

Veracity Management Global, Inc.
Form 10-Q
May 14, 2009
Table of Contents

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

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2009

or

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission file number 0-52493

VERACITY MANAGEMENT GLOBAL, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Delaware
(State of Incorporation)

43-1889792
(I.R.S. Employer Identification No.)

7682 N Federal Highway #1 Boca Raton, FL
(Address of Principal Executive Offices)

33487
(ZIP Code)

Registrant's Telephone Number, Including Area Code: (561)613-1888

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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 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 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 shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer
(Do not check if a smaller
reporting company)

Smaller Reporting Company

On May 11, 2009, the Registrant had 16,643,057 shares of common stock issued and outstanding.

Table of Contents

TABLE OF CONTENTS

Item	Description	Page
PART I - FINANCIAL INFORMATION		
ITEM 1.	<u>(Unaudited) FINANCIAL STATEMENTS</u>	3
ITEM 2.	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATION</u>	9
ITEM 3.	<u>QUANTITATIVE and QUALITATIVE DISCUSSION ABOUT MARKET RISK</u>	11
ITEM 4.	<u>CONTROLS AND PROCEDURES</u>	11
PART II OTHER INFORMATION		
ITEM 1.	<u>LEGAL PROCEEDINGS</u>	11
ITEM 2.	<u>RECENT SALES OF UNREGISTERED EQUITY SECURITIES AND USE OF PROCEEDS</u>	11
ITEM 3.	<u>DEFAULT UPON SENIOR SECURITIES</u>	11
ITEM 4.	<u>SUBMISSION OF MATERS TO A VOTE OF SECURITY HOLDERS</u>	11
ITEM 5.	<u>OTHER INFORMATION</u>	11
ITEM 6.	<u>EXHIBITS</u>	12

Table of Contents**PART I - FINANCIAL INFORMATION****ITEM 1. (Unaudited) FINANCIAL STATEMENTS**

VERACITY MANAGEMENT GLOBAL, INC.

Balance Sheets

(A Development Stage Company)

(Unaudited)

	March 31, 2009	June 30, 2008
<u>ASSETS</u>		
Current Assets	\$	\$
Total Current Assets		
Net Assets Related to Discontinued Operations		196,066
Total Assets	\$	\$ 196,066
<u>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</u>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 52,232	\$ 20,999
Total Current Liabilities	52,232	20,999
Net Liabilities Related to Discontinued Operations		1,121,277
Total Liabilities	52,232	1,142,276
Stockholders' Equity (Deficit)		
Preferred Stock, \$.001 par value, 5,000,000 shares authorized, 0 shares issued and outstanding		
Common Stock, \$.001 par value, 3,500,000,000 shares authorized, 16,643,057 and 33,742,446 shares issued and Outstanding, respectively	16,635	33,741
Additional paid-in capital	4,052,836	3,060,519
Accumulated deficit	(4,040,470)	(4,236,536)
Accumulated deficit during development stage	(81,233)	
Total Stockholders' Equity (Deficit)	(52,232)	(1,142,276)
Total Liabilities and Stockholders' Equity (Deficit)	\$	\$

The accompanying notes to financial statements are integral part of these financial statements

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

Statements of Operations

For the Three Months and Nine Months Ended March 31, 2009 and 2008,

and the period from reentry to Development Stage

(A Development Stage Company)

(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Nine Months Ended March 31, 2009	Nine Months Ended March 31, 2008	Period re-entered development Stage (July 1, 2008) to present
Revenues	\$	\$	\$	\$	\$
Cost of Sales					
Gross Profit					
Expenses					
Administrative Expenses	4,500		31,233		31,233
General Expenses			50,000		50,000
Selling Expenses					
Depreciation					
Total Expenses	4,500		81,233		76,733
Net Loss From Continuing Operations	(4,500)		(81,233)		(81,233)
Net Loss From Discontinued Operations		(364,650)		(947,399)	
Net Loss	\$ (4,500)	\$ (364,650)	\$ (81,233)	\$ (947,399)	\$ (81,233)
Basic and Diluted Net Loss per Share	*	\$ (0.01)	*	\$ (0.03)	
Weighted Average Shares	16,643,057	36,240,312	15,893,057	34,237,928	

* less than (\$0.01)

The accompanying notes to financial statements are integral part of these financial statements

Table of Contents

VERACITY MANAGEMENT GLOBAL, INC.

