

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

RAPTOR INVESTMENTS INC
Form 10QSB/A
January 07, 2004

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

(MARK ONE)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003 .

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

COMMISSION FILE NUMBER 0-23026

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

FLORIDA

(STATE OR OTHER JURISDICTION
OF INCORPORATION OR ORGANIZATION)

22-3261564

(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, 2003.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE):

YES X NO
--- ---

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

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES

CONTENTS

PAGE	1	CONDENSED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2003 (UNAUDITED)
PAGE	2	CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002 (UNAUDITED)
PAGE	3 - 4	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002 (UNAUDITED)
PAGES	5 - 9	NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2003
(UNAUDITED)

ASSETS

Current assets

Cash \$ 60,681

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

Investments, net	10,200
Accounts receivable, net	1,085,841
Inventories	242,017
Due from stockholder	16,470
Other current assets	2,600

Total Current Assets	1,417,809

PROPERTY AND EQUIPMENT - NET	2,135,875

OTHER assets	
Other receivables	65,091
Deposits	8,525
Goodwill	1,111,077

Total Other Assets	1,184,693

TOTAL ASSETS	\$ 4,738,377
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
CURRENT LIABILITIES	
Cash overdraft	\$ 192,124
Accounts payable and accrued expenses	935,407
Line of credit	250,000
Loans payable - related parties	100,000
Capital lease - current	119,326

Total Current Liabilities	1,596,857

LONG-TERM LIABILITIES	
Capital lease - non-current	552,558
Line of credit	2,548,000
Note payable	800,000

Total Long-Term Liabilities	3,900,558

TOTAL LIABILITIES	5,497,415

STOCKHOLDERS' DEFICIENCY	
Preferred stock, \$.01 par value, 5,000,000 shares authorized, Class A, \$.01 par value, 15 shares issued and outstanding	1
Common stock, \$.01 par value, 100,000,000 shares authorized, 48,887,681 shares issued and outstanding	488,878
Additional paid-in capital	9,690,020
Note receivable - stockholder	(1,580,404)
Treasury stock	(49,107)
Other comprehensive loss	(11,585)
Accumulated deficit	(9,118,141)
Stock subscription receivable	(178,700)

Total Stockholders' Deficiency	(759,038)

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

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY \$ 4,738,377
=====

See accompanying notes to condensed consolidated financial statements

1

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

	For the Three Months Ended September 30, 2003 -----	For the Three Months Ended September 30, 2002 -----	For the Nine Months Ended September 30, 2003 -----	For the N Months En September 2002 -----
REVENUE	\$ 2,859,264	\$ 2,559,998	\$ 8,431,224	\$ 2,589,
COST OF GOODS SOLD	2,258,166 -----	1,985,599 -----	6,523,657 -----	1,985, -----
GROSS PROFIT	601,098 -----	574,399 -----	1,907,567 -----	604, -----
OPERATING EXPENSES				
Stock compensation	--	--	167,150	290,
Selling expenses	239,073	154,360	629,676	154,
Settlement of vendor payables	--	--	(622,918)	--
Other general and administrative	559,123 -----	384,780 -----	1,587,504 -----	763, -----
Total Operating Expenses	798,196	539,140 -----	1,761,412 -----	1,207, -----
INCOME (LOSS) FROM OPERATIONS	(197,098) -----	35,259 -----	146,155 -----	(603, -----
OTHER INCOME (EXPENSE)				
Interest income	188	50,312	576	151,
Interest expense	(109,900) -----	(60,944) -----	(301,800) -----	(69, -----
Total Other Income (Expense)	(109,712)	(10,632) -----	(301,224) -----	82, -----
NET INCOME (LOSS) BEFORE INCOME TAXES	(306,810) -----	24,627 -----	(155,069) -----	(521, -----

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

PROVISION FOR INCOME TAXES	--	--	--	--
	-----	-----	-----	-----
NET INCOME (LOSS)	\$ (306,810)	\$ 24,627	\$ (155,069)	\$ (521,069)
	=====	=====	=====	=====
NET INCOME (LOSS) PER SHARE				
Net income (loss)	\$ (306,810)	\$ 24,627	\$ (155,069)	\$ (521,069)
Preferred stock dividends	(30,000)	--	(120,000)	(45,000)
	-----	-----	-----	-----
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ (336,810)	\$ 24,627	\$ (275,069)	\$ (566,069)
	=====	=====	=====	=====
Net income (loss) per common share - basic and diluted	\$ (0.01)	\$ --	\$ (0.01)	\$ (0.01)
	=====	=====	=====	=====
Weighted average number of common shares outstanding - basic and diluted	48,887,681	48,887,681	48,887,681	46,803,681
	=====	=====	=====	=====

See accompanying notes to condensed consolidated financial statements.

