

Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

ROAMING MESSENGER INC  
Form 10QSB  
May 20, 2005

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

FORM 10-QSB

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

FOR QUARTER ENDED MARCH 31, 2005

Commission file number 0-13215

ROAMING MESSENGER, INC.

(Exact name of Registrant as Specified in its Charter)

Nevada  
-----  
(State of Incorporation)

30-0050402  
-----  
(I.R.S. Employer Identification No.)

50 Castilian Dr. Suite A, Santa Barbara, California 93117

(Address of principal executive offices) (Zip Code)

(805) 683-7626

-----  
Registrant's telephone number, including area code

Securities registered pursuant to Section 12(B) of the Act:

Title of Each Class -----	Name of Each Exchange On Which Registered -----
COMMON STOCK	OTC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes                    X                    No  
-----

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

As of May 1, 2005 the number of shares outstanding of the registrant's only class of common stock was 180,337,092.

Transitional Small Business Disclosure Format (check one):

Yes                    No                    X  
-----

Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

Table of Contents

	Page
	-----
PART I - FINANCIAL INFORMATION	
Item 1. Condensed Consolidated Financial Statements	
Balance Sheets as of March 31, 2005 (unaudited) and June 30, 2004.....	3
Statements of Operations for the Three Months and Nine Months ended March 31, 2005 and 2004 (unaudited).....	4
Statements of Cash Flows for the Nine Months ended March 31, 2005 and 2004 (unaudited).....	5
Notes to Condensed Consolidated Financial Statements (unaudited).....	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	8
Item 3. Controls and Procedures.....	12
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings .....	12
Item 2. Changes in Securities.....	13
Item 3. Defaults upon Senior Securities.....	13
Item 4. Submission of Matters to a Vote of Security Holders.....	13
Item 5. Other Information.....	14
Item 6. Exhibits and Reports on Form 8-K.....	14
Signatures.....	15

-1-

PART I. FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ROSE, SNYDER & JACOBS

-----  
A Corporation of Certified Public Accountants

REPORT OF INDEPENDENT REGISTERED PUBLIC  
ACCOUNTING FIRM

To the Board of Directors  
Roaming Messenger, Inc.  
Santa Barbara, California

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

We have reviewed the accompanying consolidated balance sheet of Roaming Messenger, Inc. and Subsidiary as of March 31, 2005 and the consolidated statements of operations for the three months and nine months ended March 31, 2005 and 2004, and the consolidated statements of cash flows for the nine months ended March 31, 2005 and 2004. All information included in these financial statements is the representation of the management of Roaming Messenger, Inc.

We conducted our reviews in accordance with standards established by the Public Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards established by the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/Rose, Snyder & Jacobs

-----  
Rose, Snyder & Jacobs  
A Corporation of Certified Public Accountants

Encino, California

May 12, 2005

-----  
15821 Ventura Boulevard, Suite 490, Encino, California 91436  
Phone: (818) 461-0600 \* Fax: (818) 461-0610

-2-

### ROAMING MESSENGER, INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS

#### ASSETS

##### CURRENT ASSETS

Cash

(Unaudited)  
March 2005  
-----  
\$ 636

Accounts receivable, net of allowance for doubtful  
accounts of \$30,000 and \$20,000 respectively

72

Prepaid expenses

24  
-----

TOTAL CURRENT ASSETS

833  
-----

##### PROPERTY & EQUIPMENT

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

Furniture, Fixtures & Equipment	87
Computer Equipment	429
Commerce Server	50
Computer Software	4
Tenant Improvements	42
	614
Less: Accumulated depreciation & amortization	(325)
	289
NET PROPERTY & EQUIPMENT	
OTHER ASSETS	
Lease deposit	10
Other assets	4
	14
TOTAL OTHER ASSETS	
TOTAL ASSETS	
	\$ 1,137
	=====
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 91
Accrued liabilities	81
Officer salaries payable	237
Staff salaries payable	49
Note payable	30
Current portion - obligations under capitalized leases	50
	541
TOTAL CURRENT LIABILITIES	
LONG TERM LIABILITIES	
Obligations under capitalized leases	100
Deposit - shareholder	19
	120
TOTAL LONG TERM LIABILITIES	
TOTAL LIABILITIES	
	662
SHAREHOLDERS' EQUITY	
Capital Stock	178
Additional Paid-in Capital	4,705
Accumulated deficit	(4,408)
	474
TOTAL SHAREHOLDERS' EQUITY	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	
	\$ 1,137
	=====

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

Prepared without audit.  
See report of independent registered public accounting firm and  
notes to condensed consolidated financial statements.

