

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

SEAMLESS WI-FI, INC.
Form 10QSB
November 20, 2006

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

OR

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: 0-20259

SEAMLESS WI-FI, INC.

(Exact name of small business issuer as specified in its charter)

Nevada

(State or other jurisdiction of incorporation of organization)

33-0845463

(I.R.S. Employer Identification No.)

800 No. Rainbow Blvd. Parkway, Suite 200 Las Vegas, Nevada 89109

(Address of principal executive offices)

(775) 588-2387

(Issuer's telephone number)

(Former name, former address and former fiscal year,
if changed since last report)

Check mark whether the issuer (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) been subject to such filing requirements for the past 90
days. Yes No .

State the number of shares outstanding of each of the issuer's classes of common
equity, as of the latest practicable date: As of September 30, 2006, the Issuer
had 1,309,297,154 shares of common stock issued and outstanding.

Transitional Small Business Disclosure Format (Check one): Yes No

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

TABLE OF CONTENTS

PART I - CONDENSED CONSOLIDATED FINANCIAL INFORMATION	2
ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	
CONDENSED CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2006.	3
CONDENSED CONSOLIDATED STATEMENTS OF OPERATION FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THREE MONTHS ENDED SEPTEMBER 30, 2006 AND 2005	5
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS	15
ITEM 3. CONTROLS AND PROCEDURES	19
PART II - OTHER INFORMATION	
ITEM 1. LEGAL PROCEEDINGS	20
ITEM 2. CHANGES IN SECURITIES	20
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	21
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	21
ITEM 5. OTHER INFORMATION	21
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	22
SIGNATURES	22

1

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The consolidated financial statements of Seamless Wi-Fi, Inc. and subsidiaries (collectively, the "Company"), included herein were prepared, without audit, pursuant to rules and regulations of the Securities and Exchange Commission. Because certain information and notes normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America were condensed or omitted pursuant to such rules and regulations, these financial statements should be read in conjunction with the financial statements and notes thereto included in the audited financial statements of the Company as included in the Company's Form 10-KSB for the year ended June 30, 2006.

2

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

September 30, 2006

ASSETS

Current assets	
Cash	\$ 116,823
Notes receivable-related parties, current portion	410,957
Accrued interest receivable	138,629

Total current assets	666,409
Property and equipment (net of accumulated depreciation \$20,281)	74,970
Technology	516,000
Investments	88
Notes receivable - related parties (net of allowance \$246,265)	1,107,265
Employee Advance	630
Restricted cash	75,000
Security deposit	6,600

TOTAL ASSETS	\$ 2,446,962
	=====

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Current liabilities	
Accounts payable	\$ 941,387
Payroll taxes	137,656
Judgments payable	361,054
Other current liabilities	844,731
Payable to officer	24,980
Investment payable	125,000
Note payable related party	12,468
Note payable	66,833
Interest payable on long term debt	81,252

Total current liabilities	2,595,361
Long term debt	2,000,000

TOTAL LIABILITIES	4,595,361
Stockholders' deficiency	
Preferred A stock, par value \$0.001, 10,000,000 shares authorized, 868,914 shares issued and outstanding	868
Preferred B stock, par value \$0.001, 10,000,000 shares authorized, 0 shares issued and outstanding	-
Preferred C stock, par value \$1.00, 5,000,000 shares authorized, 300,000 shares issued and outstanding	300,000
Common stock, par value \$0.001, 11,000,000,000 shares authorized, 1,309,297,154 shares issued and outstanding	1,309,297
Additional paid-in capital	-

	19,051,806

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Accumulated deficit	(22,710,370)

Total stockholders' deficiency	(2,048,399)
(Less:) Treasury stock at cost	100,000

Adjusted stockholders' deficiency	(2,148,399)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	\$ 2,446,962
	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

3

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,	
	2006	2005
	----	----
Revenues	\$ 10,746	\$ 6,408
Cost of revenues	39,638	33,323
	-----	-----
Gross Income (Loss)	(28,892)	(26,915)
	-----	-----
Expenses:		
Selling, general and admin.	144,462	1,084,066
Technology development costs	131,945	-
Consulting	242,914	540,658
Interest	123,521	108,707
Legal	9,569	37,534
Officer Payroll	141,000	179,900
Bad Debt Expense	17,000	-
Depreciation and amortization	7,937	-
	-----	-----
Total Expenses	818,348	1,950,865
	-----	-----
Net loss from operations	(847,240)	(1,977,780)
Other income		
Interest	27,567	-
Other	6,500	37,176
	-----	-----
Loss before income taxes	(813,173)	(1,940,604)
	-----	-----
Minority interest	-	33,527

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Income taxes (benefit) (note 8)	-	-
	-----	-----
Net Loss	(813,173)	(1,907,077)
	=====	=====
Basic and Diluted loss per common shares	\$ (0.01)	\$ (0.03)
	=====	=====
Weighted average basic and diluted common shares	133,750,923	57,564,270
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

4

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30,	
	2006	2005
	----	----
Cash flows used in operating activities		
Net loss from continuing operations	\$ (813,173)	\$ (1,907,077)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	7,937	
Issuance of common stock for services	105,000	494,000
Bad Debt Expense	17,000	-
Payable to officer	(4,366)	(50,400)
Changes in operating assets and liabilities		
Accrued interest receivable	(27,536)	-
Other Receivable	-	(1,198,388)
Accounts payable	4,337	71,770
Other current liabilities	27,110	(656,144)
Payroll taxes payable	-	16,607
Judgements payable	(56,220)	37,312
	-----	-----
Net cash used by operating activities	(739,911)	(3,192,320)
Cash flows used in investing activities:		
Employee advance	(630)	-
Investments	-	(143,500)
Advances to related party	(415,223)	(120,000)
	-----	-----
Net cash used in investing activities	(415,853)	(263,500)
Cash flows from financing activities		
Net proceeds from debt issuance	-	3,661,294
Increase in long term debt	1,210,245	-
Repayment of investment payable	(25,000)	-
Repayment of related party advances	(7,000)	(5,000)
	-----	-----

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Net cash provided by financing activities	1,178,245	3,656,294
Increase (decrease) in cash	22,481	200,474
Cash at beginning of period	94,342	270
Cash at end of period	\$ 116,823	\$ 200,744

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS,

5

SEAMLESS WI-FI, INC.
f/k/a ALPHA WIRELESS BROADBAND, INC
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS
(Unaudited)

		Three Months September 3
		2006

Cash paid for:		
Interest	\$	-
Taxes	\$	-
Noncash investing and financing activities		
Common stock issued for services	\$	81,000
Common stock issued for payment of financing costs	\$	-
Common stock issued for officer's compensation	\$	-
Common stock issued for conversion of preferred stock and settle operating expenses	\$	24,000
Common stock issued for conversion of preferred stock	\$	2,392,991
Common stock and preferred stock issued for acquisition of assets	\$	-
Common stock issued for investment	\$	-
Subsidiary common stock issued for investment	\$	-

SEE NOTES TO FINANCIAL STATEMENTS.

