

JPX Global Inc.  
Form 10-Q  
May 20, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

---

**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended March 31, 2016

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: 000-54793

**JPX GLOBAL, INC.**

(Name of Small Business Issuer in Its Charter)

Edgar Filing: JPX Global Inc. - Form 10-Q

|   |  |
|---|--|
| Nevada<br>(State or Other Jurisdiction<br>of Incorporation or Organization)                 | 26-2801338<br>(IRS Employer<br>Identification No.) |
| 9864 E Grand River, Ste 110-301<br>Brighton, MI<br>(Address of Principal Executive Offices) | 48116<br>(Zip Code)                                |

(780) 349-1755  
(Issuer's Telephone Number)

(Former Name, Former  
Address and Former Fiscal  
Year, if Changed Since Last  
Report)

Table of Contents

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the 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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  Smaller reporting company

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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY**

**PROCEEDINGS DURING THE PRECEDING FIVE YEARS**

Check whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Exchange Act of 1934 after the distribution of securities under a plan confirmed by a court. 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 May 10, 2016, the Company had outstanding 167,455,809 shares of common stock, par value \$0.001 per share.



Table of Contents

**JPX GLOBAL, INC.**

**QUARTERLY PERIOD ENDED MARCH 31, 2016**

**Index to Report on Form 10-Q**

|  | <b>Page No.</b> |
|--|-----------------|
| <b><u>PART I - FINANCIAL INFORMATION</u></b>   |                 |
| Item 1. <u>Financial Statements</u>  | 4               |
| Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 10              |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>                            | 12              |
| Item 4. <u>Controls and Procedures</u>   | 12              |
| <b><u>PART II - OTHER INFORMATION</u></b>  |                 |
| Item 1. <u>Legal Proceedings</u>   | 14              |
| Item 1A. <u>Risk Factors</u>   | 14              |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>                           | 14              |
| Item 3. <u>Defaults Upon Senior Securities</u>   | 14              |
| Item 4. <u>Mine Safety Disclosures</u>   | 14              |
| Item 5. <u>Other Information</u>   | 14              |
| Item 6. <u>Exhibits</u>  | 15              |
| <u>Signatures</u>  | 16              |



Table of ContentsJPX GLOBAL, INC.  
Balance SheetsASSETS

|                           | March 31,<br>2016<br>(Unaudited) | December 31,<br>2015 |
|---------------------------|----------------------------------|----------------------|
| <b>CURRENT ASSETS</b>     |                                  |                      |
| Cash and cash equivalents | \$36                             | \$83                 |
| Total Current Assets      | 36                               | 83                   |
| <b>TOTAL ASSETS</b>       | <b>\$36</b>                      | <b>\$83</b>          |

**LIABILITIES AND STOCKHOLDERS' DEFICIT****CURRENT LIABILITIES**

|  |                |                |
|--|----------------|----------------|
| Accounts payable and accrued liabilities | \$30,813       | \$29,902       |
| Advances from related party              | 244,064        | 243,864        |
| Notes payable to related party           | 18,000         | 18,000         |
| Convertible loan payable - related party | 1,500          | 1,500          |
| Total Current Liabilities                | 294,377        | 293,266        |
| <b>TOTAL LIABILITIES</b>                 | <b>294,377</b> | <b>293,266</b> |

**STOCKHOLDERS' DEFICIT**

Preferred stock, \$0.001 par value; 40,000,000 shares authorized:

|  |              |              |
|--|--------------|--------------|
| Series A Preferred Stock, \$0.001 par value; 1,000 and<br>1,000 shares issued and outstanding, respectively                                | 1            | 1            |
| Series B Preferred Stock, \$0.001 par value; 10,000,000 and<br>10,000,000 shares issued and outstanding, respectively                      | 10,000       | 10,000       |
| Common stock, \$0.001 par value; 500,000,000 shares authorized,<br>167,455,809 and 167,455,809 shares issued and outstanding, respectively | 167,456      | 167,456      |
| Additional paid-in capital   | 32,832,694   | 32,832,694   |
| Accumulated deficit  | (33,304,492) | (33,303,334) |
| Total Stockholders' Deficit  | (294,341 )   | (293,183 )   |

|  |             |             |
|--|-------------|-------------|
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b> | <b>\$36</b> | <b>\$83</b> |
|--|-------------|-------------|