-3-

### ROAMING MESSENGER, INC. AND SUBSIDIARY UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended March 31, 2005	Nine months ended March 31, 2005	Th mont March
	-----	-----	-----
REVENUE	\$ 295,925	\$ 912,857	\$
COST OF REVENUE	(92,593)	(331,181)	
	-----	-----	-----
GROSS PROFIT	203,332	581,676	
OPERATING EXPENSES			
Selling, general and administrative expenses	806,280	1,936,967	
Research and development	98,399	287,151	
Depreciation and amortization	22,889	63,361	
	-----	-----	-----
TOTAL OPERATING EXPENSES	927,568	2,287,479	
	-----	-----	-----
OPERATING LOSS	(724,236)	(1,705,803)	
	-----	-----	-----
OTHER INCOME (EXPENSES)			
Interest income	1,257	7,867	
Interest expense	(7,473)	(18,580)	
	-----	-----	-----
TOTAL OTHER INCOME (EXPENSES)	(6,216)	(10,713)	
	-----	-----	-----
NET LOSS	\$ (730,452)	\$ (1,716,516)	\$
	=====	=====	=====
BASIC AND DILUTED LOSS PER SHARE	\$ (0.00)	\$ (0.01)	\$
	=====	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES	173,305,432	172,756,708	16
	=====	=====	=====

Prepared without audit.  
See report of independent registered public accounting firm and  
notes to condensed consolidated financial statements.

Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

-4-

ROAMING MESSENGER, INC. AND SUBSIDIARY  
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended March 31, 2005
	-----
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (1,716,516)
Adjustment to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	63,823
Warrants issued for services	102,026
Common stock issued for services	259,173
Decrease (increase) in account receivable	(55,948)
Decrease (increase) in prepaid and other assets	(14,680)
(Decrease) increase in accounts payable	66,962
(Decrease) increase in officer salaries payable	(5,749)
(Decrease) increase in staff salaries payable	3,314
(Decrease) increase in other liabilities	34,515
	-----
NET CASH USED IN OPERATING ACTIVITIES	(1,263,080)
	-----
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property & equipment	(49,548)
	-----
NET CASH USED IN INVESTING ACTIVITIES	(49,548)
	-----
CASH FLOWS FROM FINANCING ACTIVITIES:	
Issuance of common stock	478,338
Deposit for shares of common stock	19,875
Payment on note payable	(9,500)
Payments on capitalized lease obligations	(34,509)
	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	454,204
	-----
NET INCREASE (DECREASE) IN CASH	(858,424)
	-----
CASH AT BEGINNING OF PERIOD	1,495,102
	-----
CASH AT END OF PERIOD	\$ 636,678
	=====
Supplementary disclosures:	
Interest paid	\$ 18,580
	=====
Capitalized leases contracted:	\$ 107,467

Prepared without audit.  
See report of independent registered public accounting firm and  
notes to condensed consolidated financial statements.

-5-

ROAMING MESSENGER, INC. AND SUBSIDIARY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005

1. BASIS OF PRESENTATION AND GOING CONCERN

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all normal recurring adjustments considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2005 are not necessarily indicative of the results that may be expected for the year ending June 30, 2005. For further information refer to the financial statements and footnotes thereto included in the Company's Form 10K-SB for the year ended June 30, 2004.

The accompanying financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets and liabilities and commitments in the normal course of business. The accompanying financial statements do not reflect any adjustments that might result if the Company is unable to continue as a going concern. The Company's losses and negative cash flows from operations raise substantial doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern and appropriateness of using the going concern basis is dependent upon, among other things, additional cash infusion.

2. STOCK OPTIONS AND WARRANTS

Stock-Based Compensation  
-----

The Company accounts for employee stock option grants in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and related interpretations (APB 25), and has adopted the "disclosure only" alternative described in Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, amended by SFAS No. 148 Accounting for Stock-Based Compensation-Transition and Disclosure.

