

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

RAPTOR INVESTMENTS INC
Form 10QSB/A
December 05, 2002

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

(MARK ONE)

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

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

COMMISSION FILE NUMBER 0-23026

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

FLORIDA

22-3261564

(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

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

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

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

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

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

CHECK WHETHER THE ISSUER (1) FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION
13 OR 15(D) OF THE EXCHANGE ACT DURING THE PAST 12 MONTHS (OR FOR SUCH SHORTER
PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN
SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS. YES X NO

APPLICABLE ONLY TO CORPORATE ISSUERS

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

COMMON STOCK, \$.01 PAR VALUE - 48,887,681 SHARES AS OF September 30, 2002.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE):

YES X NO

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

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES

CONTENTS

PAGE	1	CONDENSED BALANCE SHEETS AS OF SEPTEMBER 30, 2002 (CONSOLIDATED) (UNAUDITED) AND DECEMBER 31, 2001 (COMBINED) (UNAUDITED)
PAGE	2	CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002 (UNAUDITED)
PAGE	3	CONDENSED STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD FROM JANUARY 1, 2001 TO SEPTEMBER 30, 2001 (UNAUDITED)
PAGE	4	CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2002 (UNAUDITED)
PAGES	5 - 9	NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED BALANCE SHEETS

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

ASSETS	September 30, 2002 (Consolidated) (Unaudited)	December 31, 2001 (Combined) (Unaudited)
	-----	-----
CURRENT ASSETS		
Cash	\$ 109,875	\$ 105,134
Royalty receivable, net	20,924	29,280
Accounts receivable	732,347	16,303
Contract receivable - current portion	219,623	236,351
Exchange agreement	--	3,870
Inventory	203,976	--
Deposits	18,995	--
	-----	-----
Total Current Assets	1,305,740	390,938
	-----	-----
PROPERTY AND EQUIPMENT - NET	400,736	24,200
	-----	-----
OTHER ASSET		
Building option	500,000	--
Contract receivable - long-term	343,719	448,600
Note receivable - stockholder	1,544,566	1,451,000
Due from stockholder	--	17,870
Loan receivable	9,500	1,800
Goodwill	1,195,044	--
	-----	-----
Total Other Assets	3,592,829	1,919,270
	-----	-----
TOTAL ASSETS	\$ 5,299,305	\$ 2,334,408
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 711,708	\$ 895,267
Loans payable - current	107,492	--
Loans payable - related parties	100,000	109,400
Stockholder loan	2,850	2,850
	-----	-----
Total Current Liabilities	922,050	1,007,517
	-----	-----
LONG-TERM LIABILITIES		
Loans payable - long-term	209,931	--
Line of credit	2,825,000	--
	-----	-----
Total Long-Term Liabilities	3,034,931	--
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, Class A, \$.01 par value, 15 and none shares issued and outstanding, respectively	1	--
Common stock, \$.01 par value, 100,000,000 shares authorized, 48,887,681 and 43,887,681 shares		

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

issued and outstanding, respectively	488,878	438,878
Additional paid-in capital	9,258,737	8,778,739
Treasury stock	(39,107)	(39,107)
Accumulated deficit	(8,187,485)	(7,666,419)
Stock subscription receivable	(178,700)	(185,200)
	-----	-----
Total Stockholders' Equity	1,342,324	1,326,891
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,299,305	\$ 2,334,408
	=====	=====

See accompanying notes to condensed consolidated financial statements.

