PayMeOn, Inc.
Form 10-Q
May 20, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: **March 31, 2014**

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: 000-53574

PayMeOn, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**20-4959207**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

1040 Seminole Drive, #763, Fort Lauderdale, Florida 33304

(Address of Principal Executive Office) (Zip Code)

(800) 991-4534

(Registrant s telephone number, including area code)

2400 E. Commercial Blvd., Suite 612, Ft. Lauderdale, Florida 33308

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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. þ 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). þ Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer	¨		Accelerated filer	¨
Non-accelerated filer	¨	(Do not check if a smaller reporting company)	Smaller reporting company	þ

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

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

Class	Shares Outstanding as of May 18, 2014
Common Stock, $0.001 Par Value Per Share	5,572,688

PAYMEON, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PAYMEON, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash	$ 1,149	$ 3,061
TOTAL CURRENT ASSETS	1,149	3,061
COMPUTER EQUIPMENT AND WEBSITE COSTS, NET	2,311	2,616
OTHER ASSETS		
Deposits		31,407
TOTAL ASSETS	$ 3,460	$ 37,084
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts Payable	$ 213,259	$ 188,021
Accrued expenses	782,443	422,891
Due to related parties		6,100
Note payable	2,000	2,000
Notes Payable related party- convertible (net of discount of $141,984 and $292,243, respectively)	892,508	668,118
TOTAL CURRENT LIABILITIES	1,890,210	1,287,130
COMMITMENTS AND CONTINGENCIES (SEE NOTE 5)		

STOCKHOLDERS DEFICIT				
Preferred stock, $0.001 par value, 5,000,000 shares authorized, none issued and outstanding, respectively				
Common stock, $0.001 par value, 1,000,000,000 shares authorized, 5,572,688 and 5,572,688 shares issued and outstanding, respectively as of March 31, 2014 and December 31, 2013		5,573		5,573
Additional paid in capital		4,663,732		4,653,851
Accumulated deficit		(6,556,055)		(5,909,470)
TOTAL STOCKHOLDERS'S DEFICIT		(1,886,750)		(1,250,046)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$	3,460	$	37,084

See accompanying notes to unaudited condensed consolidated financial statements.

PAYMEON, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

	For the Three Months Ended March 31, 2014		For the Three Months Ended March 31, 2013	
Revenue				
Service Revenue, net	$	2,448	$	5,885
OPERATING EXPENSES				
Professional fees		6,351		46,940
Web development and hosting		11,247		9,002
Payroll and payroll taxes		79,847		206,694
Consulting		8,088		76,251
Travel and entertainment		3,305		7,185
General and administrative		370,877		35,839
Total Operating Expenses		479,715		381,911
NET LOSS FROM OPERATIONS		(477,267)		(376,026)
OTHER EXPENSES				
Interest expense		169,318		54,747
Total other expenses		169,318		54,747
Net loss before provision for income taxes		(646,585)		(430,773)
Provision for Income Taxes				
NET LOSS	$	(646,585)	$	(430,773)
Net loss per share - basic and diluted	$	(0.12)	$	(0.39)
Weighted average number of shares outstanding during the period - basic and diluted		5,572,688		1,099,314

See accompanying notes to unaudited condensed consolidated financial statements.

PAYMEON, INC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

	For the Three Months Ended March 31,			
		2014		**2013**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$	(646,585)	$	(430,773)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation		305		2,369
Amortization of debt discount		152,052		49,447
Warrants issued for services		8,088		76,251
Changes in operating assets and liabilities:				
Decrease in deposit		31,407		
Increase in accounts payable and accrued expenses		384,790		52,596
Decrease in deferred revenue				(3,767)
Net Cash Used In Operating Activities		(69,943)		(253,877)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments to related party		(6,100)		
Proceeds from notes payable related party - convertible		74,131		270,000
Net Cash Provided By Financing Activities		68,031		270,000
NET (DECREASE) / INCREASE IN CASH		(1,912)		16,123
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,061		20,711
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$	1,149	$	36,834
Supplemental disclosure of non cash investing & financing activities:				
Cash paid for income taxes	$		$	
Cash paid for interest expense	$		$	

See accompanying notes to unaudited condensed consolidated financial statements.

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PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2014

(UNAUDITED)

NOTE 1 ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN

(A) Organization

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 of the information necessary for a comprehensive presentation of financial position and results of operations. The interim results for the period ended March 31, 2014 are not necessarily indicative of results for the full fiscal year. It is management s opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation.

On March 16, 2011 PayMeOn, Inc. (formerly known as MMAX Media, Inc.) (PAYM or the Company) completed its agreement and plan of merger (the Merger Agreement) to acquire Hyperlocal Marketing, LLC, a Florida limited liability company (Hyperlocal), pursuant to which Hyperlocal merged with and into HLM PayMeOn, Inc., a Florida corporation and wholly owned subsidiary of PAYM. Under the terms of the Merger Agreement, the Hyperlocal members received 301,296 shares of PAYM common stock, which equals approximately 50.1% of the total shares of PAYM issued and outstanding following the merger on a fully diluted basis. In accordance with ASC Topic 360-10-45-15, the transaction is accounted for as a reverse acquisition. Hyperlocal is considered the accounting acquirer and the acquiree is PAYM since the members of Hyperlocal obtained voting and management control of PAYM and the transaction has been accounted for as a reverse merger and recapitalization.

Hyperlocal Marketing, LLC was originally organized in the State of Florida on January 22, 2010. The Company has focused its efforts on organizational activities, raising capital, software development and evaluating operational opportunities.