The accompanying notes are an integral part of these financial statements





Table of ContentsJPX GLOBAL, INC.  
Statements of Operations  
(Unaudited)

|  | For the Three Months Ended<br>March 31, |                  |
|--|---|------------------|
|  | 2016                                    | 2015             |
| NET REVENUES   | \$—                                     | \$—              |
| OPERATING EXPENSES   |   |                  |
| Consulting fees (including stock-based compensation of<br>\$-0- and \$2,050,000, respectively) | —                                       | 2,050,000        |
| Professional and accounting fees   | 552                                     | 20,119           |
| Other general and administrative   | 247                                     | 345              |
| Total Operating Expenses   | 799                                     | 2,070,464        |
| LOSS FROM OPERATIONS   | (799                                    | ) (2,070,464 )   |
| OTHER INCOME (EXPENSES)  |   |                  |
| Interest expense   | (359                                    | ) —              |
| Total Other Income (Expenses)  | (359                                    | ) —              |
| NET INCOME (LOSS)  | \$(1,158                                | ) \$(2,070,464 ) |
| Net income (loss) per common share - basic and diluted   | \$(0.00                                 | ) \$(0.01 )      |
| Weighted average common shares<br>outstanding - basic and diluted                              | 167,455,809                             | 166,362,476      |

The accompanying notes are an integral part of these financial statements

Table of Contents

JPX GLOBAL, INC.  
 Statements of Cash Flows  
 (Unaudited)

For the Three Months  
 Ended  
 March 31,  
 2016      2015

CASH FLOWS FROM OPERATING ACTIVITIES:

|   |           |               |
|---|-----------|---------------|
| Net income (loss)   | \$(1,158) | \$(2,070,464) |
| Adjustments to reconcile net loss to net cash used by operating activities: |           |               |
| Common stock issued for services  | —         | 2,050,000     |
| Changes in operating assets and liabilities:                                |           |               |
| Accounts payable and accrued liabilities                                    | 911       | 877           |
| Net Cash Used by Operating Activities                                       | (247 )    | (19,587 )     |

CASH FLOWS FROM INVESTING ACTIVITIES:

—      —

CASH FLOWS FROM FINANCING ACTIVITIES:

|   |       |        |
|---|-------|--------|
| Proceeds from advances from related party (net) | 200   | 19,245 |
| Net Cash Provided by Financing Activities       | 200   | 19,245 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS       | (47 ) | (342 ) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD  | 83    | 342    |
| CASH AND CASH EQUIVALENTS, END OF PERIOD        | \$36  | \$—    |

SUPPLEMENTAL CASH FLOW INFORMATION

Cash Payments For:

|          |     |     |
|----------|-----|-----|
| Interest | \$— | \$— |
| Taxes    | \$— | \$— |

Non-cash activity:

|                                  |     |             |
|----------------------------------|-----|-------------|
| Common stock issued for services | \$— | \$2,050,000 |
|----------------------------------|-----|-------------|

The accompanying notes are an integral part of these financial statements



Table of Contents

**JPX Global, Inc.**

Notes to Financial Statements

March 31, 2016

(Unaudited)

**NOTE 1 - ORGANIZATION**

JPX Global, Inc. (the “Company” or “JPX”) was incorporated under the laws of the state of Nevada on December 18, 2008, with 75,000,000 authorized common shares with a par value of \$0.001. On January 3, 2013, the Company approved the action to amend and restate the Articles of Incorporation of the Company and increase the authorized common shares to 500,000,000 and create and authorize 40,000,000 shares of Preferred Stock which was approved by written consent of the holders representing approximately 67% of the outstanding voting securities of the Company. Series A Preferred Stock was created and designated with super-voting rights of 100,000 votes per share of Series A Preferred Stock held, but no conversion, dividend and liquidation rights.