2

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Nine Months Ended September 30, 2003	For the Nine Months Ended September 30, 2002
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (155,069)	\$ (521,067)
Adjustments to reconcile net loss to net cash used in operating activities:		
Allowance for doubtful accounts	45,145	--
Stock issued for services	167,150	290,000
Depreciation	105,931	12,229
Non-cash gain on settlement of vendor payables	(622,918)	--
Changes in operating assets and liabilities: (Increase) decrease in:		

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

Accounts receivable	(179,860)	(716,044)
Inventories	(103,428)	(203,976)
Royalty receivable	--	8,356
Accrued interest receivable	--	(108,066)
Stock subscription receivable		
Other assets	(53,715)	3,870
Deposits	(6,000)	(18,995)
Increase (decrease) in:		
Cash overdraft	164,796	--
Accounts payable	161,533	283,999
	-----	-----
Net Cash Used In Operating Activities	(476,435)	(969,694)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(13,900)	--
Proceeds from contract receivable	--	121,609
Proceeds from note receivable - stockholder	--	14,500
Payments on loan receivable	--	(7,700)
Proceeds on due from shareholder	--	17,870
Purchases of property and equipment	(398,269)	(388,765)
Restricted cash	355,635	--
Building purchase option	--	(500,000)
Goodwill	--	(1,195,044)
	-----	-----
Net Cash Used In Investing Activities	(56,534)	(1,937,530)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from stock options exercised	--	150,000
(Payments) proceeds on line of credit	(27,000)	2,825,000
Proceeds from loan payable - related party	--	(9,400)
Payments on loan payable - related party	(50,125)	--
Proceeds from note receivable - stockholder	--	--
Payments on capital lease	(118,602)	(150,136)
Proceeds from notes payable	800,000	90,000
Dividend payment on preferred stock	(20,000)	--
Proceeds from subscription receivable	--	6,500
	-----	-----
Net Cash Provided By Financing Activities	584,273	2,911,964
	-----	-----
NET INCREASE IN CASH	51,304	4,740
Cash - beginning of PERIOD	9,377	105,135
	-----	-----
Cash - end of PERIOD	\$ 60,681	\$ 109,875
	=====	=====
SUPPLEMENTAL DISCLOSURE OF-CASH FLOW INFORMATION:		
Cash paid for interest expense	\$ 301,800	\$ 109,900
	=====	=====

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

NON-CASH INVESTING AND FINANCING ACTIVITIES:

The Company acquired \$217,770 of property and equipment under capital leases during the period ended September 30, 2003.

The Company exercised its option to acquire a cold storage facility and reclassified its option price of \$500,000 to property and equipment as of September 30, 2003.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003
(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.

It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are

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

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.

For further information, refer to the financial statements and footnotes for the year ended December 31, 2002 included in the Company's Form 10-KSB.

(B) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(C) Principles of Consolidation

The condensed consolidated financial statements include the accounts of Raptor Investments, Inc. and its wholly owned subsidiaries LBI Properties, Inc., LBI Eweb Communities, Inc., 105 NW 13 Avenue Holding Corporation and J&B Wholesale Produce, Inc., (from July 2, 2002, date of acquisition) (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2 FACTORING AGREEMENT

On September 30, 2003, the Company entered into a factoring agreement to sell certain trade receivables, primarily without recourse. Under the agreement, the factor will advance 90% of the face value of the receivable to the Company. The Company will pay a percentage fee of 1.5% and the remaining 8.5% will be applied against the outstanding line of credit balance upon collection. The Company's accounts receivable are pledged as collateral under the agreement. As of September 30, 2003, the Company has not factored any accounts receivable.

