

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

SUREBET CASINOS INC
Form 10KSB
August 25, 2003

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-KSB

(Mark One)

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

For the Fiscal Year Ended March 31, 2003

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

Commission file number: 0-30263

SUREBET CASINOS, INC.

(Name of small business issuer in its charter)

UTAH

(State or other jurisdiction of
incorporation or organization)

75-1878071

(I.R.S. Employer
Identification No.)

1610 BARRANCAS AVENUE, PENSACOLA, FLORIDA 32501
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (850) 438-9647

Securities registered under Section 12(b) of the Exchange Act: NONE

Securities registered under Section 12(g) of the Exchange Act:

COMMON STOCK, \$0.001 PAR VALUE
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes / / No /X/

Check if no disclosure of delinquent filers in response to Item 405 of Regulation S-B is contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. / /

Issuer's revenues for the fiscal year ended March 31, 2003: \$-0-

Aggregate market value of the registrant's common stock held by non-affiliates as of July 8, 2003: APPROXIMATELY \$36,283.

Number of shares of the registrant's common stock outstanding: 7,889,169 as of July 8, 2003.

Transitional Small Business Disclosure Format (check one): Yes/ / No/X/

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

sureBET Casinos, Inc. ("the Company") is a corporation organized under the laws of the State of Utah on June 13, 1985. Although the Company has been in existence since June 1985, it changed its business strategy in 1999 to enter into the casino business. The Company intended to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that were underperforming financially. The Company's operations were conducted through a subsidiary, Casino Padre Investment Company, LLC, a Nevada limited liability company, from November 1999 to November 2000. The LLC ceased operations in November 2000 and no longer exists.

The Company is currently considered a "public shell" corporation with no active business operations and is in the process of searching for an operating business with which to merge or to acquire. The Company is an Over the Counter Bulletin Board stock trading under the symbol "SBET".

CORPORATE HISTORY

The Company was formed in Utah on June 13, 1985 under the name Navis, Bona, Inc. On March 29, 1988, the company merged with I Love Yogurt Corporation, a Texas corporation. Navis Bona, Inc., the surviving corporation, changed its name upon completion of the merger to I Love Yogurt Corporation.

On June 24, 1992, I Love Yogurt Corporation merged with Chelsea Street Holding Company, Inc., a Delaware corporation. I Love Yogurt Corporation was the surviving corporation after the merger. Pursuant to the Merger Agreement, I Love Yogurt Corporation changed its name to Chelsea Street Financial Holding Corporation. On November 23, 1993, Chelsea Street Financial Holding Corporation amended its Articles of Incorporation changing the name of the corporation to Wexford Technology Incorporated.

On March 5, 1999, the Company entered into an Asset Purchase Agreement with its controlling shareholder, Imperial Petroleum, Inc. ("Imperial"). Pursuant to the Agreement, Imperial acquired all of the assets and liabilities of the Company. No consideration was exchanged in return for the sale of the assets and transfer of the liabilities.

On May 12, 1999, the Company entered into an Agreement to Exchange Common Stock with U.S. Gaming & Leisure Corp. ("USGL"). Pursuant to the agreement with USGL, the Company was to issue 6,000,000 new common shares to shareholders of USGL for 100% of the outstanding shares of USGL. This transaction was never consummated.

On June 7, 1999, there was a change in the Board of Directors of the Company. The new board changed the Company's business strategy and decided to enter into the casino business. On June 24, 1999, the Articles of Incorporation of the Company were amended to change the name of the Company to sureBET Casinos, Inc.

Under the direction of its new management, the Company intended to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that were underperforming

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

financially.

On October 1, 1999, the Company entered into a Management Contract with Casino Padre Investment Company, LLC, a Nevada limited liability company. Under the terms of the contract, the Company had an exclusive agreement to operate the gaming ship M/V Entertainer and the gaming operations located on the ship on behalf of and for the account of Casino Padre Investment Company, LLC.

On October 27, 1999, the Company acquired 50 membership units in Casino Padre Investment Company LLC in exchange for 5,000,000 shares of the common stock of the Company. Immediately following the transaction, the Company owned 83% of Casino Padre Investment Company LLC. The shares were

2

acquired from Charles S. Liberis, the President of the Company. The LLC was formed on September 14, 1999 and at the time of the acquisition, was still in a developmental stage. Casino Padre commenced operations on November 18, 1999. The LLC ceased operations on November 6, 2000. The charter on the M/V Entertainer has been terminated and the LLC no longer exists. See Item 12. Certain Relationships and Related Transactions.

