required or permitted to be given hereunder shall be in writing and shall be deemed duly given if (x) personally delivered, against written receipt therefor, (y) forwarded by pre-paid certified or registered mail, return receipt requested, or (z) forwarded via a nationally recognized overnight courier service (e.g., Federal Express, USPS Express Mail, UPS, DHL, etc.) to the parties to which such notice or other communication is required by this Agreement to be given, at the address of such parties as follows:

If to the Corporation, to: Paul M. Galvin, Chief Executive Officer
SG Blocks, Inc.
350 Madison Avenue
New York, New York 10017

with a copy to:

If to Indemnitee, to: Brian Wasserman
BAW Holding, Inc.
100 Quentin Roosevelt Boulevard - Suite 516
Garden City, New York 11530

with a copy to: Randy S. Zelin, Esq.
Moritt Hock & Hamroff LLP
400 Garden City Plaza - Suite 202
Garden City, New York 11530.

or, in the case of any of the parties to this Agreement, at such other address as such party shall furnish to each of the other parties in accordance with this section 19. Notices and other communications delivered personally shall be deemed given as of the date of actual receipt; mailed notices and other communications shall be deemed given as of the date three business days following such mailing; and notices and other communications sent via overnight courier service shall be deemed given as of the date one business day after delivery to such courier service.

20. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware. Any legal action resulting from, arising under, out of or in connection with, directly or indirectly, this Agreement shall be commenced exclusively in the Supreme Court, State of New York, County of Nassau, or the U.S. District Court for the Eastern District of New York. All parties to this Agreement hereby submit themselves to the jurisdiction of any such court, and agree that service of process on them in any such action, suit or proceeding may be affected by the means by which notices are to be given under this Agreement.

21. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

22. Specific Enforcement. The parties hereby agree that any remedy at law for a violation of any of the provisions of this Agreement is not, in itself, adequate to protect the parties hereto, and each party therefore shall be entitled to specific performance or any other mode of injunctive and/or other equitable relief to enforce such party's rights hereunder or any other relief a court may award.

23. Invalidity of Provision. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. In addition, to the extent that any term or provision hereof is deemed invalid, void or otherwise unenforceable, but may be made enforceable by amendment thereto, the parties agree that such amendment may be made so that the same shall, nevertheless, be enforceable to the fullest extent permissible under the laws and public policies applied in any such jurisdiction in which enforcement is sought.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE CORPORATION:
SG Blocks, Inc.

By: /s/ Paul M. Gavin
Paul M. Gavin, Chief Executive officer

INDEMNITEE:

/s/ Brian A. Wasserman
Brian A. Wasserman

Exhibit 21.1

List of Subsidiaries

Subsidiary	Jurisdiction of Incorporation or Organization
SG Building Blocks, Inc.	Delaware

December 20, 2011

VIA EDGAR AND ELECTRONIC MAIL

United States Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549
Attention: Russell Mancuso, Joseph McCann, Geoffrey Kruczek

Re: SG Blocks, Inc.
Form 8-K
Filed November 10, 2011, as amended November 14, 2011
File No. 000-22563

To Whom It May Concern:

We acknowledge receipt of the letter of comment dated December 6, 2011 from the Staff (the "**Comment Letter**") with regard to the above-referenced matter. We have reviewed the Comment Letter with SG Blocks, Inc. ("**SG Blocks**") and provide the following response on SG Blocks' behalf. The page references below are to the filed version of Amendment No. 2 to the Current Report on Form 8-K/A (the "**Current Report**") filed on the date hereof and to the marked copy of the Current Report sent via electronic mail to the SEC on the date hereof, as indicated. Capitalized terms used herein and not separately defined have the meanings given to them in the Current Report. Our responses are numbered to correspond to your comments.

The SG Buildings Network, (page 7 filed, page 7 marked)

1. *Please revise to clarify the nature of your relationships with ConGlobal Industries and the Lawrence Group. For example, are you required to purchase a fixed number of containers each month at a fixed price? What do you mean by an "in-house architectural resource," given that it appears that Lawrence Group and its employees are not employed by you? Please also file as an exhibit your supply agreement with ConGlobal.*

Response:

Revised disclosure in the Current Report clarifies the relationship between SG Blocks and ConGlobal Industries. Additionally, the reference to the Lawrence Group acting as an "in-house architectural resource" has been deleted.

SG Blocks and ConGlobal are currently renegotiating the terms of the ConGlobal Agreement. Accordingly, we do not believe that filing the current ConGlobal Agreement is material to the Company's shareholders. As soon as the revised terms of the ConGlobal Agreement have been finalized, the Company intends to request confidential treatment of certain agreement terms and file the ConGlobal Agreement.

