

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

LAIDLAW GLOBAL CORP
Form 10QSB
May 30, 2002

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

Form 10-QSB

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

For the quarterly period ended March 31, 2002

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 0-27681

LAIDLAW GLOBAL CORPORATION
(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

13-4093923
(I.R.S. Employer
Identification No.)

100 Park Avenue
New York, NY 10017
(Address of principal executive offices)

(212) 376-8800
(Issuer's telephone number, including area code)

Check whether the issuer (1) 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.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 28,201,465 shares of common stock as of April 30, 2002.

Transitional Small Business Disclosure Format (check one)

Yes No

2

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

ITEM 1.	FINANCIAL STATEMENTS	
a)	Consolidated Balance Sheets as of March 31, 2002 and December 31, 2001	4
b)	Consolidated Statements of Operations for the three months ended March 31, 2002 and 2001.....	5
c)	Consolidated Statements of Cash Flows for three months ended March 31,2002 and 2001.....	6
d)	Notes to Consolidated Financial Statements.....	7 to 12
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	12 to 17
PART II OTHER INFORMATION		
ITEM 1.	LEGAL PROCEEDINGS	17 to 19
ITEM 5.	OTHER INFORMATION	23
ITEM 6.	EXHIBITS AND REPORTS ON FORM 8-K	19
	a) EXHIBITS	19
	b) REPORTS ON FORM 8-K	20
SIGNATURES	20

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	As of March 31, 2002 ----- (Unaudited)	De ---
ASSETS		
Cash and cash equivalents	\$ 2,608,382	
Receivable from clearing broker and other receivables	277,394	
Securities owned, at market value	139,461	
Property, equipment and leasehold improvements -net	589,734	
Notes receivable	300,000	
Deposits	379,485	
Prepaid and other	515,713	

	\$ 4,810,169	
	=====	

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

LIABILITIES AND STOCKHOLDERS' EQUITY

Notes payable	\$ 475,000
Securities sold but not yet purchased, at market value	--
Accounts payable and accrued expenses	2,663,827
Commissions and compensation payable	339,939
Capitalized lease obligations	317,836
Deferred revenue	--
Deferred rent	520,327
Other payable	30,000

	4,346,929

Commitments and contingencies	
Stockholders' equity	
Common Stock; \$.00001 par value; 50,000,000 shares authorized of the Company; 33,446,866 and 33,211,439 shares issued by the Company as of March 31, 2002 and December 31, 2001, respectively	334
Additional paid - in capital	39,566,458
Treasury stock, at cost (5,771,400 shares and 5,632,500 shares as of March 31, 2002 and December 31, 2001, respectively)	(2,487,647)
Accumulated deficit	(36,615,905)

TOTAL STOCKHOLDERS' EQUITY	463,240

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 4,810,169
	=====

The accompanying notes are an integral part of these consolidated statements.

4

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended March 31,	
	2002	2001
	-----	-----
REVENUES		
Gross commissions	\$ 729,495	\$ 2,248,678
Asset management fees	60,300	1,333,280
Corporate finance & private placement fees	79,167	--
Investment income & trading profits	432,639	838,926
Other	53,682	178,906
	-----	-----
Total Revenue	1,355,283	4,599,790

