

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

LOGISTICS MANAGEMENT RESOURCES INC
Form 10QSB
August 16, 2004

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-QSB

(Mark One)

- Quarterly report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended: June 30, 2004
- Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission File No: 33-9640-LA

AMERICAN BUSINESS CORPORATION
(Name of Small Business in its Charter)

Colorado 68-0133692
(State or Other Jurisdiction of Incorporation) (IRS Employer Id. No.)

477 Madison Avenue, 12th Floor
New York, NY 10022
(Address of Principal Office including Zip Code)

Issuer's telephone Number: (212) 308-8700

(formerly) Logistics Management Resources, Inc.
(Former Name, Former Address, and Former Fiscal Year, if Changed Since Last Report)

Check whether the Registrant (1) has 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

Common Stock, par value \$.001 per share, 71,870,517 shares at June 30, 2003

Transitional Small Business Disclosure Format (Check one): Yes NO .

AMERICAN BUSINESS CORPORATION
FORM 10-QSB - QUARTER ENDED JUNE 30, 2004

INDEX

Page

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.....	2
Condensed Balance Sheets at June 30, 2004	

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

and December 31, 2003.....	3
Condensed Statements of Operations for the Six Months and Three Ended June 30, 2004 and June 30, 2003.....	4
Condensed Statement of Shareholders' Impairment for the Period January 1, 2003 through June 30, 2004.....	5
Condensed Statements of Cash Flows for the Six Months Ended June 30, 2004 and June 30, 2003.....	6
Notes to the Condensed Financial Statements.....	7
Item 2. Management's Discussion and Analysis.....	10
Item 3. Controls and Procedures.....	12

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.....	12
Item 5. Other Information.....	12
Item 6. Exhibits and Reports on Form 8-K.....	13

SIGNATURES

Signatures.....	14
Exhibits.....	15

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited condensed balance sheet of the Registrant as of June 30, 2004, the audited balance sheet at December 31, 2003, and the unaudited condensed statements of operations, shareholders' impairment, and cash flows for the six and three month periods ended June 30, 2004 and June 30, 2003 follow. The condensed financial statements reflect all adjustments that are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented.

2

AMERICAN BUSINESS CORPORATION CONDENSED BALANCE SHEETS

Assets	June 30, 2004 [unaudited]	December 31, 2003
	-----	-----
Current assets -		
Cash	\$ 69,665	\$ --
Deposit on acquisition of Hybrid-Systems.com, Inc.	150,000	--
	-----	-----
Total current assets	219,665	--
Deferred compensation, net	147,500	--
	-----	-----
Total Assets	\$ 357,165	\$ --
	=====	=====

Liabilities and Shareholders' Impairment

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

Current Liabilities			
Accrued expenses	\$	335,564	320,343
Accrued interest		3,273,268	3,273,268
Due to related parties		3,330,588	2,996,460
Loans payable		2,518,000	2,518,000
Convertible debentures		3,793,460	3,793,460
Net liabilities of discontinued operations		4,440,657	4,440,657
		-----	-----
Total Current Liabilities		17,691,537	17,342,188
		-----	-----
Commitments and contingencies			
Shareholders' Impairment			
Preferred stock, no par value; (10,000,000 shares authorized)			
Series A (99,000 and 999,000 shares issued and outstanding, respectively)		76	762
Series B (2,000 shares issued and outstanding)		2,000,000	2,000,000
Series C (450,000 shares issued and outstanding)		135,000	135,000
Series D (950 shares issued and outstanding)		950,000	950,000
Series E (2,300 shares issued and outstanding)		2,300,000	2,300,000
Common stock, par value \$.001 per share; 500,000,000 authorized, 76,870,517 and 54,370,517 issued and outstanding, respectively		76,870	54,370
Additional paid-in capital		14,948,887	14,538,201
Accumulated deficit		(37,736,205)	(37,320,521)
		-----	-----
Total Shareholders' Impairment		(17,324,372)	(17,342,188)
		-----	-----
Total Liabilities and Shareholders' Impairment	\$	357,165	\$ --
		=====	=====

See notes to condensed financial statements.