6

SEAMLESS WI-FI, INC.
F/K/A ALPHA WIRELESS BROADBAND, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: ORGANIZATION AND OPERATIONS

Prior to December 31, 1997, Seamless Wi-Fi, Inc ("The Company") formerly known as Alpha Wireless Broadband, Inc. "the Company" was in the food product manufacturing business and formerly known as International Food and Beverage, Inc. In November 1998, new stockholders bought majority control from the previous Chief Executive Officer through a private transaction. Immediately thereafter, the former CEO resigned and the new stockholders assumed the

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

executive management positions. In December 1998, after new management was in place, a decision was made to change the Company's principal line of business from manufacturing to high technology. The Company changed its name from International Food & Beverage, Inc. to Internet Business's International, Inc., and reincorporated the Company on December 8, 1998 in the state of Nevada. During April of 1999, the Company announced the opening of its first e-commerce site and engaged in the development, operation and marketing of a number of commercial web sites. The Company's subsidiaries consisted of: Lending on Line (providing real estate loans and equipment leasing), Internet Service Provider (providing national Internet access dial-up service, wireless high speed Internet, and Internet web design and hosting), E. Commerce (providing Auction sites), and Direct Marketing (providing direct marketing of long distance phone service, computers with Internet access, and Internet web design hosting). The Company ceased operations during the fiscal year ended June 30, 2003. During the fiscal year ended June 30, 2004, the Company changed its name to Alpha Wireless Broadband, Inc, and started a new wireless operation through it's wholly owned subsidiary Skyy-Fi, Inc a Nevada Corporation. Skyy-Fi began providing access to the Internet, by installing equipment in locations such as hotels and coffee shops for use by their patrons for a fee or free basis. These locations are commonly known as Wi-Fi Hotspots. The Company has 36 Wi-Fi locations.

In January 2005, the Company acquired the assets of Seamless P2P, LLC and contributed these assets to its 80% owned subsidiary Seamless Peer to Peer, Inc., which is a developer and provider of a patent pending software program Phenom Encryption Software that encrypts Wi-Fi transmissions based upon RSA's government certified 256 bit AES encryption coupled with RSA's Public Key Infrastructure flexible telecom data and voice transport solutions.

In May 2005, the Company changed its name from Alpha Wireless Broadband, Inc. to Seamless Wi-Fi, Inc, which was approved by the Board of Directors and its subsidiary from Skyy-Fi, Inc. to Seamless Skyy-Fi, Inc.

In December 2005, the Company started a hosting company Alpha Internet offering Seamless clients a high-security hosting facility.

PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of the Company and its wholly owned subsidiaries and majority-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

7

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include allowances for doubtful accounts and notes and mortgage loans receivable. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost and depreciated using the straight-line

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

method over the estimated useful life of the assets, which is generally three to five years for computers and computer related equipment and five to seven years for furniture and other non-computer equipment. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the term of the lease, ranging from one to five years.

INVESTMENTS

Investments are stated at the lower of cost or market value.

PROPRIETARY SOFTWARE IN DEVELOPMENT

In accordance with SFAS No. 86, accounting for the Cost of Computer Software to be Sold, Leased, or Otherwise Marketed Software ("FAS 86"), the Company has capitalized certain computer software development costs upon the establishment of technological feasibility. Technological feasibility is considered to have occurred upon completion of a detailed program design which has been confirmed by documenting and tracing the detailed program design is not pursued, upon completion of a working model that has been confirmed by testing to be consistent with the product design. Amortization is provided based on the greater of the ratios that current gross revenues for a product bear to the total of current and anticipated future gross revenues for that product. The estimated useful life for the straight-line method is determined to be 2 to 5 years.

The unamortized computer software and computer software development costs were \$1,570,000 at September 30, 2005. During the quarter ended December 31, 2005 the computer software development team failed to deliver the completed software program as per agreement. The unamortized development cost was expensed and on January 2006, a new computer software development team was contracted and the costs related to the development will be expensed until the development of the computer software program is completed. As of the first quarter ended September 30, 2006 for the fiscal year end June 30, 2007, there were no software development expenses.

REVENUE RECOGNITION

For current Company operations, providing wireless Internet access, fees are charged either to the proprietor of the WI-Fi hotspot location or the customer using the services. The fees paid by a proprietor for services provided on a month-to-month basis are billed at the end of each month for which the service is contracted. The fees paid by customers using the wireless Internet access are paid at the time service is provided and therefore recorded as revenue at that time.

8

ADVERTISING EXPENSE

All advertising costs are expensed when incurred.

CONCENTRATION OF CREDIT RISK

The Company is subject to credit risk through trade receivables. Monthly Internet access fees and web hosting are generally billed to the customer's credit card, thus reducing the credit risk. The Company routinely assesses the financial strength of significant customers and this assessment, combined with the large number and geographic diversity of its customers, limits the Company's concentration of risk with respect to trade accounts receivable.

INCOME TAXES

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

The Company accounts for income taxes under the asset and liability approach of reporting for income taxes. Deferred taxes are recorded based upon the tax impact of items affecting financial reporting and tax filings in different periods. A valuation allowance is provided against net deferred tax assets where the Company determines realization is not currently judged to be more likely than not. The Company and its 80% or more owned U.S. subsidiaries file a consolidated federal income tax return. The Company has no material tax liability due to its losses.

EARNINGS (LOSS) PER SHARE ("EPS")

Basic EPS is computed by dividing income (loss) by the weighted average number of common shares outstanding for the period. Diluted EPS is computed giving effect to all dilutive potential common shares that were outstanding during the period. Dilutive potential common shares consist of incremental shares issuable upon conversion of preferred stock outstanding.

