IFLI Acquisition Corp.
Form 10-Q
November 02, 2010

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

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2010

OR

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

FOR THE TRANSITION PERIOD FROM__________ to __________

Commission File Number: 000-21134

IFLI Acquisition Corp.
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	04-2893483 (I.R.S. Employer Identification Number)
3960 N. Andrews Avenue Oakland Park, Florida (Address of Principal Executive Offices)	33309 (ZIP Code)

(561) 420-0577
(Registrant's Telephone Number, including Area Code)

International Fight League, Inc.
(Former Name, former Address and former Fiscal Year, if changed since last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted to its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes o No o

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

Large accelerated filer o Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes x No o

As of November 1, 2010, there were 1,932,788 shares of Common Stock, par value $0.01 per share, outstanding.

IFLI Acquisition Corp.
(Formerly International Fight League, Inc)
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2010

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Item 1 Financial Statements

Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the following condensed financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. IFLI Acquisition Corp. (the “Registrant”, the “Company”, “IFL”, “IFLI”, “we”, “us “our”) believes that the disclosures are adequate to assure that the information presented is not misleading in any material respect. The following condensed financial statements should be read in conjunction with the year-end financial statements and notes thereto included in our annual Report on Form 10-K for the year ended December 31, 2009.

The results of operations for the interim periods presented herein are not necessarily indicative of the results to be expected for the entire fiscal year, or for any other period.

When we refer to our fiscal year in this report, we are referring to the fiscal year ended December 31 of that year. Thus, we are currently operating in our fiscal 2010 year, which commenced on January 1, 2010. Unless the context expressly indicates a contrary intention, all references to years in this filing are to our fiscal years.

IFLI Acquisition Corp.
(Formerly International Fight League, Inc)
CONDENSED BALANCE SHEETS

	SEPTEMBER 30, 2010 (UNAUDITED)	DECEMBER 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash	$ 10,836	$24,699
Prepaid Expenses	106,350	122,303
TOTAL ASSETS	$ 117,186	$147,002
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILTIES:		
Accounts Payable	$ —	$750
Accrued Expenses and Other Current Liabilities	25,000	54,699
TOTAL CURRENT LIABILITIES	25,000	55,449
STOCKHOLDERS' EQUITY:		
Preferred Stock, $.01 Par Value; 5,000,000 Shares Authorized; 38,000 Shares of Series A Convertible Preferred Stock Issued and Outstanding at September 30, 2010 and None Issued and Outstanding at December 31, 2009	380	—
Common Stock, $.01 Par Value; 75,000,000 Shares Authorized; 1,932,788 Shares Issued and Outstanding at September 30, 2010 and 200,435 Shares Issued and Outstanding at December 31, 2009	19,328	2,004
Additional Paid-In Capital	37,302,071	37,219,776
Accumulated Deficit	(37,229,593)	(37,130,227)
TOTAL STOCKHOLDERS' EQUITY	92,186	91,553
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 117,186	$147,002

The accompanying notes are an integral part of the condensed interim financial statements.

IFLI Acquisition Corp.

(Formerly International Fight League, Inc)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
REVENUES	$ —	$ —	$ —	$ —
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	25,542	30,220	99,359	95,576
STOCK-BASED COMPENSATION EXPENSE	—	31,723	—	190,258
OTHER INCOME (EXPENSES):				
Losses from Equity Investee	—	(108,856)		(399,806)
Gain on termination of interest in Equity Investee	—	926,451	(15)	926,451
Interest Expense	—	(28)	(15)	(208)
Interest Income	3	6	8	254
TOTAL OTHER INCOME (EXPENSES) – NET	3	817,573	(7)	526.691
NET INCOME (LOSS)	(25,539)	755,630	(99,366)	240,857
NET INCOME (LOSS) PER COMMON SHARE – BASIC AND DILUTED	$ (0.01)	$ 3.77	$ (0.05)	$ 1.20
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	1,085,844	200,435	498,815	200,435

The accompanying notes are an integral part of the condensed interim financial statements.