3

AMERICAN BUSINESS CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
[Unaudited]

	Six Months Ended June 30,		Three Months Ended June 30,	
	2004	2003	2004	2003
	-----	-----	-----	-----
Revenues	\$ --	\$ --	\$ --	\$ --
Operating Expenses:				
Depreciation and amortization	2,500	1,273	2,500	637
Interest expense	58,147	54,406	29,290	27,591
Administrative expenses	354,037	153,213	262,975	152,685
	-----	-----	-----	-----

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

Total operating expenses	414,684	208,892	294,765	180,913
	-----	-----	-----	-----
Net loss	\$ (414,684)	\$ (208,892)	\$ (294,765)	\$ (180,913)
	=====	=====	=====	=====
Net loss per common share - basic and fully-diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	=====	=====	=====	=====
Weighted average number of common shares outstanding	62,299,093	54,370,517	68,245,524	54,370,517
	=====	=====	=====	=====

See notes to condensed financial statements.

4

AMERICAN BUSINESS CORPORATION
CONDENSED STATEMENT OF SHAREHOLDERS' IMPAIRMENT

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Preferred Stock Series D	
	Shs	Amt	Shs	Amt	Shs	Amt	Shs	Amt
	-----	-----	-----	-----	-----	-----	-----	-----
Balance, January 1, 2003	999,000	\$ 762	2,000	\$2,000,000	450,000	\$135,000	950	\$950,000
Restatement for change in par value of common	-	-	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
January 1, 2003, restated	999,000	\$ 762	2,000	\$2,000,000	450,000	\$135,000	950	\$950,000
Net income	-	-	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
Balance, December 31, 2003	999,000	\$ 762	2,000	\$2,000,000	450,000	\$135,000	950	\$950,000
[2004 unaudited]								
Shares converted to shares (900,000)	(900,000)	(686)	-	-	-	-	-	-
Shares issued for services	-	-	-	-	-	-	-	-
Shares issued as deposit	-	-	-	-	-	-	-	-
Shares issued to officer	-	-	-	-	-	-	-	-
Net loss	-	-	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----	-----	-----
Balance, June 30, 2004	99,000	\$ 76	2,000	\$2,000,000	450,000	\$135,000	950	\$950,000
	=====	=====	=====	=====	=====	=====	=====	=====

Common Stock	Additional Paid-	Accumulated	Total Sharehold
Shs	In Capital	Deficit	Impairment
-----	-----	-----	-----

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

Balance, January 1, 2003	54,370,517	\$ -	\$ 14,592,571	\$(40,579,951)	\$ (20,601,
Restatement for change in par value of common	-	54,370	(54,370)	-	-
January 1, 2003, restated	54,370,517	54,370	\$ 14,538,200	\$(40,579,951)	\$ (20,601,
Net income	-	-	-	3,258,942	3,258,
Balance, December 31, 2003	54,370,517	\$54,370	\$ 14,538,200	\$(37,320,521)	\$ (17,342,
[2004 unaudited]					
Shares converted to shares	9,000,000	9,000	(8,314)	-	-
Shares issued for services	3,500,000	3,500	129,000	-	132,
Shares issued as deposit	5,000,000	5,000	145,000	-	150,
Shares issued to officer	5,000,000	5,000	145,000	-	150,
Net loss	-	-	-	(414,684)	(414,
Balance, June 30, 2004	76,870,517	\$76,870	\$ 14,948,887	\$(37,735,205)	\$ (17,324,

See notes to the condensed financial statements.

5

AMERICAN BUSINESS CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2004	2003
	[unaudited]	[unaudited]
Cash flows from operating activities -		
Net loss	\$ (414,684)	\$ (208,892)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization expense	2,500	1,273
Issuance of common shares for services	132,500	--
Increase in liabilities		
Accrued expenses	15,221	528
Accrued interest	58,147	54,406
Net cash used by operating activities	(206,316)	(152,685)
Cash flows from financing activities -		
Net proceeds from related parties	275,981	152,685
Net cash provided by financing activities	275,981	152,685
Net change in cash	69,665	--
Cash at beginning of period	--	--

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

	-----	-----
Cash at end of period	\$ 69,665	\$ --
	=====	=====

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

Accrued interest reclassified to Convertible		
Note due to related parties	\$ 58,147	\$ 54,406
	=====	=====
Increase in par value of Common Stock	\$ --	\$ 54,370
	=====	=====
Related decrease in Additional		
Paid-in Capital	\$ --	\$ (54,370)
	=====	=====

See notes to condensed financial statements.