Statements of Shareholders' Deficit

(A Development Stage Company)

(Unaudited)

	Common Stock Shares	\$0.001 par value amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Deficit during Development Stage	Total
Balance at June 30, 2008	33,742,446	\$ 33,741	\$ 3,060,519	\$ (4,236,536)	\$	\$ (1,142,276)
Cancellation of sock	(20,099,389)	(20,106)	945,317	196,066		1,121,277
Shares issued for services	3,000,000	3,000	47,000			50,000
Net loss					(81,233)	(81,333)
Balance at March 31, 2009	16,643,057	\$ 16,635	\$ 4,052,836	\$ (4,040,470)	\$ (81,233)	\$ (52,232)

The accompanying notes to financial statements are integral part of these financial statements

Table of Contents**VERACITY MANAGEMENT GLOBAL, INC.**

Statements of Cash Flows

For the Nine Months Ended March 31, 2009 and 2008,

and the period re-entered Development Stage

(A Development Stage Company)

(Unaudited)

	Nine Months Ended, March 31, 2009	Nine Months Ended, March 31, 2008	Period re-entered Development Stage (July 1, 2008) to present
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss from continuing operations	\$ (81,233)	\$	\$ (81,233)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Shares issued for services:	50,000	97,449	50,000
Shares cancelled and returned:		(34,753)	
Increase (decrease) in:			
Accounts Payable	31,233		31,233
Net cash provided by operating activities		62,696	
CASH FLOWS FROM INVESTING ACTIVITIES			
Contingent payment from business combination		(150,000)	
Net cash used by investing activities		(150,000)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of stock options		35,000	
Proceeds from sale of common stock		456,000	
Net cash provided by financing activities		491,000	
NET CASH USED IN DISCONTINUED OPERATIONS		(454,865)	
NET INCREASE (DECREASE) IN CASH		98,831	
CASH - BEGINNING OF PERIOD		19,970	
CASH - END OF PERIOD	\$	\$ 118,591	\$

The accompanying notes to financial statements are integral part of these financial statements

Table of Contents

VERACITY MANAGEMENT GLOBAL, INC.

NOTES TO FINANCIAL STATEMENTS

NINE MONTHS ENDED MARCH 31, 2009

(A Development Stage Company)

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying financial statements of Veracity Management Global, Inc (the Company, VCMG) at March 31, 2009 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in conformity with generally accepted accounting principles have been omitted or condensed pursuant to such rules and regulations. These statements should be read in conjunction with VCMG's audited financial statements and notes thereto included in VCMG's Form 10-K. In management's opinion, these interim unaudited interim financial statements reflect all adjustments (consisting of normal and recurring adjustments) necessary for a fair presentation of the financial position and results of operations for each of the periods presented. The accompanying unaudited interim financial statements for the nine months ended March 31, 2009 are not necessarily indicative of the results which can be expected for the entire year.

Basis of Presentation

The Company follows accounting principles generally accepted in the United States of America. Certain prior period amounts have been reclassified to conform to the March 31, 2009 presentation. On August 2, 2007, the Company's Board of Directors approved a 1 for 73 reverse split of the Company's common stock by Action of the Board and a majority of shareholders. All information related to common stock, warrants to purchase common stock and earnings per share have been retroactively adjusted to give effect to the stock split.

The statements of operations show the effect of a reclassification of the distribution of the subsidiary companies until July 1, 2008. The reclassification included all parts of the prior operations for both subsidiary companies as loss from discontinued operations for the prior reported period.

In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The financial statements include the accounts of Veracity Management Global, Inc and the operations of Secured Financial Data, Inc and Veracity Management Group, Inc. are being reported as loss from discontinued operations. Any inter-company transactions have been eliminated as part of the transaction.

As a development stage company, the Company continues to rely on infusions of debt and equity capital to fund operations. The Company relies principally on cash infusions from its directors and affiliates, and paid a significant amount of personal services and salaries in the form of common stock.

NOTE 2- GOING CONCERN

Veracity Management Global, Inc.'s financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities and commitments in the normal course of business for the foreseeable future. Since inception, the Company has accumulated losses aggregating to \$ 4,121,703 and has insufficient working capital to meet operating needs for the next twelve months as of March 31, 2009, all of which raise substantial doubt about VCMG's ability to continue as a going concern.

Table of Contents

NOTE 3 COMMON STOCK TRANSACTIONS

As part of a recession right in the merger agreement as of July 25, 2008 all of the shares that were issued as part of the merger of SFD and VMG, a total of 20,099,389 shares of Common stock were returned and cancelled except 750,000 issued in the SFD transaction.

In the third quarter of 2008 the company issued shares to the CEO and one of its directors totally 3,000,000 shares. These shares were issued to compensate the CEO and a director for services and expenses they have provided during the first two quarters of fiscal 2008 & 2009. The value of these services and expenses were determined to be \$50,000, based on the closing price of the Company's stock at the date of the issue.

NOTE 4- DISCONTINUED OPERATIONS

The information below does not include the reflection of the reverse merger discussed in note 3 above:

On July 1, 2006, Veracity Management Global, Inc. (VCMG) merged with Veracity Management Group, Inc. (VMG) and Secured Financial Data, Inc. (SFD). Pursuant to a Share Exchange Agreement, VCMG issued 22,583,038 shares of common stock in exchange for all the outstanding common stock of VMG(3,535,353 shares) and SFD (19,047,685 shares).

