

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

RAPTOR INVESTMENTS INC
Form 10QSB
August 19, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB

(MARK ONE)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002 .

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 0-23026

RAPTOR INVESTMENTS, INC.
(EXACT NAME OF SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

FLORIDA

22-3261564

(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

(I.R.S. EMPLOYER IDENTIFICATION
NO.)

105 N.W. 13 AVENUE, POMPAÑO BEACH, FLORIDA 33069

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

954-695-0195
(ISSUER'S TELEPHONE NUMBER INCLUDING AREA-CODE)

(FORMER NAME, FORMER ADDRESS AND
FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

CHECK WHETHER THE ISSUER (1) FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION
13 OR 15(D) OF THE EXCHANGE ACT DURING THE PAST 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

APPLICABLE ONLY TO CORPORATE ISSUERS

STATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON
STOCK AS OF THE LATEST PRACTICABLE DATE:

COMMON STOCK, \$.01 PAR VALUE - 48,897,681 SHARES AS OF June 15, 2002.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE):

YES X NO

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF June 30, 2002

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2002

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES

CONTENTS

| | | |
|-------|-------|---|
| PAGE | 1 | CONDENSED BALANCE SHEETS AS OF JUNE 30, 2002 (CONSOLIDATED) (UNAUDITED) AND DECEMBER 31, 2001 (COMBINED) (UNAUDITED) |
| PAGE | 2 | CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED) |
| PAGE | 3 | CONDENSED STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM JANUARY 1, 2001 TO JUNE 30, 2001 (UNAUDITED) |
| PAGE | 4 | CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2002 (UNAUDITED) |
| PAGES | 5 - 7 | NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) |

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS

ASSETS

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

| | June 30, (Consolidated) (Unaudited) |
|---|---|
| CURRENT ASSETS | |
| Cash | \$ 3 |
| Royalty receivable, net | 2 |
| Accounts receivable | 1 |
| Contract receivable - current portion | 20 |
| Exchange agreement | |
| Deposits | 1 |
| | ----- |
| Total Current Assets | 29 |
| | ----- |
| PROPERTY AND EQUIPMENT - NET | 2 |
| | ----- |
| OTHER ASSET | |
| Contract receivable | 34 |
| Note receivable - stockholder | 1,50 |
| Due from shareholder | 1 |
| Loan receivable | 1 |
| | ----- |
| Total Other Assets | 1,88 |
| | ----- |
| TOTAL ASSETS | \$ 2,20 |
| | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | |
| CURRENT LIABILITIES | |
| Accounts payable and accrued expenses | \$ 47 |
| Loans payable | 31 |
| Loans payable - related parties | 11 |
| Shareholder loan | |
| Deferred revenue | 2 |
| | ----- |
| Total Current Liabilities | 93 |
| | ----- |
| STOCKHOLDERS' EQUITY | |
| Preferred stock, \$.01 par value, 5,000,000 shares authorized, none issued | |
| Preferred stock - Class A, \$.01 par value, 15 shares authorized and issued | |
| Common stock, \$.01 par value, 100,000,000 shares authorized, 48,887,681 and 43,887,681 shares issued and outstanding, respectively | 48 |
| Additional paid-in capital | 9,21 |
| Treasury stock | (3 |
| Accumulated deficit | (8,21 |
| Stock subscription receivable | (17 |
| | ----- |
| Total Stockholders' Equity | 1,27 |
| | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 2,20 |
| | ===== |

See accompanying notes to condensed consolidated financial statements.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