6

AMERICAN BUSINESS CORPORATION NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The interim financial statements included herein are presented in accordance with United States generally accepted accounting principles and have been prepared by the Registrant, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Registrant believes that the disclosures are adequate to make the information presented not misleading.

These statements reflect all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for fair presentation of the information contained therein. The Registrant's operating results for the six and three month periods ended June 30, 2004, and 2003 are not necessarily indicative of the results that may be or were expected for the years ended December 31, 2004, and 2003. It is suggested that these interim financial statements be read in conjunction with the audited financial statements and notes thereto of the Registrant included in its Form 10-KSB for the period ended December 31, 2003.

Note 2 - Redirection of the Registrant's Activities

At a Special Meeting of Shareholders held June 17, 2004 (the "Meeting"), a majority of the Registrant's shareholders approved amending the Registrant's Articles of Incorporation to change its name to American Business Corporation, increase the authorized Common Stock from 75,000,000 to 500,000,000 shares, and increase the par value of the Common Stock from no par value to \$.001 per share. The increase in par value and the number of authorized shares of the Registrant's Common Stock has been reflected as a restatement of the related opening account balances. The actions taken at the Meeting were in anticipation of a planned reorganization of the Registrant's liabilities and shareholders' accounts and the election by the Registrant to be regulated as a business development company.

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

Note 3 - Related Party Transactions

As previously reported, and by virtue of (i) a 6% secured convertible promissory note due to Brentwood Capital Corp., an affiliated privately owned New York merchant banking corporation ("Brentwood"), dated September 27, 2002, in the aggregate principal amount of \$1,981,961 and convertible into 198,196,143 shares of the Registrant's Common Stock, \$.001 par value per share; and (ii) Brentwood's record

7

ownership of 1,435,000 shares of the Registrant's common stock, equaling 199,631,143 shares and equivalents or 52% of the Registrant's total capitalization, the Registrant may be deemed to be controlled by Brentwood.

Similarly, and as previously reported, Midwest Merger Management, LLC, a Kentucky limited liability company and its affiliated entities ("Midwest") is the record owner of 3,459,800 shares of the Registrant's common stock, 9,990,000 common shares issuable upon conversion of outstanding shares of Series A preferred stock and 45,000,000 common shares issuable upon conversion of outstanding shares of Series C preferred stock or 18% of the Registrant's common stock and equivalents. Accordingly, the Registrant may be deemed to be controlled by Midwest. During the period covered by this Quarterly Report, and in connection with its ongoing support of the Registrant, Midwest contributed an aggregate of \$181,905 to the Registrant to fund its activities.

At June 30, 2004, the aggregate indebtedness to related parties was \$3,330,588. The Registrant intends to settle its aggregate obligations to Midwest and Brentwood in the course of its planned reorganization to a business development company.

Note 4 - Per Share Results

The common share equivalents associated with the Registrant's issued and outstanding convertible notes and Preferred Stock were not included in computing per share results as their effects were anti-dilutive.

Note 5 - Income Taxes (Benefits)

At December 31, 2002, the Registrant had available approximately \$23,000,000 of net operating loss carry-forward, which expires between December 31, 2008 and December 31, 2021, that may be used to reduce future taxable income. As utilization of this carry-forward is less than certain, its potential tax benefit to the Registrant of approximately \$8,000,000 is fully reserved.

Note 6 - Going Concern

The Registrant's condensed consolidated financial statements have been presented on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

As shown in the accompanying financial statements, the Registrant had negative working capital at June 30, 2004, of \$17,471,872. In addition, the Registrant has

8

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

incurred an accumulated deficit of \$(37,732,705) through June 30, 2004. The Registrant is dependent upon the efforts of Midwest and Brentwood to raise proceeds for its continued survival. The Registrant's ability to continue to receive this level of support from Midwest and Brentwood is uncertain. The condensed consolidated financial statements do not include any adjustments that might be necessary if the Registrant is unable to continue as a going concern.

