Veracity Management Global, Inc.
Form 10-Q
March 18, 2009
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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 December 31, 2008

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	**43-1889792**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**
7682 N Federal Highway #1 Boca Raton, FL	**33487**
(Address of Principal Executive Offices)	**(ZIP Code)**

Registrant s Telephone Number, Including Area Code: : (561)998-8425

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 x No ¨

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

Large Accelerated Filer ¨	Accelerated Filer ¨	Non-Accelerated Filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company þ

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

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PART I - FINANCIAL INFORMATION

ITEM 1. (Unaudited) CONSOLIDATED FINANCIAL STATEMENTS

VERACITY MANAGEMENT GLOBAL, INC.

BALANCE SHEETS

(UNAUDITED)

(A Development Stage Company)

	December 31, 2008	June 30, 2008
ASSETS		
Current Assets	$	$
Total Current Assets		
Net Assets Related to Discontinued Operations		196,066
Total Assets	$	$ 196,066
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current Liabilities		
Accounts Payable and Accrued Expenses	$ 47,732	$ 20,999
Total Current Liabilities	47,732	20,999
Net Liabilities Related to Discontinued Operations		1,121,277
Total Liabilities	47,732	1,142,276
Stockholders 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 at December 31, 2008 and June 30, 2008 respectively	16,635	33,741
Additional paid-in capital	4,052,836	3,060,519
Accumulated deficit during the development stage	(4,117,203)	(4,040,470)
Total Stockholders Deficit	(47,732)	(946,210)
Total Liabilities and Stockholders Equity	$	$ 196,066

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

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VERACITY MANAGEMENT GLOBAL, INC.

Statements of Operations

For the Three Months and Six Months Ended December 31, 2008 and 2007

(A Development Stage Company)

(Unaudited)

	Three Months Ended December 31, 2008	Three Months Ended December 31, 2007	Six Months Ended December 31, 2008	Six Months Ended December 31, 2007	Period re-entered development Stage (July 1, 2008) to present
Revenues	$	$	$	$	$
Cost of Sales					
Gross Profit					
Expenses					
Administrative Expenses	3,500		26,733		26,733
General Expenses			50,000		50,000
Selling Expenses					
Depreciation					
Total Expenses	3,500		76,733		76,733
Net Loss From Continuing Operations	(3,500)		(76,733)		(76,733)
Net Loss From Discontinued Operations		(221,546)		(1,130,246)	
Net Loss	$ (3,500)	$ (221,546)	$ (76,733)	$ (1,130,246)	$ (76,733)
Basic and Diluted Net Loss per Share	*	$ (0.01)	*	$ (0.03)	*
Weighted Average Shares	16,643,057	33,294,818	15,692,237	33,061,047	16,637,308

* less then ($0.01)

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

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VERACITY MANAGEMENT GLOBAL, INC.

STATEMENT OF STOCKHOLDER S DEFICIT

(Unaudited)

(A Development Stage Company)

	Common Stock Shares	$0.001 par value amount	Additional Paid-in Capital	Accumulated Deficit during Development Stage	Total
Balance at June 30, 2008	33,742,446	33,741	3,060,519	(4,040,470)	(946,210)
Cancellation of stock	(20,099,389)	(20,106)	945,317		925,211
Shares issued for services	3,000,000	3,000	47,000		50,000
Net loss				(3,500)	(76,733)
Balance at December 31, 2008	16,643,057	16,635	4,052,836	(4,043,970)	(47,732)

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

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VERACITY MANAGEMENT GLOBAL, INC.

Statements of Cash Flows

For the Six Months Ended December 31, 2008 and 2007 and the period from September 30, 2001 to date

(A Development Stage Company)

(Unaudited)

	Six Months Ended, December 31, 2008	Six Months Ended, December 31, 2007	Period re- entered development stage (July 1, 2008) to present
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss from discontinued operations	$ (29,733)	$	$ (29,733)
Adjustments to reconcile net loss to net cash used in operating activities:			
Shares issued for services:	3,000		3,000
Shares cancelled and returned:			
Increase (decrease) in:			
Accounts Payable	26,733		26,733
Net cash used in operating activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of common stock			
Net cash provided by financing activities			
NET CASH USED IN DISCONTINUED OPERATIONS		(308,307)	
NET INCREASE (DECREASE) IN CASH		169,471	
CASH - BEGINNING OF PERIOD		19,760	
CASH - END OF PERIOD		189,231	
Supplemental Disclosure of Non-Cash Disposal of Assets and Liabilities related to Discontinued Operations			
Accounts receivable	169,255.00		
Fixed assets	5,041.00		
Other assets	21,771.00		
Accounts payable	(746,966.00)		
Accrued expenses	(79,512.00)		
Notes payable	(294,798.00)		
Common stock	(20,108.00)		
Additional Paid in capital	945,317.00		

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

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VERACITY MANAGEMENT GLOBAL, INC.