SFAS No. 123, Accounting for Stock-Based Compensation, requires pro forma information regarding net income (loss) using compensation that would have been incurred if the Company had accounted for its employee stock options under the fair value method of that statement. Options to purchase 1,200,000 and 2,465,994 shares of Roaming Messenger, Inc. were granted during the nine months ended March 31, 2005 and 2004, respectively. The

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

fair value of options granted, which have been estimated at \$65,030 and \$60,982, respectively, at the date of grant were determined using the Black-Scholes Option pricing model with the following assumptions:

	2005 ----	2004 ----
Risk free interest rate	3.36%-4.17%	3.18%-3.83%
Stock volatility factor	0.32-0.70	0.01
Weighted average expected option life	4 years	4 years
Expected dividend yield	None	None

Prepared without audit.  
See report of independent registered public accounting firm

-6-

ROAMING MESSENGER, INC. AND SUBSIDIARY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2005

2. STOCK OPTIONS AND WARRANTS (Continued)

The pro forma net loss and loss per share had the Company accounted for the options using FAS 123 would have been as follows:

	Three Months Ended March 31, 2005 -----	Nine Months Ended March 31, 2005 -----	Three End Mar 31, 2 -----
Net loss as reported	\$ (730,452)	\$ (1,716,516)	\$ (35
Basic and diluted net loss per share as reported	(0.00)	(0.01)	
Add: Stock-based employee compensation expense included in net reported loss, net of related taxes	-		
Deduct: Stock-based employee compensation expense determined under fair value based method for all awards, net of related taxes	(4,456)	(13,368)	(1
Pro forma net loss	\$ (734,908) =====	\$ (1,729,884) =====	\$ (37 =====
Basic and diluted pro forma loss per share	\$ (0.00) =====	\$ (0.01) =====	\$ =====

During the nine month period ended March 31, 2005 (i) 1,200,000 options were granted at an exercise price of \$0.17 per share, (ii) 6,787,500 previously granted options were cancelled and/or forfeited. As of March 31,



## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

2005, total outstanding unexercised options are 1,934,994.

### Warrants

-----

On March 31, 2005, the Company granted warrants to purchase 201,000 shares of common stocks at \$0.10 per share for consulting services. These warrants expire on March 31, 2007, and were valued at \$20,964 using the Black-Scholes model.

Prepared without audit.

See report of independent registered public accounting firm

-7-

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### CAUTIONARY STATEMENTS

This Form 10-QSB may contain "forward-looking statements," as that term is used in federal securities laws, about Roaming Messenger, Inc.'s financial condition, results of operations and business. These statements include, among others:

- o statements concerning the potential benefits that Roaming Messenger, Inc. ("RMI" or the "Company") may experience from its business activities and certain transactions it contemplates or has completed; and
- o statements of RMI's expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts. These statements may be made expressly in this Form 10-QSB. You can find many of these statements by looking for words such as "believes," "expects," "anticipates," "estimates," "opines," or similar expressions used in this Form 10-QSB. These forward-looking statements are subject to numerous assumptions, risks and uncertainties that may cause RMI's actual results to be materially different from any future results expressed or implied by RMI in those statements. The most important facts that could prevent RMI from achieving its stated goals include, but are not limited to, the following:
  - (a) volatility or decline of the Company's stock price;
  - (b) potential fluctuation in quarterly results;
  - (c) failure of the Company to earn revenues or profits;
  - (d) inadequate capital to continue or expand its business, inability to raise additional capital or financing to implement its business plans;
  - (e) failure to commercialize its technology or to make sales;
  - (f) changes in demand for the Company's products and services;
  - (g) rapid and significant changes in markets;

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

- (h) litigation with or legal claims and allegations by outside parties;
- (i) insufficient revenues to cover operating costs.

There is no assurance that the Company will be profitable, the Company may not be able to successfully develop, manage or market its products and services, the Company may not be able to attract or retain qualified executives and technology personnel, the Company may not be able to obtain customers for its products or services, the Company's products and services may become obsolete, government regulation may hinder the Company's business, additional

-8-

dilution in outstanding stock ownership may be incurred due to the issuance of more shares, warrants and stock options, or the exercise of outstanding warrants and stock options, and other risks inherent in the Company's businesses.

Because the statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements. RMI cautions you not to place undue reliance on the statements, which speak only as of the date of this Form 10-QSB. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that RMI or persons acting on its behalf may issue. The Company does not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Form 10-QSB, or to reflect the occurrence of unanticipated events.