STOCK BASED COMPENSATION

The Company has elected SFAS 123R which requires all share based payments to officers, directors, and employees, including stock options, be recognized as a cost in the financial statements based on their fair values. The Company accounts for stock based grants issued to non-employees at fair value in accordance with SFAS 123 and EITF 96-18 "Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or In Conjunction with Selling, Goods, or Services".

REVERSE STOCK SPLIT

The Company's Board of Directors effected a 1 for 1,000 reverse stock split of its common stock \$.001 par value on June 3, 2005. Accordingly all shares information included in the consolidated financial statements has been adjusted to reflect the reverse stock split. The reverse stock split did not change the ratio for the conversion of the preferred stock which remained at 1 share of Series A preferred stock converts into 10,000 shares of common stock.

9

NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes," which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). The accounting provisions of FIN No. 48 are effective for fiscal years beginning after December 15, 2006. The Company is currently assessing whether adoption of this Interpretation will have an impact on it's financial position or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements", which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. The Company is currently assessing the impact of the adoption of this standard on its financial statements.

NOTE 2: GOING CONCERN

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the company as a going concern. The Company has experienced significant losses in recent years. As of the first quarter ended September 30, 2006 for fiscal year end June 30, 2007 the stockholders' deficiency is \$2,148,399 and working capital deficiency is \$1,928,952.

The Company is actively pursuing additional equity financing through discussions with investment bankers and private investors. There can be no assurance the Company will be successful in its effort to secure additional equity financing. The Company's ability to continue as a going concern is contingent upon its ability to secure financing and attain profitable operations. The financial statements do not include any adjustment to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

NOTE 3: NOTE PAYABLE

The note payable bears interest at prime plus 4% and was due May 14, 2006. The remaining notes were assigned to Ayuda Funding LLC. These notes are secured by Series A convertible preferred stock, (See Note 7: Preferred Stock). These notes allow the note holder to convert the preferred stock to common stock to pay off the note and interest due in case of a default in the quarterly interest payments for the loan. (See Note 6: Related Party Transaction). On December 31, 2005, the Company made an offer to settle the debt of \$66,833 with Blue Bear Funding, which is currently in Chapter 11 Bankruptcy. As of this filing the Company has not received a response to its offer. The balance due at first quarter ended September 30, 2006 for the fiscal year end June 30, 2007 amounted to \$66,833.

NOTE 4: LONG TERM DEBT

During the fiscal year ended of June 30, 2006, the Company borrowed \$4,600,000 under two loan agreements with Ayuda Funding LLC for which 184,000 previously issued Series A convertible preferred shares are held as collateral. These notes were in default which allowed the note holder to convert the preferred stock to common stock. Proceeds from the converted stock paid off some of the notes. Interest on the unpaid principal amount is 6.5% per annum due and payable quarterly commencing June 21, August 1, and August 15, 2006, until such loan is paid in full. The total loan balance of \$2,000,000 at September 30, 2006 is due and payable on June 16, 2009 with accrued interest of \$81,252.

10

NOTE 5: OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

Credit cards payable	\$ 353,611 (1)
Payable to Integrated Communication	214,933 (2)
Various liabilities assumed from Alpha Tooling acquisition	276,187

	\$ 844,731
	=====

- (1) Payments in varying amounts are due monthly with interest at 18% per annum.
- (2) Results from contract cancellation.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

NOTE 6: RELATED PARTY TRANSACTIONS

The Company has made the following loans and advances to related parties as of September 30, 2006:

		Loan/Advance Balance	Allowance for for uncollectible loans/advances	Balance Net
		-----	-----	-----
Accepted Sales	(A)	\$ 298,544		\$ 298,5
Carbon Jungle, Inc.	(B)	148,105	\$ 148,105	
DK Corp.	(C)	98,160	98,160	
DLR Funding	(D)	81,476		81,4
1st Global Financial Service	(E,F)	1,138,202		1,138,2
		-----	-----	-----
Total:		\$ 1,764,487	\$ 246,265	\$ 1,518,2
		=====	=====	=====

The above interest at annual rates ranges from 6% to 12%. The net balance at September 30, 2006 of the fiscal year end of June 30, 2007 in the amount of \$1,518,222 matures in the fiscal years ended June 30 as follows:

2007	\$ 325,877
2008	331,599
2009	860,746

	\$ 1,518,222
=====	

- (A) Accepted Sales is a division of 1st Global Financial Services noted below.
- (B) The President of the Company is a Director of the Company; the Secretary of the Company is an officer of this Company. During the subsequent three months ended September 30, 2006, the Company has lent Carbon Jungle an additional \$ 17,000.
- (C) DK Corp is a business held by David Karst. See Creditor Trust below.
- (D) The President of the Company is a stockholder and director of this Company. The Secretary of the Company is an officer and stockholder of this Company. During the subsequent three months ended September 30, 2006, the Company has lent DLR Funding an additional \$5,377 and received \$30,000.
- 11
- (E) The President of the Company is a stockholder and director of this Company. The Secretary of the Company is an officer and stockholder of this Company. A director of 1st Global is paid \$10,000 per month by the Company, which is recorded as a loan receivable by the Company. During the three months ended September 30, 2006, the Company has lent 1st Global an additional \$413,321.
- (F) The President of the Company is an officer of this Company.

The Company has recorded interest income on the above for the quarter ended September 30, 2006 of fiscal year end June 30, 2007 in the amount of \$ 138,629.

The Company owns 19% of the common stock of 1st Global Financial Services, Inc.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

(1st Global). Accepted Sales is a wholly owned subsidiary of 1st Global. Albert Reda, the Company's CEO, is a director of 1st Global. 1st Global is in the debit/credit card processing business and is in the process of becoming a credit card processor. 1st Global will also collaborate with the Company to market Seamless Skyy-Fi services to its merchants. Accordingly, the Company has made advances to 1st Global until they can obtain permanent financing from other sources.

Creditor Trust

As of September 30, 2005, the Company appointed Financial Services LLC as the Trust Protector for the Creditor Trust. The Trust is currently managed by Mildred Carroll who is also the Trustee and is also the Company's Secretary. The Company's previous Creditor Trust had appointed KFG LLC as Trust Protector which was managed by David Karst as the Trustee for the Creditor Trust.

The Company established a creditor trust pursuant to the terms and conditions of the trust agreement, whereby shares of the Company's common stock were to be transferred in trust to KFG LLC, which had accepted the appointment as trustee.