PayMeOn owns and operates products aimed at the location-based marketing industry. PayMeOn develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, advertising inclusion with mobile referrals, use of SMS short codes and contest management. PayMeOn (formerly Hyperlocal) has had nominal revenues since its inception. PayMeOn s mobile application product is designed to offer members using the application income potential when they allow PayMeOn s merchant customer information to be included with their mobile recommendations and referrals.

PayMeOn Inc. and its wholly owned subsidiaries are herein referred to as the Company .

Effective April 1, 2013, the Company amended its articles of incorporation to increase its authorized common stock from 195,000,000 shares to 1,000,000,000 shares, eliminate the class of preferred stock known as Callable and Convertible Preferred Stock , and create a class of preferred stock consisting of 5,000,000 shares, the designations and attributes of which are left for future determination by the Company s board of directors.

On April 25, 2013 the Company approved a 1:69 reverse stock split effective May 17, 2013. As per ASC 505-10-S99, the historical financial statements have been adjusted to show the effect of the stock split as of May 15, 2013. In addition the Company approved the name change to PayMeOn, Inc.

(B) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of PayMeOn, Inc. and its wholly owned subsidiaries, Hyperlocal Marketing, LLC and HLM PayMeOn, Inc. All intercompany accounts have been eliminated in the consolidation.

PAYMEON, INC. AND SUBSIDIARIES

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(C) Going Concern

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2014, the Company has an accumulated deficit of $6,556,055, a working capital deficiency of $1,889,061 and used cash in operations of $69,943. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of the Company s products which included the general and administrative expenses associated with its organization and product development.

These conditions raise substantial doubt about the Company s ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Cash and Cash Equivalents

The Company considers all highly liquid temporary cash instruments with a maturity of three months or less to be cash equivalents.

(B) Use of Estimates in Financial Statements

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates during the period covered by these financial statements include the valuation of website costs, valuation of deferred tax asset, stock based compensation and any beneficial conversion features on convertible debt.

(C) Fair value measurements and Fair value of Financial Instruments

The Company adopted FASB ASC Topic 820, Fair Value Measurements. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.

Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3-Inputs are unobservable inputs which reflect the reporting entity s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The Company did not identify any assets or liabilities that are required to be presented on the balance sheets at fair value in accordance with ASC Topic 820.

Due to the short-term nature of all financial assets and liabilities, their carrying value approximates their fair value as of the balance sheet date.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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(D) Computer and Equipment and Website Costs

Computer Equipment and Website Costs are capitalized at cost, net of accumulated depreciation. Depreciation is calculated by using the straight-line method over the estimated useful lives of the assets, which is three to five years for all categories. Repairs and maintenance are charged to expense as incurred. Expenditures for betterments and renewals are capitalized. The cost of computer equipment and the related accumulated depreciation are removed from the accounts upon retirement or disposal with any resulting gain or loss being recorded in operations.

Software maintenance costs are charged to expense as incurred. Expenditures for enhanced functionality are capitalized.

The Company has adopted the provisions of ASC 350-50-15, Accounting for Web Site Development Costs. Costs inurred in the planning stage of a website are expensed as research and development while costs incurred in the development stage are capitalized and amortized over the life of the asset, estimated to be three years.

Asset Category	**Depreciation/ Amortization Period**
Furniture and fixtures	5 Years
Computer equipment	3 Years

Computer and equipment and website costs consisted of the following:

	March 31, 2014	**December 31, 2013**

Computer equipment	$	6,089	$	6,089
Website development		24,775		24,775
Total		30,864		30,864
Accumulated depreciation		(28,553)		(28,248)
Balance	$	2,311	$	2,616

Depreciation expense for the three months ended March 31, 2014 and 2013 was $305 and $2,369 respectively.

On February 12, 2013, the Company entered into an asset purchase agreement with WCIS Media, LLC, a Florida limited liability company (WCIS). Under the asset purchase agreement the Company agreed to acquire a proprietary web based technology platform (the Asset) developed and owned by WCIS. The Asset is designed for: (1) lead generation tracking and reporting; (2) merchant categorization and sub categorization; (3) consumer tracking and qualification; (4) merchant bidding capabilities; and (5) offline tracking and service, including live transfer capabilities for consumers. The Company intends to incorporate the Asset into its current PayMeOn business. The Company acquired the Asset in consideration of 4,347,826 shares of restricted common stock of the Company valued at $454,033 the historical depreciated basis of the asset acquired. WCIS is an entity controlled by Vincent Celentano, a principal of WCIS Media, LLC and an affiliated shareholder of the Company. As such, the Company recorded the Asset at its historical cost. Furthermore, this transaction did not meet the criteria of a business combination within the guidelines of ASC 805 *Business Combinations* , and therefore will be accounted for as an asset purchase. The effective closing date for this transaction was April 1, 2013. As of December 31, 2013 the Company impaired the value of the technology acquired as well as $66,976 of additional costs associated with the development of its mobile application.

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(E) Impairment of Long-Lived Assets

The Company evaluates its long-lived assets for impairment whenever events or a change in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is the excess of the carrying amount over the fair value of the asset. As of December 31, 2013, the Company recorded impairment charges of $521,009 associated with its purchase of technology and website development.

(F) Revenue Recognition

The Company recognizes revenue on arrangements in accordance with FASB ASC Topic. 605 Revenue Recognition . In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes sales of deals and texts when revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales and packages are recognized over twelve months. Revenue from monthly membership fees are recorded during the month the membership is earned.

(G) Segments

The Company operates in one segment and therefore segment information is not presented.