IFLI Acquisition Corp.
(Formerly International Fight League, Inc)
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	FOR THE NINE MONTHS ENDED SEPTEMBER 30 2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (99,366)	$ 240,857
Adjustments to Reconcile Net Income (Loss) to Net Cash Used in Operating Activities:		
Losses from Equity Investee	—	399,806
Selling, General and Administrative Expenses Paid by Equity Investee	—	59,900
Gain on termination of interest in Equity Investee	—	(926,451)
Depreciation and Amortization	—	760
Loss on disposal of property and equipment	—	380
Share-Based Compensation Expense	—	190,258
Changes in Operating Assets and Liabilities:		
Prepaid Expenses	15,952	14,231
Accounts Payable	(750)	6,760
Accrued Expenses and Other Current Liabilities	(29,699)	(31,228)
NET CASH USED IN OPERATING ACTIVITIES	(113,863)	(44,727)
CASH PROVIDED BY FINANCING ACTIVITIES:		
Sale of Series A Convertible Preferred Stock	100,000	—
NET DECREASE IN CASH	(13,863)	(44,727)
CASH AT BEGINNING OF PERIOD	24,699	118,468
CASH AT END OF PERIOD	$ 10,836	$ 73,741
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash Paid During the Period for Interest	$ 15	$ 208
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING ACTIVITIES:		
Conversion of Preferred Stock to Common Stock	$ 17,324	$ —

The accompanying notes are an integral part of the condensed interim financial statements.

IFLI ACQUISITION CORP.

(FORMERLY INTERNATIONAL FIGHT LEAGUE, INC)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

NOTE A - DESCRIPTION OF BUSINESS AND SUMMARY OF SELECTED ACCOUNTING POLICIES -

Description of Business:

IFLI Acquisition Corp., formerly International Fight League, Inc., ("Company") was incorporated in the State of Delaware on May 8, 1992. The Company's offices are located in Oakland Park, Florida.

Effective January 15, 2010, the Company completed the liquidation of its wholly- owned subsidiary in accordance with the terms of the subsidiary's bankruptcy proceedings. The Company presently has no business operations.

Basis of Presentation:

The accompanying condensed interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and in accordance with the instructions to Form 10-Q and Article 8 and Article 10 of Regulation S-X. Accordingly, since they are interim statements, the accompanying financial statements do not include all of the information and notes required by GAAP for a complete financial statement presentation. The condensed balance sheet as of December 31, 2009 was derived from the Company's audited financial statements but does not include all disclosures required by GAAP.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted from these condensed interim financial statements. The Company believes the disclosures presented are adequate to make the information not misleading.

These interim financial statements reflect all normal adjustments that, in the opinion of management, are necessary for fair presentation of the information contained herein. The results of operations for the three and nine months ended September 30, 2010 are not necessarily indicative of the results of operations expected for the full year ended December 31, 2010. These financial statements should be read in conjunction with the Company's audited financial statements and accompanying notes for the year ended December 31, 2009.

Going Concern:

The Company has suffered recurring losses, has no current revenue producing operations, and will continue to incur operating expenses in the future. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management is presently seeking acceptable merger or acquisition candidates. The accompanying condensed interim financial statements have been prepared on the basis of a going concern, and do not reflect any adjustments from an alternative assumption.

Use of Estimates:

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the financial statements.

Fair Value of Assets and Liabilities:

The carrying amounts of the Company's assets and liabilities at September 30, 2010 and December 31, 2009 approximate fair value.

Equity Method:

Generally accepted accounting principles require that the investment in the investee be reported using the equity method when an investor corporation can exercise significant influence over the operations and financial policies of an investee corporation. When the equity method of accounting is used, the investor initially records the investment in the stock of an investee at cost. The investment account is then adjusted to recognize the investor's share of the income or losses of the investee after the date of acquisition when it is earned by the investee. Such amounts are included when determining the net income of the investor in the period they are reported by the investee.

Income Taxes:

Income taxes are determined based upon income and expenses recorded for financial reporting purposes. Deferred taxes are recorded for estimated future tax effects of differences between the basis of assets and liabilities for financial reporting and income tax purposes giving consideration to enacted tax laws. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized.

Earnings (Loss) Per Share:

Basic earnings (loss) per share are computed by dividing income (loss) available to common shareholders by the weighted average number of shares outstanding during the period. Diluted earnings (loss) per share are similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if potentially dilutive common shares had been issued. The potentially dilutive securities have been excluded from the calculation because their effect would be anti-dilutive.

Stock-Based Compensation:

We measure the cost of employee or service provider services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost is recognized over the period during which an employee or service provider is required to provide service in exchange for the reward.

The Company uses the Black-Scholes option pricing method to measure the fair value of options granted to employees and service providers.

IFLI ACQUISITION CORP.
(FORMERLY INTERNATIONAL FIGHT LEAGUE, INC)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

NOTE B - PREPAID EXPENSES –

Prepaid expenses consist of officers’ and directors’ errors and omission insurance. Costs are amortized ratably over the respective terms of the policies using the straight line method.