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

	-----	-----
EXPENSES		
Salaries and benefits	598,496	2,106,693
Reversal of charge related to variable options	(636,036)	--
Commissions	681,417	1,285,852
Clearing fees	139,879	257,044
Rent and utilities	198,580	425,582
Depreciation and amortization	89,974	540,907
Client-related marketing	3,436	6,618
Travel and entertainment	119,419	79,374
Professional fees	298,117	393,190
Dues and assessments	39,150	240,795
Communications and information system	207,198	546,468
Office	69,391	239,156
Interest	30,390	79,854
Loss from asset write offs	35,264	--
Amortization of goodwill	--	118,802
Charge in connection with share exchange	70,628	--
Other	73,882	293,316
	-----	-----
Total Expenses	2,019,185	6,613,651
	-----	-----
Loss before minority interest	(663,902)	(2,013,861)
Minority interest	--	(539,036)
	-----	-----
Loss before taxes	(663,902)	(1,474,825)
Income Taxes	--	--
	-----	-----
NET LOSS	(663,902)	(1,474,825)
Accumulated deficit, beginning of period	(35,952,003)	(24,761,803)
	-----	-----
Accumulated deficit, end of period	\$ (36,615,905)	\$ (26,236,628)
	=====	=====
NET LOSS PER SHARE		
Basic and diluted	\$ (.02)	\$ (.05)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic and diluted	27,554,915	27,074,429
	=====	=====

The accompanying notes are an integral part of these consolidated statements.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

	Three months ended March 31, 2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (663,902)	\$ (1,474,825)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization of goodwill	--	118,802
Depreciation and amortization	89,974	540,907
Deferred rent	(7,429)	(7,430)
Minority interest in earnings	--	(539,036)
Reversal of charge related to variable options	(636,036)	--
Charge in connection with share exchange	70,628	--
(Increase) decrease in operating assets:		
Due from clearing brokers and other receivables	(28,794)	56,950
Marketable securities owned	175,303	966,519
Deposit	--	(163,085)
Prepaid and other asset	72,729	398,503
Increase (decrease) in operating liabilities		
Marketable securities sold but not yet purchased	(930)	302,870
Accounts payable and accrued expenses	(161,325)	(934,224)
Commission and compensation payable	96,283	239,588
Deferred revenue	(99,722)	(37,150)
Other liabilities	--	7,371
	-----	-----
Net cash used in operating activities	(1,093,221)	(524,240)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Equipment and Leasehold Improvements	--	(228,186)
Payment for leased equipment	(103,865)	(61,033)
	-----	-----
Net cash used in investing activities	(103,865)	(289,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(72,593)	(22,933)
Repayment of notes payable	(257,058)	--
Proceeds from notes receivable	1,915,000	--
Proceeds from issuance of notes payable	--	939,585
	-----	-----
Net cash provided by financing activities	1,585,349	916,652
	-----	-----
Net increase in cash and cash equivalents	388,263	103,193
CASH - BEGINNING OF PERIOD	2,220,119	1,899,274
	-----	-----
CASH - END OF PERIOD	\$ 2,608,382	\$ 2,002,467
	=====	=====
Supplemental disclosure for cash flow information:		
Cash paid during the period for interest	\$ 30,390	\$ 79,854
Cash paid during the period for taxes	\$ 2,650	\$ 921

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Supplemental schedule of non cash investing and financing activities:

During the periods ended May 31, 2002 and 2001 the following transactions occurred:

Purchases of equipment through capital lease	--	43,147
--	----	--------

The accompanying notes are an integral part of these consolidated statements.

6

Laidlaw Global Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2002 and 2001

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

Laidlaw Global Corporation (the Company) is a holding company whose wholly- or majority-owned operating subsidiaries include Laidlaw Holdings, Inc. (Laidlaw Holdings), Laidlaw Global Securities, Inc. (Laidlaw Global Securities), Westminster Securities Corporation, (Westminster), which the Company sold in June, 2001, H&R Acquisition Corporation (HRAC), an 81%-owned subsidiary which maintains a 100% interest in Howe & Rusling, Inc., (H&R) which the Company sold in December, 2001, Globeshare Group, Inc., (GGI), formerly Global Electronic Exchange, Inc. a 97%-owned internet-based investment services company established on June 14, 1999 which maintains a 100% interest in Globeshare, Inc. (Globeshare), an internet-based broker-dealer, whose operations were integrated with Laidlaw Global Securities in October, 2001, Laidlaw Pacific (Asia) Ltd. (LPA), a registered broker-dealer and Investment Advisor with the Hong Kong Securities and Futures Commission, which ceased operations in 2001, and Laidlaw International, S.A., (LI) a 99.8% owned broker-dealer based in France, which ceased operations in April, 2002. The business activities include securities brokerage, investment banking, asset management and investment advisory services to individual investors, corporations, pension plans and institutions worldwide.