On December 20, 1999, the Company entered into an agreement with Black Hawk Hotel Corporation, an unaffiliated entity, to lease Lilly Belle's Casino, an existing casino facility located in Black Hawk, Colorado. The Company later canceled the lease based on the determination that increased competition impaired economic feasibility of the proposed venture.

The Company issued 200,000 common shares valued at \$200,000 as a deposit on the lease. Lilly Belle's Casino filed for bankruptcy in November 2001. The common shares that were issued are being held in escrow and the Company is currently negotiating to receive the shares back. Due to this uncertainty, the deposit was written off during the year ended March 31, 2002. See Item 6. Management's Discussion and Analysis or Plan of Operation.

EMPLOYEES

As of July 15, 2003, the Company is inactive and has no employees.

The Company's future success depends in significant part upon the continued service of its key senior management personnel and its continuing ability to attract and retain highly qualified managerial personnel. The time that the officers and directors devote to the business affairs of the Company and the skill with which they discharge their responsibilities will substantially impact the Company's success. To the extent the services of these individuals would be unavailable to the Company for any reason, the Company would be required to identify, hire, train and retain other highly qualified managerial personnel to manage and operate the Company. The Company's business could be adversely affected to the extent such key individuals could not be replaced.

ITEM 2. DESCRIPTION OF PROPERTY.

The Company's administrative offices are located in 1,996 square feet

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

of office space in Pensacola, Florida, that is owned by Charles S. Liberis, the Company's Chairman of the Board of Directors, Chief Executive Officer and principal stockholder. The Company pays no rent for the space.

ITEM 3. LEGAL PROCEEDINGS.

None.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended March 31, 2003.

3

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is not traded on a registered securities exchange, or on NASDAQ. The Company's Common Stock has been quoted on the OTC Bulletin Board since 1987. It traded under the symbol "DICE" from July 14, 1999 to August 23, 2000. The stock was delisted from August 23, 2000 to May 23, 2001 and began trading under the symbol "SBET" on May 24, 2001. The following table sets forth the range of high and low bid quotations for each fiscal quarter within the last two fiscal years, as well as the current fiscal year. These quotations reflect inter-dealer prices without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions.

FISCAL QUARTER ENDED	HIGH BID	LOW BID
June 30, 2001.....	-	-
September 30, 2001.....	\$ 0.01	\$ 0.01
December 31, 2001.....	\$ 0.30	\$ 0.01
March 31, 2002.....	\$ 0.10	\$ 0.03
June 30, 2002.....	\$ 0.03	\$ 0.01
September 30, 2002.....	\$ 0.02	\$ 0.01
December 31, 2002.....	\$ 0.01	\$ 0.01
March 31, 2003.....	\$ 0.01	\$ 0.00
June 30, 2003.....	\$ 0.01	\$ 0.00

As of July 15, 2001, there were 291 record holders of the Company's Common Stock. On August 11, 2003, the closing bid price was \$0.01. Since the Company's inception, no cash dividends have been declared on the Company's Common Stock.

The Securities and Exchange Commission (SEC) has adopted rules that regulate broker-dealer practices in connection with transactions in "penny stocks". Generally, penny stocks are equity securities with a price of less than \$5.00 (other than securities registered on certain national exchanges or quoted

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

on the NASDAQ system). If the Company's shares are traded for less than \$5 per share, as they currently are, the shares will be subject to the SEC's penny stock rules unless (1) the Company's net tangible assets exceed \$5,000,000 during the Company's first three years of continuous operations or \$2,000,000 after the Company's first three years of continuous operations; or (2) the Company has had average revenue of at least \$6,000,000 for the last three years. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document prescribed by the SEC that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules. As long as the Company's Common Stock is subject to the penny stock rules, the holders of the Common Stock may find it difficult to sell the Common Stock of the Company.