6

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003
(UNAUDITED)

NOTE 3 INVENTORIES

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

NOTE 4 INVESTMENTS

The Company's marketable securities are comprised of equity securities, all classified as available-for-sale, which are carried at their fair value based upon quoted market prices of those investments as of September

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

30, 2003. Accordingly, unrealized gains and losses are included in stockholders' equity.

The composition of marketable equity securities as of September 30, 2003 is as follows:

	Basis -----	Unrealized Gain or (Loss) -----	Fair Value -----
Available-for-sale securities			
Common stock	\$ 21,785 =====	\$ (11,585) =====	\$ 10,200 =====

NOTE 5 LINE OF CREDIT

During July 2003, the Company entered into a loan extension agreement with its lender. The extension waived minimum repayment requirement of \$250,000 under the original loan agreement until July 2, 2004. As of September 30, 2003, the company has not made any of the required minimum payments and has recorded \$250,000 as the current liability under the loan extension agreement.

NOTE 6 NOTE PAYABLE

During 2003, the Company issued a 10% note payable of \$800,000 due March 8, 2008 with interest only payments due monthly. The note is secured by the assets of J&B Produce and 105 NW 13 Avenue Holding Corporation as of September 30, 2003, the outstanding note payable balance is \$800,000.

7

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003
(UNAUDITED)

NOTE 7 STOCK ISSUANCES

(A) Common Stock Warrants

During 2003, the Company issued 1,500,000 common stock warrants at an exercise price of \$.05 to consultants for services. Using the Black-Scholes model, the warrants were valued at \$167,150 using the following assumptions: no annual dividend, volatility of 315%, risk-free interest rate of return of 3.0% and a term of one year.

(B) Preferred Stock and Preferred Stock Dividends

During August 2003, the Company and the Preferred Class A stockholder agreed to amend the terms and conditions of the payment of dividends and conversion of the Class A Preferred Stock. The Preferred Stockholder agreed to exchange the original 15 shares of Class A Preferred Stock and

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

all accrued dividends for 15 shares of Class A Preferred Stock with the following attributes: annual dividends of \$6,000 payable monthly and increasing to \$7,992 annually following the first month the Company reaches sales over \$15 million per annum and increasing to \$9,984 annually for sales of \$16 million and increasing to \$11,976 per annum for all sales over \$17 million. In addition, each share of Class A Preferred Stock is convertible into (0.75%) of the total issued and outstanding common shares up to a maximum conversion of 562,500 common shares.

NOTE 8 COMMITMENTS AND CONTINGENCIES

(A) Lawsuits

As of September 30, 2003, the Company and its insurance company have come to an agreement to settle all unresolved legal fees related to the prior operations and management of the Company. During 2003, management recorded a gain on the settlement of vendor payables and accrued legal fees of \$622,918.

(B) Stock Repurchase

The Company entered into an agreement to repurchase certain outstanding shares of common stock from two former officers and directors at a tender price of \$0.20 per share. The tender price offer is guaranteed by the Company's President and Chief Financial Officer. The total shares owned by the former officers and directors is approximately 1,691,000. As of the date of this report, the Company is in default of the agreement. The former officers and directors have withheld insurance proceeds of \$66,533 until the Company and the former officers and directors can reach an agreement.

NOTE 9 SEGMENT INFORMATION

The Company operates in two business segments, Produce and Other. The Company operates the Produce segment through its wholly owned subsidiaries J&B Wholesale Produce, Inc. and 105 NW 13 Avenue Holdings Corporation ("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:

8

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2003
(UNAUDITED)

2003	Produce	Other	Total
------	---------	-------	-------

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

	-----	-----	-----
Revenues	\$ 8,431,224	\$ -	\$ 8,431,224
Segment profit (loss)	(394,782)	239,713	(155,069)
Total assets	4,569,745	168,632	4,738,377
Additions to long-lived assets	383,269	15,000	398,269
Depreciation and amortization	103,791	2,140	105,931
2002			
Revenues	\$ 2,539,998	\$ 50,000	\$ 2,589,998
Segment 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 10 GOING CONCERN

As shown in the accompanying condensed consolidated financial statements, the Company incurred a negative cash flow from operations of \$ (476,435), has an accumulated deficit of \$ (9,118,141) and a stockholders' deficiency of \$ (759,038). 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 line of credit 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.