On April 6, 2001, LPA ceased business activity to avoid incurring any further costs of maintaining a dormant operation. Its license was revoked in May, 2001.

On June 12, 2001, the Company sold its common stock interest in Westminster pursuant to an Amended and Restated Stock Purchase Agreement dated June 7, 2001. The parties to the transaction agreed to treat May 31, 2001 as the effective date of the transaction for financial statement purposes. Accordingly, results of operations of Westminster for fiscal 2001 incorporated in the consolidated financial statements pertain to the period through May 31, 2001.

Due to the continuing losses incurred by the Globeshare operations, the Company deemed it best for economic reasons to integrate the operations of the on-line broker as a division of Laidlaw Global Securities. The combination of the operations, which would eliminate the redundancy of services and reduce operating costs, was made effective on October 5, 2001.

On December 26, 2001, the Company sold its interest in HRAC pursuant to a Stock Purchase Agreement dated December 21, 2001. Accordingly, all assets, liabilities, equity and results of operations of H & R for fiscal 2001 incorporated in the consolidated financial statements pertain to the period

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

through December 26, 2001.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has suffered recurring losses and has a significant accumulated deficit as of March 31, 2002. In addition, the Company continues to incur substantial losses. Accordingly, the Company anticipates that it will require additional sources of funding during 2002 to maintain its operations and to provide sufficient regulatory net capital for its broker-dealer operations. The Company is dependent on outside sources of financing and is presently pursuing several alternatives, although no additional financing is imminent. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Certain prior year amounts have been restated to conform to the current year presentation.

7

NOTE B - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July, 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 141, Business Combinations (SFAS No. 141) and Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). The new standards require that all business combinations initiated after June 30, 2001 be accounted for under the purchase method. In addition, all intangible assets acquired that are obtained through contractual or legal right, or are capable of being separately sold, transferred, licensed, rented or exchanged shall be recognized as an asset apart from goodwill. Goodwill and intangibles with indefinite lives will no longer be subject to amortization, but will be subject to at least an annual assessment for impairment by applying a fair value based test. The Company does not expect there to be a material impact from the adoption of SFAS NO. 142.

In August 2001, the FASB issued statement of Financial Accounting Standard No. 144 Accounting for the Impairment or Disposal of Long Lived Assets. This statement is effective for fiscal years beginning after December 15, 2001. This supercedes Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", while retaining many of the requirements of such statement. The Company is currently evaluating the impact of the statement.

NOTE C - NET CAPITAL REQUIREMENTS

The Company's broker-dealer subsidiaries are subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 for Laidlaw Global Securities. At March 31, 2002, Laidlaw Global Securities was required to maintain minimum net capital of \$105,899 and had total net capital of \$1,106,916 which was \$1,001,017 in excess of its minimum requirement.

NOTE D - NOTES PAYABLE AND SUBORDINATED BORROWINGS

Notes payable and borrowings under subordination agreements at March 31, 2002 consist of the following:

March 31, 2002

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Convertible Notes, 8% due 6/01/02	\$ 225,000
Convertible Notes, 10% due 6/01/02	250,000

	\$ 475,000
	=====

On March 14, 2001, LI obtained a loan of \$446,350 through the issuance of an 8% note in which the principal and interest are due in one year. This loan was assumed by the Company in December 2001 in the amount of \$482,058 which included interest of \$35,708 to original maturity date. If the Company defaults as defined in the agreement, then the noteholder may, in lieu of payment of the Principal Amount, convert the note into common stock of the Company at the conversion price of \$0.30 per Common Share. In March and April of 2002, the terms were renegotiated wherein \$50,000 of the note was converted into 333,329 shares of the Company's stock with the balance of the principal and interest payable in varying installments with the final payment due in July 2002. No additional interest is charged on the note from March 14, 2002 until July 2002.

