

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

RAPTOR INVESTMENTS INC
Form 10QSB
May 15, 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 MARCH
31, 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.)

2855 NORTH UNIVERSITY DRIVE ROAD, SUITE 320, CORAL SPRINGS, FL 33065

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

954-346-5799
(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 - 48,887,681 SHARES AS OF MAY 14, 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 MARCH 31, 2002

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES

CONTENTS

PAGE	1	BALANCE SHEETS AS OF MARCH 31, 2002 (CONSOLIDATED) (UNAUDITED) AND DECEMBER 31, 2001 (COMBINED) (UNAUDITED)
PAGE	2	CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2002
PAGE	3	STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM JANUARY 1, 2001 TO MARCH 31, 2002
PAGE	4	CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2002
PAGES	5-8	NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
BALANCE SHEETS
MARCH 31, 2002

ASSETS

CURRENT ASSETS

Cash
Royalty receivable, net
Accounts receivable

March 31, 2002
(Consolidated
(Unaudited))

\$ 1
20
16

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

Contract receivable - current portion		212
Exchange agreement		
Deposits		16

Total Current Assets		267

PROPERTY AND EQUIPMENT - NET		24

OTHER ASSET		
Contract receivable		448
Note receivable - stockholder		1,438
Due from shareholder		
Loan receivable		1

Total Other Assets		1,888

TOTAL ASSETS	\$	2,179
-----		=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Overdraft	\$	2
Accounts payable and accrued expenses		967
Loans payable - related parties		113
Shareholder loan		4

Total Current Liabilities		1,086

STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, none issued		
Common stock, \$.01 par value, 100,000,000 shares authorized, 43,887,681 and 43,887,681 shares issued and outstanding, respectively		438
Common stock to be issued, 2,000,000 shares		20
Additional paid-in capital		8,958
Treasury stock		(39)
Accumulated deficit		(8,000)
Stock subscription receivable		(185)
Less: stock issued for future services		(100)

Total Stockholders' Equity		1,093

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	2,179
-----		=====

See accompanying notes to consolidated financial statements.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2002

REVENUE	\$	-----
OPERATING EXPENSES		
Professional fees		
Other general and administrative		-----
Total Operating Expenses		-----
LOSS FROM OPERATIONS		
OTHER INCOME (EXPENSE)		
Interest income		
Interest expense		-----
Total Other Income		-----
NET LOSS	\$	-----
-----		=====
Net loss per common share - basic and diluted	\$	=====
Weighted average number of common shares outstanding - basic and diluted		=====

See accompanying notes to consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
(FORMERLY PARAMARK ENTERPRISES, INC. AND SUBSIDIARIES)
STATEMENT OF CHANGES IN NET ASSETS
(LIQUIDATION BASIS)

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

FOR THE PERIOD FROM JANUARY 1, 2001 TO MARCH 31, 2001

Net assets in liquidation at December 31, 2000	\$	=====
Loss from activities during the "wind-down" period from January 1, 2001 through March 31, 2001		
Reserve for legal fees in connection with outstanding legal proceedings		-----
Decrease in net assets		
Net assets in liquidation at March 31, 2001	\$	=====
Number of common shares outstanding		===== 3
Net assets in liquidation per common share	\$	=====

See accompanying notes to consolidated financial statements.

3

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock issued for services	
Changes in operating assets and liabilities:	
(Increase) decrease in:	

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

Accounts receivable
Accrued interest receivable
Other current assets
Exchange agreement
Increase (decrease) in:
Overdraft
Accounts payable

Net Cash Used In Operating Activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from contract receivable

Net Cash Provided By Investing Activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from loan payable - related party

Proceeds from note receivable - stockholder

Net Cash Provided By Financing Activities

NET DECREASE IN CASH

CASH - BEGINNING OF YEAR

CASH - END OF YEAR

\$

See accompanying notes to consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002

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

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

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 March 31, 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 March 31, 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 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 3.

NOTE 3 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.

7

NOTE 4 GOING CONCERN

As shown in the accompanying consolidated financial statements, the Company incurred a net loss of \$333,730 from operations, a negative cash flow from operations of \$161,486 and a working capital deficiency of \$819,438. These factors raise substantial doubt about the Company's

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

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 5 SUBSEQUENT EVENTS

(A) ACQUISITION

In March 2002, the Company entered into a memoranda of understanding to acquire a wholesale produce distribution company. As of the day of filing this report, the acquisition agreement has not been finalized.