For accounting purposes, the merger was treated as a recapitalization of VCMG by SFD and a purchase of VMG by VCMG. Accordingly, the financial results presented for all periods prior to the merger date are those of SFD. This evaluation was conducted pursuant to the guidance in SFAS statement No. 141 as the former SFD shareholders have majority control of VCMG subsequent to the merger through majority voting interest, control the majority of the board of directors, and control the majority of all management decisions. VMG is a wholly owned subsidiary. SFD's equity structure was restated to adopt the equity structure of VCMG (73 shares of VCMG for each share of VMG and SFD). As of the merger date, the financial statements include the combined operating results, assets and liabilities of VCMG, VMG and SFD. Since VCMG was inactive prior to the merger, it is not expected to constitute a significant part of the ongoing business of the combined company.

VCMG issued a total of 22,583,038 shares of common stock as a result of the above transactions. 3,535,353 shares were issued to the shareholders of VMG resulting in total assets and liabilities of \$130,804 and \$49,169, respectively, at July 1, 2006. 19,047,685 shares were issued to the shareholders of SFD resulting in total assets and liabilities of \$62,418 and \$204,102, respectively, at July 1, 2006. As a result of the recapitalization, SFD's assets and liabilities are stated at historical cost. As a result of the business combination between VCMG and VMG, VMG's assets and liabilities are stated at fair market value which approximates historical cost.

The purchase price paid for VMG was \$25,810. This represented a discount to the book value of VMG of \$55,827. Pursuant to the terms of the agreement the majority shareholders of VCMG immediately prior to the merger have the option to receive an additional 20% equity ownership in VCMG or rescind the merger if certain financial benchmarks are not achieved by December 31, 2008. Consistent with the guidance in SFAS No. 141 we have recorded a liability of \$55,837 for the discounted price paid for VMG due to this possible contingency. On July 25, 2008, the Company's Board of Directors authorized the cancellation of 20,105,538 shares of common stock as part of the recession of the exchange agreement for the acquisitions of SFD and VMG. The recession was filed on July 7, 2008 and effective for July 1, 2008. As of July 1, 2008 the Registrant has no operating business and all operating components of VMG and SFD are included in the loss from discontinued operations for the Company for the periods three months and six months ended December 31, 2007 and the asset, related liabilities, and equity are included in the balance sheet on June 30, 2008 as net assets related to discontinued operations of \$196,066, net liabilities related to discontinued operations of \$1,121,277 and the remaining deficit of \$925,211 included in the stockholders deficit balances.

As of July 1, 2008 the Company has no business operations and is in the business of acquiring a target company or business seeking the perceived advantages of being a publicly held corporation. Our principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Company will not restrict our potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

Table of Contents

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND RESULTS OF OPERATION

Forward-Looking Statement

Some of the statements contained in this quarterly report of Veracity Management Global, Inc., a Delaware corporation (hereinafter referred to as we, us, our, Company and the Registrant) discuss future expectations, contain projections of our plan of operation or financial condition or state other forward-looking information. Forward-looking statements give our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use of words such as anticipate, estimate, expect, project, intend, plan, believe, and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. From time to time, we also may provide forward-looking statements in other materials we release to the public.

General

The Registrant acquired its operating subsidiaries Veracity Management Group, a Florida corporation (VMG) and Secured Financial Data Inc., a Florida corporation (SFD) effective on July 1, 2006. Prior to the acquisition of its operating subsidiaries, during the period from May 2002 until the acquisition of its operating subsidiaries on July 1, 2006, the Registrant had only limited business operations. The Registrant operated the above named subsidiaries until July 1, 2008 until the when the Registrant rescinded the merger and the Registrant has no business operations and is in the business of acquiring a target company or business seeking the perceived advantages of being a publicly held corporation. Our principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Registrant will not restrict our potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

The results of operations comparative information has no meaning as the operations were removed as part of the rescinding of the mergers of the operating businesses.

Results of Operations For the Three Months and the Nine Months Ended March 31, 2009 Compared to Three Months and the Nine Months Ended March 31, 2008

The results of the recession agreement made the Company a shell company as defined in Rule 12b-2 of the Exchange Act.

Revenues. The Company recorded revenue of \$0 and \$0 for the nine months ended March 31, 2009 and 2008, respectively. The Company recorded revenue of \$0 and \$0 for the three months ended March 31, 2009 and 2008, respectively.

Cost of Services. The Company recorded cost of services of \$0 and \$0 for the nine months ended March 31, 2009 and 2008, respectively. The Company recorded cost of services of \$0 and \$0 for the three months ended March 31, 2009 and 2008, respectively.