1

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

	For the Three Months Ended September 30, 2002	For the Nine Months Ended September 30, 2002
	-----	-----
REVENUE	\$ 2,559,998	\$ 2,589,998
COST OF GOODS SOLD	1,985,599	1,985,599
	-----	-----
GROSS PROFIT	574,399	604,399
	-----	-----
OPERATING EXPENSES		
Selling expenses	154,360	154,360
Professional fees	83,170	608,494
Other general and administrative	301,610	444,615
	-----	-----
Total Operating Expenses	539,140	1,207,469
	-----	-----
INCOME (LOSS) FROM OPERATIONS	35,259	(603,070)
	-----	-----
OTHER INCOME (EXPENSE)		

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

Interest income	50,312	151,347
Interest expense	(60,944)	(69,344)
	-----	-----
Total Other Income (Expense)	(10,632)	82,003
	-----	-----
NET INCOME (LOSS)	\$ 24,627	\$ (521,067)
	=====	=====
NET INCOME (LOSS) PER SHARE		
Net income (loss)	\$ 24,627	\$ (521,067)
Preferred stock dividends	--	(45,000)
	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ 24,627	\$ (566,067)
	=====	=====
Net income (loss) per common share - basic and diluted	\$ 0.00	\$ (0.01)
	=====	=====
Weighted average number of common shares outstanding - basic and diluted	48,887,681	46,803,432
	=====	=====

See accompanying notes to condensed consolidated financial statements.

2

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

Net assets in liquidation at December 31, 2000	\$ 368,028

Loss from activities during the "wind-down" period from January 1, 2001 through September 30, 2001	(229,217)

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

Reserve for legal fees in connection with outstanding legal proceedings	(125,000) -----
Decrease in net assets	(354,217) -----
Net assets in liquidation at September 30, 2001	\$ 13,811 =====
Number of common shares outstanding	4,113,383 =====
Net assets in liquidation per common share	\$.003 =====

See accompanying notes to condensed consolidated financial statements.

3

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

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss	\$ (521,067)
Adjustments to reconcile net loss to net cash used in operating activities:	
Stock issued for services	290,000
Depreciation	12,229
Changes in operating assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(716,044)
Inventory	(203,976)
Accrued interest receivable	(108,066)
Royalty receivable	8,356
Deposits	(18,995)
Exchange agreement	3,870
Increase (decrease) in:	
Accounts payable	283,999

Net Cash Used In Operating Activities	(969,694) -----

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from contract receivable	121,609
Purchases of property and equipment	(388,765)
Proceeds from note receivable - stockholder	14,500

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

Building purchase option	(500,000)
Goodwill	(1,195,044)
Proceeds from loan receivable	(7,700)
Proceeds on due from shareholder	17,870

Net Cash Used In Investing Activities	(1,937,530)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on loan payable - related party	(9,400)
Proceeds from issuance of preferred stock	90,000
Proceeds from line of credit	2,825,000
Proceeds from subscription receivable	6,500
Payments on notes payable	(150,136)
Proceeds from stock options exercised	150,000

Net Cash Provided By Financing Activities	2,911,964

NET INCREASE IN CASH	4,740
CASH - BEGINNING OF PERIOD	105,135

CASH - END OF PERIOD	\$ 109,875
	=====

NON-CASH FINANCING AND INVESTING ACTIVITIES:

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

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) BASIS OF PRESENTATION

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

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

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

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

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

(B) PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of Raptor Investments, Inc. and its wholly owned subsidiaries LBI Properties, Inc., and LBI Eweb Communities, Inc., for the nine months ended September 30, 2002 and J&B Wholesale Produce, Inc. from July 2, 2002, the date of acquisition, through September 30, 2002 (collectively, the "Company") (See Note 2(B)). All intercompany accounts and transactions have been eliminated in consolidation.

(C) INVENTORY

Inventory consists of purchased produce (fruits and vegetables) and is valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

(D) NEW ACCOUNTING PRONOUNCEMENTS

In April 2002, the FASB issued SFAS 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections. SFAS 145 rescinds the provisions of SFAS No. 4 that requires companies to classify certain gains and losses from debt extinguishments as extraordinary items, eliminates the provisions of SFAS No. 44 regarding transition to the Motor Carrier Act of 1980 and amends the provisions of SFAS No. 13 to require that certain lease modifications be treated as sale leaseback transactions. The provisions

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(UNAUDITED)

of SFAS 145 related to classification of debt extinguishments are effective for fiscal years beginning after May 15, 2002. Earlier application is encouraged. The Company does not believe the adoption of this standard will have a material impact the financial statements.