4

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The Company ceased conducting an active trade or business in April 1997. During the fiscal years ended March 31, 1999 and 1998, the Company had no operating business. The Company entered into an Asset Purchase Agreement (the "Agreement") on March 5, 1999 with its controlling shareholder, Imperial Petroleum, Inc. ("Imperial"). The Agreement provided that Imperial would acquire all of the assets and liabilities of the Company. No consideration was exchanged in return for the sale of the net liabilities of the Company. As a result of the Agreement, the Company had no assets or liabilities as of March 31, 1999.

In November 1999, the Company commenced operations in the casino business. The sole source of revenue for the Company through the fiscal year ended March 31, 2001 was derived from the operation of Casino Padre. Casino Padre began operations on November 18, 1999 and ceased operations on November 6, 2000.

RESULTS OF OPERATIONS

The Company has not generated any revenues for the fiscal years ended March 31, 2003 and 2002.

For the year ended March 31, 2003, the Company incurred a net operating loss of \$51,405, as compared to a net operating loss of \$356,486 for the year ended March 31, 2002.

For the year ended March 31, 2003, general and administrative expenses, consisting primarily of audit fees, legal fees, and transfer agent fees, were \$21,405. This represents a decrease of \$25,081 or 54% from the previous year. In addition, the Company wrote off a \$30,000 deposit during the 2003 fiscal year. In March 2000, Newpark Shipbuilding - Pasadena, Inc. ("Newpark") filed a lawsuit against the Company seeking approximately \$140,000 for repair work on the M/V

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

Casino Padre. The Company disputed the amount of the claim and posted a bond in the amount of \$140,000. The case has been settled for \$100,000 and CSL Development, the vessel owner, was refunded \$40,000 that it had posted on behalf of the Company.

General and administrative expenses for the year ended March 31, 2002, totaled \$46,486. In fiscal 2002, the Company wrote off a deposit of \$200,000 on the Black Hawk casino lease and recognized \$110,000 as a legal settlement expense in connection with the Newpark Shipping - Pasadena claim.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2003, the Company had a working capital deficiency of \$781,232, as compared to a deficiency of \$759,827 at March 31, 2002. The Company does not believe that it will be able to meet its normal operating costs and expenses as the Company does not presently have any operations.

The Company has been dependent upon loans from its principal shareholder and President, Charles Liberis. The loans are not evidenced by promissory notes and there is no fixed date for repayment. At March 31, 2003, \$86,602 was owed to Mr. Liberis.

In addition, at March 31, 2003, \$48,506 was owed to CSL Development Corporation for past due charter payments, payments of Company operating expenses, and accrued interest thereon. Mr. Liberis is also the President of CSL Development Corporation.

The report of the Company's independent auditors on the financial statements for the year ended March 31, 2002, included an explanatory paragraph relating to the uncertainty of the Company's ability to continue as a going concern due to the loss incurred for the year ended March 31, 2002 and the working capital deficit and stockholders' deficit existing as of March 31, 2002. The Company must raise additional capital, incur debt, or obtain financing in order to fund operations.

The Company's financial condition has not improved since that audit report was issued. Accordingly, the going concern issue still applies to the Company.

The Company believes that it will be able to raise additional capital through debt and equity financing which, along with additional loans from its principal shareholders, will be sufficient to meet the Company's current working capital needs for at least the next twelve months. However, there can be no assurance that the Company will be able to raise additional capital or to take advantage of any expansion opportunities that may become available. There can be no assurance that additional capital will be available at all, at an acceptable cost, or on a basis that is timely to allow the Company to finance any further business opportunities.

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, the matters discussed in this Item 6, in particular, statements that use the words "believes", "intends", "anticipates", or "expects" are intended to identify

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

forward looking statements that are subject to risks and uncertainties including, but not limited to, inclement weather, mechanical failures, increased competition, financing, governmental action, environmental opposition, legal actions, and other unforeseen factors.

ITEM 7. FINANCIAL STATEMENTS.