8

On April 5, 2001, GGI obtained a loan of \$250,000 through the issuance of a 10% convertible subordinated note in which the interest is due on a semi-annual basis and the principal on April 5, 2002. Under the terms of the note, the noteholder may convert into GGI stock at the greater of \$.65 per share or a 40% discount from the initial public offering price per share or into Company common shares at a price of \$.55 per share. In March and April 2002 the terms were renegotiated wherein \$50,000 of the note was converted into 166,670 shares of the Company's common stock and the balance is repayable in varying installment payments through August, 2002. No additional interest is charged on the note from April 5, 2002 until August 2002.

In March 2002, the Company borrowed securities worth \$397,600 and returned the same by the end of the month. In connection with these borrowings, the Company paid interest at the rate of 8% for the period the securities were borrowed.

NOTE E - COMMITMENTS AND CONTINGENCIES

Litigation

Galacticomm Technologies, Inc. vs. Laidlaw Global Securities, Inc.

The Company is a defendant in a legal matter involving the underwriting and initial public offering of Galacticomm Technologies, Inc. ("Galacticomm") shares. The Company acted as a member of a selling group, pursuant to which the Company agreed to purchase 200,000 shares of Galacticomm at \$5.40 per share and 200,000 warrants of Galacticomm at \$0.09 per warrant. Additionally, the Company agreed to guarantee the purchase of an additional 20,000 shares and warrants if deemed necessary. Prior to the settlement of the IPO, the Company had satisfied all its commitments as part of its agreement with the lead underwriters. Prior to the settlement of the IPO, the lead underwriters aborted the IPO based upon what they, in their sole discretion, believed was a declining market in the U.S. and abroad. Pursuant to the underwriting agreement between Galacticomm and the lead underwriters, the lead underwriters had the right, in their sole discretion, to abort the IPO in the event of adverse conditions. Galacticomm commenced suit against the underwriting group in a Florida state court seeking damages for breach of the underwriting agreement. The Company believes that the outcome of this matter would not have a material effect on the financial position, results of operations or liquidity.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Greek Capital Market Commission vs. Laidlaw Global Corporation, Inc.

The Company has been named, as well as its subsidiary Laidlaw Global Securities, in an administrative proceeding involving the Greek Capital Market Commission ("CMC"). In early 2000, representatives of the Company were introduced to a representative of Elektra S.A. ("Elektra"), an entity whose securities are publicly traded in Greece, in order to discuss a business strategy by which the Company would assist in the sale of a significant amount of Elektra's shares by certain of its stockholders. Following meetings with such persons, Elektra announced in the spring of 2000 that its principal shareholders would sell up to 3,000,000 shares of its stock. On March 28, 2000, Elektra sold two million shares of its stock to institutional investors through a Greek brokerage firm, Contalexis Financial Services.

On February 28, 2001, the CMC, an administrative body which reviews securities issues in Greece, found that Laidlaw Global Securities violated certain notification requirements to the CMC and Elektra. According to the CMC's findings, the Company (i) failed to notify the CMC and Elektra of the March 28, 2000 acquisition of Elektra shares and (ii) failed to notify the Athens Stock Exchange of the Company's assignment of voting rights and

9

participation of share capital in Elektra. The Company believes that, since neither it nor any subsidiary, including the Company, ever owned shares of Elektra, and for the other reasons set forth below, both of these findings are without merit and factually inaccurate and will be overturned on appeal.

Additionally, the CMC found that a representative of the Company falsely stated to the public that the Company was interested in holding Elektra shares two days prior to selling such shares. Since the Company never held shares of Elektra, management believes that such statements were misquoted by the Greek press. The subsidiary Laidlaw Global Securities and the Company have been assessed fines and penalties aggregating 1,257,168 Euros (US\$1,119,004).