(B) 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 not been finalized.

(C) 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. The portion of the \$200,000 attributable to future services, in the amount of \$100,000, has been deferred and is classified in the stockholder's equity section of the balance sheet.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

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's operations for 2001 consisted of "winding down" the Company's previous operations. In September of 2001 the Company changed management and the focus of the Company's operations. 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. As of March 31, 2002 the Company had been unable to secure any contracts. 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 a wholesale produce distribution company. The Company is currently seeking capital to complete this acquisition and to date has been unable to procure financing. Due to the Company's lack of capital, there can be no assurances that it will be able to complete the acquisition of the wholesale produce distribution company.

In January 2002, the Company closed on the acquisition of LBI Properties, Inc. LBI Properties is an early stage real estate holding company. LBI Properties currently owns a residential lot in Cape Coral, Florida, and has identified two additional residential lots that it intends to acquire in the near future. In addition to the foregoing, LBI Properties is seeking acquisitions in the following areas: income producing commercial and residential properties, residential development projects, leisure and destination properties, and real estate service operations. The Company plans to fund the acquisition of real estate through mortgage financing, seller financing and the issuance of its stock. In February 2002, the Company entered into an agreement to transfer its' 100% interest in LBI Properties to Wolfstone Corporation. As a result of the agreement, the Company will own 9,000,000 shares or 74% of Wolfstone's issued and outstanding common stock. Wolfstone Corporation currently trades on the PINK SHEETS under the symbol WFST. The acquisition is expected to be completed in the second quarter of 2002.

In addition to the acquisition of LBI Properties, 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. LBI E Web plans to create a network of self-developed websites covering a diverse universe of

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

subjects.

RESULTS OF OPERATIONS.

From inception to December 2000, the Company was engaged in the wholesale bakery business. In December 2000, the Company entered into an asset purchase agreement with Rich Products Manufacturing Corporation (Rich Products) through which the Company sold to Rich Products a majority of the assets comprising its bakery operations in El Cajon, California. The Rich Products agreement provided for a purchase price aggregating \$2,182,750 inclusive of a payment for inventory. The aggregate purchase price will be paid as follows: \$193,950 on October 16, 2000, \$1,000,000 on December 15, 2000, and \$1,000,000 payable in semiannual installments over a period of four (4) years. Rich Products is also assuming approximately \$285,000 in equipment lease related debt.

Since December 2000, the Company had been "unwinding" the previous operations, defending any outstanding litigation and resolving any outstanding debts. In September of 2001 the Company changed management and the focus of the Company's operations. 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.

Revenues for the first quarter ended March 31, 2002 remained at \$0 as they were for the same period the previous year. The lack of revenues is a result of the sale of the majority of the Company's assets to Rich Products in December 2000 and the Company's inability to secure any business consulting contracts. The Company incurred operating losses of \$346,014 in the first quarter ended March 31, 2002. These losses were a result of professional fees associated with the sale of the Company's previous operations, the change in management and a change in the focus of the Company's operations.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2002, the Company had a stockholder's equity of \$1,093,162. As of March 2002 the Company incurred a loss of \$333,730. 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 income producing assets in exchange for its securities.

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 January 2001, the Company and certain of its officers were named as a defendant in a civil action filed by Pensabene International, Inc. (the "Plaintiff") in the Superior Court for the State of California. The claim is for damages for misappropriation of trade secrets, trade libel, breach of

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

confidentiality, breach of fiduciary duty, tortious interference with economic relations, breach of contract, common law palming off, unfair business practices and a violation of state antitrust laws. This action arose resulted from the Company's employment of Kandy Konn, a former employee and consultant of the Plaintiff. The Company believes these claims are frivolous and without merit, and the Company intends to vigorously defend this action. On February 8, 2002 the Company and certain of its former officers received a jury verdict in favor of all defendants on all claims.

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

None

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 -----
27	Financial Data Schedule

(b) REPORTS ON FORM 8-K.

The Company filed a current report on Form 8-K on January 7, 2002 regarding the

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB

closing of the acquisitions of LBI Properties, Inc. and LBI E Web Communities, Inc.

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

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: MAY 15, 2002

BY: /S/ PAUL LOVITO

PAUL LOVITO,
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BY: /S/ MATTEW LOVITO

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