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

In July 2002, the FASB issued SFAS No. 146, "Accounting for Restructuring Costs." SFAS 146 applies to costs associated with an exit activity (including restructuring) or with a disposal of long-lived assets. Those activities can include eliminating or reducing product lines, terminating employees and contracts and relocating plant facilities or personnel. Under SFAS 146, the Company will record a liability for a cost associated with an exit or disposal activity when that liability is incurred and can be measured at fair value. SFAS 146 will require the Company to disclose information about its exit and disposal activities, the related costs, and changes in those costs in the notes to the interim and annual financial statements that include the period in which an exit activity is initiated and in any subsequent period until the activity is completed. SFAS 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with earlier adoption encouraged. Under SFAS 146, a company cannot restate its previously issued financial statements and the new statement grandfathers the accounting for liabilities that a company had previously recorded under Emerging Issues Task Force Issue 94-3. The Company does not believe the adoption of this standard will have a material impact the financial statements.

NOTE 2 BUSINESS COMBINATIONS

(A) ACQUISITION OF REAL ESTATE AND INTERNET MARKETING COMPANIES

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

(B) ACQUISITION OF PRODUCE COMPANY

On June 21, 2002, Raptor Investments, Inc. ("Raptor") entered into a stock purchase agreement to acquire J&B Wholesale produce, Inc. ("J&B"). Under the terms of the agreement, which closed July 2, 2002, Raptor acquired all the issued and outstanding common stock of J&B in exchange for cash of \$2,325,000 (See Note 5). Contemporaneously, Raptor entered

into a one-year lease of the cold storage facility and executive offices occupied by J&B at \$6,500 per month and paid \$500,000 for a one-year option to purchase the facility at a sale price of \$875,000. If the option is exercised, the option price of \$500,000 will be credited

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

toward the sale price.

The J&B acquisition was recorded under the purchase method of accounting and accordingly, the results of operations and cash flows of J&B from the acquisition date of July 2, 2002 are included in the accompanying condensed consolidated financial statements. The purchase price of \$2,325,000 was allocated to the assets acquired and liabilities assumed based on the fair market values at the date of acquisition. The fair market value of assets acquired and liabilities assumed is summarized as follows:

Current assets	\$	733,813
Property and equipment		387,714
Other assets		8,429
Goodwill		1,195,044

	\$	2,325,000
		=====

The following unaudited pro forma financial information for the Company gives effect to the J&B acquisition as if it occurred on January 1, 2002. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the acquisition occurred on the date indicated, or which may result in the future.

Net revenue	\$	8,055,231
Net loss	\$	(103,231)
Net loss per share - basic and diluted	\$	(0.00)
Shares used in per calculation - basic and diluted		46,803,432

NOTE 3 LOANS PAYABLE - RELATED PARTIES

During 2002, the Company became indebted to a related party in the amount of \$100,000 as a result of the business combination discussed in Note 2.

NOTE 4 STOCK ISSUANCES

(A) COMMON STOCK

During April 2002, the Company issued 3,000,000 common stock options at an exercise price of \$0.05 per share to consultants for services valued at \$90,000. During May 2002, the consultants exercised all 3,000,000 options for aggregate cash proceeds of \$150,000.

7

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(UNAUDITED)

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

(B) PREFERRED STOCK

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

During 2002, the Company designated 15 shares of preferred stock as "Class A Preferred" with the following preferences: annual dividend of \$12,000 payable quarterly; convertible in whole only into one half of one percent of the total number of issued and outstanding common shares of the Company on the date of conversion limited to a maximum conversion of 375,000 common shares.

During June 2002, the Company issued 15 shares of Class A Preferred stock for cash of \$90,000.