The Company's creditor trust had been established to return the maximum amount to beneficiaries and to allow the Company to continue to operate without interruption.

Following the submission of claims and validation of such claims, the trustee was to liquidate the trust property and distribute the proceeds to the trust beneficiaries in a manner deemed most beneficial by the trustee.

NOTE 7: STOCKHOLDER'S EQUITY

ISSUANCE OF COMMON STOCK AND PREFERRED STOCK

The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in the Articles of Incorporation for such purposes, in such amounts to such persons, corporations, or entities, for such consideration and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or either action by the stockholders, except as otherwise required by law. The Board of Directors, from time to time also may authorize by resolution, options, warrants and other rights convertible into Common or Preferred stock (collectively "securities". The securities must be issued for such consideration, including cash, property, or services, as the Board of Directors may deem appropriate, subject to the requirement that the value of such consideration be less than the par value of the shares issued. Any shares issued for which the consideration so fixed paid or delivered shall be fully paid stock and the holder of such shares shall not be liable for any further call assessment or any other payment thereon, provided that the actual value of such consideration is not less than the par value of the shares so issued. The Board of Directors may issue shares of Common Stock in the form of a distribution or distributions pursuant to a stock dividend or split-up of the shares of the Common Stock only to ten holders of the outstanding shares of the Common stock.

12

Preferred A shares converts as follows: 1 share of Preferred converts into 10,000 shares of common.

Preferred C shares converts as follows: one share of C which has a par value of \$1.00 converts into \$1.00 worth of common shares.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Examples:

1. If the common stock 10 day average prior to the date of conversion was at \$.10 per share, one share of preferred C would convert into 10 shares of common.
2. If the common stock 10 day average prior to the date of conversion was at \$.001 per share, one share of preferred C would convert into 1,000 shares of common.

STOCK ISSUANCE

During the first quarter ended September 30, 2006 for the fiscal year end June 30, 2007:

Ayuda Funding, LLC converted 76,027 shares of Series A Preferred Stock into 760,270,000 shares of common stock to repay Ayuda in the amount of \$2,392,991.

Global Debit Card Ltd. converted 100 shares of Series A Preferred Stock valued at \$ 0.10 into 1,000,000 shares of common stock valued at \$1,000.

500 shares of Series A Preferred Stock were converted into 5,000,000 shares of common stock for consulting services and expensed at \$24,000.

8,100,000 shares of common stock were issued for services and expensed for officer's compensation at \$81,000.

190,000,000 shares of common stock were issued to Ayuda Funding, LLC valued at \$190,000.

NOTE 8: INCOME TAXES

No provision for income taxes has been recorded in the accompanying financial statements as a result of the Company's net operating losses. The Company has unused tax loss carry forwards of approximately \$23,000,000 to offset future taxable income. Such carry forwards expire in the years beginning 2021. The deferred tax asset recorded by the Company as a result of these tax loss carry forwards is approximately \$8,000,000 at September 30, 2006. The Company has reduced the deferred tax asset resulting from its tax loss carry forwards by a valuation allowance of an equal amount as the realization of the deferred tax asset is uncertain. There was no net change in the deferred tax asset and valuation allowance from July 1, 2006 to September 30, 2006.

NOTE 9: COMMITMENTS AND CONTINGENCIES

LEASE

The Company, through its Alpha Tooling Inc. subsidiary has entered into lease agreements for an office space and an automobile which will expire on June 14, 2007 and October 8, 2007, respectively. The Company rents additional office space in Nevada, on a month to month basis. Rent expense under these leases for the quarter ended September 30, 2006 and 2005 is \$9,646 and \$6,387, respectively.

LEGAL PROCEEDINGS

The Company is a party to the following legal proceedings:

GLOBALIST V. INTERNET BUSINESS'S INTERNATIONAL, INC. ET AL

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

In July 2003, Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company appealed the Court's decision and the award amount. In February 2005 the Company reached a tentative settlement with Globalist, which required the payment of \$75,000 by March 2005, subject to Court approval. On March 8, 2005 the Company put \$75,000 in its lawyer escrow account to satisfy the settlement. This cash is classified as restricted cash on the company's balance sheet. The Company is still waiting for Court approval regarding the final settlement, at which time the funds will be paid as per agreement. However, Globalist is contesting the settlement agreement and further court action is contemplated.

EMPLOYMENT CONTRACT

The Company has an employment contract with their Chief Executive Officer, Albert Reda, that calls for a base salary of \$240,000 for the year ended June 30, 2006 and an increase \$1,000 a month from July, 2006 until its expiration date in January, 2007. In addition, the contract includes a performance bonus based on the Company's sales levels from \$2,000,000 to \$12,000,000, with a bonus ranging from 500,000 to 3,000,000 shares of common stock.

NOTE 10: SEGMENT INFORMATION

In accordance with SFAS No. 131 "Disclosure about Segments of an Enterprise and Related Information", management has determined that there are three reportable segments based on the customers served by each segment: Such determination was based on the level at which executive management reviews the results of operations in order to make decisions regarding performance assessment and resource allocation.

The Company is currently a start up business that is providing "Wireless Internet" access at business locations and a developer and provider of a patent pending software. In December 2005 the Company started a hosting company Alpha Internet offering Seamless clients a high-security hosting facility (See Note 1: Organization and Operations).

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in the reconciliation of operating income reported below.

Information on reportable segments is as follows:

	First quarter ended September 30, 2006	2005
	-----	-----
Wi-Fi ISP net sales	\$ 10,746	\$ 6,408
Cost of Wi-Fi sales	(39,638)	(33,323)
Cost and expenses	(818,348)	(1,950,865)
Other net income	34,067	37,176
Minority interest	-	33,527
	-----	-----
Net loss	\$ (813,173)	\$ (1,907,077)
	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS.

The following discussion and analysis of the Company's financial condition and results of operations should be read with the consolidated financial statements

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

and related notes included elsewhere in this Report.

