

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

FORM 8-K

CURRENT REPORT

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

Date of Report: October 1, 2010

VISUALANT, INCORPORATED

(Exact name of Registrant as specified in its charter)

Nevada

(State or jurisdiction of
incorporation)

0-25541

(Commission File No.)

91-1948357

(IRS Employer
Identification No.)

**500 Union Street, Suite 406
Seattle, Washington 98101**

(206) 903-1351

(Address of Registrant's principal executive
office and telephone number)

Section 2 – Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets.

Visualant, Inc. (“Visualant” or the “Company”), an emerging leader in authentication systems technology, announced today that it has signed a Letter of Intent to acquire all Visualant related assets of the RATLab LLC.

The RATLab LLC is a Seattle based research and development laboratory created by Dr. Tom Furness, founder and Director of the HITLab International, with labs at Seattle, University of Canterbury in New Zealand, and the University of Tasmania in Australia. Guided by Dr. Tom Furness and Dr. Brian Schowengerdt, a research scientist in the field of optics and vision science, the RATLab LLC developed the Spectral Pattern Matching (“SPM”) technology under contract for Visualant.

With this acquisition, Visualant will consolidate all intellectual property relating to the SPM technology. In addition to its current authentication and security applications of SPM, Visualant will now own all other applications including the important fields of medicine, agriculture, and the environment and begin the creation of the Visualant Laboratory.

Upon the closing of this asset acquisition transaction, Dr. Tom Furness and Dr. Brian Schowengerdt will continue to provide technology leadership to Visualant, under terms that are still subject to negotiation.

Visualant’s strategy over the next 18 to 24 months is to generate combined annual revenue in the range of \$35 to \$50 million.

The Company is proposing to acquire the Visualant related assets of the RATLab LLC as follows:

- a. One million shares (1,000,000) of Visualant common stock at closing valued at twenty cents (\$0.20) per share, the price during the negotiation of this agreement.
- b. Two hundred and fifty thousand dollars (\$250,000), with one hundred thousand dollars (\$100,000) payable at closing and one hundred and fifty thousand dollars (\$150,000) to be paid no later than the first anniversary of closing.
- c. The outstanding promissory note owing to Tom Furness in the amount of \$65,000 with accrued interest is to be paid at closing. The interest is to be calculated on a 7% annualized basis beginning September 1, 2006.

The acquisition of the Visualant related assets of the RATLab LLC is expected to close by November 30, 2010.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits –

<u>Exhibit No.</u>	<u>Description</u>
10.1	Letter of Intent dated October 1, 2010 by and between Visualant, Inc. and the RatLab LLC.
99.1	Press Release of Visualant, Inc. dated October 6, 2010 announcing the Letter of Intent to acquire the Visualant related assets of the RATLab LLC.

SIGNATURES

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

Registrant: VISUALANT, INCORPORATED

By: /s/ Mark Scott
Mark Scott, CFO

October 8, 2010

Item 9.01 Exhibits

Item 9.01 Financial Statements and Exhibits.

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Exhibit 10.1



October 1, 2010

Dr. Tom Furness
Dr. Brian Schowengerdt
RatLab LLC
5607 40th Avenue NE
Seattle, WA 98105

Re: Letter of Intent

Dear Tom and Brian:

This Letter of Intent sets forth the principal business points for the proposed acquisition by Visualant, Inc. ("Acquirer") of the Visualant-related assets of the RatLab LLC ("Seller") subject to negotiation of definitive agreements between Acquirer and Seller covering the terms set forth below and other customary provisions for transactions of this kind.

