

NowAuto Group, Inc.  
Form 10-Q/A  
March 16, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q/A

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

For the fiscal quarter ended:  
December 31, 2008

Commission file number:  
000-50709

NOWAUTO GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation)

77-0594821  
(I.R.S. Employer  
Identification No.)

4240 E Elwood, Phoenix, Arizona 85040

(address of principal executive offices, including zip code)

(602) 431-0015

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports 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) has been subject to such filing requirements for the past 90 days. Yes  NO

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class	Outstanding at December 31, 2008
Common Stock, par value \$0.001 per share	9,843,046

This filing is an abbreviated amendment of the Form 10-Q for the period ending December 31, 2008. Its purpose is to correct dates in Item 9A.

Item 4. Controls and Procedures

a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company carried out, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended). Based on their evaluation, the Company's Chief Executive Officer and its Chief Financial Officer concluded that, as of December 31, 2008, the Company's disclosure controls and procedures were not effective because of the material weaknesses identified as of such date discussed below. Notwithstanding, the existence of the material weaknesses described below, management has concluded that the consolidated financial statements in this Form 10-K fairly present, in all material respects, the Company's financial position, results of operations and cash flows for the periods and dates presented.

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(b) MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's 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 of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, 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.

With the participation of the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2008, based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. In its assessment of the effectiveness in internal control over financial reporting as of June 30, 2008, the Company determined that there were control deficiencies that constituted material weakness, as described below.

Ø While the Company does have skilled accounting staff, the number of staff is not adequate to achieve division of duties as a control.

Ø We have not tested the operating effectiveness of our controls over financial reporting. During our review process we created and implemented new controls and procedures. However due to time and staff constraints, we did not test our controls over financial reporting in accordance with COSO standards. Since we have not completely tested our controls, we have determined that our controls over financial reporting were ineffective.

Due to these material weaknesses, management concluded that our internal control over financial reporting was not effective as of December 31, 2008.

During the quarter ending December 31, 2008, there were substantial changes in our internal control over financial reporting we converted into a new fully integrated, enterprise-wide software system specific to the BH/PH industry. This new system offers a solution for all departments including the one that previously had none. Most transactions are now recorded automatically instead of manually. As part of the conversion process, policies and procedures are reviewed and altered to fit the new system and to improve internal controls. The new system also improves control over cash payments made by customers. Management believes that this conversion will be a very beneficial one in that it will improve our ability to capture costs and recover them in the sales price of the vehicle. It has also solved two of the material weaknesses in internal controls as previously identified in the Form 10-K for the fiscal year ended June 30, 2008. Additional resources will allocated as time and money allows to address the staffing, control assessment, and control testing.

Item 15 - Exhibits

- 31.1. Rule 13a-14(a) certification
  - 31.2. Rule 13a-14(a) certification
  - 32.1. Rule Section 1350 certification
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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOW AUTO GROUP, INC.

Date: 3/9/10      By: /s/ Scott Miller,  
Scott Miller,  
Chief Executive Officer

NOW AUTO GROUP, INC.

Date: 3/9/10      By: /s/ Faith Forbis  
Faith Forbis  
Chief Financial Officer, Principle Accounting Officer

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