NOTE C - INCOME TAXES –

At September 30 2010, the Company has a net operating loss carry-forward of approximately $1.38 million. The ultimate utilization of the net operating loss resulting from the change in majority ownership, which has no effect on the condensed interim financial statements at September 30, 2010, has not been determined.

NOTE D - LOSS FROM EQUITY INVESTEE –

At September 30, 2009, the Company included $399,806 loss from operations of its previously consolidated subsidiary. The subsidiary was deconsolidated as a result of a loss of control in connection with the bankruptcy filing of the subsidiary.

NOTE E - SALE OF PREFERRED STOCK –

On January 11, 2010, the Company sold 730,941 shares of its Series A Convertible Preferred Stock (the “Preferred Stock”) to Insurance Marketing Solutions, LLC, a Florida limited liability corporation (“IMS”), pursuant to the terms of a stock purchase agreement (the “Agreement”). Mr. C. Leo Smith was then and is currently the sole and Managing Member of IMS, and is currently also the sole officer and director of the Company. Pursuant to the terms of the Agreement, IMS acquired the shares of Preferred Stock in consideration of $100,000.

Each share of Preferred Stock is convertible into 2.5 shares of the Company’s common stock (the “Common Stock”) and is entitled to 2.5 votes on all transactions submitted to the stockholders of the Company. In addition, in connection with any vote or written consent with respect to the election of directors of the Company, the holders of record of the shares of Preferred Stock, and as a separate class, are entitled to elect the majority of directors of the Company. Accordingly, the holders of Preferred Stock possess control over the Company.

During August and September 2010, 672,941 outstanding shares of the Company’s Series ‘A’ Convertible Preferred Stock, $.01 par value, were converted by shareholders into 1,682,353 post one (1) for four hundred (400) reverse split shares of the Company’s Common Stock, $.01 par value.

At September 30, 2010, 38,000 shares of Preferred Stock were issued and outstanding. In the event that all of these shares of Preferred Stock were to be converted into shares of Common Stock, the Company would be required to issue an additional 95,000 shares of Common Stock.

NOTE F - REVERSE STOCK SPLIT –

On July 8, 2010, the Company amended and restated its Certificate of Incorporation to (a) effect a one (1) for four hundred (400) reverse split of the outstanding shares of Common Stock, and (b) decrease the authorized shares of Common Stock from 150,000,000 shares to 75,000,000 shares, par value $.01 per share, and (c) increase the authorized shares of Preferred Stock from 1,000,000 shares to 5,000,000 shares, par value $.01 per share, and (d) change the name of the Company to “IFLI Acquisition Corp.” Each four hundred (400) shares of Common Stock outstanding at 4:00 P.M. EDT on June 30, 2010 are deemed to be one (1) share of Common Stock of the Company. Fractional shares have been rounded up to the next whole share. All share and per share amounts have been restated to reflect the above referenced actions.

IFLI ACQUISITION CORP.
(FORMERLY INTERNATIONAL FIGHT LEAGUE, INC)
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

NOTE G - STOCK OPTIONS –

At January 1, 2010, the Company had 651,619 options outstanding to purchase common stock, relating to the previously adopted 2006 Equity Incentive Plan. All remaining options were cancelled during the three months ended March 31, 2010. In connection with grants of options issued under the Plan, compensation costs of $0 and $94,815 were charged against operations for the nine months ended September 30, 2010 and 2009, respectively. On April 12, 2010, all outstanding stock options expired.

NOTE H - WARRANTS –

At September 30, 2010, the Company had 36,528 stock purchase warrants outstanding entitling holders to purchase the same number of shares of Common Stock at prices from $120.00 to $500.00 per share. All costs for the issuance of these warrants have been recognized in prior periods therefore no charges were recognized during the nine months ended September 30, 2010.

NOTE I - RESTRICTED STOCK –

The fair value of restricted stock awards is determined based upon the number of shares awarded and the quoted price of our common stock on the date of the grant. The fair value of the award is recognized as an expense over the service or investing period, net of forfeiture, using the straight-line method under GAAP. Because the Company does not have historical data on forfeitures and has made only one grant of restricted stock, forfeitures are calculated based upon the actual forfeitures, not estimates or assumptions. Compensation expense in connection with the restricted stock awards amounted to $0 and $95,443 for the nine months ended September 30, 2010 and 2009, respectively.

All 125,000 shares of the previously issued award were vested at September 30, 2010.

NOTE J SUBSEQUENT EVENTS –

Management has evaluated the adequacy of the financial statement disclosures subsequent to the condensed interim balance sheet date through the filing date of this report and have no additional events to report.

Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended December 31, 2009. In addition to historical information, this discussion and analysis contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance and the industries in which we operate as well as on our management's assumptions. These forward-looking statements involve risks and uncertainties. When used in this Quarterly Report on Form 10-Q, the words "anticipate," "objective," "may," "might," "shoul "could," "can," "intend," "expect," "believe," "estimate," "predict," "targets," "goals," "projects," "seeks," "potential," "plai the negative of these and similar expressions identify forward-looking statements. While we believe our plans, intentions and expectations reflected in those forward-looking statements are reasonable, we cannot assure you that these plans, intentions or expectations will be achieved. Other than as required by applicable securities laws, we are under no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to, those set forth under Item 1A,"Risk Factors," and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2009 and elsewhere in this Quarterly Report on Form 10-Q, .

Overview, Discontinued Operations and Sale of Assets

Our former business was founded in 2005 to organize, host and promote live and televised professional mixed martial arts ("MMA") sporting events under the name "International Fight League" or "IFL" and to capitalize on the growing popularity of MMA in the United States and around the world. In June 2008, we announced that our event scheduled for August 15, 2008 had been canceled, and on September 15, 2008, our wholly-owned subsidiary, "IFLC", through which we conducted our operations and which held substantially all of our assets, voluntarily filed a petition for reorganization relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Court"). IFLC's bankruptcy case is docketed as In re IFL Corp., Case No. 08-13589 (MG). On November 17, 2008, IFLC sold substantially all of its assets to HD Net LLC ("HD Net") for $650,000 cash and the assumption by HD Net of certain obligations, pursuant to a sale under Section 363 of the Bankruptcy Code, which was approved by the Court on October 28, 2008. On September 14, 2009, the Court entered an order (the "Confirmation Order") confirming a plan of liquidation of IFLC (the "Plan"). Pursuant to the Plan, IFLC's remaining assets were used to satisfy its creditors, and all of IFLI's equity interests in IFLC were terminated with no payment to IFLI. The liquidation of IFLC was completed on January 15, 2010. In January 2010 we sold a controlling equity interest in us to Insurance Marketing Solutions, LLC ("IMS"), a company owned by C. Leo Smith. Upon the closing of such sale, Mr. Smith became our sole officer and director. Mr. Smith, through IMS, possesses control over us and our future business.

With the sale of substantially all of our assets to HD Net, the termination of our interests in IFLC, and with no active business operations or business assets, we became a "shell company" as defined by the rules of the SEC under the Securities Exchange Act of 1934. Our Board of Directors, on a time available basis, will search for, review and engage in due diligence for potential merger or acquisition proposals for which the Board of Directors would deem to be suitable acquisition candidates. To date, no such acquisition or merger proposal has been identified. If our Board of Directors is able to identify a potential merger or acquisition candidate, we cannot predict in what industry or business this candidate may operate.

We will continue to incur ongoing losses, which, however, will be greatly reduced due to the inactive nature of our business. Nevertheless, losses will be incurred to pay ongoing reporting expenses, including for legal and accounting services, as necessary to maintain the Company as a public entity, as well as some other minimal operating expenses, while searching for merger or acquisition candidates.

Due to the September 15, 2008 bankruptcy filing by IFLC, IFLC ceased being a consolidated subsidiary as of that date. As a result, our balance sheets as of December 31, 2009 and September 30, 2010 include only the assets and liabilities of IFLI Acquisition Corp., the parent company, and our statements of operations for the three months and nine months ended September 30, 2010 exclude the results of operations of IFLC.

On July 8, 2010, we amended and restated our Certificate of Incorporation (a) to effect a one (1) for four hundred (400) reverse split of our outstanding shares of Common Stock on such date; and (b) to decrease our total authorized capital shares to 80,000,000 shares, of which 75,000,000 shares are classified as Common Stock, par value $.01 per share, and 5,000,000 shares are classified as Preferred Stock, par value $.01 per share, and (c) to change the name of the Company to "IFLI Acquisition Corp." We amended our Certificate of Incorporation accordingly.

Results of Operations

We had no revenue for the three months ended September 30, 2010 and a loss of $25,539, as compared to no revenue for the three months ended September 30, 2009 and a gain of $755,630. The loss in the 2010 third quarter compared to the gain in the 2009 third quarter was due to the $926,451 gain from the cessation of operations during the 2009 third quarter. Selling, general and administrative expenses were $25,542 and $30,220 for the three month periods ended September 30, 2010 and September 30, 2009, respectively. The reduction in selling, general and administrative expenses in the 2010 third quarter compared to the 2009 third quarter was attributable to a reduction in professional fees.

