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AMERICAN ASSET MANAGEMENT CORP
Form 10QSB
November 19, 2003

UNITED STATES
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: September 30, 2003

☐ TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT

For the transition period from _____ to _____.

Commission file number: 0-19154.

AMERICAN ASSET MANAGEMENT CORPORATION
(Exact name of small business issuer as specified in its charter)

NEW JERSEY	22-2902677
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

1280 Route 46 West, Parsippany, New Jersey 07054
(Address of principal executive offices)

Issuer's telephone number: (973) 299-8713

(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 day. Yes ☒ No ☐

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of November 18, 2003 there were 1,316,989 shares of the issuer's no par value common stock issued and 1,316,989 shares outstanding.

Transitional Small Business Disclosure Format (check one): YES ☐ NO ☒
PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

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AMERICAN ASSET MANAGEMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(Unaudited)

	Sept.30, 2003	December 31, 2002
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 403,119	\$ 376,425
Mortgage loans held for sale	2,151,409	4,742,984
Prepaid expenses & other current assets	59,738	61,798
Total Current Assets	2,614,266	5,181,207
Restricted Cash	39,000	-
Land Development Costs	-	163,590
Property & Equipment, net of accumulated depreciation & amortization	8,552	2,178
Total Assets	2,661,818	5,346,975
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Warehouse finance facility	2,098,364	4,651,301
Current maturities of notes payable	25,000	152,945
Deferred income	10,937	11,637
Accounts payable, accrued expenses and other current liabilities	167,901	179,420
Total Current Liabilities	2,302,202	4,995,303
Notes Payable Net of Current Maturities	10,565	18,064
<u>Commitments and Contingencies</u>		
Stockholders' Equity:		
Series B Cumulative Convertible Participating Preferred stock, no par value; 300,000 shares authorized, 25,000 shares issued and outstanding (liquidation preference \$25,000)	25,000	25,000
Series A Cumulative Convertible Participating Preferred Stock, no par value; 600,000 shares authorized, 210,000 issued and outstanding (liquidation preference \$210,000)	205,000	205,000
Common stock, no par value; 10,000,000 shares authorized, 1,316,989 issued and 1,295,970 outstanding	3,852,825	3,852,825
Additional paid in capital	231,207	231,207
Accumulated deficit	(3,893,836)	(3,909,279)
Subtotal	420,196	404,753
Treasury Stock, 21,019 shares at cost	(71,145)	(71,145)
Total Stockholders' Equity	349,051	333,608
Total Liabilities and Stockholders' Equity	2,661,818	5,346,975

See Accompanying Notes to Consolidated Financial Statements.

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AMERICAN ASSET MANAGEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

For the Three Months

For the Nine months

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	____Ended Sept. 30		Ended Sept. 30,	
	____2003____	____2002____	____2003____	____2002____
Revenues:				
Mortgage origination fees	\$ 326,651	\$ 385,595	\$1,526,678	\$ 818,106
Land Sales	—	—	175,000	—
Application and commitment fees	9,372	4,918	45,292	18,788
Mortgage interest income	72,250	97,399	362,513	294,834
Total revenues	408,273	487,912	2,109,483	1,131,728
Expenses:				
Employee compensation & benefits	86,697	79,261	267,880	267,463
Commissions	197,287	249,075	945,598	553,719
Other expenses	115,242	101,983	421,347	328,340
Land development costs	—	—	186,765	—
Interest expense	55,073	48,631	248,030	123,803
Total expenses	454,299	478,950	2,069,620	1,273,325
Income/(Loss) from operations	(46,026)	8,962	39,863	(141,597)
Other income/(expense)	(7,523)	626	(6,795)	2,539
Unrealized loss on financial instruments	(8,000)	—	(8,000)	—
Other income	477	626	1,205	2,539
Total other income (expense)	(7,523)	626	(6,795)	2,539
Income/(Loss) before benefit from income taxes	(53,549)	9,588	33,068	(139,058)
Benefit from income taxes	(7,460)	—	—	—
Net Income/(Loss)	(46,089)	9,588	33,068	(139,058)
Dividends on Preferred Stock	5,875	5,250	17,625	15,285
Earnings/(Loss) Attributable to Common Stockholders	(51,964)	4,338	15,443	(154,343)
Earnings/(Loss) Per Common Share				
Basic	\$ (0.04)	\$ 0.00	\$ 0.01	\$ (0.12)
Diluted	\$ (0.04)	\$ 0.00	\$ 0.01	\$ (0.12)
Weighted Average Number of Shares				
Of Common Stock outstanding:				
Basic	1,295,970	1,295,970	1,295,970	1,295,970
Diluted	1,295,970	1,295,970	1,295,970	1,295,970

See Accompanying Notes to Consolidated Financial Statements.