-1-

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 (UNAUDITED)

| | For the Three Months Ended June 30, 2002 | M J |
|--|--|--------|
| | ----- | ----- |
| REVENUE | \$ 30,000 | \$ |
| | ----- | ----- |
| OPERATING EXPENSES | | |
| Professional fees | 221,250 | 5 |
| Other general and administrative | 101,065 | 1 |
| | ----- | ----- |
| Total Operating Expenses | 322,315 | 6 |
| | ----- | ----- |
| LOSS FROM OPERATIONS | (292,315) | (6 |
| | ----- | ----- |
| OTHER INCOME (EXPENSE) | | |
| Interest income | 85,351 | 1 |
| Interest expense | (5,000) | (|
| | ----- | ----- |
| Total Other Income | 80,351 | (|
| | ----- | ----- |
| NET LOSS | \$ (211,964) | \$ (5 |
| | ===== | ===== |
| NET LOSS PER SHARE | | |
| Net loss | \$ (211,964) | \$ (5 |
| Preferred stock dividends | (45,000) | (|
| | ----- | ----- |
| NET LOSS AVAILABLE TO COMMON SHAREHOLDERS | \$ (256,964) | \$ (5 |
| | ===== | ===== |
| Net loss per common share - basic and diluted | \$ (0.00) | \$ |
| | ===== | ===== |
| Weighted average number of common shares outstanding - basic and diluted | 47,579,989 | 44,2 |
| | ===== | ===== |

See accompanying notes to condensed consolidated financial statements.

-2-

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
(FORMERLY PARAMARK ENTERPRISES, INC. AND SUBSIDIARIES)
CONDENSED STATEMENT OF CHANGES IN NET ASSETS
(LIQUIDATION BASIS)
FOR THE PERIOD FROM JANUARY 1, 2001 TO JUNE 30, 2001
(UNAUDITED)

| | |
|--|----|
| Net assets in liquidation at December 31, 2000 | \$ |
| Loss from activities during the "wind-down" period from January 1, 2001 through June 30, 2001 | |
| Reserve for legal fees in connection with outstanding legal proceedings | |
| Decrease in net assets | |
| Net assets in liquidation at June 30, 2001 | \$ |
| Number of common shares outstanding | |
| Net assets in liquidation per common share | \$ |

See accompanying notes to condensed consolidated financial statements.

-3-

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2002
(UNAUDITED)

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|--------------|
| Net Loss | \$ (545,694) |
| Adjustments to reconcile net loss to net cash used in operating activities: | |
| Stock issued for services | 483,998 |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in: | |
| Accounts receivable | (414) |
| Accrued interest receivable | (72,116) |
| Royalty receivable | 8,491 |
| Deposits | (16,470) |
| Stock subscription receivable | 6,500 |
| Exchange agreement | 3,735 |
| Increase (decrease) in: | |
| Accounts payable | 51,568 |
| Deferred revenue | 20,000 |
| ----- | |
| Net Cash Used In Operating Activities | (60,402) |
| | ----- |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|---|----------|
| Proceeds from contract receivable | 135,971 |
| Proceeds from note receivable - stockholder | 14,500 |
| Proceeds from loan receivable | (14,400) |
| Proceeds on due from shareholder | 3,070 |
| | ----- |
| Net Cash Provided By Investing Activities | 139,141 |
| | ----- |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|---|-----------|
| Proceeds from loan payable - related party | 4,000 |
| Payments on loans payable | (153,736) |
| Proceeds from note receivable - stockholder | 1,400 |
| | ----- |
| Net Cash Provided By Financing Activities | (148,336) |
| | ----- |

NET DECREASE IN CASH (69,597)

CASH - BEGINNING OF YEAR 105,135

CASH - END OF YEAR \$ 35,538

=====

NON-CASH FINANCING AND INVESTING ACTIVITIES:

As of June 30, 2002, \$467,559 was reclassified from accounts payable to loans payable.

See accompanying notes to condensed consolidated financial statements.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2002

7

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

The June 30, 2001 financial statement is presented on the liquidation basis of accounting because the Company had previously adopted a plan of liquidation.

For further information, refer to the financial statements and footnotes for the year ended December 31, 2001 included in the Company's Form 10-KSB.

(B) PRINCIPLES OF CONSOLIDATION

In 2002, consolidated financial statements for the period ended June 30, 2002 include the accounts of Raptor Investments, Inc. (Florida) and its wholly owned subsidiaries LBI Properties, Inc. and LBI Eweb Communities, Inc., after elimination of all significant intercompany balances and transactions.