(H) Loss Per Share

The basic loss per share is calculated by dividing the Company's net loss available to common shareholders by the weighted average number of common shares during the period. The diluted loss per share is calculated by dividing the Company's net loss by the diluted weighted average number of shares outstanding during the period. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. The Company has 213,044 and 230,435 shares issuable upon the exercise of options and warrants and 3,316,328 and 1,334,783 shares issuable upon conversion of convertible notes payable that were not included in the computation of dilutive loss per share because their inclusion is anti-dilutive for the three months ended March 31, 2014 and 2013, respectively.

(I) Stock-Based Compensation

The Company recognizes compensation costs to employees under FASB ASC Topic 718, Compensation Stock Compensation. Under FASB ASC Topic. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

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Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB ASC Topic 505, Equity Based Payments to Non-Employees. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

(J) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 (ASC 740-10-25). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(K) Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation.

NOTE 3 RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting pronouncements issued by FASB (including the Emerging Issues Task Force), the AICPA and the SEC, did not or are not believed by the Company management, to have a material impact on the Company s present or future financial statements.

NOTE 4 CONVERTIBLE NOTES PAYABLE RELATED PARTY

	March 31, 2014	December 31, 2013
Loan Amount	$ 1,034,492	$ 960,361
Discount	(141,984)	(292,243)
Balance	$ 892,508	$ 668,118

On December 21, 2012, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $25,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 and December 31, 2013, the Company accrued interest of $2,182 and $1,750, respectively. As of December 31, 2013, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of $79,440 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $79,440 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $79,440 and $79,440 of the debt discount and accrued interest of $6,993 and $5,622, respectively. As of December 31, 2013, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

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(UNAUDITED)

On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of $86,060 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $86,060 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $86,060 and $86,060 of the debt discount and accrued interest of $7,576 and $6,090, respectively. As of December 31, 2013, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On January 10, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 and December 31, 2013 the Company accrued interest of $3,414 and $2,723, respectively. As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On January 29, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $30,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $6,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $6,000 and $5,507 and accrued interest of $2,445 and $1,927, respectively. As of March 31, 2014, the note is past due and in default. As of April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On January 30, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $20,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $4,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $4,000 and $3,671 and accrued interest of $1,511 and $1,166 respectively As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On February 1, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $2,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $2,000 and $1,825 and accrued interest of $811 and $639, respectively As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On February 20, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $8,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $8,000 and $6,882 and accrued interest of $3,099 and $2,409, respectively. As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

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On February 28, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $45,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $45,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $45,000 and $37,726 and accrued interest of $3,418 and $2,641, respectively. As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On March 15, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $40,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $40,000 and $31,890 and accrued interest of $2,923 and $2,232, respectively. As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On March 29, 2013, the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $45,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment for stock splits and dividends. The Company recorded a debt discount of $45,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $45,000 and $34,151 and accrued interest of $3,167 and $2,391, respectively. As of March 31, 2014, the note is past due and in default. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On April 12, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $40,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $38,685 and $28,822 and accrued interest of $2,708 and

$2,018, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On April 17, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $31,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $31,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $29,556 and $21,912 and accrued interest of $2,069 and $1,534, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On April 29, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $40,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $36,822 and $26,959 and accrued interest of $2,578 and $1,887, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

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On May 14, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $39,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $39,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $34,192 and $24,575 and accrued interest of $2,393 and $1,720 respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014. As of April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On May 24, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $24,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $24,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, the Company amortized $20,449 and $14,532 and accrued interest of $1,431and $1,017, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On May 31, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $40,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $40,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $30,937 and $21,074 and accrued interest of $2,332 and $1,642, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On June 14, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $25,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $25,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $19,863 and $13,699 and accrued interest of $1,390 and $959, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On June 25, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $15,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $15,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $11,466 and $7,767 and accrued interest of $803 and $544, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

On June 28, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $20,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $20,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $15,123 and $10,192 and accrued interest of $1,058 and $713, respectively. On April 15, 2014, the note holder agreed to extend the note through December 23, 2014.

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On July 1, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $10,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $7,479 and $5,014 and accrued interest of $524 and $351, respectively.

On July 9, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $18,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $18,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $13,068 and $8,630 and accrued interest of $915 and $604, respectively.

On July 15, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $22,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $22,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $15,611 and $10,186 and accrued interest of $1,093 and $713, respectively.

On July 17, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $12,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $12,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $8,450 and $5,490 and accrued interest of $592 and $384, respectively.

On July 31, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $25,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $25,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $16,644 and $10,479 and accrued interest of $1,165 and $734, respectively.

On August 13, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $10,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $6,274 and $3,808 and accrued interest of $439 and$267, respectively.

On August 15, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $15,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $15,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $9,370 and $5,671 and accrued interest of $656 and $397, respectively.

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On August 22, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,795 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $1,795 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,087 and $644 and accrued interest of $73 and $42, respectively.

On August 30, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $10,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $5,836 and $3,370 and accrued interest of $408 and $236, respectively.

On September 13, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $2,085 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $2,085 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,137 and $623 and accrued interest of $80 and $44, respectively.

On September 19, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $2,700 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $2,700 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,428 and $762 and accrued interest of $100 and $53, respectively.

On September 20, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $2,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $2,500 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,315 and $699 and accrued interest of $92 and $79, respectively.

On October 1, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $2,800 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $2,800 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,388 and $698 and accrued interest of $97 and $49, respectively.

On October 7, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $1,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $485 and $239 and accrued interest of $34 and $17, respectively.

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On October 18, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,527 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $1,527 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $757 and $381 and accrued interest of $53 and $27, respectively.

On October 25, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $8,676 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $8,676 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $3,732 and $1,593 and accrued interest of $261 and $111, respectively.