When the words used in this Report, such as; "expects," "anticipates," "believes," "plans," "will" and similar expressions are intended to identify forward-looking statements. These are statements that relate to future periods and include, but are not limited to statements; as to statements regarding our critical accounting policies, adequacy of cash, expectations regarding net losses and cash flow, statements regarding growth and profitability, need for future financing, dependence on personnel, operating expenses, ability to respond to rapid technological change and statements regarding the issuance of common stock to the Company's executive officers. Forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. These risks and uncertainties include, but are not limited to, those discussed below, as well as risks related to our ability to develop and timely introduce products that address market demand, the impact of alternative technological advances and competitive products, market fluctuations, the Company's ability to obtain future financing, and the risks set forth below under "Factors That May Affect the Company's Results." These forward-looking statements speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

OVERVIEW

SEAMLESS WI-FI, INC. ("Company") is currently a start up business with an informational website at WWW.SLWF.NET which is currently operating three subsidiaries as follows:

SEAMLESS SKYY-FI, INC., is providing "Wireless Internet" access at 30 business locations. This service is referred to as Wireless Fidelity or Wi-Fi, for short. Wi-Fi also refers to wireless equipment that meets published 802.11(x) standards. Wi-Fi equipment operates in 2.4 and 5.8 GHz which are unlicensed frequencies. There are many wireless Internet systems available but they all have universal compatibility. The Wi-Fi POP is commonly referred to as a "Wi-Fi Hotspot". Wireless Internet refers to radio frequencies that may either be licensed (which is above 5.8 GHz "gigahertz") and or unlicensed frequency (which is between 2.4 to 5.8 GHz). Seamless is currently developing its own patent pending Wi-Fi encryption software, "SIB" (SECURE INTERNET BROWSING) that is based upon the RSA's government certified 256 bit AES encryption coupled with RSA's Public Key. The company's web site is WWW.SKYYFI.COM .

SEAMLESS PEER 2 PEER, INC., is a developer and provider of a patent pending software program called "Phenom TM " that encrypts internet communications based upon RSA's government certified 256 bit AES encryption coupled with RSA's Public Key Infrastructure. Phenom provides flexible telecom data and voice transport solutions. It also is a Virtual Private network that provides SOX and HIPAA-compliant secure peer mail, chat, file transfer, remote PC access, secure VoIP, video conferencing and white boarding in a two Mb client download. Seamless is also a developer of a software program for a Peer 2 Peer social network that will offer the highest levels of security, user verification and safety because its backbone is based upon Seamless Peer 2 Peer's Phenom Secure Private Network layer technology, which allows transmission of data to peers in a transparent manner over conventional IP networks in such a way that information can be shared among peers even if one or more are behind proxies, Firewalls, or NATs. Seamless' "Freeek2Freeek" social network will be a truly "safe" online community where everyone who interacts on it will be authenticated and all communications will be encrypted. The company web site is WWW.SEAMLESSP2P.NET .

SEAMLESS INTERNET, INC,. offers high security hosting services for SEAMLESS's

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

Peer 2 Peer and Skyy-Fi clients and is not available for general public hosting services. Seamless Internet is also manufacturing and marketing its own version of the "UMPC" (Ultra Mobile Personal Computer) named the S-XGen for Seamless neXt GENERation . The S-XGen is a full-fledged computing and communications device measuring only 6.5" x 3.8" x 1.25" and weighing 14 ounces that includes an MP3 player, gaming console and a near full size integrated keyboard which unfolds. The S-XGen also offers wireless internet and voice communications. Its web site is WWW.SEAMLESSINTERNET.COM.

(A) PLAN OF OPERATION

The Company's current plan of operation is as follows:

Seamless Skyy-Fi, Inc., currently operates 30 Wi-Fi locations and provides 24/7 tech support for clients accessing the internet; Skyy-Fi is also developing the first available patent pending "SIB" (Secure Internet Browsing), for its Skyy-Fi clients and resellers. This program will be available for sale before December 2007.

15

Seamless Peer 2 Peer, Inc. is developing a secure patent pending Peer 2 Peer software program called Phenom™ and secure social networking software. Phenom Version 3.0 will be available for sale by March 2007 for business and government agencies that require secure Peer 2 Peer virtual private network(s). The social network secure software program is being launched at the 2007 International Consumer Electronic Show in January 2007 and will be available for general retail sales before the end of January 2007.

Seamless Internet, Inc. provides the hosting services for the Company and its clients; Starting July 1st, 2007, the clients will begin to pay for the hosting and technical support that, the Company is currently providing to its clients. Internet has also acquired the patents and will produce the worlds first personal pocket computer that has an almost full-sized keyboard. The S-XGen is being launched at the 2007 International Consumer Electronic Show in January 2007 and will be available for general retail sales before the end of February 2007.

The Company has 3 employees and 7 independent contractor employees excluding Officers and Directors. The Company will use independent contractors for sales personnel, technical support and installation expertise as required.

(B) MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

It is important to note that the following discussion and analysis of the Company's financial condition and results of operations should be read with the consolidated financial statements and related notes included elsewhere in this Report.

The selected financial data for the first quarter of fiscal years ended June 30, 2007 and June 30 2006, is derived from the financial statements of the Company and should be read in conjunction with the audited financial statements included in the June 30, 2006 and 2005 10K/SB.

RESULTS OF OPERATIONS

In accordance with SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," management had determined that there are three reportable segments: Seamless Skyy-Fi, Inc., a software developer for secure Wi-Fi services and a wireless internet service provider; Seamless Peer 2 Peer, Inc., developer

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

of Phenom, a secure peer 2 peer software program for secure internet government and business communications and a secure virtual private social network; and Seamless Internet, Inc. which provides hosting for clients and has developed and is launching a new Ultra Mobile Personal Computer (UMPC). Such determination was based on the level at which executive management reviews the results of operations in order to make decisions regarding performance assessment and resource allocation.

Certain general expenses related to advertising and marketing, information systems, finance and administrative groups are not allocated to the operating segments and are included in "other" in the reconciliation of operating income reported below. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (Note 1).

ANALYSIS OF FINANCIAL CONDITION

REVENUES for the three months ended September 30, 2006 and 2005 were \$10,746 and \$6,408, respectively which is an increase of \$4,338.

THE TOTAL COSTS AND EXPENSES WHICH INCLUDES SELLING, GENERAL AND ADMINISTRATIVE EXPENSES for the three months ended September 30, 2006 and 2005 were \$847,240 and \$1,997,780, respectively which represents an decrease of \$1,150,540.

The continued high cost of the selling, general and administrative expenses reflect the fact that the Company is still in its development stage. These expenditures are expected to remain at current levels until the Company's products are brought to market.