1. **Acquisition.** On the terms and conditions set forth below, Acquirer will acquire all of the Visualant-related assets including technology, intellectual property, licenses and trade secrets of Seller in exchange for the following consideration:

a. In consideration of delivering the assets/stock the Sellers shall be issued, in the aggregate, One Million Shares (1,000,000) of common stock of Visualant at the Closing, which stock was valued during the negotiation of this agreement at twenty cents (\$0.20) per share.

b. The sum of Two Hundred and Fifty Thousand Dollars (\$250,000) which be paid as follows:

i) One Hundred Thousand Dollars (\$100,000) at closing

ii) One Hundred and Fifty Thousand Dollars (\$150,000) no later than the first anniversary of closing

c. The outstanding promissory note owing to Tom Furness in the amount of \$65,000 with accrued interest shall be paid at closing. The interest is to be calculated on a 7% annualized basis with a term beginning 1 September 2006.

2. **Employment.** Certain individuals will be offered employment or consulting agreements by Visualant upon closing.

a. Tom Furness shall become Senior Scientific Advisor to Visualant and shall enter into an advisory agreement to be negotiated between the parties and executed at closing.

Visualant, Inc. 500 Union Street, Suite 406, Seattle, WA 98101 Ph. 206-903-1351

b. Brian Schowengerdt shall be offered the role Chief Technology Officer of Visualant and the head of Visualant Labs at closing and with an employment agreement and compensation commensurate with the position.

c. Individuals now working for the RatLab LLC may be offered employment with Visualant at closing upon terms and conditions to be negotiated between the parties.

3. **Assets To Be Acquired.** The assets to be acquired include, but are not limited, to the following:

a. All licenses to the Visualant technology

b. All intellectual property relating to the Visualant technology

c. All know how relating to the Visualant technology

d. All equipment owned by the RatLab LLC that was acquired for the use in Visualant technology development. This does not include equipment or software acquired during the course of other projects not related to Visualant.

It is understood and agreed that nothing in this agreement shall impair or limit the continuing operation of the RATLab LLC to perform developmental projects or engineering services for clients unrelated to Visualant which activities are specifically excluded from this agreement.

Furthermore, the RATLab LLC may, from time to time and pursuant to specific contract, perform work for hire for Visualant.

4. **Definitive Agreements.** The parties will endeavor to negotiate definitive agreements containing the terms set forth in this letter of intent and negotiate other appropriate terms, representations, warranties and covenants.

5. **Exclusive Negotiations.**

(a) With the exception of the sublicensing licensing activity currently underway between the seller and Javelin LLC, Seller agrees that during the "Exclusivity Period" (as defined below) it will not, directly or indirectly, through any other, director, affiliate or agent of Seller or Company or otherwise, solicit, initiate, entertain or encourage any proposal or offer from any third party relating to (in a single or series of related transactions) any merger or consolidation of Seller, dissolution of Seller or the acquisition of any assets of or any equity interests in Seller outside the ordinary course of business (each of which shall be considered an "Acquisition"); nor will Seller participate in any negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate with, facilitate or encourage any effort or attempt by any person to do or seek an Acquisition. Seller shall immediately cease and cause to be terminated all such contacts or negotiations with third parties.

(b) As used herein the term "Exclusivity Period" shall mean that time period beginning on the date of this letter on intent and ending on the termination of this letter of intent.

(c) If Seller or the Company shall receive an unsolicited written offer relating to an Acquisition as described in paragraph 3(a), Seller shall promptly notify Acquirer of such offer and keep Acquirer informed of the status thereof.

6. **Conduct of Business.** From and after this date until termination of this Letter of Intent, Seller agrees that the Company will conduct its business only in the ordinary course of business and consistent with past practice and will not incur any significant obligations or indebtedness or undertake any extraordinary transactions with regard to the business or assets without the prior written consent of the Acquirer. The Seller specifically agrees that the Company shall use its reasonable efforts to preserve intact the business organization of the Company, to keep available the services of its current key employees and to preserve the good will of those having business relationships with the Company or its business and that the Company shall not sell or transfer any assets, accounts or change vendors.

7 . **Confidentiality; Access.** Acquirer and Seller will enter into a confidentiality agreement with respect to the transactions contemplated by this letter. Pursuant to the terms of that Confidentiality Agreement, and until this letter is terminated as provided below, Seller shall provide Acquirer and its representatives full access at reasonable times to the properties, books and records of Company, for purposes of conducting such investigations, appraisals or audits as Acquirer deems reasonably necessary or advisable under the circumstances. Acquirer agrees to keep the information it obtains in such investigation strictly confidential to the extent provided in the Confidentiality Agreement.