On November 1, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $10,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $4,110 and $1,644 and accrued interest of $288 and $115, respectively.

On November 8, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $3,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $3,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $1,175 and $436 and accrued interest of $82 and $30, respectively.

On November 12, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $2,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $2,000 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $762 and $268 and accrued interest of $53 and $19, respectively.

On November 15, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $8,657 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $8,657 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $3,226 and $1,091 and accrued interest of $226 and $76, respectively.

On December 6, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,500 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $1,500 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $473 and $103 and accrued interest of $33 and $7, respectively.

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On December 11, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $32,589 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $32,589 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $9,821 and $1,786 and accrued interest of $687 and $125, respectively.

On December 23, 2013 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $23,032 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $23,032 for the fair value of the beneficial conversion feature. As of March 31, 2014 and December 31, 2013 the Company amortized $6,121 and $442 and accrued interest of $482 and $31, respectively.

On January 2, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $561 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $561 for the fair value of the beneficial conversion feature. As of March 31, 2014 the Company amortized $135 and accrued interest of $10.

On January 3, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,370 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. The Company recorded a debt discount of $1,370 for the fair value of the beneficial conversion feature. As of March 31, 2014 the Company amortized $327 and accrued interest of $23.

On January 10, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $153.

On January 17, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $1,200 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.250 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $17.

On January 27, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.231 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $121.

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On January 31, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.20 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $113.

On February 14, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.10 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $88.

On February 21, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.10 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $73.

On February 24, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $5,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.10 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $34.

On March 3, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $10,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.10 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $53.

On March 27, 2014 the Company entered into an agreement to issue an unsecured convertible promissory note in the principal amount of $6,000 to a related party. The note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, the note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.12 per share, subject to adjustment. There was no beneficial conversion expense recorded as the fair value of the common stock was less than the exercise price. As of March 31, 2014 the Company accrued interest of $5.

NOTE 5 COMMITMENTS AND CONTINGENCIES

On August 15, 2011, the Company entered into an employment agreement with its Chief Executive Officer. The agreement is for a period of one year and automatically extends for one day each day until either party notifies the other not to further extend the employment period, provides for an annual base salary totaling $250,000 and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of $50,000 in total. For the three months ended March 31, 2014 and 2013 the Company recorded a salary expense of $75,000 and $75,000, respectively, including the minimum annual bonus of $50,000. Accrued compensation at March 31, 2014 and December 31, 2013, was $368,730 and $329,510, respectively.

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Effective February 23, 2012, the Company entered into a consulting agreement with a Consultant/Advisor to provide marketing and sales services through February 23, 2016. In consideration of the Consultant/Advisor to perform the services for the Company, the Consultant/Advisor will receive a warrant to purchase 33,334 shares of the Company s Common Stock and a warrant to purchase 31,884 shares of the Company s Common Stock. Common Stock issued upon exercise of the warrant will not be registered under the Securities Act, but may be included, at the Company s option, in future registrations that the Company may undertake of its Common Stock. The warrant to purchase 33,334 shares shall have a cash exercise price of $4.83 per share, and shall expire on February 23, 2015. The warrant to purchase 31,884, shares shall have a cash exercise price of $12.42 per share and shall have an expiration date of February 23, 2016. The warrants shall have a vesting schedule, including certain vesting acceleration rights. If Consultant/Advisor ceases to provide services or the agreement is terminated by either party, then any vested, but unexercised warrants must be exercised within 180 days of Consultant/Advisor s departure date or by the expiration date of the warrants, whichever is sooner. Any unexercised warrants that remain outstanding 180 days after Consultant/Advisor s departure date (or at the expiration date) shall expire and terminate forever. The value of these warrants vests as accounts are sold by the Consultant/Advisor. As of March 31, 2014, no accounts have been sold and no expense has been recognized.

On May 1, 2013, the Company entered into a lease agreement for executive offices located at 2400 E. Commercial Blvd., Suite 612, Fort Lauderdale, Florida. The facility was approximately 4,777 square feet. The lease was for a term of 39 months at a current cost of approximately $9,900 per month. The lease contained three months of deferred rent that would be forgiven if the Company made its 36 required monthly payments timely. The Company was also required to make a security deposit of $31,407. As of March 31, 2014, the Company has not been timely on its monthly payments and is in default of the agreement. On March 31, 2014, the company received a notice of default from legal counsel representing the landlord for the office space. The letter demanded immediate payment of $41,937 for rent past due as of April 1, 2014. On May 15, 2014, the Company returned the office space to the landlord. As of May 20, 2014, the Company has not been able to pay its outstanding rent obligation and the landlord has accelerated all rent obligations due under the lease agreement. In accordance with terms of the lease, management may be responsible for lease payments owed during the remaining term of the lease and has accrued an additional $304,000 for the remaining lease payments in accrued expenses.

NOTE 6 STOCKHOLDERS DEFICIT

The Company is authorized to issue up to 1,000,000,000 shares of common stock, par value $0.001, and up to 5,000,000 shares of preferred stock, as effective April 1, 2013, the Company amended its articles of incorporation to increase its authorized common stock from 195,000,000 shares to 1,000,000,000 shares, eliminate the class of preferred stock known as Callable and Convertible Preferred Stock , and create a class of preferred stock consisting of 5,000,000 shares, the designations and attributes of which are left for future determination by the Company s board of directors.

NOTE 7 OPTIONS AND WARRANTS

The following tables summarize all options and warrant grants to consultants for the period ended March 31, 2014 and the related changes during these periods are presented below.

