SUREBET CASINOS INC
Form 10QSB
February 20, 2001

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

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: December 31, 2000

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE EXCHANGE ACT
For the transition period from _______________ to __________________

Commission file number: 0-30263

SUREBET CASINOS, INC.
(Exact name of small business issuer as specified in its charter)

UTAH	75-1878071
(State or other jurisdiction of incorporation or organization)	(IRS Employer Idenfitication No.)

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

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

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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 X No ___

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

7,884,038 SHARES OF COMMON STOCK, $.001 PAR VALUE, AS OF DECEMBER 31, 2000

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

SUREBET CASINOS, INC. AND SUBSIDIARY
INDEX TO FORM 10-QSB

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SUREBET CASINOS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
December 31, 2000 and March 31, 2000

ASSETS

	Decem 2
Current assets:	
Cash	$
Receivables	
Inventory	

Total current assets	
Furniture, leasehold improvements and equipment:	
Furniture and equipment	
Leasehold improvements	
Accumulated depreciation	
Net furniture and equipment	
Other assets:	
Deposit on claim (Note 5)	
Deposit on Colorado casino lease (Note 5)	
Other	
Total other assets	
	$

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

Current liabilities:	
Accounts payable and accrued liabilities	$ 1,
Due to shareholder (Note 6)	
Due to CSL Development Corporation (Notes 5 and 6)	
Total current liabilities	1,
Commitments and contingencies (Note 5)	
Stockholders' equity (deficit):	
Preferred stock, $.01 par value, 500,000 shares authorized, none issued and outstanding	
Common stock, $.001 par value, 50,000,000 shares authorized, 7,884,038 and 7,849,478 shares issued and outstanding	
Additional paid-in capital	5,
Accumulated deficit	(6,
Total stockholders' equity (deficit)	(1,
	$

See notes to consolidated financial statements.

3

SUREBET CASINOS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
Three and Nine Months Ended December 31, 2000

	THREE MONTHS ENDED	
	12/31/00	12/31/99
Revenue:		
Casino revenue	$ 42,168	$ 130,549
Ticket sales	4,990	22,027
Food and beverage sales	27,323	10,869
Total revenue	74,481	163,445
Operating expenses:		
Cost of food and beverage sales	11,755	39,539
Casino operating costs	217,188	79,223
Casino vessel costs	75,511	155,149
Start-up costs	-	290,565
Sales and marketing	6,717	53,791
General and administrative	61,028	84,928
Minority interest in losses	-	(140,335)
Total operating expenses	372,199	562,860
Net loss	(297,718)	(399,415)
	$ (297,718)	$ (399,415)
Basic net loss per common share:		
Net loss	($0.04)	($0.05)
Weighted average common shares outstanding	7,884,038	7,473,383

See accompanying notes to consolidated financial statements.

4

SUREBET CASINOS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED DECEMBER 31, 2000 AND 1999

2

Cash flows from operating activities:	
Net income (loss)	$ (1,1
Adjustments to reconcile net loss to net cash used in operating activities:	
Shares issued for services	
Depreciation	
Minority interest in losses	
Changes in operating assets and liabilities:	
Accounts receivable	
Inventory	
Other assets	
Accounts payable and accrued liabilities	1,3
Net cash used in operating activities	2
Cash flows from investing activities:	
Purchase of furniture and equipment	
Cash flows from financing activities:	
Net advances from shareholder	(2
Sale of shares of subsidiary to minority interests	
Sale of common shares	
Net cash provided by financing activities	(2
Net increase (decrease) in cash and cash equivalents	(
Cash at beginning of year	
Cash at end of year	$
Supplemental disclosure:	
Total interest paid	$

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. UNAUDITED FINANCIAL INFORMATION

The accompanying unaudited condensed consolidated financial statements of sureBET Casinos Inc. and its majority-owned subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B of the U.S.

Securities and Exchange Commission. They do not include all of the information and notes required by generally accepted accounting principles for complete corporate financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements for the year ended March 31, 2000 included in the Company's Annual Financial Report on Form 10-KSB filed with the Securities and Exchange Commission. The unaudited financial statements should be read in conjunction with these financial statements included in Form 10-KSB. In the opinion of management, all adjustments consisting only of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the six and nine month period ended December 31, 2000 are not necessarily indicative of the results that may be expected for the year ending March 31, 2001.

2. DESCRIPTION OF BUSINESS

During the years ended March 31, 1999 and 1998 and the periods ended December 31, 1999 and 1998, sureBET Casinos, Inc. ("the Company") had no operating assets and had been investigating the acquisition of an operating business. The Company changed its name on June 24, 1999 from Wexford Technology, Incorporated. In connection with an Agreement to Exchange Stock with U.S. Gaming and Leisure Corp. ("USG&L") (see below), 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 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 or December 31, 1999.

Accordingly, as a result of the Company's liquidation and abandonment of its assets and liabilities to a "shell" status, the Company has accounted for its former operations as discontinued for all periods presented. The common stock issued for services for the period ended December 31, 1999 has been reported as continuing operations since the shares were issued to new continuing management of the Company.

In connection with the Agreement to Exchange Common Stock with USG&L, dated May 12, 1999, which is contingent on a private placement which has not been completed, the Company will issue 6,000,000 new common shares to stockholders of USG&L for 100% of the outstanding shares of USG&L. As a result of the tax-free transaction, USG&L will become a wholly owned subsidiary of the Company. The owners of USG&L obtained effective control of the Company in July 1999 by obtaining control of the Board of Directors of the Company. The transaction will be accounted for

as a reverse acquisition whereby USG&L will be the acquiring company for accounting purposes.

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 intends 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 are underperforming financially.