OTHER INCOME includes interest earned. Since there are no expectations that further activities will occur and because the revenues from previous operations are dissimilar, there will be no comparison of the quarters.

NET LOSSES for the three months ended September 30, 2006 and 2005 were \$813,173 and \$1,907,077 respectively and loses are expected to remain at this level through the end of 2007.

16

Management believes these results are due to the continued expansion of the business and developmental cost of the software program and its related expenses. These expenses are expected to remain high until the Wi-Fi and software programs are offered for sale, at which time there will be a decrease in the net operating loss.

FIRST QUARTER ENDED SEPTEMBER 30, OF FISCAL YEAR ENDED

	JUNE 30, 2007	JUNE 30, 2006
WI-FI ISP NET SALES	\$ 10,746	\$ 6,408
COST OF WI-FI SALES	(39,892)	(33,322)
SOFTWARE NET SALES	0	0
COST OF SOFTWARE SALES	0	0
SOFTWARE NET SALES	0	0
COST OF SOFTWARE SALES	0	0
NET LOSS	\$ (818,348)	\$ (1,977,780)
OTHER INCOME (EXPENSES)	34,067	37,176
NET LOSS	\$ (813,173)	\$ (1,907,077)

The following discussion should be read in conjunction with the financial statements of the Company and notes thereto contained elsewhere in this report.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

INFORMATION ON REPORTABLE SEGMENTS IS AS FOLLOWS:

- (1) WISP: The resultant losses from operations for the Wi-Fi ISP segment, including the first quarter of fiscal year ended June 30, 2007 and 2006 are \$29,146 and \$26,914 respectively. These losses are expected to continue because of the expenses related to the startup of this operation.
- (2) SOFTWARE: The expenditures for the Software encryption program segment for the first quarter of fiscal year ended June 30, 2007, are expected to continue related to the startup of this operation.
- (3) INTERNET The expenditures for the development of the mini personal computer (UMPC) segment for the first quarter of fiscal year ended June 30, 2007, are expected to continue because of the expenses related to the startup of this operation.

LIQUIDITY AND CAPITAL RESOURCES

Net cash used in operating activities at the end of the third quarter of fiscal year ended June 30, 2006, decreased by (\$2,149,974) due to the use of stock for services which is an increase compared to the results for the same period ended 2005 of (\$476,566). The Company has a source for capital so the Company can expand its Internet operations of establishing wireless Internet locations commonly referred to as Wi-Fi hotspots and to allow the continued development of its Phenom Software program, the Wi-Fi inception software, the social networking software and the production of S-XGen UMPC.

CAPITAL EXPENDITURES

Net cash used by operations activities of \$739,911 for the first quarter period of fiscal year ended June 30, 2007 decreased by \$2,452,409 compared to the net cash used in operational activities of \$3,192,320 for the first quarter of fiscal year ended June 30, 2006. The decrease is due primarily to the decrease in development costs of its subsidiaries products and services and operations.

ACQUISITIONS

During the third quarter of fiscal year ended June 30, 2006 the Company acquired the patent rights to the ED-1 pocket personal computer for \$500,000 cash and a capital investment of \$500,000 over an 8 month period of time from the date of acquisition. This asset was transferred to Seamless Internet, Inc a subsidiary of Seamless Wi-Fi, Inc.

In January 2005 the Company acquired the assets of Seamless P2P LLC for 700,000 shares of Preferred Class "C" Shares and 300,000,000 shares of the Company's Common stock valued at \$1,000,000 and 20% interest in the new subsidiary of the Company "Seamless Peer 2 Peer, Inc" a Nevada Corporation. These assets were transferred to the new subsidiary of the Company Seamless Peer 2 Peer, Inc.

In August 2003 the Company acquired Alpha Tooling, Inc. with 190,000 shares of DCM Enterprises, Inc. common stock, as per an agreement with DCM Enterprises, Inc. The Company then transferred Alpha Tooling, Inc. to DCM Enterprises, Inc. for credit towards the debit it had with DCM Enterprises, Inc. After October 1, 2003 the transaction was changed by agreement to an Asset Assignment. The Company assigned certain assets of Alpha Tooling for credit of \$311,639 which reduced the debt owed to DCM Enterprises, Inc. from \$760,000 to \$448,361. The Company retained the Alpha Tooling Corporation which had assets of \$42,050 (which were not assigned to DCM Enterprises, Inc.), and debt of \$351,306.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

In September 2003 the Company, through its wholly owned subsidiary Global Debit Cash Card, Inc., a Nevada Corporation ("GLCD") agreed to purchase from DCM the Colorado and Utah territories for marketing the CARDS as per the USA Territory Marketing Representative Agreement. Pursuant to the terms of the agreement GLCD will operate as the Territory Marketing Representative ("TMR") in Colorado and Utah and license resellers of the CARDS. The Licensed Activated Resellers ("LAR") will be licensed through GLCD, the TMR.

In December 2003 GLCD acquired the assets of DCM for 60,000,000 common shares of GLCD which included reduction of the note owed by the Company to \$515,000, which was transferred as an asset to GLCD. GLCD is traded over the counter (OTC) on the Pink Sheets LLC quotation service under the symbol "GLCD".

In April 2005 GLCD reversed its stock 1,000 shares of GLCD for 1 of GBCD (the new stock symbol) GBCD recently traded at \$1.01 per share in low volume.

CRITICAL ACCOUNTING POLICIES

The Securities and Exchange Commission issued Financial Reporting Release No. 60, "Cautionary Advice Regarding Disclosure About Critical Accounting Policies," or FRR 60, suggesting that companies provide additional disclosure and commentary on their most critical accounting policies. The most critical accounting policies are the ones that are most important to the portrayal of a company's financial condition and operating results, and require management to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The Company believes that of the significant accounting policies used in the preparation of the consolidated financial statements (see Note B to the Financial Statements), the following are critical accounting policies, which may involve a higher degree of judgment, complexity and estimates. The methods, estimates and judgments the Company uses in applying these most critical accounting policies have a significant impact on the results reported in the Company's financial statements.

OFF BALANCE SHEET

The Company has not entered into any off balance sheet arrangements that have, or are reasonably likely to have a current or future effect on the company's financial condition, changes in financial condition, revenues or expenses, result of operations, liquidity, capital expenditure, or capital resources which would be considered material to investors.