Administrative Expenses: Our administrative expenses totaled \$4,500 for the three-months ended March 31, 2009 as compared to no administrative expenses for the same period ended March 31, 2008. Our administrative expenses totaled \$31,233 for the nine months ended March 31, 2009 as compared to no administrative expenses for the same period ended March 31, 2008.

Table of Contents

General Expenses. General expenses were \$0 during the three-months ended March 31, 2009 for outside professional fees. There were no General expenses for the three months period ended March 31, 2008. General expenses were \$50,000 during the nine-months ended March 31, 2009 for outside professional fees. There were no General expenses for the nine months period ended March 31, 2008.

Selling expenses: There were no selling expenses during the three-months and nine months ended March 31, 2009 and for the three months and nine months ended March 31, 2008.

Discontinued Operation: The Loss from discontinued operations for the three months ended March 31, 2009 is \$0 as compared to \$364,650 for the three months ended March 31, 2008. The loss for the three months March 31, 2008 represents the reported loss from operations from the prior operating companies. The Loss from discontinued operations for the nine months ended March 31, 2009 is \$0 as compared to \$947,399 for the nine months ended March 31, 2008. The loss for the nine months March 31, 2008 represents the reported loss from operations from the prior operating companies.

Net Loss: We incurred a net loss of \$4,500 during the three-month period ended March 31, 2009, compared to a net loss of \$364,650 during the three-month period ended March 31, 2008. We incurred a net loss of \$81,233 during the nine-month period ended March 31, 2009, compared to a net loss of \$947,399 during the nine-month period ended March 31, 2008.

Liquidity and Capital Resources

At March 31, 2009, we had no current assets compared to no current assets at June 30, 2008. At March 31, 2009 and June 30, 2008, we had total assets of \$0 and \$196,066, respectively. We had total current liabilities of \$52,232 at March 31, 2009 compared to \$20,999 at June 30, 2008. We had long-term liabilities of \$0 as of March 31, 2009 compared to \$1,121,277 at June 30, 2008. As of June 30, 2008, these liabilities were net liabilities related to discontinued operations.

We had no working capital at March 31, 2009. Net cash used in operations during the nine-month period ended March 31, 2009 was \$0. For the nine-month period ended March 31, 2008 the net cash provided from operations was \$62,696.

During the nine-month period ended March 31, 2008, investing activities provided \$0 compared to \$150,000 used during the same nine-month period in the prior year.

During the nine-month period ended March 31, 2008, financing activities provided \$0 compared to \$491,000 provided during the same nine-month period in the prior year.

During the nine month period ended March 31, 2008 we used \$454,865 in the discontinued operations as compared \$0 for the same period March 31, 2009.

There are no limitations in the Company's articles of incorporation on the Company's ability to borrow funds or raise funds through the issuance of restricted common stock.

Plan of Current and Future for the year 2009

The Company has no business operations and is in the business of acquiring a target company or business seeking the perceived advantages of being a publicly held corporation. Our principal business objective for the next 12 months and beyond such time will be to achieve long-term growth potential through a combination with a business rather than immediate, short-term earnings. The Company will not restrict our potential candidate target companies to any specific business, industry or geographical location and, thus, may acquire any type of business.

Table of Contents

ITEM 3. QUANTITATIVE and QUALITATIVE DISCUSSION ABOUT MARKET RISK

The Company is defined by Rule 229.10 (f)(1) as a Smaller Reporting Company and is not required to provide or disclose the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

As of March 31, 2009, our Chief Executive Officer and Chief Financial Officer (the Certifying Officers) conducted evaluations of our disclosure controls and procedures. As defined under Sections 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 Act, as amended (the Exchange Act) the term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including the Certifying Officers, to allow timely decisions regarding required disclosure. Based on this evaluation, the Certifying Officers have concluded that our disclosure controls and procedures were not effective to ensure that material information is recorded, processed, summarized and reported by our management on a timely basis in order to comply with our disclosure obligations under the Exchange Act, and the rules and regulations promulgated there under.

The Certifying Officers' conclusion that the Company's disclosure controls and procedures were not effective was based upon a determination that a deficiency relating to measuring and recording the elements of a merger relating to the Company's accounting for the non-cash compensation in the transaction, as discussed below.

As of March 31, 2009, there were no other changes in our internal control over financial reporting during the subject fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

Table of Contents

ITEM 6. EXHIBITS

(a) The following documents are filed as exhibits to this report on Form 10-QSB or incorporated by reference herein.

Exhibit No.	Description
31.1	Certification of CEO pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of CFO pursuant to Rule 13a-14(a) or 15d-14(a) of the Exchange Act pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350 as adopted 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, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

/s/ Gregory L. Paige
Gregory L. Paige

CEO

Dated: May 14, 2009

/s/ Mark L. Baker
Mark L. Baker

CFO

Dated: May 14, 2009