On February 5, 2014, the Company entered into an agreement to acquire all the operating assets of Scorpex, Inc. (“Scorpex”) (an entity related by common control) in exchange for 105,000,000 shares of common stock and 10,000,000 shares of Series B Preferred Stock of the Company. Scorpex is majority owned and controlled by JPX Global, Inc.’s then controlling shareholder, Joseph Caywood. Each share of Series B preferred stock is convertible into 10 shares of common stock and is entitled to vote ratably together with our common stockholders on all matters upon which common stockholders may vote. With the acquisition of these assets, which consist primarily of a license agreement, the Company has modified its business plan to include the development of waste management services including the storage, recycling, and disposal of waste. The Company does not presently have any waste management operations.

The acquired assets consist primarily of a license agreement between Scorpex and Tratamientos Ambientales Scorpion, S.A. de C.V. (a corporation formed under the laws of Mexico) (“TAS”). This license agreement with TAS has been assigned to JPX. TAS is a wholly owned subsidiary of Scorpex, and is, therefore, a common control entity. ASC 805-50-30-5 provides guidance on measuring assets and liabilities transferred between entities under common control. As these entities are under common control and the license agreement had no basis on Scorpex’s books they are being acquired at their carrying amounts (with no cost basis) on the date of transfer and, therefore, the transaction value is \$-0-.

The license agreement was dated July 30, 2011 and provided Scorpex with an exclusive worldwide license for the permits, property, and any and all of TAS’s other assets necessary for the business of storing, recycling, disposing, and treating waste in Mexico for a term of 10 years. The agreement also provided for Scorpex’s annual payment to TAS of 20% of its Net Revenues (gross cash receipts less cost of processing and other expenses excluding general,

administrative, interest, and taxes) from the license. Pursuant to the Assignment Consent dated February 3, 2014, TAS agreed to extend the term of the agreement every 10 years if operations have commenced pursuant to the license agreement.

#### NOTE 2 - BASIS OF FINANCIAL STATEMENT PRESENTATION

The accompanying unaudited financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted in accordance with such rules and regulations. The information furnished in the interim financial statements includes normal recurring adjustments and reflects all adjustments, which, in the opinion of management, are necessary for a fair presentation of such financial statements. Although management believes the disclosures and information presented are adequate to make the information not misleading, it is suggested that these interim financial statements be

Table of Contents

**JPX Global, Inc.**

Notes to Financial Statements

March 31, 2016

(Unaudited)

read in conjunction with the Company's audited financial statements and notes thereto included in its Form 10-K for the year ended December 31, 2015. Operating results for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for the year ending December 31, 2016.

**NOTE 3 - GOING CONCERN**

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. The company does not have sufficient working capital for its planned activity, and to service its debt, which raises substantial doubt about its ability to continue as a going concern. The Company has incurred accumulated losses of \$33,304,492 from inception (December 18, 2008) through March 31, 2016.

Continuation of the company as a going concern is dependent upon obtaining additional working capital and the management of the company has developed a strategy which it believes will accomplish this objective through short term loans from related parties, and additional equity investments, which will enable the company to continue operations for the coming year. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty.

**NOTE 4 – NET INCOME (LOSS) PER COMMON SHARE**

The Company follows ASC Topic 260 to account for the earnings per share. Basic earnings per common share ("EPS") calculations are determined by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per common share calculations are determined by dividing net income by the weighted average number of common shares and dilutive common share equivalents outstanding.