USE OF ESTIMATES

The preparation of the consolidated financial statements are in conformity with United States generally accepted accounting principles which require the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

STOCK-BASED COMPENSATION ARRANGEMENTS

The Company issues shares of common stock to various individuals and entities for certain management, legal, consulting and marketing services. These issuances are valued at the fair market value of the service provided and the number of shares issued is determined, based upon the closing price of the Company's common stock on the date of each respective transaction. These transactions are reflected as a component of general and administrative expenses in the accompanying statement of operations.

INFLATION

The moderate rate of inflation over the past few years has had an insignificant impact on the Company's sales and results of operations during the period.

NET OPERATING LOSS CARRY FORWARDS

No provision for income taxes has been recorded in the accompanying financial statements as a result of the Company's net operating losses. The Company has unused tax loss carry forwards of approximately \$22,000,000 to offset future taxable income. Such carry forwards expire in the years beginning 2021.

The deferred tax asset recorded by the Company as a result of these tax loss carry forwards is approximately \$7,000,000 as of June 30, 2006. The Company has reduced the deferred tax asset resulting from its tax loss carry forwards by a valuation allowance of an equal amount as the realization of the deferred tax asset is uncertain. The net change in the deferred tax asset and valuation allowance from July 1, 2005 to June 30, 2006 was an increase of approximately \$2,000,000.

FORWARD LOOKING STATEMENTS

The foregoing Management's Discussion and Analysis of Financial Condition and Results of Operations contains "forward looking statements" within the meaning of Rule 175 under the Securities Act of 1933, as amended, and Rule 3b-6 under the Securities Act of 1934, as amended, including statements regarding, among other items, the Company's business strategies, continued growth in the Company's markets, projections, and anticipated trends in the Company's business and the industry in which it operates. The words "believe," "expect," "anticipate," "intends," "forecast," "project," and similar expressions identify forward-looking statements. These forward-looking statements are based largely on the Company's expectations and are subject to a number of risks and uncertainties, certain of which are beyond the Company's control. The Company cautions that these statements are further qualified by important factors that could cause actual results to differ materially from those in the forward looking statements, including, among others, the following: reduced or lack of increase in demand for the Company's products, competitive pricing pressures, changes in the market price of ingredients used in the Company's products and the level of expenses incurred in the Company's operations. In light of these risks and uncertainties, there can be no assurance that the forward-looking information contained herein will in fact transpire or prove to be accurate. The Company disclaims any intent or obligation to update "forward looking statements."

ITEM 3. CONTROLS AND PROCEDURES

(a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-14(c) under the Securities Exchange Act of 1934, or the Exchange Act, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Treasurer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. The evaluation revealed certain weaknesses in disclosure controls and procedures. Based on their evaluation as of a date within 90 days prior to the filing date of this Quarterly Report, our Chief Executive Officer and Treasurer have concluded that, subject to the limitations noted above, and except for the weaknesses noted above, our disclosure controls and procedures were effective to ensure that material information relating to us, including our consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this Quarterly Report was being prepared.

(b) CHANGES IN INTERNAL CONTROLS. We plan to institute greater controls by adding additional staff to allow for greater third person review and verification of all transactions thereby enhancing the accuracy of all records. We are also looking to implement many of the new requirements required under the Sarbanes-Oxley Act of 2002 during the coming year. However, we believe that there were no significant changes in our internal controls or, to our knowledge, in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

19

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

GLOBALIST V. INTERNET BUSINESS'S INTERNATIONAL, INC. ET AL

In July 2003 Globalist sued the Company and was awarded a judgment plus interest in the amount of approximately \$301,000. The Company appealed the Court's decision and the award amount. In February 2005 the Company reached a tentative settlement with Globalist which required the payment of \$75,000 by March 2005, subject to Court approval. On March 8, 2005 the Company put \$75,000 in its lawyer's escrow account to satisfy the settlement. This cash is classified as restricted cash on its balance sheet. The Company is still waiting for Court approval regarding the final settlement, at which time the funds will be paid as per agreement. However Globalist is contesting the settlement agreement and further court action is contemplated.

ITEM 2. CHANGES IN SECURITIES

ISSUANCE OF COMMON STOCK AND PREFERRED STOCK

The Board of Directors of the Corporation may from time to time authorize by resolution the issuance of any or all shares of the Common Stock and the Preferred Stock herein authorized in accordance with the terms and conditions set forth in the Articles of Incorporation for such purposes, in such amounts, to such persons, corporations, or entities, for such consideration and in the case of the Preferred Stock, in one or more series, all as the Board of Directors in its discretion may determine and without any vote or either action by the stockholders, except as otherwise required by law. The Board of Directors, from time to time also may authorize by resolution, options, warrants and other rights convertible into Common or Preferred stock (collectively "securities"). The securities must be issued for such consideration, including

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

cash, property, or services, as the Board of Directors may deem appropriate, subject to the requirement that the value of such consideration be less than the par value if the shares issued. Any shares issued for which the consideration so fixed paid or delivered shall be fully paid stock and the holder of such shares shall not be liable for any further call of assessment or any other payment thereon, provided that the actual value of such consideration is not less than the par value of the shares so issued. The Board of Directors may issue shares Common Stock in the form of a distribution or distributions pursuant to a stock dividend or split-up of the shares of the Common Stock only to ten holders of the outstanding shares of the Common Stock.

All shares issued by the Company for services through the period ended March 31, 2005, were issued at below par value.

AUTHORIZED SHARES

During November 2004 the board of directors amended the articles of incorporation to increase the authorized to 20,000,000,000 shares (par value of \$.001) of which 19,990,000,000 are common shares and 10,000,000 are preferred. There are three classes of preferred stock which are as follows; Class A Preferred of 5,000,000 shares of which one (1) share of preferred converts to 10,000 shares of common stock, Class B Preferred of 3,000,000 shares of which (1) share of preferred converts to 1,000 shares of common stock, and Class C Preferred of 2,000,000 shares. As of this date the Company has not updated its articles of incorporation with the state of Nevada, which shows only 11,000,000,000 shares authorized.

The company plans to amend the previous resolution decreasing the authorized to 11,000,000 shares so no amendment to the Articles of Incorporation will have to be filed with the state of Nevada.