	Number of Options And Warrants	Weighted Average Exercise Price
Stock Options and Warrants		
Balance at December 31, 2013	220,290	$13.11
Granted		
Exercised		
Expired	(7,246)	17.25
Balance at March 31, 2014	213,044	$12.82

The Company s stock price was lower than the weighted average exercise price at March 31, 2014 and 2013, therefore there is no aggregate intrinsic value of the options and warrants.

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2014

(UNAUDITED)

On September 8, 2011, the Company granted options to purchase 28,986 shares of its common stock to consultants at an exercise price of $11.04 per share. The options vest immediately. The options expire on September 8, 2015. The options were valued using the Black Scholes Option Pricing Model with the following assumptions: dividend yield of 0%, annual volatility of 182%, risk free interest rate of .12%, an expected life of 1 year.

On September 8, 2011, the Company granted options to purchase 115,942 shares of its common stock to consultants at an exercise price of $15.87 per share. The options vest over various terms for each consultant ranging from two three years. The options expire on September 8, 2015. The options were valued using the Black Scholes Option Pricing Model, with the following assumptions: dividend yield at 0%, annual volatility of 182%, risk free interest rates of .19% to .33% based on expected life, and expected lives of 2 3 years.

On February 23, 2012, the Company granted warrants to purchase 2,898 shares of its common stock to consultants at an exercise price of $4.83 per share. The warrants vest ratably upon the sale of 400 associated accounts by the consultant. However, in the event of the sale of the Company to a third party within 18 months of the date of the warrants, 50% of the warrants shall immediately vest. In the event of the sale of the Company to a third party after 18 months of the date of the warrants (and prior to the expiration of the warrants), all remaining issued, but unexercised warrants shall immediately vest. The warrants expire on February 2, 2015. As of December 31, 2013 the consultant has sold 37 accounts. The Company accounts for equity instruments issued to non-employees for services and goods under ASC Topic 505.50; (Accounting for Equity Instruments Issued to Other Than Employees). These warrants require a future performance commitment by the recipient. Therefore, the Company will expense the fair market value of these securities over the period in which the performance commitment is earned. For the year ended December 31, 2012, the warrants were valued using the Black Scholes option pricing model, with the following assumptions: dividend rate of 0%, annual volatility of 232%, risk free interest rate of .29% and expected life of 2 years.

On February 23, 2012, the Company granted warrants to purchase 31,884 shares of its common stock to consultants at an exercise price of $12.42 per share. The warrants begin to vest upon the sale of 72 associated accounts by the consultant and will vest 6 warrants per account sold thereafter. The warrants were issued pursuant to a marketing and sales consulting agreement. The term of the agreement is through February 23, 2016, unless earlier terminated by either party. In the event the consultant ceases to perform services under the agreement or either party terminates the agreement, then any vested, but unexercised warrants shall expire at the earlier of 180 days of the date of termination or the expiration date of the warrants. The warrants expire on February 23, 2016. As of March 31, 2014, the consultant has not reached these milestones.

On February 23, 2012, the Company granted warrants to purchase 33,334 shares of its common stock to consultants at an exercise price of $4.83 per share. The warrants begin to vest upon the sale of 6 associated accounts by the consultant and will vest 7 warrants per account sold thereafter. The warrants expire on February 23, 2015. As of March 31, 2014, the consultant has not reached these milestones.

NOTE 8 RELATED PARTIES

On August 15, 2011, the Company entered into an employment agreement with its Chief Executive Officer. The agreement is for a period of one year and automatically extends for one day each day until either party notifies the other not to further extend the employment period, provides for an annual base salary totaling $250,000 and annual bonuses based on pre-tax operating income, as defined, for an annual minimum of $50,000 in total. For the three months ended March 31, 2014 and 2013 the Company recorded a salary expense of $75,000 and $75,000, respectively, including the minimum annual bonus of $50,000. Accrued compensation at March 31, 2014 and December 31, 2013, was $368,730 and $329,510, respectively.

During the year ended December 31, 2013 the Company s Chief Executive Officer advanced the Company a total of $6,600. The amounts are non interest bearing and payable on demand. During the year ended December 31, 2013 $500 was repaid. During the three months ended March 31, 2014 $6,100 was repaid. As of March 31, 2014 and December 31, 2013, the Company owed the Chief Executive Officer a total of $0 and $6,100 respectively

PAYMEON, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2014

(UNAUDITED)

During September, 2012, the Company entered into preliminary negotiations surrounding a licensing agreement with Destination Meals LLC. Our CEO, Edward Cespedes, is a 10% owner of Destination Meals LLC through the Edward A. Cespedes Revocable Trust dated August 22, 2007. The discussion points revolve around Destination Meals LLC licensing certain software from PayMeOn in exchange for per transaction payments to PayMeOn. Though a final agreement has not yet been signed, the parties have tentatively agreed to terms and are currently conducting testing and engaging in limited sales transactions. As of March 31, 2014 and 2013 the Company has recognized $0 and $420, respectively revenue under the proposed licensing agreement.

See Note 4 for Convertible Notes Payable Related Party.

See Note 2D for discussion on Website Development and Related Party.

NOTE 9 CONCENTRATIONS

For the three months ended March 31, 2014 and 2013, there were no customers that exceeded 10% of sales.

NOTE 10 SUBSEQUENT EVENTS

On April 16, 2014, the Company granted 167,181 non-qualified stock options exercisable at $0.10 per share to a consultant for consulting services. The option shall vest and become exercisable immediately at the time of grant and shall expire 3 years from the date of grant.

On April 24, 2014, the Company entered into a non-binding letter of intent to acquire REI Marketing, LLC, a private marketing company located in Boca Raton, Florida, in exchange for 3,600,000 shares of the Company s common stock. The transaction is subject to a number of closing conditions, including completion of final, definitive documentation. Our chief executive officer is a member of REI Marketing, LLC.