For the three months ended March 31, 2016, the common shares underlying the following dilutive securities were excluded from the calculation of diluted shares outstanding as the effect of their inclusion would be anti-dilutive:

|  | Common<br>Shares<br>Issuable |
|--|------------------------------|
| Convertible loan payable – related party | 1,500,000                    |
| Series B Preferred Stock                 | 100,000,000                  |
| Total common shares issuable             | 101,500,000                  |

NOTE 5 – ADVANCES FROM RELATED PARTY

The advances from related party liability at March 31, 2016 (\$244,064) and December 31, 2015 (\$243,864) is due to Joseph Caywood, significant stockholder of the Company. The liability is non-interest bearing and there are no terms of repayment.

Table of Contents**JPX Global, Inc.**

Notes to Financial Statements

March 31, 2016

(Unaudited)

**NOTE 6 – NOTES PAYABLE TO RELATED PARTY**

The notes payable to related party at March 31, 2016 (\$18,000) is due to Mitchell Dean Hovendick, significant stockholder of the Company, and consist of:

|   |          |
|---|----------|
| Promissory note dated May 20, 2015, interest at 8% per annum, interest and principal due November 20, 2015  | \$8,000  |
| Promissory note dated June 24, 2015, interest at 8% per annum, interest and principal due December 24, 2015 | 8,000    |
| Promissory note dated November 15, 2015, interest at 8% per annum, interest and principal due May 15, 2016  | 2,000    |
| Total   | \$18,000 |

**NOTE 7 - CONVERTIBLE LOAN PAYABLE - RELATED PARTY**

On December 18, 2008, the company entered into a Promissory Note agreement with the former CEO of the Company. The note is for a sum of \$1,500, is non interest bearing, and was due and payable on December 31, 2010. The note provides that if the note was not paid on December 31, 2010, the note can be converted to shares of common stock of the Company for \$.001 per share. On January 3, 2013, this note was assigned to Joseph Caywood, the then controlling shareholder of JPX. The Company and Joseph Caywood have verbally agreed that the Company will pay the loan off as it is able to without penalty, and Joseph Caywood will not convert the debt into shares of common stock. As of March 31, 2016 and December 31, 2015, the balance of the loan is \$1,500.

**NOTE 8 - CAPITAL STOCK**

On January 6, 2014, the Company issued 1,000 shares of Series A preferred stock as security for outstanding debts of the Company owed to Joseph Caywood. Although the preferred stock carries no dividend, distribution, liquidation or conversion rights, each share of Series A preferred stock carries one hundred thousand (100,000) votes, and holders of



our Series A preferred stock are able to vote together with our common stockholders on all matters upon which common stockholders may vote.

On February 5, 2014 (see Note 1 above), the Company entered into an agreement to acquire all the operating assets of Scorpex, Inc. (“Scorpex”) (an entity related by common control) in exchange for 105,000,000 shares of common stock and 10,000,000 shares of Series B preferred stock of the Company. Scorpex is majority owned and controlled by JPX Global, Inc.’s significant shareholder, Joseph Caywood. The Series B preferred stock is convertible into 10 shares of common stock and is entitled to vote ratably together with our common stockholders on all matters upon which common stockholders may vote.

On February 17, 2015, pursuant to a Consulting Agreement with Joseph Caywood dated January 1, 2015 (term ended March 31, 2015), the Company issued a total of 2,050,000 shares of common stock to 18 individuals/entities for services rendered to the Company. The stock was valued at \$2,050,000 and is included in consulting fees on the statement of operations for the three months ended March 31, 2015.

Table of Contents

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of the financial condition and results of operations of JPX Global, Inc. (hereafter, "JPEX", the "Company," "we," "our," or "us") should be read in conjunction with the Unaudited Financial Statements and related Notes thereto included herein. This discussion may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding the Company's expectations, beliefs, intentions, or future strategies that are signified by the words "expects," "anticipates," "intends," "believes," or similar language. Actual results could differ materially from those projected in the forward looking statements. Prospective investors should carefully consider the information set forth herein, and the Company cautions investors that its business and financial performance is subject to substantial risks and uncertainties.