On September 30, 2004 the Company amended its Certificate of Incorporation and authorized 5,000,000 shares of Class C Preferred stock, \$0.001 par value, convertible, with a stated value of \$1.00 per share for conversion purposes. The Class C Preferred stock is convertible at the option of the holder into common shares of the Company at the end of 12 months from the date of its issuance into based upon the ten day average trading price of the common stock just prior to the end of the 12 month holding period. Therefore One Dollar (\$1.00) of Preferred Stock (which is one share of Class C Preferred) will be converted into \$1.00 worth of common stock. For example if the price per share of the common stock on the date of conversion is \$.10 per share the holder of the Preferred stock will receive 10 shares of common stock for every shares of Class C Preferred stock that is converted into common.

20

During April 2003 the board of directors amended the articles of incorporation to increase the authorized to 10,000,000,000 shares of which 9,990,000,000 are common shares and 10,000,000 are preferred. The shares were initially increased in April 2003 to 2,000,000, and the balance was issued in April 2004.

STOCK ISSUANCE

DURING THE FIRST QUARTER ENDED SEPTEMBER 30, 2006 FOR THE FISCAL YEAR END JUNE 30, 2007:

Ayuda Funding, LLC converted 76,027 shares of Series A Preferred Stock into 760,270,000 shares of common stock to repay Ayuda in the amount of \$2,392,991.

Global Debit Card Ltd. converted 100 shares of Series A Preferred Stock valued at \$ 0.10 into 1,000,000 shares of common stock valued at \$1,000.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

500 shares of Series A Preferred Stock were converted into 5,000,000 shares of common stock for consulting services and expensed at \$24,000.

8,100,000 shares of common stock were issued for services and expensed for officer's compensation at \$81,000.

190,000,000 shares of common stock were issued to Ayuda Funding, LLC valued at \$190,000.

DURING THE FISCAL YEAR ENDED JUNE 30, 2006 THE FOLLOWING STOCK WAS ISSUED.

2,022,500 shares of common stock were issued for operational services valued at \$648,775.

Ayuda Funding LLC converted 24,703 shares of Series A preferred stock into 247,030,520 shares of common stock, of which \$773,145 was used to pay judgments, and payback Ayuda Funding LLC in the amount of \$617,575.

Adobe Oil acquired 400,000 shares of Series C preferred stock from Seamless P2P valued at \$400,000, which 300,000 shares were converted into 5,656,537 shares of common stock and 100,000 shares were returned to Treasury. See Note 6: Related Party Transaction.

Windsor Professional Plaza LLC converted 6,575 shares of Series A preferred stock into 65,750,000 shares of common stock of which 10,000,000 shares of common stock were issued for consulting services and expensed at \$473,000.

DURING FISCAL YEAR ENDED JUNE 30, 2005 THE FOLLOWING STOCK WAS ISSUED. .

300,000 shares of common stock, valued at \$300,000, as partial payment for the acquisition of the assets of Seamless P2P, LLC, the balance of the payments was issued as 700,000 shares of Class C Preferred Stock valued at \$700,000.

3,558,642 shares of common stock were issued for operational services valued at \$784,312.

1,109,435 shares were issued for officer's compensation valued at \$347,484.

600,000 share of common stock valued at \$300,000 were issued to pay Windsor Professional Plaza LLC for \$300,000 worth of debt.

220,000 shares were issued to acquire 22,000 shares of Save the World valued at \$110,000 for \$5.00 per share.

The company complies with the provisions of Emerging Issues Task Force Issue No. 96-18, Accounting for Equity Instruments Issued to Other Than Employees for Acquiring, or in Conjunction with, Selling Goods or Services ("EITF 96-18"), with respect to stock issuances to such non-employees, whereby the value of the services was determined as a reliable measurement of fair 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.

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

21

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

EXHIBITS

NUMBER	DESCRIPTION
31	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 905 of the Sarbanes Oxley Act of 2002 (filed herewith).

REPORTS ON FORM 8-K

May 26, 2006	Disclosure of conversion of Preferred A shares into common shares.
March 20, 2006	Disclosure of an "Asset Purchase and Investment Agreement" acquiring the rights to a mini computer
February 21, 2006	Response to SEC questions regarding the Registrants "Preliminary Proxy Statement"
February 21, 2006	Refiled name change from Alpha Wireless Broadband, Inc. to Seamless Wi-Fi, Inc.
January 26, 2006	Disclosure of contract with Orion's Wave, Inc to complete the development of software program for Seamless Peer 2
January 26, 2006	Disclosure of name change from Alpha Wireless Broadband, In. to Seamless Wi-Fi, Inc.
January 26, 2006	Notice of Default was sent on December 23, 2005 to Software Technology and Consulting, Inc.
October 28, 2005	Disclosure entered into a non-binding Letter of Intent (the "LOI") with Indigo Works, Inc
October 20, 2005	Disclosure of an Asset Purchase Agreement with Indigo Technology Services
June 28, 2005	Disclosure of name change to Seamless Wi-Fi, Inc.
April 6, 2005	Disclosure of stock issuance
March 17, 2005	Disclosure of appointments to the board of directors
January 19, 2005	Disclosure of Asset Purchase agreement with Seamless P2P, LLC and Seamless Wi-Fi, Inc
December 21, 2004	Disclosure of issuance of Class A preferred stock in consideration of services
November 3, 2004	Disclosure of Creditor Trust
October 7, 2004	Disclosure of Location Provider Agreement
October 7, 2004	Disclosure of Location Provider Agreement
October 6, 2004	Disclosure of Letter of Intent dated September 29, 2004 entered into by Alpha Wire Broadband, Inc., and Seamless P2P, LLC.
October 4, 2004	Disclosure of Certificate of Designation for Preferred Stock fro Alpha Wi-Fi Broadband, Inc.
September 21, 2004	Disclosure of name change from Internet Business's International, Inc. to Seamless Wi-Fi, Inc.
July 7, 2004	Disclosure that a Creditor Trust has been established
June 30, 2004	Disclosure of Factoring and Security Agreement with First American Factor
April 27, 2004	Disclosure of Change of Accountants
March 5, 2004	Disclosure of Asset Purchase Agreement entered into between the Company and Marketing, Inc.

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

Edgar Filing: SEAMLESS WI-FI, INC. - Form 10QSB

undersigned, thereunto duly authorized.

SEAMLESS WI-FI, INC.
F/K/A ALPHA WIRELESS BROADBAND, INC.

Date: November 20, 2006

/s/ Albert R. Reda

Albert R. Reda
Chief Executive Officer,
Chief Financial Officer