On April 28, 2014, the Company entered into a non-binding letter of intent to acquire a 19.4% stake in Prodeco Technologies, LLC, from A Better Bike, LLC and Ebike, LLC. A Better Bike, LLC and Ebike, LLC are members of Prodeco Technologies, LLC. A Better Bike, LLC is owned by the Company s major individual shareholder. The Company will issue up to 2,941,176 shares of the Company s common stock in exchange for the membership interests. Prodeco Technologies is a private manufacturer of electric bicycles under the brand Prodeco with manufacturing facilities located in Oakland Park, Florida. The transaction is subject to a number of closing conditions, including completion of final, definitive documentation.

During April and May 2014, the Company received an aggregate of $54,000 from related parties for working capital in consideration of the issuance of unsecured convertible notes. These loans bear interest at 7% and are due one year from issuance of the respective note. The loans are convertible into shares of common stock at $0.12 per share, subject to adjustment and certain limitations on conversion.

On May 15, 2014, the Company was in default under an operating lease and returned the office space to the landlord (See Note 5).

ITEM 2.

MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements are based on our management s beliefs, assumptions and expectations and on information currently available to our management. Generally, you can identify forward-looking statements by terms such as may, will, should, could, would, expects, plans, anticipates, believes, estimates, projects, predicts, potential and similar expres identify forward-looking statements, which generally are not historical in nature. All statements that address operating or financial performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to product sales, future financings, or the commercial success of our products. We may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Our management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on forward-looking statements because they speak only as of the date when made. We do not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by federal securities laws and the rules of the Securities and Exchange Commission (the SEC). We may not actually achieve the plans, projections or expectations disclosed in our forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, including without limitation those described from time to time in our future reports filed with the SEC.

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited interim consolidated condensed financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Overview

PayMeOn, Inc. is a Nevada corporation. Our wholly owned subsidiary, Hyperlocal Marketing, LLC, a Florida limited liability company (Hyperlocal), was acquired pursuant to an agreement and plan of merger on March 16, 2011. In accordance with FASB ASC Topic 360-10-45-15, Hyperlocal was considered the accounting acquirer and PayMeOn the accounting acquiree. Hyperlocal was organized in January 2010 and has nominal revenues since its inception. Our operations are currently conducted principally through our wholly-owned subsidiary, HLM PayMeOn, Inc., a Florida corporation.

During 2013 and through March 31, 2014, we spent significant resources on development of a new mobile and web-based product meant to allow consumers that use it to create social income in real-time by monetizing their person to person or p2p referrals and recommendations. We completed the first version of our mobile application for use on iPhones during 2013 and it is currently available in the Apple app store. We have shifted the primary focus of the Company to the product, which we refer to as the ride along product. The ride along product allows users to earn social income by capturing previously unmonetized purchasing influence they have by way of referrals and recommendations made to their social networks. When recommending products or services to their social networks, users can allow additional PayMeOn recommendations to ride along with their personal recommendations in exchange for social income. PayMeOn is compensated by the providers that ride along with user recommendations. We believe the market opportunity is substantial as PayMeOn providers are presented in context along with users personal recommendations and referrals, similar to the cost per click search model. For example, a PayMeOn user may be asked to recommend a service provider such as a plumber by a member of her social network. The PayMeOn user can access the PayMeOn mobile application and allow plumbers listed in PayMeOn s directory to ride along with her personal recommendation and earn social income. PayMeOn only allows service providers that are rated by third parties to be included in its directory. Ride along recommendations are clearly marked as sponsored. We believe the product is substantially unique and are in the process of preparing application for intellectual property protection.

While we completed the initial development of the ride along product, we have lacked the funds to begin aggressively marketing it to both service providers and the general public. The product s success will depend on our ability to properly market the product to both and the credibility of the product will depend in large part on our ability to users any social income they earn. Accordingly, without additional funds, we cannot take the product to market. The current version in the Apple app store does not allow for ride alongs to be included because without additional funds we will not be able to pay any earned social income.

Since inception, we have incurred net operating losses. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of our products which included the general and administrative expenses associated with its organization and product development. We expect operating losses to continue, mainly due to the anticipated expenses associated with the marketing of all our products.

Results of Operations

Revenues for the three months ended March 31, 2014, totaled $2,448 and were principally derived from sales of incremental text purchases from subscribers to the mobile text marketing packages. Revenues for the three months ended March 31, 2013, were $5,885 and were principally derived from sales of the Company s PayMeOn Merchant Profit Center packages to small businesses and from incremental text purchases from subscribers to the mobile text marketing packages.

Operating expenses for three months ended March 31, 2014, totaled $479,715, an increase of $97,804 or 20% from $381,911 for the three months ended March 31, 2013. The increase in operating expenses for the three months ended March 31, 2014 was due to general and administrative (G&A) expenses of $370,877, an increase of $335,038, from $35,839 during the three months ended March 31, 2013. The increase in G&A was a result of the Company s default under its lease agreement for its executive offices during March 2014, as management accrued an expense of $304,000 for the remaining lease payments. The G&A increase was partially offset by a $126,847 decrease in payroll and payroll taxes for the three month period ended March 31, 2014 as compared to the three months ended March 31, 2013. The decrease in payroll and payroll taxes was a result of decrease workforce. In addition there was approximately $40,000 decrease in professional fees during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. The fees in 2013 were related to professional costs associated with an asset acquisition and reverse stock split and name change completed during 2013. Furthermore, consulting expenses decreased by approximately $68,160 during the three months ended March 31, 2014 as compared to the three months ended March 31, 2013. The consulting expenses during 2013 were largely made up of non-cash expenses primarily related to the issuance of warrants issued to certain consultants and service providers in consideration of marketing, business and general consulting services.