9

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

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

should not place undue reliance on any forward-looking statements because such statements speak only as of the date they are made.

PLAN OF OPERATION

The Company 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.

10

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2003, the Company had a stockholder's deficiency of \$759,038. As of September 30, 2003 the Company incurred gross profit of \$1,907,567. Almost all of the company's revenues and all of its gross profit for the quarter ended September 30, 2003 is attributable to the continued operations of the wholesale produce segment, specifically the result of operations of the J&B Wholesale Produce, Inc. subsidiary. The Company plans to generate revenue in the future by retaining business consulting clients in the private and public sector for its Business consulting segment. In addition, the Company plans to seek the acquisition of additional income producing assets such as J&B Wholesale Produce, Inc. and to continue to grow that subsidiary company.

During the three and six months ended September 30, 2003, net sales totaled \$2,859,264 and \$8,431,224 respectively. Gross profit margin for the three and six month periods ended September 30, 2003 were 22.6% and 21.01%, respectively. Selling expense for the three and six month periods ended September 30, 2003 were \$239,073 and \$629,676, respectively. Management feels that comparisons to previous years figures are irrelevant because the Company had significantly different business activities following the acquisition of the wholesale produce segment of the Company.

Management feels that liquidity, cash available for operations, and business conditions generally are favorable to the continued operations, and expansion, of the company's J&B Wholesale Produce Operations. The material positive changes in the financial condition of the company, from the like period in fiscal 2002, and from the second fiscal quarter of 2003 to the third fiscal quarter of 2003, are attributable to the acquisition of and operations of J&B Wholesale Produce.

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

The management of J&B continues to pursue more higher yielding produce customers, which should improve long-term liquidity. In addition, management has set minimum daily order amounts, and sought to limit the number of smaller, unprofitable or less profitable accounts which it services, to further expand the business and maximize profit while limiting the cost per delivery of the company. Management continues to streamline the day-to-day operations of J&B, has moved most back-office activities away from the produce warehouse facility, and has upgraded the computers of the company.

Management has taken steps to streamline the customer order process, to reduce errors and to prevent theft and employee pilfering. The company can now identify the employees who are responsible for, and had access to, each shipment. Substantial improvements to the product delivery line, combined with new computers and automated systems, have greatly increased efficiency, reduced errors and missed deliveries, and reduced product loss.

Particularly, the company has entered into a contract to replace all of the computers and software which controls inventory, ordering, distribution, invoicing, accounts receivable, and accounts payable. The new systems will be installed and tested and will be fully operational by the close of the fiscal year on December 31, 2003. Three additional refrigerated trucks have been leased and added to the company's fleet in order to service new customers and streamline routing.

11

The company is subject to market conditions in the fresh produce industry taken as a whole. Fresh produce is subject to tremendous variations in quality and consistency, as well as availability, and is the most highly perishable agricultural commodity. On a daily basis, company employees have to visually inspect hundreds of different products for size, shape, consistency, and visual defects. The public is increasingly concerned with the use of pesticides, herbicides, and genetically engineered foodstuffs. While cosmetically imperfect produce is acceptable to enter the processed foods stream, it is not acceptable to the fresh produce stream, and especially to the restaurants served by the company. The company's buyers have to make daily decisions on where to source each item based on quality, availability, price and location. These factors can change daily for each type of produce. Weather conditions or other factors can effect the price of a major volume product, such as lettuce, potatoes, onions, or tomatoes and have a significant impact on the company for the period. The successful acquisition of produce at a competitive price and of the highest quality will insure the continued success, and growth, of the company.

The company operates primarily in Miami-Dade, Broward and Palm Beach counties in southeast Florida. Many of the restaurants and other foodservice establishments which the company serves are seasonal in nature. While few of these establishments actually close during the summer months, many have a reduced order volume in the range of up to 40%. The company is attempting to limit the impact of the seasonal nature of the vacation industry in the region by concentrating on restaurants in areas where year-round residents live, particularly in the western suburbs of Miami, Fort Lauderdale and West Palm Beach. Seasonal volume changes are much less pronounced in these "bedroom communities". The entire tourism industry in Southeast Florida is dependant upon favorable travel conditions for continued success. Terrorism, or a decline in economic conditions, have a negative impact on tourism and could lead to reduced sales both for the company and the restaurants it serves.