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AMERICAN ASSET MANAGEMENT CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Nine Months Ended	
	<u>Sept. 30, 2003</u>	<u>Sept. 30, 2002</u>
Cash flows from operating activities:		
Net Income/(loss)	\$ 33,068	\$ (139,058)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation and amortization	2,012	2,585

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Unrealized loss on financial instruments	8,000	-
Changes in assets & liabilities:		
Mortgage loans held for sale	2,591,575	1,018,034
Prepaid expenses & other current assets	7,060	42,758
Land development costs	163,590	(2,589)
Warehouse finance facility	(2,552,937)	(996,627)
Deferred income	(700)	(6,973)
Accounts payable, accrued expenses and other current liabilities	(17,394)	6,461
Net cash provided by/(used in) operating activities	234,274	(75409)
Cash flows from investing activities:		
Purchases of fixed assets	(8,386)	(540)
Purchase of securities	(13,000)	-
Increase in restricted cash	(39,000)	-
Net cash used in investing activities	(60,386)	(540)
Cash flows from financing activities:		
Payments of notes payable	(135,444)	(14,854)
Proceeds from issuance of Preferred Stock	-	55,000
Payment of Preferred Stock Dividends	(11,750)	(15,285)
Net cash (used in)/provided by financing activities	(147,194)	24,861
Net increase/(decrease) in cash and cash equivalents	26,694	(51,088)
Cash and cash equivalents at beginning of period	376,425	298,319
Cash and cash equivalents at end of period	\$ 403,119	\$ 247,231
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 255,334	\$ 125,613
Income taxes	-	-
Supplemental schedule of non-cash investing and financing activities:		
Accrued dividend charged to accumulated deficit	\$ 5,875	\$ -
See Accompanying Notes to Consolidated Financial Statements.		

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AMERICAN ASSET MANAGEMENT CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BACKGROUND AND BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying consolidated financial statements of American Asset Management Corporation and subsidiaries (the "Company") are unaudited. In the opinion of management, all adjustments and intercompany eliminations necessary for a fair presentation of the results of operations have been made and were of a normal recurring nature. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto contained in the Companys 2002 Annual Report on Form 10-KSB. Reference is made to the Companys annual financial statements for the year ended December 31, 2002, for a description of the accounting policies which have been continued without change. Also refer to the

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footnotes within those annual statements for additional details of the Company's financial condition, results of operations and changes in cash flows. The details in those notes have not changed except as a result of normal transactions in the interim. The results of the three and nine months ended September 30, 2003 are not necessarily indicative of the results of the full year.

2. EARNINGS/(LOSS) PER SHARE

Basic EPS and Diluted EPS for the three and nine month periods ended September 30, 2003 and 2002 have been computed by dividing the net income(loss) attributable to common stockholders for each respective period by the weighted average shares outstanding during that period. All outstanding 10% Series A and B, Cumulative Participating Preferred Stock and options have been excluded from the computation of Diluted EPS as they are antidilutive.

3. SEGMENT REPORTING

The Company has two primary operating segments including originating and selling loans secured primarily by first mortgages on one-to-four family residential properties (CFC) and real estate development (AADC). Segment selection was based upon the nature of operations as determined by management and all of the operations of these segments are conducted in New Jersey. Certain selected financial information of these segments is described below:

	CFC	AADC	Parent	Total
Sept. 30, 2003				
Revenues	\$1,934,483	175,000	-	\$2,109,483
Segment Profit (Loss)	144,597	(23,080)	(88,449)	33,068
Net identifiable assets	\$2,649,606	\$ 11,628	\$ 584	\$2,661,818
	CFC	AADC	Parent	Total
Sept. 30, 2002				
Revenues	\$1,131,728	-	-	\$1,131,728
Segment Profit (Loss)	(18,567)	(368)	(120,123)	(139,058)
Net identifiable assets	\$2,666,582	\$ 172,239	\$ 3,149	\$2,841,970

4. CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in the bank as well as short-term securities held for the primary purpose of general liquidity. Such securities normally mature within three months from the date of acquisition.

5. RESTRICTED CASH

In conjunction with the sale of its remaining land lot, the Company was required to deposit \$39,000 of the proceeds into a restricted escrow account to secure an outstanding letter of credit for the same amount. The letter of credit expires in December 2003.