### CURRENT OVERVIEW

The Company has developed a proprietary solution called "Roaming Messenger" for delivering real-time actionable information to wired and wireless devices for homeland security, emergency response, military and enterprise applications. Unlike solutions based on existing messaging technology such as e-mail, text messaging, and voicemail, Roaming Messenger packages time-critical information into smart messages. These messages automatically roam throughout the wired and wireless worlds - from mobile devices to desktop PCs to central servers - tracking down people and obtaining responses in real-time.

The Roaming Messenger product line is a new line from which the Company has not yet earned significant revenue. The Company has established a number of channel partners in several vertical markets, some of which are starting to generate revenue. We are targeting the Public Safety and Emergency Response industry where advanced real-time wireless messaging is a valuable addition to existing solutions. Roaming Messenger is primarily distributed via a Value-Added-Reseller ("VAR") or private labeled model where it is an add-on to existing solutions such as personnel scheduling, threat detection and response, and computer aided dispatch. The Company intends to focus on the Public Safety vertical market over the next few quarters by establishing more channel partners and VARs.

Management believes that the channel sales strategy is an appropriate strategy for the Roaming Messenger product line. Roaming Messenger fundamentally enhances any business application by providing it with mobile messaging capabilities not available from any other vendor. The Company has committed to marketing Roaming Messenger as an integration and deployment platform for mobilizing business applications and using the channel sales model to achieve exponential revenue possibilities in multiple markets.

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

Business development with large potential channel partners is progressing at our anticipated pace. Feedback from the market during the last quarter has been incorporated into the product development path. With the current interest in the pipeline, the Company believes revenue is likely to

-9-

increase over the next several quarters when the pipeline results in tangible orders as anticipated.

In facilitating longer term strategic plans, the Company is engaged in early developments in the corporate enterprise application sector as well. Current deployments through channel partners include mobile roaming alerts for customer service and mobile field service applications. Exploratory opportunities are in automated process control, remote monitoring, mobile commerce and end-user messaging applications. All of these are expected to be significant market opportunities for the Roaming Messenger technology within the next 2 to 5 years.

The Company currently generates almost all of its revenue from its wholly owned subsidiary, Warp 9 Inc. ("W9"), and financial statements for the Company and W9 are consolidated for reporting purposes. Roaming Messenger and W9 are housed in the same office as much of the technology and administrative infrastructure in the W9 operation is readily available to the Roaming Messenger operations. W9 currently offers two primary web-based e-commerce software products, Internet Commerce System and Email Marketing System, to the catalog and retail industry. Customers of these e-commerce products pay a recurring monthly fee for their access and use of the system. A majority of the total revenues are recurring monthly revenue from e-commerce products. Every new customer is expected to increase the topline for at least several quarters. From an operational perspective the e-commerce product line is already profitable. Revenue from the past quarters has been relatively stable. The Company anticipates the e-commerce operation to function as a growing profit center without significant capital investment.

The Company intends to continue to fulfill its working capital requirements through the sale of Common Stock. A majority of the investment proceeds will be allocated for the sales, marketing and technical support of the Roaming Messenger product line. The Company believes most of its rapid growth in revenue and shareholder value, if achieved, will come from the Roaming Messenger product line as the wireless industry continues to grow and more channel partners sell solutions with Roaming Messenger integrated in as their mobile messaging component.

Our overarching growth strategy, with respect to the Roaming Messenger line, remains a three phase strategy. Phase I is the Homeland Security and Public Safety markets. Phase II is the enterprise markets for business process management and communication applications. Phase III is the consumer markets for applications such as mobile commerce and mobile gaming.

In executing our growth strategy, strategic acquisition of synergistic companies will be explored. Acquisition synergy is expected to be based on two primary factors: (i) access to an existing base of customers and (ii) complementary product or service offerings.

-10-

RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2005 COMPARED

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

TO THE SAME PERIOD IN 2004

Total revenue for the three-month period ending March 31, 2005 was \$295,925 as compared to \$234,701 for the three-month period ending March 31, 2004. The increase of \$61,224 was primarily due to the reselling of third party online marketing services.

The cost of revenue for the three-month period ending March 31, 2005 was 31% as compared to 11% for the three-month period ending March 31, 2004. This increase in cost of revenue was primarily due to the reselling of third party online marketing services.