We had no revenue for the nine months ended September 30, 2010 and a loss of $99,366, as compared to no revenue for the nine months ended September 30, 2009 and a gain of $240,857. The loss in the 2010 nine month period compared to the gain in the 2009 nine month period was due to the $926,451 gain from the cessation of operations during the 2009 third quarter. Selling, general and administrative expenses were $99,359 and $95,576 for the nine month periods ended September 30, 2010 and September 30, 2009, respectively. The increase in selling, general and administrative expenses in the 2010 nine month period compared to the 2009 nine month period was attributable to increased legal fees in 2010 and the elimination of tax reserves in 2009.

Liquidity, Capital Resources and Going Concern

At September 30, 2010, our cash and cash equivalents were $10,836.

Our Board of Directors, on a time available basis, is exploring options to realize value for our stockholders, which may include seeking a reverse merger transaction with a party having ongoing operations. We have no present avenues of financing, no source of revenues, and no present plans to obtain interim financing while continuing to explore our options.

As a result of the foregoing, our lack of liquidity and funding sources poses a substantial risk to our ongoing viability. The condensed financial statements in this report have been prepared on an on-going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The forgoing conditions raise substantial doubt about our ability to continue as a going concern.

Off-Balance Sheet Arrangements

As of September 30, 2010, we had no off-balance sheet arrangements.

Item 3 Quantitative and Qualitative Disclosure Regarding Market Risk

Not Applicable

Item 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures- The Company did not generate any revenues during the period covered by this Report. During the period from January 11, 2010 through the end of the period covered by this Report, the Company’s financial information was maintained by C. Leo Smith, its Chief Financial Officer and Chief Executive Officer. Mr. Smith has employed the services of accounting and legal professionals to assist him in this regard. The Company believes that it maintained disclosure controls and procedures that were designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information was accumulated and communicated to Mr. Smith, the Company’s Chief Financial Officer and Chief Executive Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of “disclosure controls and procedures” in Rule 13a-15(e) and 15d-15(e). Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15 (b) and 15d-15(b) as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of the end of the period covered by this report.

Changes in Internal Controls Over Financial Reporting- There have been no changes in the Company's internal controls or in other factors that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting during the quarter covered by this Report. During the first quarter, when Mr. Smith assumed the positions of Chief Executive Officer and Chief Financial Officer of the Company, he directed the Company to employ the services of accounting and financial individuals to assist him in implementing internal controls over our financial reporting. Under the supervision and with the participation of Mr. Smith, our Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our internal controls over financial reporting as required by Exchange Act Rule 13a-15 (d) and 15d-15(d) as of the end of the period covered by this report. Based on that evaluation, Mr. Smith has concluded that these internal controls over financial reporting are effective as of the end of the period covered by this report.

PART II-OTHER INFORMATION

Item 1 Legal Proceedings

On September 15, 2008, our former wholly-owned subsidiary, IFLC, through which we previously conducted our operations, voluntarily filed a petition for reorganization relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. IFLC's bankruptcy case is docketed as In re IFL Corp., Case No. 08-13589 (MG). On August 5, 2009, the Court approved a disclosure statement (the "Disclosure Statement") filed by IFLC, which described its plan of liquidation (the "Plan"), which is attached to the Disclosure Statement. Pursuant to the Plan, IFLC's remaining assets were used to satisfy its creditors, and IFLI's equity interest in IFLC was terminated with no payment to IFLI. A hearing to confirm the Plan was held on September 14, 2009, at which time the Court confirmed the Plan. This resulted in termination of our interest in IFLC with no payment to us. The liquidation of IFLC was completed on January 15, 2010.

Item 1A Risk Factors

There have been no material changes in the risk factors that were previously disclosed in Item 1A, “Risk Factors,” of Part I of the Company’s Annual Report on Form 10-K for the year ended December 31, 2009.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

No transactions occurred except those reported in the Company’s Current Report on Form 8-K filed on January 14, 2010, as amended.

During August and September 2010, 672,941 outstanding shares of the Company’s Series ‘A’ Convertible Preferred Stock, $ .01 par value, were converted by shareholders into 1,682,353 post one (1) for four hundred (400) reverse split shares of the Company’s Common Stock, $ .01 par value.

Item 3 Defaults upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

None

Item 5 Other Information

None

Item 6 Exhibits

See the Exhibit Index on the following page for a description of the documents that are filed as Exhibits to this Quarterly Report on Form 10-Q, or incorporated by reference herein.

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, thereunto duly authorized.

IFLI Acquisition Corp.

By: /s/ C. Leo Smith
C. Leo Smith, Principal Executive Officer
and Principal Financial Officer

Date: November 1, 2010

EXHIBIT INDEX

Exhibits	
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.1	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002