6. DERIVATIVE INSTRUMENTS

All derivative instruments are reported on the balance sheet at fair value, and changes in derivatives fair values are recognized currently in earnings unless specific hedge criteria are met.

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7. WAREHOUSE LINE OF CREDIT

In April 2003, the Company increased its existing warehouse line of credit to \$10,000,000. Funds from this line of credit are used for short-term financing of mortgage loans held for sale, and are secured by residential mortgage loans and a personal guarantee of the Companys President.

8. INCOME TAXES

Income taxes for the three and nine months ended September 30, 2003 and 2002 were different than the expected tax determined by applying the statutory federal income tax rate to income (loss) before provision for (benefit from) income taxes. The reasons for this difference were primarily due to benefits from the utilization of federal net operating loss carryforwards.

9. SUBSEQUENT EVENT

In October 2003, the Companys treasury stock was sold for \$11,936 through the process of the State of New York remitting the proceeds of escheated shares back to the Company. The proceeds were applied directly to the note payable.

Item 2.

AMERICAN ASSET MANAGEMENT CORPORATION AND SUBSIDIARIES MANAGEMENTS DISCUSSION AND ANALYSIS OF CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: The statements which are not historical facts contained in this report on Form 10-QSB are forward looking statements that involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance of achievements expressed or implied by such forward looking statements. Such factors, include, but are not limited to, those relating to competition, the ability to successfully market new mortgage products and services, the economic conditions in the markets served by the Company, the ability to hire and retain key personnel and other risks detailed in the Companys other filings with the Securities and Exchange Commission. The words believe, anticipate, expect, intend and similar expressions identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO THE THREE MONTHS ENDED

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SEPTEMBER 30, 2002.

Total revenues for the three months ended September 30, 2003 were \$408,273 compared to \$487,912 for the three months ended September 30, 2002, a decrease of \$79,639 or approximately 16.3%. The decrease was primarily attributable to a decrease in mortgage origination fees of \$58,934 or approximately 15.3%, to \$326,651 from \$385,585 during the comparable 2002 period. Mortgage interest income decreased by \$25,149 or approximately 25.8% to \$72,250 from \$97,399. The reduction in fees and income were partially offset by an increase in application and commitment fee income of \$4,454 or approximately 90.6% to \$9,372 from \$4,918 during the comparable 2002 period. The decrease in interest income is attributable to decreases in mortgage interest received on loans that were owned and being warehoused by the Company due to lower rates of interest prevailing during the period. This was partially offset to a lesser extent by an increase in the number of mortgage applications and commitment fees received during the period. The increase in applications and commitment fees was a direct result of the Company receiving a greater amount of applications and borrowers accepting a greater amount of commitments from the Company during the period. The Company raised application and commitment fees charged to borrowers during the period while it eliminated certain other fees it was charging to borrowers, such as overnight mail expenses and attorney review fees. The net effect of increased applications and accepted commitments provided the Company with increased application and commitment fee income while it reduced the overall costs associated with each loan which the Company believes made it more competitive in the marketplace. In addition, the consolidation and simplification of fees charged to borrowers has allowed the Company to reduce the risks associated with the potential for being out of compliance with required disclosures such as the Good Faith Disclosure and other similar disclosures.

The Company continued to see a large percentage of its business in mortgage refinance applications due to lower interest rates as compared to interest rates prevalent in prior years. The Company also continued focusing its efforts on expanding its wholesale business. During the three month period ended September 30, 2003, the Company received the majority of its wholesale mortgage applications from one of its wholesale mortgage customers. The Company has a goal of selling pools of mortgages, also referred to as bulk sales, to institutional and other investors rather than one at a time sales as it presently conducts its business. The Company believes it can negotiate greater revenues per mortgage sold by this pooling method. The Company also believes there are numerous entities that it may make bulk sales to. Further, the Company believes, though there can be no assurance, that through pooling it can increase its wholesale customers and business volume as a result of being able to offer better competitive rates and higher compensation to its wholesale customers while still increasing its net revenues per loan on a percentage basis.

During the three months ended September 30, 2003, the Company received 56 mortgage loan applications for processing from borrowers aggregating approximately \$11,812,741 as compared to 111 mortgage loan applications in an aggregate of approximately \$25,612,152 in the comparable 2002 period. Of the 56 loans originated during the three months ended September 30, 2003, 24 loans or approximately 42.9% of the total were refinance applications and 32 loans or approximately 57.1% of the total were purchase applications. Included in the purchase mortgage amounts are 5 second mortgages which aggregate approximately \$180,020 as compared to 9 second mortgage applications received during the comparable 2002 period which aggregated approximately \$561,400 and 5 FHA insured mortgage loans which aggregate approximately \$680,406 as compared to 3 FHA insured loans received during the comparable 2002 period.