NOTE 2 BUSINESS COMBINATION

Effective January 7, 2002, the Company acquired LBI Properties, Inc. and LBI Eweb Communities, Inc. by issuing 19,974,298 and 19,800,000 shares, respectively of its common stock for all of the outstanding common stock of LBI Properties, Inc. and LBI Eweb Communities, Inc., respectively. The merger has been accounted for as a business combination of entities under common control because all of the entities had common ownership interests, and accordingly, the consolidated financial statements have been prepared to include the combined results of operations, financial position and cash flows of the Company and its subsidiaries for all the period presented. The Companies were not in operations during the period ended June 30, 2001 and therefore comparative operating results and cash flows have not been presented.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

NOTE 3 LOANS PAYABLE - RELATED PARTIES

During 2002, a related party loaned the Company \$5,000. The loan is non-interest bearing and due on demand. The Company also became indebted to another related party in the amount of \$100,000 as a result of the business combination discussed in Note 2.

NOTE 4 STOCK ISSUANCES

During April 2002, the Company issued 3,000,000 common stock options at an exercise price of \$0.05 per share to consultants for services valued at \$90,000. During May 2002, the consultants exercised all 3,000,000 options.

During April 2002, the company issued 2,000,000 of common stock to an attorney for legal services having a fair value of \$200,000.

NOTE 5 GOING CONCERN

As shown in the accompanying consolidated financial statements, the Company incurred a net loss of \$545,694 from operations, a negative cash flow from operations of \$60,402 and a working capital deficiency of \$635,839. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan for the Company in regards to these matters is to seek to become a diversified holding company with a primary focus on providing corporate financial consulting services to various business entities and the acquisition, management, sale and lease of real estate. The Company will also seek to enhance shareholder value through the acquisition of various private companies.

NOTE 6 SUBSEQUENT EVENTS

(A) ACQUISITION

In July 2002, the Company entered into a stock purchase agreement whereby it acquired 100% of the issued and outstanding common stock of J&B Wholesale Produce, Inc., ("J&B") a Florida corporation engaged in the wholesale produce industry, in exchange for cash of \$2,325,000. Concurrently, the Company entered into a lease with option to purchase ("Lease") with individuals to lease the cold storage facility and executive offices occupied by the Company from the individuals for a period of one year for \$6,500 per month. The Company also paid \$500,000 for a one-year option to purchase the cold storage facility which is the subject of the Lease at a purchase price of \$875,000. If the Company exercises the option, the option price of \$500,000 will be credited toward the sale price.

-6-

(B) NOTE PAYABLE

In order to effectuate the purchase of J&B, the Company borrowed \$2,825,000 in the form of a promissory note, from a Florida limited liability company. The note has a term of three years and bears interest at the rate of LIBOR plus 10% adjusted monthly. The note is secured by

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

the assets of J&B.

(C) DISPOSAL

In February 2002, the Company entered into a memoranda of understanding with Wolfstone Corporation to transfer 100% of the Company's interest in LBI Properties, Inc. As of the date of filing this report, the transfer agreement has been terminated.

-7-

PART I ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD LOOKING STATEMENTS

When used in this Quarterly Report, the words or phrases "will likely result", "are expected to", "will continue", "is anticipated", "estimate", "projected", "intends to" or similar expressions are intended to identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company's forward-looking statements reflect the company's best judgment based on current information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Readers are cautioned that they should not place undue reliance on any forward-looking statements because such statements speak only as of the date they are made.

PLAN OF OPERATION

The Company continues to pursue business consulting contracts from publicly traded and privately held companies. The Company plans to provide consultation in various areas including: mergers and acquisitions; venture capital; public relations; restructuring and financing. The Company plans to market its services to publicly traded and privately held companies through referrals and advertising in various business publications.