On October 1, 1999, the Company entered into a Management Contract with Casino Padre Investment Company, LLC ("Casino Padre"), a Nevada limited liability company. Under the terms of the contract, the Company has 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 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. As of December 31, 2000, the Company owned 61% of the LLC.

The Company operated the M/V Casino Padre as a casino boat, conducting day and evening cruises of approximately six hours each from South Padre Island, Texas, until November 6, 2000 when CSL terminated the charter and Casino Padre ceased operations. As of December 31, 2000 Casino Padre was in arrears on its charter payments to CSL Development in the amount of $1,104,960.

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. Pursuant to the terms of the lease, the Company has an option to purchase the premises. The lease is contingent on the Company receiving approval for the transaction and issuance of regulatory licenses from the Colorado Gaming Commission.

3. GOING CONCERN

The Company's financial statements have been prepared 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. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. At December 31, 2000, the Company had a working capital deficiency of $1,699,245. The Company has reported cumulative net losses since inception of $6,846,330. The Company does not

believe that it will be able to meet its normal operating costs and expenses from operations.

The cash requirements of funding the Company's operations and expansion have exceeded cash flow from operations. To date, the Company has satisfied its capital needs primarily through debt and equity financing. The Company continually explores raising additional capital through such means.

The Company believes that it will be able to raise additional capital through debt and equity financing which 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 not need to raise additional capital sooner, particularly to take advantage of any expansion opportunities, not currently anticipated that may become available. In such event, 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 such opportunities.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

The following Management's Discussion and Analysis or Plan of Operation contains forward-looking statements about our plans and business. Actual events and results may differ materially from those anticipated in these forward-looking statements. The ability to achieve our projections and business objectives is dependent on a variety of factors, many of which are outside of our control. Some of the most significant factors, alone or in combination would be our failure to obtain additional equity financing to fund development activities and projected losses from operations and/or the inability to grow the revenues and improve the financial performance of the company. Accordingly, there can be no assurances that we will achieve our business objectives.

RESULTS OF OPERATIONS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2000 COMPARED TO THREE AND NINE MONTHS ENDED DECEMBER 31, 1999

The sole source of revenue for the Company through December 31, 2000 was derived from the operation of Casino Padre. During the three and nine months ending December 31, 1999 the Company began its Casino Padre operation (November 1999). Revenue for the three months ended December 31, 2000 was $74,481 as compared to $163,445 for the three months ended December 1999. The reason for the decrease was due to the shutdown of the Casino Padre operation on November 6, 2000.

For the nine months ending December 31, 2000 revenue was $1,966,622 as compared to $163,445 for the six months ended December 31, 1999. The increase in revenues was due to additional months of full operation.

Costs of sales for the three months ended December 31, 2000 were $11,775. Selling, general and administrative expenses were $67,745. A total of $217,188 was expended for the operation of the casino and $75,511 for the operation of the vessel.

Costs of sales for the nine months ended December 31, 2000 were $146,676. Selling, general and administrative expenses were $544,704. A total of $796,255 was expended for the operation of the casino and $1,601,751 for the operation of the vessel.

The above resulted in a net loss of $297,718 for the three months ended December

31, 2000 and a net loss of $1,122,764 for the nine months ended December 31, 2000.

LIQUIDITY AND CAPITAL RESOURCES

Cash requirements have been and will continue to be significant. From inception to December 31, 2000, the Company has financed operations primarily through the issuance of equity and debt securities, loans from stockholders, and revenue from Casino Padre. At December 31, 2000, the Company had a working capital deficit of $1,699,245 and an accumulated deficit of $6,846,330.

Net cash provided by operating activities for the nine months ended December 31, 2000 was $231,554. Net cash was provided primarily by an increase in liabilities.

Net cash from financing activities for the nine months ended December 31, 2000 was $262,688, primarily from payments to a shareholder. At December 31, 2000, the Company did not have any material commitments for capital expenditures.

Cash needs will continue to increase in future periods, primarily because of additional expenses related to the development of new projects and continuing operations. The Company will need to raise substantial additional funds to continue the development of new markets and products.

The cash requirements of funding the Company's operations and expansion have exceeded cash flow from operations. To date, the Company has satisfied its capital needs primarily through debt and equity financing. The Company continually explores raising additional capital through such means.

Under the present circumstances, the Company's ability to continue as a going concern depends on its ability to obtain additional financing. The Company believes that it will be able to raise additional capital through debt and equity financing which, along with anticipated cash from operations, 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 not need to raise additional capital sooner, particularly to take advantage of any expansion opportunities, not currently anticipated that may become available. In such event, 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 such opportunities.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The following exhibits are included with this report.

EXHIBIT NUMBER	DOCUMENT
2.1	Agreement to Exchange Common Stock with U.S. Gaming & Leisure Corp. (1)
3.1	Articles of Incorporation, as amended (1)
3.2	Bylaws, as amended (1)
10.1	Asset Purchase Agreement with Imperial Petroleum, Inc.(1)
10.2	Management Contract with Casino Padre Investment Company, LLC (1)
10.3	Lilly Belle lease (1)
10.4	South Padre Island Sublease and Dockage Agreement (1)
10.5	Charter Agreement with CSL Development Corporation (1)
21	Subsidiaries of the Registrant (1)

11

(1) Previously filed as an exhibit to the Company's Registration Statement on Form 10-SB (File No. 0-30263) and incorporated by reference herein.

(b) Reports on Form 8-K

None.

SIGNATURES

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

sureBET Casinos, Inc.
(Registrant)

Date: February 20, 2001

By: /s/ Charles S. Liberis

Charles S. Liberis
Chairman of the Board, Chief
Executive Officer and President