During the three months ended September 30, 2003, the Company closed 51 residential mortgage loans in the principal amount of \$10,068,105 compared to

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60 loans closed in the principal amount of \$14,343,446 in the three months ended September 30, 2002. At September 30, 2003, the Company had approximately 42 residential mortgage loan applications in process in the principal amount of \$10,008,550 compared to 83 residential mortgage loan applications in process in the principal amount of \$17,890,735, at September 30, 2002. Of the 42 applications, 22, or 52.4% were purchase mortgages and 20, or approximately 47.6% were refinance applications. The Company has experienced a significant reduction in refinance applications during the period ended September 30, 2003 as a result of a sharp increase in mortgage interest rates which occurred during June 2003. While interest rates are still low, it seems unlikely that interest rates will again see the lows set in early June 2003. Purchase mortgage demand remains strong although any further increase in interest rates will likely lessen the demand for purchase mortgages. Any further increase in interest rates will especially reduce the amount of refinance mortgages in the future.

Total expenses for the three months ended September 30, 2003 were \$454,299 a decrease of \$24,651 or approximately 5.1% from \$478,950 in the comparable 2002 period primarily due to a reduction of \$51,788, or approximately 20.8%, in commissions paid from \$249,075 in the comparable period in 2002 to \$197,287 in the three months ended September 30, 2003. This was offset by an increase in employee compensation resulting from an increase in personnel and the rate of compensation paid and benefits of approximately 9.4% to \$86,697 from \$79,261 in the comparable 2002 period, an increase of \$13,259 in other expenses or approximately 13.0% to \$115,242 from \$101,983 in the comparable 2002 period and an increase of \$6,442 in interest expense or approximately 13.2% to \$55,073 from \$48,631 in the comparable 2002 period due to longer borrowing time on mortgage warehouse loans owed (This was generally because the institutions which the Company sells its mortgage loans to took longer than normal to review and purchase loans from the Company as they were back-logged with an unprecedented amount of refinance mortgage loans). The Company believes that the institutions it sells its loans to were understaffed to handle the volume. As a percentage of revenues, expenses were approximately 111.3% in the current period compared to approximately 98.2% in the comparable 2002 period.

As a result of the foregoing, Preferred Stock dividends of \$5,875 and a benefit from income taxes of \$7,460, the Company's loss attributable to common stockholders for the three months ended September 30, 2003 was \$51,964 or \$0.04 per share compared to earnings attributable to common stockholders of \$4,338 or \$0.00 per common share for the comparable 2002 period.

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO THE NINE MONTHS ENDED SEPTEMBER 30, 2002.

Total revenues for the nine months ended September 30, 2003 were \$2,109,483 compared to \$1,131,728 for the comparable 2002 period. The increase in revenue was primarily attributable to an increase in mortgage origination fees to \$1,526,678 during the 2003 period from \$818,106 in the comparable 2002 period, an increase of \$67,679 or approximately 23.0% in mortgage interest income to \$362,513 from \$294,834 in the comparable 2002 period, an increase in mortgage application and commitment fees of \$26,504 to \$45,292 from \$18,788 in the comparable 2002 period, and an increase of \$175,000 in revenues in land sales during the 2003 period compared to no revenues from land sales during the comparable 2002 period. The effect of lower interest rates during the nine month 2003 period had a positive effect on the Company's business. However, there can be no assurance that interest rates will decline from current levels or that they will not rise from present levels. During the nine months ended September 30, 2003, the Company closed 292 residential mortgage loans in the principal amount of \$61,477,127 compared to 169 loans closed in the principal amount of \$35,304,756 in the nine months ended September 30, 2002.

Total expenses for the nine months ended September 30, 2003 were \$2,069,620 an increase of \$796,295 or approximately 62.5% from \$1,273,325 in the comparable

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2002 period due to land and development costs during the 2003 period of \$186,765 as compared to an absence of land development costs during the same period in 2002, an increase in interest expense of \$124,227 to \$248,030 from \$123,803, or approximately 100.3% during the same period in 2002 due to a longer warehouse borrowing length of time resulting in a high amount of interest charged on a larger amount of borrowed money due to the additional amount of closings during the period, an almost identical expense in employee compensation and benefits to \$267,880 from \$267,463 during the same period of 2002, an increase in other expenses of \$93,007 to \$421,347 from \$328,340 in the same period of 2002, and an increase in commissions of \$391,879 or approximately 70.8% to \$945,598 from \$553,719 during the same period of 2002 due to a higher amount of mortgage closing volume during the period. As a percentage of revenues, expenses were approximately 98.1% in the current period compared to approximately 112.5% in the comparable 2002 period.