Operating expenses increased from \$567,996 for the three months ended March 31, 2004 to \$927,568 for the three months ended March 31, 2005. The increase in operating expenses between the two periods is primarily due increased in non-cash expenses for sales, marketing and advisory services.

The \$927,568 operating expenses includes non-cash charges of (i) \$242,173 of unregistered stock for business development and advisory services, and (ii) \$20,964 expense for the issuance of warrants to business development contractors in lieu of cash payment for their services. The value of the warrants was determined using the Black Scholes model.

Operating costs are expected to exceed revenue in the foreseeable future as the Company continues to increase sales and marketing efforts as well as increasing staff.

For the three months ended March 31, 2005, the Company's consolidated net loss was (\$730,452) as compared to a consolidated net loss of (\$359,622) for the three months ended March 31, 2004.

### LIQUIDITY AND CAPITAL RESOURCES

The Company had cash at March 31, 2005 of \$636,678 as compared to cash of \$1,495,102 as of June 30, 2004. The Company had net working capital (i.e. the difference between current assets and current liabilities) of \$291,774 at March 31, 2005 as compared to a net working capital of \$1,191,108 at June 30, 2004. Cash flow utilized by operating activities was (\$1,263,080) for the nine months ended March 31, 2005 as compared to cash utilized for operating activities of (\$655,525) during the nine months ended March 31, 2004. Cash flow used in investing activities was (\$49,548) for the nine months ended March 31, 2005 as compared to cash used in investing activities of (\$25,507) during the nine months ended March 31, 2004. Cash flow provided by financing activities was \$454,204 for the nine months ended March 31, 2005 as compared to cash provided by financing activities of \$2,286,638 for the nine months ended March 31, 2004.

On or about March 28, 2005, the Company ("RMI") entered into a Securities Purchase Agreement, Periodic Investment Agreement, and Registration Rights Agreement (collectively, the "Agreement") with Wings Fund, Inc. pursuant to which Wings Fund, Inc. agreed to purchase up to \$3,500,000 worth of the common stock of RMI (the "Common Stock"). At the closing on March 28, 2005 (the "Closing Date"), Wings Fund, Inc. purchased 5,000,000 shares of Common Stock for a purchase price of \$500,000. The remaining \$3,000,000 will be funded by Wings Fund, Inc. at RMI's discretion in monthly increments of up to \$250,000 (the

-11-

"Monthly Purchases") within twelve months after a registration statement for the Common Stock has been declared effective by the Securities and Exchange Commission. The price per share of the Common Stock for the Monthly Purchases

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

will be 60% of the volume weighted average price ("VWAP") of the Common Stock as quoted by Bloomberg, LP over the twenty (20) trading days prior to the date of each Monthly Purchase.

The Company will need to obtain additional operating capital to enable continuing execution of its business plan. The Company anticipates that it will obtain the additional working capital it requires through the private placement of Common Stock to domestic accredited investors pursuant to Regulation D of the Securities Act of 1933, as amended (the "Act"), or to offshore investors pursuant to Regulation S of the Act. There is no assurance that the Company will obtain the additional working capital that it needs through the private placement of Common Stock. The Company has incurred operating deficits since inception, which are expected to continue until its business model is fully developed.

### Item 3. CONTROLS AND PROCEDURES

The Company's Chairman, Chief Executive Officer, and Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report and, based on this evaluation, has concluded that the disclosure controls and procedures are effective.

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's third fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. - OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

On June 21, 2004, one of our shareholders filed a lawsuit against us in California Superior Court in Santa Barbara, California, alleging that we did not process the shareholder's request for the removal of the restrictive transfer legend on the shareholder's stock pursuant to Rule 144 of the Securities Act of 1933, as amended. We answered the complaint, asserting that we did not in any way impair the processing of the shareholder's request for legend removal and that we did not violate any of our duties. We never objected or interfered with his request or its processing by the transfer agent, and did not believe that his case had any merit. In March 2005, the plaintiff dismissed the lawsuit with prejudice. In consideration for the dismissal, a general release of all claims by both parties, and as a resolution to a separate dispute regarding a consulting agreement between the Company and the shareholder, we agreed to (i) pay the plaintiff \$18,000, \$3,000 in cash upon settlement, and issuance of an

-12-

unsecured promissory note in the principal amount of \$15,000, payable \$1,000 per month until maturity and (ii) issued 424,000 shares of our common stock to the plaintiff.