In addition to its consulting services, the Company plans to develop the Company into a holding company through the acquisition of various business operations. In March 2002 the Company entered into a Memorandum of Understanding to acquire

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

a wholesale produce distribution company. The Company closed on the Acquisition of J&B Wholesale Produce, Inc. on July 2, 2002 and the Acquisition was reported on Form 8-K, which form is incorporated herein and made a part hereof by reference.

The Company completed the acquisition of LBI E Web Communities, Inc. LBI E Web is an Internet related holding company that currently owns the following five domain names: FinanceItOnTheWeb.com (a financial services directory site), Brassbulls.com (a public relations and financial information site), MyEnumber.com (an online address book and one stop Rolodex), Homewaiter.com (a food delivery and information site), and Mimesaro.com (a Spanish food delivery and information site). The Brassbulls.com website was completed in April 2002 and is fully operational. LBI E Web plans to create a network of self-developed websites covering a diverse universe of subjects.

-8-

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2002, the Company had a stockholder's equity of \$2,334,408. As of June 2002 the Company incurred a loss of \$638,329.00. The Company plans to reduce losses in the future by retaining business consulting clients in the private and public sector. In addition, the Company plans to seek the acquisition of additional income producing assets such as J&B Wholesale Produce, Inc.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In 2000, the Company received discrimination and wrongful termination claims brought by two separate employees (Vargas and DeSantiago) employed at the Company's bakery facility in El Cajon, California. These claims are currently pending in the California Department of Fair Employment and Housing. The Company has fully responded to all requests for information and has formally denied liability. The investigation regarding these claims is currently pending.

In May of 2002, the Company (through LBI Group, Inc.) was named as a Defendant in a Civil Action brought by John Lary in the Circuit Court of Madison County, Alabama. The suit alleged a violation under the Telephone Consumer Protection Act of 1991, in that the Company, in concert with other individuals and corporations, is alleged to have delivered an unsolicited facsimile communication to one person. The Company has filed responsive pleadings in the suit denying any wrongdoing. The management of the Company deems the amount in controversy to be in-material to the business of the Company.

From time to time, the Company is involved as plaintiff or defendant in various legal proceedings arising in the normal course of its business. While the ultimate outcome of these various legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these legal actions should not have a material effect on the Company's financial position, results of operations or liquidity.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On June 27, 2002 the Company issued fifteen (15) shares of Preferred Stock, Class A, to Mr. Christian T. Chiari in exchange for certain financial consulting

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

services provided to the Company by Mr. Chiari, including the acquisition by Mr. Chiari of funding from Gelpid Associates, LLC in order that the Company could close on it's acquisition of J&B Wholesale Produce, Inc. The acquisition of J&B Wholesale Produce, Inc., and a description of the transaction between the Company and Gelpid Associates LLC is contained within the 8-K filing of the Company which is incorporated herein and made a part hereof by reference.

The Preferred Stock, Class A, has an annual dividend of \$12,000 per share, payable in equal quarterly installments beginning with the date of issue. The Preferred Stock, Class A is convertible, in whole, but not in part, into so many shares of the Common Stock of the Company as equals one half of one percent (0.5%) of the total number of shares of issued and outstanding Common Stock of the Company on the date of conversion. However, no shares of Preferred Stock, Class A, is convertible into more than 375,000 Common shares.

-9-

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

ITEM 5. OTHER INFORMATION

Not Applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS.

The following exhibits are filed herewith.

| EXHIBIT NUMBER | DESCRIPTION |
|----------------|-------------------------|
| ----- | ----- |
| | Financial Data Schedule |

(b) REPORTS ON FORM 8-K.

The Company filed a current report on Form 8-K on March 27, 2002 regarding a change in accounting firms.

The Company filed a current report on Form 8-K on July 6, 2002 regarding the

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

Acquisition of J&B Wholesale Produce, Inc.

-10-

SIGNATURES

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

RAPTOR INVESTMENTS, INC.

DATED: August 14, 2002

BY: /S/ PAUL LOVITO

PAUL LOVITO,
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BY: /S/ MATTEW LOVITO

MATTHEW LOVITO,
TREASURER AND CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

-11-