**Overview**

On February 5, 2014, the Company entered into an agreement to acquire all of the operating assets of Scorpex, Inc., ("Scorpex") (an entity related by common control) a Nevada corporation, in exchange for 105,000,000 shares of Common Stock and 10,000,000 shares of Series B Preferred Stock. Scorpex is majority owned and controlled by JPX Global, Inc.'s then controlling shareholder, Joseph Caywood. Each share of Series B preferred stock is convertible into 10 shares of common stock and is entitled to vote ratably together with our common stockholders on all matters upon which common stockholders may vote. The acquired assets consist primarily of a license agreement. We are now expanding our business to further develop our operations to capitalize on the opportunities available primarily in Mexico, in the integrated waste, and waste management service operations, including the receiving, storage, transfer and disposal of waste in an environmental manner. In providing these services, we intend to actively pursue projects and initiatives that we believe make a positive difference for our environment which will be focused on gasification of waste in an environmental manner. It is expected that our customer base will include commercial, industrial, municipal and residential customers, other waste management companies, electric utilities, and governmental entity properties. We have not realized any revenues to date. We do not have sufficient capital to enable us to commence and complete our planned program. We will require additional financing in order to conduct the planned program described herein. Our auditors have issued a going concern opinion, raising substantial doubt about the Company's financial prospects, and the Company's ability to continue as a going concern. As a waste management company, our principal sources of revenue will result from waste management contracts, but will also include revenue from ancillary services related to the handling and conversion of waste. Expenses which comprise the costs of goods sold will include the operational and staffing costs of the trucks and other vehicles used for transporting and special licensing where required. General and administrative expenses will include administrative wages and benefits; occupancy and office expenses; outside legal, accounting and other professional fees; travel and other miscellaneous office and administrative expenses. Selling and marketing expenses will include selling/marketing wages and benefits, advertising and promotional expenses, as well as travel and other miscellaneous related expenses.

The acquired assets consist primarily of a license agreement between Scorpex and Tratamientos Ambientales Scorpion, S.A. de C.V. (a corporation formed under the laws of Mexico) (“TAS”). This license agreement with TAS has been assigned to JPX. TAS is a wholly owned subsidiary of Scorpex, and is, therefore, a common control entity. ASC 805-50-30-5 provides guidance on measuring assets and liabilities transferred between entities under common control. As these entities were under common control and the license agreement had no basis on Scorpex’s books they were acquired at their carrying amounts (with no cost basis) on the date of transfer and, therefore, the transaction value was \$-0-.

## Table of Contents

The future goal of the Company will be to develop a waste services division. The Company has modified its business plan to include the development of waste management services including the storage, recycling, and disposal of waste.

Our ability to generate revenues during the year 2016 and beyond depends substantially upon the Company's resources available in order to develop and grow the integrated waste and waste management businesses. Such efforts require significant systems development, marketing and personnel costs, which, in turn, require substantial funding. If we are unable to obtain such funding, its ability to generate revenues will be significantly impaired and we may be unable to continue operations.

Because the Company has incurred losses, income tax expenses are immaterial. No tax benefits have been booked related to operating loss carryforwards, given the uncertainty of the Company being able to utilize such loss carryforwards in future years. We anticipate incurring additional losses during the coming year.

## **Results of Operations**

Following is management's discussion of the relevant items affecting results of operations for the three month periods ended March 31, 2016 and 2015.

**Revenues.** For the three months ended March 31, 2016 and 2015, net revenues were \$-0-. The Company expects to generate revenues with the acquisition of the waste management assets previously described. The Company hopes to commence operations during 2016.

**Consulting Fees.** Consulting fees for the three months ended March 31, 2016 were \$-0- compared to \$2,050,000 for the three months ended March 31, 2015. During the three months ended March 31, 2015, the Company issued 2,050,000 shares of common stock for services rendered to the Company. The shares were valued at \$2,050,000 which represented the market price on the date of issuance.