The consolidated financial statements and notes are included herein beginning at page F-1. The financial statements as of and for the year ended March 31, 2003 were not audited in reliance on Rule 3-11 of Regulation S-X, since the Company is deemed to be an inactive entity under that rule. For the past fiscal year, the Company's gross receipts do not exceed \$100,000, the Company has not purchased, sold, or granted options on its common stock, the Company's expenditures do not exceed \$100,000, and no material change in the Company's business has occurred.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

6

PART III

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The officers and directors of the Company are as follows:

NAME	Age	POSITION
Charles S. Liberis	61	Chairman of the Board of Directors, President, Chief Operating Officer
Michael Georgilas	49	Director

The term of office of each director of the Company ends at the next annual meeting of the Company's stockholders or when the director's successor is elected and qualified. No date for the next annual meeting of stockholders is specified in the Company's Bylaws, nor has a meeting been fixed by the Board of Directors. The term of office of each officer of the Company ends at the next annual meeting of the Company's Board of Directors, which is expected to take place immediately after the next annual meeting of stockholders, or when such officer's successor is elected and qualified.

CHARLES S. LIBERIS. Mr. Liberis was elected Chairman, President and Chief Operating Officer of the Company on July 8, 1999. Since 1992, Mr. Liberis

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

served as President of CSL Development Corporation, a private company. CSL Development Corporation has been engaged in general development of real estate property including condominiums, resorts, golf courses, and casinos. Mr. Liberis was a founder of Europa Cruises Corporation (NASDAQ - KRUZ), Pensacola, Florida, and served as its Chief Executive Officer from 1989 to 1992. Prior to joining Europa, Mr. Liberis was a practicing attorney for over twenty years and was a Senior Partner in the law firm of Liberis, Sauls, and Fleming, P.A., with offices in Pensacola and Tallahassee, Florida, and Atlanta, Georgia. His practice consisted primarily of real estate and corporate reorganization law and he has had an extensive background in the reorganization of numerous hospitality operations. Mr. Liberis was a founder and served on the Board of Directors and as General Counsel of Southern National Bankshares, Atlanta, Georgia, from 1983 to 1985. Mr. Liberis majored in business and finance and received his Juris Doctorate from Stetson University College of Law in 1977. He is a member of the American and Florida Bar Associations and the International Association of Gaming Attorneys. Mr. Liberis has previously been found suitable for licensing by the Mississippi Gaming Commission.

MICHAEL GEORGILAS. Mr. Georgilas was elected to the Board of Directors of the Company in June 1999. Since September 1996, Mr. Georgilas has served as Chairman and Chief Executive Officer of Mondial Group Inc, Athens, Greece, an international casino development and management company. From July 1993 to August 1996, he was Vice President of Gaming and Director of Gaming Development for ITT/Sheraton Corporation, Boston, Massachusetts. From June 1992 to December 1992, he served as Chief Operating Officer of Europa Cruises Corporation, Pensacola, Florida. From 1991 to 1992, he served as Associate Director of the Casino and Gaming Management Division at the University of Nevada in Las Vegas. From 1986 through 1991, he held various positions with Hilton Corporation having last served as President and General Manager of the Flamingo Hilton Reno. Mr. Georgilas holds a Bachelor of Science Degree in Hotel Administration and a Master of Science Degree in Hotel Administration from the University of Nevada, Las Vegas.

Mr. Liberis may be deemed to be the "promoter" of the Company within the meaning of the Rules and Regulations under federal securities laws.

We do not have any standing audit, nominating, or compensation committees of our board of directors.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

During the fiscal year ended March 31, 2003, there were no other known failures to file a report required by Section 16(a) of the Securities Exchange Act of 1934.

CODE OF ETHICS

We have not yet adopted a code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, since we have been focusing our efforts on obtaining a business opportunity for the Company. We expect to adopt a code by the end of the current fiscal year.

Edgar Filing: SUREBET CASINOS INC - Form 10KSB

ITEM 10. EXECUTIVE COMPENSATION.

The following table sets forth information for all persons who have served as the chief executive officer of the Company during the last completed fiscal year. No disclosure need be provided for any executive officer, other than the CEO, whose total annual salary and bonus for the last completed fiscal year did not exceed \$100,000. Accordingly, no other executive officers of the Company are included in the table.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPEN	
		SALARY (\$)	BONUS (\$)	OTHER ANNUAL COMPENSATION (\$)	AWARDS	
					RESTRICTED STOCK AWARD (\$) (\$)	SECURITIES UNDERLYING OPTIONS/ SARS (#)
Charles S.	2001	\$0.00	\$0.00	\$0.00	\$0.00	0
Liberis,	2002	\$0.00	\$0.00	\$0.00	\$0.00	0
President	2003	\$0.00	\$0.00	\$0.00	\$0.00	0
(1)						