### Item 2. CHANGES IN SECURITIES

During the quarter ended March 31, 2005, the Company issued 1,051,589 shares to 4 individuals as compensation for services rendered to the Company. The shares were valued at the market price of the Company's common stock at the

## Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

time of issuance ranging from \$0.20 to \$0.30 per share.

On or about March 28, 2005, the Company ("RMI") entered into a Securities Purchase Agreement, Periodic Investment Agreement, and Registration Rights Agreement (collectively, the "Agreement") with Wings Fund, Inc. pursuant to which Wings Fund, Inc. agreed to purchase up to \$3,500,000 worth of the common stock of RMI (the "Common Stock"). At the closing on March 28, 2005 (the "Closing Date"), Wings Fund, Inc. purchased 5,000,000 shares of Common Stock for a purchase price of \$500,000. The remaining \$3,000,000 will be funded by Wings Fund, Inc. at RMI's discretion in monthly increments of up to \$250,000 (the "Monthly Purchases") within twelve months after a Registration Statement on Form SB-2 or other appropriate form (the "Registration Statement") covering the Common Stock purchased and to be purchased by Wings Fund, Inc. pursuant to the Agreement is declared effective by the Securities and Exchange Commission. The price per share of the Common Stock for the Monthly Purchases will be 60% of the volume weighted average price ("VWAP") of the Common Stock as quoted by Bloomberg, LP over the twenty (20) trading days prior to the date of each Monthly Purchase. VWAP will be calculated by adding the dollar value of each transaction in RMI's Common Stock (price times number of shares traded), divided by the total volume of shares of Common Stock traded for the trading day. There will be a minimum of twenty (20) trading days between Monthly Purchases. RMI filed the Registration Statement (the "Filing Date"). RMI will use its best efforts to cause the Registration Statement to become effective within one hundred twenty (120) days from the Filing Date (the "Effective Date"). If the Registration Statement has not been declared effective by the Effective Date, RMI will be liable to Wings Fund, Inc. for liquidated damages in the amount of 200,000 shares of Common Stock for every thirty (30) day period the Registration Statement has not been filed or declared effective, as the case may be.

### Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

### Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

-13-

### Item 5. OTHER INFORMATION

None.

### Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Incorporation (1)
3.2	Bylaws (1)
4.1	Specimen Certificate for Common Stock (1)
4.2	Non-Qualified Employee Stock Option Plan (2)
10.1	First Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (3)
10.2	Second Agreement and Plan of Reorganization between Latinocare Management Corporation, a Nevada corporation, and Warp 9, Inc., a Delaware corporation (4)
10.3	Exchange Agreement and Representations for Shareholders of

Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

Warp 9, Inc.(3)

- 31.1 Section 302 Certification
- 32.1 Section 906 Certification

- (1) Incorporated by reference from the exhibits included with the Company's prior Report on Form 10-KSB filed with the Securities and Exchange Commission, dated March 31, 2002.
- (2) Incorporated by reference from the exhibits included in the Company's Information Statement filed with the Securities and Exchange Commission, dated August 1, 2003.
- (3) Incorporated by reference from the exhibits included with the Company's prior Report on Form SC 14F1 filed with the Securities and Exchange Commission, dated April 8, 2003.
- (4) Incorporated by reference from the exhibits included with the Company's prior Report on Form 8K filed with the Securities and Exchange Commission, dated May 30, 2003.

(b) The following is a list of Current Reports on Form 8-K filed by the Company during and subsequent to the quarter for which this report is filed.

Form 8-K Report filed on March 30, 2005.

-14-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 14, 2005

ROAMING MESSENGER, INC.

By: \s\ Jonathan Lei

-----  
Jonathan Lei, Chairman of the Board,  
Chief Executive Officer, President  
Chief Financial Officer, and Secretary

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: \s\ Jonathan Lei

Dated: May 14, 2005

-----  
Jonathan Lei, Chairman of the Board,  
Chief Executive Officer, President  
Chief Financial Officer, and Secretary

By: \s\ Louie Ucciferri

Dated: May 14, 2005

-----  
Louie Ucciferri, Director

Edgar Filing: ROAMING MESSENGER INC - Form 10QSB

By: \s\ Tom Djokovich

Dated: May 14, 2005

-----  
Tom Djokovich, Director

-15-