2. *Please reconcile your disclosure on page 6 that you are a "hands-off supplier" with your other disclosures regarding the fabrication, manufacturing, modification and construction management work you perform.*

Response: (page 5 filed, page 5 marked)

Revised disclosure in the Current Report has been reconciled by removing references to SG Blocks being a "hands-off supplier".

Forward-Looking Statements, (page 8 filed, page 8 marked)

3. *The safe harbor provisions of the Private Securities Litigation Reform Act are not applicable to penny stock issuers. Accordingly, please revise future filings, as applicable, to remove references to this act.*

Response:

Revised disclosure in the Current Report no longer includes references to the Private Securities Litigation Reform Act. For so long as SG Blocks is a penny stock issuer, SG Blocks will not include references to the Private Securities Litigation Reform Act in future filings.

Management's Discussion and Analysis..., (page 11 filed, page 12 marked)

4. *Please refer to pages 4-5 in the amended Form 8-K you filed on November 14, 2011, and expand to clarify the reasons underlying the changes to the line items you mention. For example, clarify the material reasons underlying the significant decline in engineering and project management revenues. Please also clarify why you needed to bid with lowerthan-usual margins to "achieve regulatory approvals."*

Response:

The Current Report includes revised disclosure that clarifies the reasons underlying changes to the mentioned line items and the need to bid on projects with lower than-usual margins.

Security Ownership of Certain Beneficial Owners and Management, (page 18 filed, page 19 marked)

5. *We refer to your disclosures in footnotes 8 and 9 on page 12 of the amended Form 8-K. In light of the holdings disclosed in footnote 8, please revise the beneficial ownership table to reflect Vector Group's holdings. Please also revise to identify the natural persons who have or share voting and/or investment control over these shares.*

Response:

The Current Report includes a revised the beneficial ownership table that reflects the holdings of those persons or groups, including Vector Group, known to beneficially own more than 5% of the SG Blocks' common stock. To the extent information is publicly available regarding the identity of natural persons who have or share voting and/or investment control over the shares reflected in the beneficial ownership table, the footnotes to the beneficial ownership table have been revised to reflect such information.

Director Independence..., (page 22 filed, page 23 marked)

6. *In light of Mr. Kirkland's past employment, please tell us how he qualifies as independent under Nasdaq's listing standards.*

Response:

Because SG Blocks is not required to comply with the director independence requirements of any securities exchange, the Current Report includes revised disclosure that states that Mr. Kirkland satisfies the independence requirements of Rule 10A-3 of the Securities Exchange Act of 1934.

Exhibits

7. *Please file a complete version of Exhibit 10.6. We note that multiple exhibits to that document appear to be missing. Also, given the reference on page 6 to a subsidiary, please file the exhibit required by Regulation S-K Item 601(b)(21).*

Response:

Exhibit 10.6 filed with the Current Report now includes all the exhibits to that exhibit. SG Blocks has filed as an exhibit to the Current Report, that exhibit required by Regulation S-K Item 601(b)(21).

***

Per our discussion with Aslynn Hogue, SG Blocks is deferring the filing of an amendment to the Registration Statement on Form S-1 filed on December 5, 2011, until all overlapping comments with the Current Report have been resolved.

If you have any questions or request any further information, please contact either the undersigned at (212) 451-2252 or by email at kschlesinger@olshanlaw.com or Johnathan Duncan at (212) 451-2245 or by email at jduncan@olshanlaw.com.

Sincerely,

/s/ Kenneth A. Schlesinger

Kenneth A. Schlesinger

SG Blocks, Inc.
400 Madison Avenue, Suite 16C
New York, NY 10017

December 20, 2011

United States Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Washington, D.C. 20549
Attention: Russell Mancuso, Joseph McCann, Geoffrey Kruczek

Re: SG Blocks, Inc.
Form 8-K
Filed November 10, 2011, as amended November 14, 2011
File No. 000-22563

Ladies and Gentlemen:

The undersigned, SG Blocks, Inc. (the "Company"), acknowledges that in connection with responding to comments from the Securities and Exchange Commission (the "Commission") and Commission staff, (a) the Company is responsible for the adequacy and accuracy of the disclosure in the above referenced filing; (b) staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and (c) the Company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

Very truly yours,

SG BLOCKS, INC.

By: /s/ Paul M. Galvin
Paul M. Galvin
Chief Executive Officer