The company has entered into a factoring arrangement with it's lender, American

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

Millennium Investment Corporation. Commencing on October 6, 2003, the company has received a line of credit against pledged receivables in the total amount of \$1,000,000. As of October 8, 2003 the company had drawn down \$800,000. Under the factoring agreement. Gelpid Associates LLC, the company's principal lender, agreed to subordinate it's first perfected lien position on the company's receivables in order to make the factoring arrangement possible. Gelpid Associates LLC and American Millennium Investment Corporation are related entities.

Management believes that the factoring arrangement will allow the company to expand at a faster rate, and more broadly, than would have been possible without factoring. The factoring arrangement has allowed the company to compete for larger, national chain restaurant accounts which frequently require terms as long as sixty days for payment. Also, the company can pursue large accounts such as cruise lines and tourist facilities which would otherwise be out of the reach of the company.

Management feels that the company has adequate disclosure controls and procedures in place to insure the accurate and timely reporting of the financial condition of the company to it's auditors, and to the public. Specifically, regular, routine meetings are held between and among management, it's attorney, and it's accountants to resolve financial issues and insure the timely, accurate reporting of the financial condition of the company.

12

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The company included a full report of all litigation pending in it's annual report for the period ending December 31, 2002. That report is incorporated herein and made a part hereof by reference. Everything contained within this quarterly report is subject to the information contained within that annual report. In the opinion of management there are no outstanding litigation issues which threaten the viability of the company as an ongoing concern. There is no litigation against the company or any of it's subsidiaries which management considers of a material nature to 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, results of operations or liquidity.

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.

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

The Preferred Stock, Class A, had an annual dividend of \$12,000 per share, payable in equal quarterly installments beginning with the date of issue. The Preferred Stock, Class A was 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, were convertible into more than 375,000 Common shares.

On August 1, 2003, the company, in agreement with the holder thereof, altered the terms of payment on the Class A Preferred Stock. Each share of Class A Preferred Stock, par value \$0.01 features an annual dividend of \$6000.00 per share, payable in equal monthly installments beginning August 1, 2003; said dividend (\$7500.00 per month in total) to increase by a total of \$2500.00 per month beginning in the first full calendar month after the company reaches \$15 million per annum in gross revenues, and thereafter by a total of \$2500.00 per month for each \$1 million in additional gross revenues, up to a maximum of \$17 million in gross revenues, and each share of the Class A Preferred stock is convertible into shares of the Common Capital stock of the Corporation using the following ratio:

Each Class A Preferred share shall be convertible, in whole, but not in part, to so many shares of the common capital stock of the Corporation as equals three quarters of one percent (0.75%) of the total number of issued and outstanding common capital shares of the company as exist on the date of conversion. Provided, however, that no Class A Preferred shares is convertible into more than 562,500 common capital shares. Upon conversion, the common capital stock issued for the conversion shall enjoy all of the rights, including voting rights, and dividends, as all of the common capital stock of the Corporation.

On July 15, 2003 the company entered into a loan extension agreement with it's lender, Gelpid Associates LLC. Under the express terms of the 2002 loan to the company in the amount of \$2,825,000, the company was obligated to make a minimum payment to reduce the principal balance of the loan of \$250,000 by July 1, 2003. Under the express terms of the loan extension agreement, the lender waived the requirement of payment of the unpaid sums due for principal reduction under the 2002 loan until July 2, 2004.

13

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. J&B is engaged in the wholesale produce business in Florida.

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

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

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. Upon the request of Gelpid, Mr. Don A. Paradiso of Pompano Beach, Florida was appointed to the Board.

Paul Lovito, our Chief Executive Officer, and Matthew Lovito, our Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which they performed their evaluation.

ITEM 6. EXHIBITS

(a) EXHIBITS.

The following exhibits are filed herewith.

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

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: December 22, 2003

BY: /S/ PAUL LOVITO

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

PAUL LOVITO,
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BY: /S/ MATTEW LOVITO

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