**Professional Fees.** Professional fees for the three months ended March 31, 2016 were \$552 compared to \$20,119 for the three months ended March 31, 2015. Professional fees consist mainly of the fees for the audits and reviews of the Company's financial statements as well as the filings with the SEC. The Company anticipates that professional fees will increase commensurate with an increase in our operations.

**Other General and Administrative Expenses.** Other general and administrative expenses for the three months ended March 31, 2016 were \$247 compared to \$345 for the three months ended March 31, 2015. We expect that salaries and consulting expenses, that are cash- instead of share-based, will increase as we add personnel to build our waste management business.

**Other Income (Expense).** The Company had net other expenses of \$359 for the three months ended March 31, 2016 compared to \$-0- for the three months ended March 31, 2015. Other expenses consist of interest expense on promissory notes issued by the company.

### **Liquidity and Capital Resources**

As of March 31, 2016, our primary source of liquidity consisted of \$36 in cash and cash equivalents. Since inception, we have financed our operations through a combination of short term loans from related parties and through the private placement of our common stock. For the three months ended March 31, 2016, we used \$247 cash in operating activities and were provided \$200 cash from financing activities.

Table of Contents

We have sustained significant net losses which have resulted in an accumulated deficit at March 31, 2016 of \$33,304,492 and are currently experiencing a substantial shortfall in operating capital which raises doubt about our ability to continue as a going concern. Historically, we have funded operating expenses through advances from related parties. We anticipate a net loss for the year ended December 31, 2016 and with the expected cash requirements for the coming months, without additional cash inflows from an increase in revenues combined with continued cost-cutting or a receipt of cash from working capital loans or capital investment, there is substantial doubt as to the Company's ability to continue operations.

There is presently no agreement in place with any source of financing for the Company and we cannot assure you that the Company will be able to raise any additional funds, or that such funds will be available on acceptable terms. Funds raised through future equity financing will likely be substantially dilutive to current shareholders. Lack of additional funds will materially affect the Company and its business, and may cause us to cease operations. Consequently, shareholders could incur a loss of their entire investment in the Company.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company we are not required to provide this information.

**ITEM 4. CONTROLS AND PROCEDURES**

**Management's Report on Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, to allow for timely decisions regarding required disclosure.

As of March 31, 2016, the end of our quarter covered by this report, we carried out an evaluation, under the supervision of our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, we concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

## **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act, as amended). In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of March 31, 2016. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework*. Our management has concluded that,

Table of Contents

as of March 31, 2016, our internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US generally accepted accounting principles. This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this quarterly report.

**Inherent limitations on effectiveness of controls**

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Changes in Internal Control over Financial Reporting**

There have been no significant changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2016 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.



Table of Contents

**PART II**

**OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

On May 20, 2014, the Company was served a lawsuit regarding a dispute between two of its shareholders. The Company maintained that the plaintiff had no jurisdiction in this lawsuit and that the Company should not be named as a defendant. The lawsuit was dismissed by the court on August 30, 2014 in favor of the Company.

**ITEM 1A. RISK FACTORS**

As a smaller reporting company, we are not required to provide the information required by this item.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

During the three months ended March 31, 2016, there were no unregistered sales of equity securities.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

Not applicable.

14

Table of Contents

**ITEM 6. EXHIBITS**

The following documents are filed as exhibits to this Form 10-Q:

**INDEX TO EXHIBITS**

**Number Exhibits**

- |    |  |
|----|--|
| 31 | Amended and Restated Articles of Incorporation (incorporated by reference from our report on form 8-K filed on January 9, 2013). |
| 32 | Amended and Restated Bylaws (incorporated by reference from our report on form 8-K filed on January 9, 2013).                    |
| 31 | Certification by Chief Executive Officer, James P. Foran, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.             |
| 32 | Certification by Chief Executive Officer, James P. Foran, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.             |

Table of Contents

**SIGNATURES**

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

JPX GLOBAL, INC.

Date: May 16, 2016 By: /s/ James P. Foran  
James P. Foran  
Chief Executive Officer