NOTE 5 LINE OF CREDIT

In order to effectuate the purchase of J&B and an option to purchase a building, the Company entered into an agreement and signed a promissory note for a line of credit in the amount of \$2,825,000, which shall cap at \$2,000,000 when the principal balance is reduced to that amount. The note is due and payable in July 2005, but may be extended at the option of the Company if, on the original maturity date, the principal balance is equal to or less than \$1,500,000. The note bears interest at the rate of LIBOR (1.77% at September 30, 2002) plus 10% per annum payable monthly. The agreement also requires that the principal amount owed on the note be reduced by the greater of (1) \$250,000 per annum commencing after the first full calendar year following execution of the note, or (2) 50% of J&B's net operating earnings per fiscal quarter commencing with the first full fiscal quarter following execution of the note (See Note 2(B)).

NOTE 6 SEGMENT INFORMATION

The Company operates in two business segments, Produce and Other. The Company operates the Produce segment through its wholly owned subsidiary J&B Wholesale Produce, Inc. ("J&B"). J&B receives its revenues from selling produce wholesale to restaurants and stores. Raptor Investments, Inc., LBI Properties, Inc. and LBI Eweb Communities, Inc. do not meet the quantitative thresholds for a reportable segment and are therefore included in the Other segment. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. All intercompany transactions between segments have been eliminated. As a result, the components of operating loss for one segment may not be comparable to another segment. The following is a summary of the Company's segment information for the period ended September 30, 2002:

8

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2002
(UNAUDITED)

Produce	Other	Total
-----	-----	-----

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

Revenues	\$ 2,539,998	\$ 50,000	\$ 2,589,998
Segment profit (loss)	(139,971)	(381,096)	(521,067)
Total assets	2,416,560	2,882,745	5,299,305
Additions to long-lived assets	388,765	-	388,765
Depreciation and amortization	10,789	1,440	12,229

NOTE 7 GOING CONCERN

As shown in the accompanying condensed consolidated financial statements, the Company incurred a net loss of \$521,067, a negative cash flow from operations of \$969,694 and has an accumulated deficit of \$8,187,485. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan for the Company in regards to these matters is to continue to grow the produce operations of the business through the J&B Produce subsidiary, which management believes will provide the necessary revenue and earnings to enhance shareholder value. Management intends to focus the business on profitable core customers and reduce costs using inventory controls. The Company is also actively seeking to refinance its long-term debt on terms more favorable to the Company. Management believes that the actions presently taken to reduce operating costs and obtain refinancing provide for the Company to operate as a going concern.

PART I ITEM 2

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

FORWARD LOOKING STATEMENTS

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

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

PLAN OF OPERATION

The Company plans to develop into a holding company through the acquisition of various business operations. The Company closed on the Acquisition of J&B Wholesale Produce, Inc. on July 2, 2002 and the Acquisition was reported on Form 8-K, which form is incorporated herein and made a part hereof by reference.

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

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

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2002, the Company had a stockholder's equity of \$5,299,305. As of September 30, 2002 the Company incurred net profit of \$24,627. The Company plans to generate revenue in the future by retaining business consulting clients in the private and public sector. In addition, the Company plans to seek the acquisition of additional income producing assets such as J&B Wholesale Produce, Inc.

10

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

results of operations or liquidity.

There was no litigation or liability related to any litigation either threatened or actual assumed by the Company as a result of the acquisition of J&B Wholesale Produce, Inc.

J&B Wholesale Produce Inc. has a dispute with the former CPA firm of J&B, for an unpaid invoice in the amount of \$130.76. Under the terms of the Acquisition Agreement between Gennaro Mugnano and the Company, Mr. Mugnano was to provide for the payment of all accounts receivable of J&B incurred prior to July 1, 2002. The CPA firm, Scutillo, Blake, McMillan & Joyce, PA, maintains that the \$130.76 is due and payable. Mr. Mugnano disputes the debt and has not made payment. The address of the firm Scutillo, Blake, McMillan & Joyce, PA is 8000 North University Drive, Fort Lauderdale, Florida 33321-2118

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On June 27, 2002 the Company issued fifteen (15) shares of Preferred Stock, Class A, to Mr. Christian T. Chiari in exchange for certain financial consulting services provided to the Company by Mr. Chiari, including the acquisition by Mr. Chiari of funding from Gelpid Associates, LLC in order that the Company could close on it's acquisition of J&B Wholesale Produce, Inc. The acquisition of J&B Wholesale Produce, Inc., and a description of the transaction between the Company and Gelpid Associates LLC is contained within the 8-K filing of the Company which is incorporated herein and made a part hereof by reference.