8 . **Publicity.** The parties agree to keep this letter of intent and the proposed transactions and agreements (including drafts of such agreements) strictly secret and confidential until such time as Visualant determines that a public announcement shall be made, provided that if in the written opinion of counsel for either of the parties public disclosure is required under the federal securities laws, then the consent of the other party shall not be required. In all events, the parties shall consult with each other and use all reasonable efforts to agree on the content and manner of any of any disclosure permitted or required under this section. The provisions of this paragraph shall terminate upon termination of this letter as provided below.

9. **Effect and Enforceability of Letter.** This letter of intent constitutes merely an outline of the principal intended terms of the proposed transaction to facilitate the negotiation and preparation of definitive agreements. Neither this letter of intent nor any negotiations or understandings prior to the execution of definitive agreements is intended to be nor shall such constitute a binding and legally enforceable agreement of the parties hereto, except for paragraphs 3, 4, 5, 6, 7, 8, 9, 11, 12 and 13. Each party covenants not to institute or participate in any proceeding seeking to establish a contrary interpretation. The definitive agreements contemplated herein shall be subject to the approval of the Board of Directors of the Acquirer and the unit holders of the Seller and Tom Furness and Brian Schowengerdt in their individual capacities.

10. **Injunctive Relief.** It is understood and agreed that money damages would not be a sufficient remedy for any breach of the enforceable provisions of this letter of intent by either party hereto and that the parties shall be entitled to equitable relief, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach by either party of the enforceable provisions of this letter of intent, but shall be in addition to all other remedies available at law or equity to the non-breaching party. In the event of litigation relating to this letter of intent, if a court of competent jurisdiction determines that any party has breached the enforceable provisions of this letter of intent, then such party shall pay to the other the reasonable legal fees and disbursements incurred in connection with litigation relating thereto, including any appeal there from.

11. **Termination; Effectiveness.** This letter must be accepted by you no later than October 1, 2010, and, except as provided in this paragraph 9, shall expire and be of no further force or effect if not accepted by such date. The effective date of this letter of intent shall be its acceptance date. In the event the parties fail to enter into a Definitive Merger Agreement (as defined in the attached term sheet) on or before November 30, 2010, the understandings contained in this letter of intent shall terminate and be of no further force or effect as of such date, unless extended by mutual agreement of the parties. Notwithstanding anything to the contrary in this paragraph 11, the provisions of paragraphs 7, 8, 11, 14 and 15 of this letter of intent shall survive and shall not terminate.

10. **Closing.** Acquirer and Seller will endeavor to close and consummate the transactions contemplated herein on or before November 30, 2010.

11. **Costs.** The Parties will be responsible for and bear all of their respective costs and expenses (including any broker's, finder's or investment banking fees and the expenses of its representatives) incurred at any time in connection with pursuing or consummating the possible transactions contemplated herein.

12. **Termination of Prior Agreements; Integration.** The binding provisions of this letter of intent constitute the full and complete agreement of Acquirer and Seller with respect to the subject matter contained in this letter of intent and there are no further or other agreements or understandings, written or oral, in effect between Acquirer and Seller relating to such subject matter except as expressly referred to herein.

13. **Governing Law.** This letter of intent shall be governed, construed and interpreted in accordance with the laws of the State of Washington, without giving effect to principles of conflicts of law.

If the foregoing correctly reflects out mutual intentions as a basis for proceeding toward negotiation of definitive agreements, please so signify by executing and returning to us the enclosed duplicate copy of this letter of intent. This Letter of Intent may be executed in counterparts and by facsimile, each of which shall be deemed an original and all of which shall constitute one instrument.