Note 6 - Material Transactions

A. Hybrid-Systems.com, Inc.

On May 28, 2004, and as previously reported in the Registrant's Form 8-K filed on June 3, 2004, the Registrant executed a Stock Exchange Agreement (the "Exchange Agreement") with Hybrid-Systems.com, Inc., a Florida corporation engaged in the assembly, marketing and sale of computer components and systems ("Hybrid"). The Agreement called for the Registrant to acquire all of the issued and outstanding capital stock of Hybrid from its shareholders in exchange for 5,000,000 newly-issued and restricted shares of the Registrant's common stock, par value \$.001 per share (the "Exchange Shares"). The Agreement is subject to the Exchange Shares: (i) being held in escrow pending an audit of Hybrid's financial statements to be delivered on or before July 1, 2004; and (ii) being reduced by 500,000 Exchange Shares for each \$10,000 that Hybrid's total assets are less than \$100,000 and 500,000 Exchange Shares for each \$30,000 that net sales are less than \$480,000.

On July 26, 2004, the Registrant received Hybrid's audited financial statements which reflected \$25,000 in assets and sales of \$6,000. Pursuant to the refund provisions of the Exchange Agreement, the required reduction to the number of Exchange Shares would exceed the number of Exchange Shares due to Hybrid. Accordingly, the Registrant abandoned the transaction with Hybrid and initiated the cancellation of the Exchange Shares and restoration thereof to authorized but unissued status.

B. Y2 Ultra Filters, Inc.

On May 21, 2004, and as previously reported in the Registrant's Form 8-K filed on July 21 2004, the Registrant and Y2 Ultra-Filters, Inc., a privately owned Wyoming corporation ("Y2") agreed upon the terms and conditions of a form of Purchase and Contribution Agreement to be effective on April 28, 2004, wherein the Registrant agreed to purchase the exclusive worldwide rights to market and sell Y2's filtration system technology known as U2-Ultra Filter™ for applications within the worldwide gaming industry for the life of the technology (the "License"). The U2-Ultra Filter™ technology is the subject of four United States patents which rights were also applied for in the European Community, Australia, Canada and Taiwan.

9

Pursuant to an amendment to the original agreement effective June 30, 2004 (the "Amendment"), the parties changed the Purchase and Contribution Agreement to a License and Joint Venture Agreement and provided for the formation of A.I.R. Filters, LLC, a Delaware limited liability company (the "LLC") as a joint venture to commercialize the U2-Ultra Filter™ technology within the worldwide gaming industry. The LLC, which was formed on June 4, 2004, has been created to execute the party's marketing and sales efforts in which Y2 as chief operating member and the Registrant as chief executive member will each have a 50% interest. In consideration for the License, the Registrant agreed to originally

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

issue 27,000,000 restricted shares of its common stock to Y2 and, subject to certain performance milestones, granted to Y2 a five year option to purchase an additional 39,000,000 restricted shares (19,000,000 at \$.10 and 20,000,000 at 100% of fair market value when earned).

Note 7 - Commitments

On July 12, 2004, and pursuant to a Loan Agreement and annexed 10% promissory note of even date therewith among the Registrant as lender, Clayton, Dunning & Company Inc., a Florida corporation and registered broker dealer ("CDC") as borrower, and Robert C. Lau and Patricia D. Lau, as co-makers, the Registrant lent \$125,000 (the "Loan") to CDC. The terms and conditions of the Loan are described in Item 5 of this Quarterly Report on page 13.

Item 2. Management's Discussion and Analysis

The following discussion contains forward-looking statements regarding the Registrant, its business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause the Registrant's actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that may affect such forward-looking statements include, without limitation, the Registrant's ability to resolve the affairs of its creditors and other investors; or to locate and thereafter negotiate and consummate a business combination with a profitable privately owned company.

When used in this discussion, words such as "believes," "anticipates," "expects," "intends," and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Registrant undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by us in this report and other reports filed with the SEC that attempt to advise interested parties of the risks and factors that may affect the Registrant's business.

10

Six Month Periods Ended June 30, 2004 and 2003:

Revenues. - As a direct result of the Registrant's inability to continue its failing freight transportation services beyond November 2000, the Registrant had no revenues during either the six month period ended June 30, 2004 ("6M04") or the six month period ended June 30, 2003 ("6M03"). The Registrant continues working through the restructure of its debt and the mitigation of outstanding litigation.