As a result of the foregoing and the payment of Preferred Stock dividends of \$17,625, the Companys earnings attributable to common stockholders for the nine months ended September 30, 2003 was \$15,443, or \$0.01 per common share, compared to a loss attributable to common stockholders of \$154,343 or \$0.12 per common share for the comparable 2002 period.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2003, the Company had cash and cash equivalents of \$403,119 compared to \$376,425 at December 31, 2002, an increase of \$26,694 or approximately 7.1%. This increase is attributable to net cash provided by its operating activities of \$234,274, that was primarily offset by net cash used in financing activities of \$147,194 and net cash used in investing activities of \$60,386.

The Company utilizes one \$10,000,000 warehouse line of credit for its daily mortgage loan funding operations. Interest on this line of credit is charged at the rate of Wall Street Journal Prime Rate plus one and one half percent and expires on March 31, 2004. Whenever possible the Company employs its available cash to fund mortgage loans which generate mortgage interest income, as well as save interest costs and other fees associated with utilizing its warehouse credit line. The warehouse line enables the Company to borrow funds secured by residential mortgage loans which will be temporarily accumulated or warehoused and then sold. At September 30, 2003, the Company had borrowed \$2,098,364 from its warehouse line of credit representing approximately \$2,151,409 in closed loans ready for sale.

In October 2003, the Company was notified by one of its primary institutional mortgage bankers which it sells loans to that the institution will no longer purchase loans on properties in New Jersey as a direct result of a new New Jersey State law which will go into effect on November 27, 2003. The law, called, The New Jersey Home Ownership Security Act of 2002, will cover most of the residential loans originated in the state and deal primarily with lender fees and lender liability including secondary market lenders. The Company, as well as other mortgage banking companies who do business in New Jersey, has been notified by numerous institutional purchasers of mortgage loans originated in New Jersey, that the language contained in the new law is unacceptable to them in its present form. There can be no assurance that the law will be modified from its present language and if not changed, will have a serious impact on the Companys ability to sell loans in the secondary market. As a result of the anticipated adverse impact on its business resulting from the new law, the Company is currently re-evaluating its future operational plans.

The Company estimates that it will require additional capital in order to successfully implement its future operational plans beyond January 2004. As a result, the Company is seeking additional capital through, among other means, an

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infusion of noncollateralized loans and the sale of additional equity in the Company. However, there can be no assurance that the Company will be able to obtain additional capital on terms acceptable to the Company, if at all.

Item 3. Controls and Procedures.

An evaluation was carried out under the supervision and with the participation of the Companys management, including the Chief Executive Officer (CEO) who also serves as the Chief Financial Officer (CFO), of the effectiveness of the Companys disclosure controls and procedures as of the end of the quarter ended September 30, 2003. Based on that evaluation, the CEO/CFO has concluded that the Companys disclosure controls and procedures are effective to provide reasonable assurance that all information required to be disclosed by the Company in reports that it files or submits under the Securities and Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. In addition, during the quarter ended September 30, 2003 there were no changes in the Companys internal controls over financial reporting that have materially affected or are reasonable likely to materially affect its internal controls over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

Reference is made to Part 1 - Item 3 contained in the Company's 10-KSB for the year ended December 31, 2002 for further information relating to the pending action commenced against, among others, the Company and its President described below.

The action, which commenced in March 1999 in the Chancery Division of the Superior Court of New Jersey, Union County, the plaintiffs allege that the Company aided and abetted a former director in converting the assets of two New Jersey limited liability companies (the "LLC's") by accepting loans and Payments from the LLC's and the former director and repaying the loans to the former director in the form of cash and Company stock.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits
 - 31 Certification of Chief Executive and Financial Officer pursuant Section 302 of the Sarbanes-Oxley Act of 2002.
 - 32 Certification of Chief Executive and Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- (b) No Reports on Form 8-K were filed during the quarter ended September 30, 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN ASSET MANAGEMENT CORPORATION
(Registrant)

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Date: November 18, 2003

By: s/Richard G. Gagliardi
Richard G. Gagliardi
Chairman, President and Chief
Executive Officer (Principal
Executive and Financial Officer)