Sincerely,

/s/ Ron Erickson

By: Ron Erickson
Chief Executive Officer
Visualant, Inc.
Date: October 1, 2010

AGREED AND ACCEPTED:

RatLab LLC

/s/ Tom Furness

By: Tom Furness
Manager
Date: October 1, 2010

/s/ Brian Schowengerdt

By: Brian Schowengerdt
Manager
Date: October 1, 2010



PRESS RELEASE

For Release

Contact

Lynn Felsing
Visualant, Inc.

206.903.1351 phone
206.903.1352 fax
lynn@visualant.net

Visualant to Create Visualant Laboratory

**Consolidation of Intellectual Property and Scientific Leadership with
Acquisition of RATLab Assets**

Seattle, WA. October 6, 2010/Business Wire. **Visualant, Inc. (OTCBB: VSUL)** (the “Company”) an emerging leader in authentication systems technology, announced today that is has signed a letter of intent to acquire all Visualant related assets of the RATLab LLC.

The RATLab LLC is a Seattle based research and development laboratory created by Dr. Tom Furness, founder and Director of the HITLab International, with labs at Seattle, University of Canterbury in New Zealand, and the University of Tasmania in Australia. Guided by Dr. Tom Furness and Dr. Brian Schowengerdt, a research scientist in the field of optics and vision science, the RATLab LLC developed the Spectral Pattern Matching (“SPM”) technology under contract for Visualant.

With this acquisition, Visualant will consolidate all intellectual property relating to the SPM technology. In addition to its current authentication and security applications of SPM, Visualant will now own all other applications including the important fields of medicine, agriculture, and the environment and begin the creation of the Visualant Laboratory.

Upon the closing of this asset acquisition transaction, Dr. Tom Furness and Dr. Brian Schowengerdt will continue to provide technology leadership to Visualant under terms that are still subject to negotiation.

Dr. Furness stated, “We are very pleased to begin the process of moving all the Visualant intellectual property and scientific leadership under one roof. Visualant’s recent acquisition of TransTech Systems brings world wide distribution channels and industry knowledge to the equation. Coupled with the new innovations that will come out of Visualant Laboratory, we believe the applications of the SPM technology can grow rapidly, and look forward to our active involvement in that effort.”

Ron Erickson, Visualant CEO said, “We are thrilled to be able to bring all of these intellectual property and human assets together. Dr. Furness, Dr. Schowengerdt, and the wonderful research team at the RATLab have done brilliant work. With this acquisition, Visualant will be creating its own laboratory to continue the research and development of SPM technology.”

About Visualant, Inc.

Visualant, Inc. develops low-cost, high speed, light-based security and quality control solutions for use in homeland security, anti-counterfeiting, forgery/fraud prevention, brand protection and process control applications. Its patent-pending technology uses controlled illumination with specific bands of light, to establish a unique spectral signature for both individual and classes of items. When matched against existing databases, these spectral signatures allow precise identification and authentication of any item or substance. This breakthrough optical sensing and data capture technology is called Spectral Pattern Matching (SPM). SPM technology can be miniaturized and is easily integrated into a variety of hand-held or fixed mount configurations, and can be combined in the same package as a bar-code or biometric scanner.

Through its wholly owned subsidiary, TransTech Systems, Inc., the Company provides security and authentication solutions to security and law enforcement markets throughout the United States.

Safe Harbor Statement

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements (within the meaning of Section 27a of the Securities Act of 1933 and Section 21e of the Securities Exchange Act of 1934) regarding us and our business, financial condition, results of operations and prospects. Forward-looking statements in this press release reflect the good faith judgment of our management and are based on facts and factors currently known to us. Forward-looking statements are subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements as a result of either the matters set forth or incorporated in this press release generally or certain economic and business factors, some of which may be unknown to and/or beyond the control of Visualant, Inc. Specifically, we are exposed to various risks related to our need for additional financing to support our technology development, acquiring or investing in new businesses and ongoing operations, the sale of a significant number of our shares of common stock could depress the price of our common stock, the market price of our common stock may be volatile, and we may incur losses in the future. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We do not undertake, and we expressly disclaim, any obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of the press release.