Liquidity and Capital Resources

At March 31, 2014, we had $1,149 of cash. At March 31, 2014, we had working a capital deficit of $1,889,061. We require additional working capital. See Plan of Operations below.

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2014, the Company had an accumulated deficit of $6,556,055. The Company has also dedicated substantial resources required to research and development and marketing of the Company s products which included the general and administrative expenses associated with its organization and product development. The Company expects to incur continued marketing expenses in the near and medium term in pursuit of market share. Necessary marketing spending could curtail the Company s ability to generate profits in the near and medium term. We expect operating losses to continue, mainly due to the continued costs and expenses associated with development of our business and marketing of the Hyperlocal and PayMeOn products. These conditions raise substantial doubt about the Company s ability to continue as a going concern.

We have historically satisfied our working capital requirements through the sale of restricted common stock and the issuance of promissory notes. On December 27, 2012, the Company entered into an agreement to issue a secured convertible promissory note in the principal amount of $165,500 to an affiliate of the Company. The secured convertible note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. The secured convertible note is secured by all of the assets of the Company and includes customary provisions concerning events of default. In addition, the secured convertible not may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion price of $0.345 per share, subject to adjustment. Celentano Consulting Group has agreed in writing to extend the maturity date to December 23, 2014.

Between December 21, 2012 and March 31, 2014, the Company issued 7% unsecured promissory notes to Celentano Consulting Company, LLC in consideration of advances of approximately $869,000. The Company used the proceeds for working capital purposes. The notes bear interest at an annual rate of 7% and are payable on or before 12 months from the date of issuance. Subject to certain limitations below, the notes may be converted at any time, at the option of the holder, into shares of the Company s common stock at conversion prices ranging from $0.10 to $0.345 per share, subject to adjustment. The conversion of the notes may be limited if, upon conversion, the holder thereof would beneficially own more than 4.9% of the Company s common stock. As March 31, 2014, certain notes were past their maturity date. However, Celentano Consulting Group has agreed in writing to extend the due dates of all notes maturing on or before June 30, 2014 to December 23, 2014.

During April and May 2014, the Company received an aggregate of $54,000 from related parties for working capital in consideration of the issuance of unsecured convertible notes. These loans bear interest at 7% and are due one year from issuance of the respective note. The loans are convertible into shares of common stock at $0.12 per share, subject to adjustment and certain limitations on conversion.

Plan of Operations

We intend on continuing our efforts primarily towards completing development of the Company s PayMeOn products, focusing primarily on the evolution of our ride along product. During 2013, we completed development of a mobile application for the product that is available for use on iPhones in the Apple app store. We expect that the product will require continuous improvement and upgrade, as is common in the marketplace. Additionally, we hope to develop the application for the Android mobile platform during 2014. Provided we are able to secure additional financing, we intend on commencing the marketing of the ride along product in the third quarter of 2014. Our marketing will focus first on selling service providers the ability to be included or ride along with other service provider recommendations made using our mobile application by PayMeOn members.

We also expect to continue marketing our Hyperlocal Marketing platform and products, but primarily as bundled or complimentary additions to our PayMeOn product and under the PayMeOn Merchant Profit Center name. As our development efforts come to fruition, we will focus our efforts on developing sales and distribution channels for PayMeOn. We will primarily focus our sales and distribution efforts on developing partnerships with third-party sales companies and organizations, and on developing partnerships with businesses that have large databases they wish to monetize using our social, local and mobile, PayMeOn platform.

On April 24, 2014, the Company entered into a non-binding letter of intent to acquire REI Marketing, LLC, a private marketing company located in Boca Raton, Florida, in exchange for 3,600,000 shares of PayMeOn, Inc. common stock. The transaction is subject to a number of closing conditions, including completion of final, definitive documentation. Our chief executive officer is a member of REI Marketing, LLC.

On April 28, 2014, the Company entered into a non-binding letter of intent to acquire a 19.4% stake in Prodeco Technologies, LLC, from A Better Bike, LLC and Ebike, LLC. A Better Bike, LLC and Ebike, LLC are members of Prodeco Technologies, LLC. A Better Bike, LLC is owned by Vincent L. Celentano, PayMeOn s largest individual shareholder. The Company will issue up to 2,941,176 shares of PayMeOn, Inc. common stock in exchange for the membership interests. Prodeco Technologies is a private manufacturer of electric bicycles under the brand Prodeco with manufacturing facilities located in Oakland Park, Florida. The transaction is subject to a number of closing conditions, including completion of final, definitive documentation.

Current working capital is not sufficient to maintain our current operations and there is no assurance that future sales and marketing efforts will be successful enough to achieve the level of revenue sufficient to provide cash to sustain operations. To the extent such revenues and corresponding cash flows do not materialize, we will attempt to fund working capital requirements through third party financing, including a private placement of our securities. In the absence of revenues, we currently believe we require a minimum of $750,000 to maintain our current operations through 2014. We cannot provide any assurances that required capital will be obtained or that the terms of such required capital may be acceptable to us. If we are unable to obtain adequate financing, we may reduce our operating activities until sufficient funding is secured or revenues are generated to support operating activities.

Critical Accounting Policies and Estimates

Revenue Recognition

The Company recognizes revenue on arrangements in accordance with FASB ASC No. 605, Revenue Recognition . In all cases, revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes sales of deals and texts when revenue is recognized only when the price is fixed and determinable, persuasive evidence of an arrangement exists, the service is performed and collectability of the resulting receivable is reasonably assured.