The Preferred Stock, Class A, has an annual dividend of \$12,000 per share, payable in equal quarterly installments beginning with the date of issue. The Preferred Stock, Class A is convertible, in whole, but not in part, into so many shares of the Common Stock of the Company as equals one half of one percent (0.5%) of the total number of shares of issued and outstanding Common Stock of the Company on the date of conversion. However, no shares of Preferred Stock, Class A, is convertible into more than 375,000 Common shares. The Company failed to make the quarterly dividend payment on the Class A Preferred Stock due September 30, 2002.

11

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

Not Applicable

ITEM 5. OTHER INFORMATION

The Company completed the acquisition of J&B Wholesale Produce, Inc. ("J&B") on July 1, 2002. The Company acquired 100% of the issued and outstanding common stock Of J&B, a privately held Florida Corporation, from Gennaro Mugnano in exchange for \$ 2,325,000. J&B is engaged in the wholesale produce business in Florida. Pursuant to The agreement between Gennaro Mugnano and the Company, the Company acquired 1000 shares of J&B Common Stock, and J&B became a wholly-owned

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

subsidiary of the Company. The financial information reported by the Company herein includes the results of operations from J&B for the period July 1, 2002 to September 30, 2002.

In order to effectuate the purchase, Raptor and J & B borrowed \$2,825,000. from Gelpid Associates LLC ("Gelpid") a Florida Limited Liability Company. A promissory note ("Note") in the amount of \$2,825,000. was executed. The Note has a term of three years, and bears interest at the rate of LIBOR plus ten percent, adjusted monthly. The minimum monthly payment due under the Note is accrued interest only. There is no prepayment penalty under the Note.

The Note is secured by the machinery, equipment, furniture, fixtures, inventory, accounts receivable, work in progress, , motor vehicles, computer hardware and computer software of J & B. UCC-1 Financing Statements have been filed by Gelpid and Gelpid has taken possession of the titles to all of the motor vehicles owned by J&B as per the Terms of the Loan Agreement between Raptor and Gelpid. Contemporaneously with the execution of the Note, Raptor and J & B entered into a loan agreement with Gelpid which permits Gelpid to either appoint one member to the Board of Directors of Raptor and J & B, or at the election of Gelpid to appoint an observer to be present at the meetings of the Board of Directors of Raptor and J & B.

The loan agreement requires, in addition to the minimum monthly interest payments under the Note, that the principal balance due under the Note be reduced by an amount equal to the greater of \$250,000. per annum or 50% of net operating earnings of J & B per fiscal quarter.

As of September 30, 2002, the Company had not made any payments to reduce the principal Balance under the Note. Gelpid had not appointed any member to the Board of the Company And had not appointed any Board observer as of September 30, 2002.

Not Applicable

ITEM 6. EXHIBITS

(a) EXHIBITS.

The following exhibits are filed herewith.

EXHIBIT NUMBER -----	DESCRIPTION -----
(a)	Financial Data Schedule

The Company filed a current report on Form 8-K on March 27, 2002 regarding a

Edgar Filing: RAPTOR INVESTMENTS INC - Form 10QSB/A

change in accounting firms.

SIGNATURES

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

RAPTOR INVESTMENTS, INC.

DATED: November 29, 2002

BY: /S/ PAUL LOVITO

PAUL LOVITO,
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BY: /S/ MATTEW LOVITO

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