Expenses and Income Taxes - General and administrative expenses for 6M04 were \$414,684 compared to \$208,892 for 6M03. This increase is consistent with the Registrant's strategy of redirecting its focus toward becoming a candidate to acquire or merge with a profitable, privately-held business operation. Accordingly, the Registrant's recurring administrative expenses include: (i) professional fees (legal and accounting) associated with the resolution of the Registrant's affairs with its former creditors and investors, and the maintenance of

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

its reporting requirements and good standing, (ii) interest on its outstanding convertible note due to Brentwood (commencing on October 1, 2003), (iii) other ancillary expenses, and (iv) the payment of minimum franchise taxes.

Net Income (Loss) - Accordingly, the Registrant experienced a net loss of \$414,684 for 6M04 compared to a net loss of \$208,892 for 6M03. When related to the weighted average number of common shares outstanding during 6M04 and 6M03 per share loss results were \$0.00 and \$0.00, respectively.

Quarters Ended June 30, 2004 and 2003:

Revenue - As a direct result of the Registrant's inability to continue its failing freight transportation services beyond November 2000, the Registrant had no revenues during either the second quarter June 30, 2004 ("2Q04") or the second quarter ended June 30, 2003 ("2Q03"). The Registrant continues working through the restructure of its debt and the mitigation of outstanding litigation.

Expenses and Income Taxes - General and administrative expenses for 2Q04 were \$294,765 compared to \$180,913 for 2Q03. This increase is consistent with the Registrant's strategy of redirecting its focus toward becoming a candidate to acquire or merge with a profitable, privately-held business operation. Accordingly, the Registrant's recurring administrative expenses include: (i) professional fees (legal and accounting) associated with the resolution of the Registrant's affairs with its former creditors and investors, and the maintenance of its reporting requirements and good standing, (ii) interest on its outstanding convertible note due to Brentwood (commencing on October 1, 2003), (iii) other ancillary expenses, and (iv) the payment of minimum franchise taxes.

11

Net Income (Loss) - Accordingly, the Registrant experienced a net loss of \$294,765 for 2Q04 compared to a net loss of \$180,913 for 2Q03. When related to the weighted average common shares outstanding during each period, per share results were \$0.00 and \$0.00, for 2Q04 and 2Q03, respectively.

Liquidity and Capital Resources.

The Registrant does not have any permanent capital resources. Consistent with the inability to continue its failing freight transportation services business beyond November 2000, and its subsequent disposition in connection with arranging the funding of the GE Credit Corp. settlement in September 2002, the Registrant's principal activity has been centered in resolving the claims of its former creditors so it may seek a business combination. In this connection, Midwest and Brentwood have agreed to provide Registrant with reasonable legal, accounting and administrative resources to resolve its affairs and conduct its search for a business combination candidate.

Accordingly, the Registrant is entirely dependent upon: (i) Midwest providing the Registrant with certain advisory services in connection with the resolution of its affairs on favorable terms; (ii) the willingness of Brentwood to provide the Registrant with certain office and administrative facilities and to fund virtually all of the Registrant's settlements with its creditors; and (iii) the Registrant's successfully implementing a business combination with a profitable operating company.

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

There can be no assurances that Midwest will be successful in resolving all or substantially all of Registrant's affairs, that Brentwood will fund any further settlements, or that the combined efforts of Midwest and Brentwood will lead to a successful business combination.

Item 3. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Registrant maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Registrant files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the Chief Executive and Chief Financial officers of the Registrant concluded that the Registrant's disclosure controls and procedures were adequate.

(b) Changes in Internal Controls

12

The Registrant made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the Chief Executive and Chief Financial officers.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

At a Special Meeting of Shareholders held June 17, 2004 (the "Meeting"), a majority of the Registrant's shareholders approved the following three matters: (i) amending the Registrant's Certificate of Incorporation to change its name to American Business Corporation ("Item 1"); increase the number of shares of Common Stock the Registrant is authorized to issue from 75,000,000 shares to 500,000,000 shares ("Item2"); and (iii) increasing the par value of the Registrant's Common Stock from no par value to \$.001 per share ("Item3"). The actions taken at the Meeting were in anticipation of a proposed reorganization of the Registrant into a business development company. The votes cast for, against and abstained from each matter were as follows:

Matter	Shares Entitled to Vote	Voted For	Voted Against	Abstained
Item 1	106,860,517	62,215,823	4	7
Item 2	106,860,517	62,183,268	19,553	13,013
Item 3	106,860,517	61,789,101	426,703	0

Item 5. Other Information

A. Employment Arrangement

Effective June 1, 2004, Anthony R. Russo, became the Registrant's President, Chief Executive and Chief Financial Officer. The terms and conditions of Mr. Russo's five year written employment agreement with the Registrant, which have yet to be finalized, will include 5,000,000 shares of the Registrant's common stock written off over the term of the

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

agreement.