The Company recognizes revenue from the sale of keywords over the period the keywords are purchased for exclusive use, usually one year.

The Company recognizes revenue from setup fees in accordance with Topic 13, which requires the fees to be deferred and amortized over the term of the agreements. Revenue from the sale of bulk text messages sales and packages are recognized over twelve months. Revenue from monthly membership fees are recorded during the month the membership is earned.

Stock-Based Compensation

The Company recognizes compensation costs to employees under FASB Accounting Standards Codification No. 718, Compensation Stock Compensation. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share based compensation arrangements include stock options, restricted share plans, performance based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Equity instruments issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 505, Equity Based Payments to Non-Employees. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by FASB (including the Emerging Issues Task Force), the AICPA and the SEC, did not or are not believed by the Company management, to have a material impact on the Company s present or future financial statements.

Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors included in the Company s annual report on Form 10-K for the year ended December 31, 2013 before deciding whether to invest in the Company. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations or our financial condition.

ITEM 3.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable to smaller reporting companies.

ITEM 4.

CONTROLS AND PROCEDURES

Evaluation of Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act) that are designed to be effective in providing reasonable assurance that information required to be disclosed in our reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management to allow timely decisions regarding required disclosure.

The Company s management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial (and principal accounting) Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of March 31, 2014.

During our assessment of the effectiveness of internal control over financial reporting as of March 31, 2014 management identified significant deficiencies related to (i) the U.S. GAAP expertise of our internal accounting staff, (ii) the ability of our internal accounting staff to record our transactions to which we are a party which necessitates our bringing in external consultants to supplement this function, and (iii) a lack of segregation of duties within accounting functions. Therefore, our internal controls over financial reporting were not effective as of March 31, 2014 based on the material weakness described below.

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insufficient monitoring controls to determine the adequacy of our internal control over financial reporting and related policies and procedures;

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lack of competent financial management personnel with appropriate accounting knowledge and training;

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our financial staff does not hold a license such as Certified Public Accountant in the U.S., nor have they attended U.S. institutions or extended educational programs that would provide enough of the relevant education relating to U.S. GAAP, nor have any U.S. GAAP audit experience;

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we rely on outside consultant to prepare our financial statements; and

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insufficient controls over our period-end financial close and reporting processes.

As a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was not effective as of March 31, 2014. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness; yet important enough to merit attention by those responsible for oversight of the company s financial reporting.

Because of its inherent limitations, however, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. In order to mitigate the foregoing material weakness, we engaged an outside accounting consultant to assist us in the preparation of our financial statements to ensure that these financial statements are prepared in conformity to U.S. GAAP. This outside accounting consultant has significant experience in the preparation of financial statements in conformity with U.S. GAAP. We believe that the engagement of this consultant will lessen the possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis, and we will continue to monitor the effectiveness of this action and make any changes that our management deems appropriate. We expect to continue to rely on this outside consulting arrangement to supplement our internal accounting staff for the foreseeable future. Until such time as we hire the proper internal accounting staff with the requisite U.S. GAAP experience, however, it is unlikely we will be able to remediate the material weakness in our internal control over financial reporting.

We believe that the foregoing steps will remediate the material weaknesses identified above, and we will continue to monitor the effectiveness of these steps and make any changes that our management deems appropriate.

Changes in Internal Control over Financial Reporting

No change in our system of internal control over financial reporting occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1.

LEGAL PROCEEDINGS

On March 31, 2014, the Company received a Notice of Default letter from legal counsel representing the California State Teachers Retirement System, the landlord for the Company s office space, alerting that the Company was in default of its lease for failure to pay monthly rent for the office space located at 2400 East Commercial Boulevard, Suite 612, Fort Lauderdale, FL, 33308. The letter demanded immediate payment of $41,937.49 for rent past due rent due as of April 1, 2014. In addition, there is approximately $304,000 in remaining lease payments under the terms of the lease. On April 14, 2014, the landlord filed a complaint in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida for eviction and damages. The landlord currently holds security deposits from the Company in the amount of $31,407. On May 15, 2014 the Company vacated the facilities. As noted in this report, the Company is currently attempting to raise additional capital to address the default, as well its other outstanding obligations and working capital requirements.

ITEM 1A.

RISK FACTORS

Not applicable to smaller reporting companies.

ITEM 2.

UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the period covered by this report we have sold the securities below without registration under the Securities Act of 1933, as amended. The securities contain legends restricting their transferability absent registration or applicable exemption.

During the three months ended March 31, 2014, in consideration of advances in the gross amount of $74,131 the Company issued a series of unsecured convertible promissory notes in the principal amount of $74,131 to an affiliate of the Company. Consistent with the terms of previously issued notes to the affiliate, each note bears interest at an annual rate of 7% and is payable on or before 12 months from the date of issuance. In addition, each note may be converted at any time, at the option of the holder, into shares of the Company s common stock at a conversion prices ranging from $0.10 to $0.345 per share, subject to adjustment and other limitations set forth therein.

ITEM 3.

DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4.

MINE SAFETY DISCLOSURE

None.

ITEM 5.

OTHER INFORMATION

None.

ITEM 6.

EXHIBITS

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
31.2	Certification of Chief Financial Officer pursuant to Rule 13A-14(a) or Rule 15d-14(a) of the Securities Exchange Act
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	XBRL Interactive Data File

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 20, 2014

PayMeOn, Inc.

By:	/s/ Edward Cespedes Edward Cespedes Chief Executive Officer Chief Financial Officer