NOTES TO FINANCIAL STATEMENTS

SIX MONTHS ENDED DECEMBER 31, 2008

(A Development Stage Company)

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying financial statements of Veracity Management Global, Inc (the Company , VCMG) at December 31, 2008 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 six months ended December 31, 2008 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 December 31, 2008 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 $ 4,117,203 and has insufficient working capital to meet operating needs for the next twelve months as of December 31, 2008, all of which raise substantial doubt about VCMG s ability to continue as a going concern.

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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 22,583,038 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.

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.

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 o 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 Six Months Ended December 31, 2008 Compared to Three Months and the Six Months Ended December 31, 2007

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 six months ended December 31, 2008 and 2007, respectively. The Company recorded revenue of $0 and $0 for the three months ended December 31, 2008 and 2007, respectively.

Cost of Services. The Company recorded cost of services of $0 and $0 for the six months ended December 31, 2008 and 2007, respectively. The Company recorded cost of services of $0 and $0 for the three months ended December 31, 2008 and 2007, respectively.

Administrative Expenses: Our administrative expenses totaled $3,500 for the three-months ended December 31, 2008 as compared to no administrative expenses for the same period ended December 31, 2007. Our administrative expenses totaled $26,733 for the six-months ended December 31, 2008 as compared to no administrative expenses for the same period ended December 31, 2007.

General Expenses. General expenses were $0 during the three-months ended December 31, 2008 for outside professional fees. There were no General expenses for the three months period ended December 31, 2007. General expenses were $50,000 during the six-months ended December 31, 2008 for outside professional fees. There were no General expenses for the three months period ended December 31, 2007.

Selling expenses: There were no selling expenses during the three-months and six months ended December 31, 2008 and for the three months and six months ended September 30, 2007.

Discontinued Operation: The Loss from discontinued operations for the three months ended December 31, 2008 is $0 as compared to $221,546 for the three months ended December 31, 2007. The loss for the three months December 31, 2007 represents the reported loss from operations from the prior operating companies. The Loss from discontinued operations for the six months ended December 31, 2008 is $0 as compared to $1,130,246 for the six months ended December 31, 2007. The loss for the six months December 31, 2007 represents the reported loss from operations from the prior operating companies.

Net Loss: We incurred a net loss of $3,500 during the three-month period ended December 31, 2008, compared to a net loss of $221,546 during the three-month period ended December 31, 2007. We incurred a net loss of $76,733 during the six-month period ended December 31, 2008, compared to a net loss of $1,130,246 during the six-month period ended December 30, 2007.

Liquidity and Capital Resources

At December 31, 2008, we had no current assets compared to no current assets at June 30, 2008. At December 31, 2008 and June 30, 2008, we had total assets of $0 and $196,066, respectively. We had total current liabilities of $47,732 at December 31, 2008 compared to $20,999 at June 30, 2008. We had long-term liabilities of $0 as of December 31, 2008 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 December 31, 2008. Net cash used in operations during the six-month period ended December 31, 2008 was $0. For the six-month period ended December 31, 2007 the net cash provided from operations was $59,445.

During the six-month period ended December 31, 2008, financing activates provided $0 compared to $418,000 during the same six-month period in the prior year.

During the six month period ended December 31, 2007 we used $308,307 in the discontinued operations as compared $0 for the same period December 31, 2008.

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.

ITEM 3. QUANTITATIVE and QAULITATIVE 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.

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ITEM 4. CONTROLS AND PROCEDURES

As of December 31, 2008, 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 December 31, 2008, 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.

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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.

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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: March 18, 2009

/s/ Mark L. Baker
Mark L. Baker

CFO

Dated: March 18, 2009