B. Loan Agreement

On July 12, 2004, and pursuant to a Loan Agreement and annexed 10% promissory note of even date (the "Loan Agreement") among the Registrant as lender, Clayton, Dunning & Company Inc., a Florida corporation and registered broker dealer ("CDC") as borrower, and Robert C. Lau and Patricia D. Lau, as co-makers (the Co-Makers"), the Registrant lent \$125,000 (the "Loan") to CDC. The Loan, which was made in

13

contemplation of a long term relationship with CDC as described below in Paragraph B., is due and payable in 13 months or within ten days after an event of default. The Loan is secured by the Registrant's first lien and security interest in 800 issued and outstanding shares of CDC's common stock owned by the Co-Makers, representing an 80% equity interest in CDC and held in escrow by the Co-Maker's attorney. In addition to the customary representations and warranties, and default provisions, the Loan Agreement provides that only in the event the Co-Makers' deliver 350 issued and outstanding shares of CDC's common stock to the Registrant prior to the due date of the Loan, the obligation of CDC to repay the Loan shall be forgiven by the Registrant and the Note shall be and be deemed to be paid in full.

C. Letter of Intent

On July 12, 2004, the Registrant entered into a letter of intent (the "Letter") with the Co-Makers, the individual owners of 800 issued and outstanding shares of common stock of CDC representing 80% of CDC. The Letter sets forth the principal terms pursuant to which the Registrant and three present employees of CDC (collectively the "Buyers") propose to acquire all 1,000 issued and outstanding shares of common stock of CDC in a stepped transaction. The Letter also sets forth the terms and conditions pursuant to which the Registrant shall make a short term loan available to CDC of up to a maximum of \$125,000, and a \$125,000 capital contribution to CDC. In addition, the Letter sets forth the terms and conditions pursuant to which the Co-Makers shall grant to the Buyers the exclusive and irrevocable right to nominate and appoint such number of directors to CDC's Board of Directors as shall equal 65% thereof, covenant and agree to vote their shares of CDC's common stock in favor of the Buyers' nominees; and grant to the Registrant a security interest in the Shares as collateral for the Registrant's \$125,000 short term loan.

The Registrant's obligations under the Letter are subject to and conditioned upon: the negotiation, execution and delivery of (i) a definitive stock purchase agreement, option agreement, shareholders' agreement, and escrow agreement on or before August 31, 2004; (ii) the execution of the certain employment agreements and a consulting agreement; (iii) CDC's satisfactory resolution of any obligation it may have under an agreement with Eric M. Westbury including the exchange of general releases and the return of Mr. Westbury's shares of CDC's common stock representing a 20% equity interest in CDC; (iv) the approval of the Transaction by the NASD; and (vi) the other conditions precedent enumerated in the Letter.

D. Registration Statement on Form S-8

On July 26, 2004, the Registrant filed a Registration Statement on Form S-8 wherein (the "S-8") the Registrant registered an aggregate of

Edgar Filing: LOGISTICS MANAGEMENT RESOURCES INC - Form 10QSB

50,000,000 shares of its Common Stock, \$.001 par value per share, for issuance under the Registrant's 2004 Long Term

14

Incentive Plan. As of the date of this Quarterly Report, no shares registered under the S-8 have been issued by the Registrant.

Item 6. Exhibits and Reports on Form 8-K

- 10(b) - Loan Agreement dated July 12, 2004
- 10(c) - Letter of Intent dated July 12, 2004
- 31.1 - Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2003
- 32.2 - Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2003

Reports on Form 8-K:

During the three months covered by this Quarterly Report, the Registrant filed the following three Current Reports on Form 8-K:

Date	Items Reported	Financial Statements Filed
June 3, 2004	2 and 7	None
June 28, 2004	5	None
July 21, 2004	2 and 7	None

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

American Business Corporation

By: /s/ Anthony R. Russo

Chief Executive Officer, and Director

By: /s/ Anthony R. Russo

Chief Financial Officer

Dated: August 16, 2004

15