These fines were levied after reviewing response letters filed by the Company's Greek counsel. Greek counsel to the Company will be filing Remedy Petitions before the CMC against the decisions assessing the fines, which is a form of an administrative proceeding. In the event the Remedy Petitions are rejected by the CMC, the Parent will file Writs of Annulment before the Conseil d'Etat, which is the Greek Court having jurisdiction over such matters. Since neither the Company, nor any of its subsidiaries, has (i) ever owned shares of Elektra, (ii) ever acted as a principal or agent for the purchase or sale of shares of Elektra, (iii) acted as a broker-dealer of securities of Elektra, or (iv) ever stated, publicly or otherwise, that it, or any of its subsidiaries, did hold, or intended to hold or own, shares of Elektra, it believes that the findings of the CMC will be overturned on appeal. The Company's counsel in Greece has advised that in their opinion, the fines imposed by the CMC are civil fines and can only be enforced against the assets of the Company in Greece. Further, they advise that any enforcement of fine in the United States would require commencing a new action in the United States.

Plural, Inc. vs. Laidlaw Global Corporation, et. al.

In November, 2001, Plural instituted action in the New York State Supreme Court for services rendered pursuant to a computer consulting agreement. Plural claims approximately \$700,000 is due them pursuant to the agreement. The Company claims the services did not meet the terms of the agreement and plan to counterclaim for monies previously paid to Plural.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

In February, 2002, the French Commission Bancaire required a capital increase of 2 million Euros in order to maintain LI in compliance with French Net Capital Regulations. The deadline imposed by the French regulatory authority being very short, Laidlaw Global Corporation was unable to access additional capital prior to the nomination of an Administrator by the Commission Bancaire.

Effective April 11, 2002, the French Administrator committed to a process of liquidation. Accordingly, the Company recognized a loss as of December 31, 2001 from the write-off of all its investment in the French subsidiary amounting to \$634,562. Additional liability resulting from this liquidation, if any, cannot presently be determined.

On March 5, 2002, Grant Thornton LLP ("Grant") notified the Laidlaw Board of Directors that pursuant to Section 10A of the Exchange Act of 1934 (the "Grant Report"), in their belief, an illegal act or acts may have occurred at Laidlaw during 2001 with respect to the repricing of stock options. Grant alleged in part that neither management nor the Board of Directors had taken sufficient steps to determine whether an illegal act had occurred within the meaning of Section 10A of the Exchange Act of 1934 and, accordingly, Grant notified the Securities and Exchange Commission (SEC). The Company has been notified that the SEC has commenced an informal investigation into this matter.

The Company is subject to various other legal actions and claims arising out of the conduct of its business. Management of the Company, after consultation with outside legal counsel, believes that the resolution of these proceedings will not result in any material adverse effects on the Company's financial position. In the opinion of management of the Company,

10

amounts accrued in connection with these matters are adequate.

NOTE F - INDUSTRY SEGMENTS

In 2002 and prior years, the Company operated in two principal segments of the financial services industry: Asset Management and Broker-Dealer activities. Corporate services consist of general and administrative services that are provided to the segments from a centralized location and are included in corporate and other.

Asset Management and Investment: activities include raising and investing capital and providing financial advice to companies and individuals throughout the United States and abroad. Through this group the Company provides client advisory services and pursues direct investment in a variety of areas.

Broker-Dealer: Activities include underwriting public offerings of securities, arranging private placements and providing client advisory services, trading, and brokerage services including conducting research on, originating and distributing both foreign and domestic equity and fixed income securities on a commission basis to both institutional and individual investors throughout the United States and abroad and for their own proprietary trading accounts.

Laidlaw Global Securities, the Company's majority owned subsidiary, is substantially engaged in traditional trading, brokerage and investment banking services.

Foreign Operations and Major Customers: The Company had no significant assets or revenues (either external or intercompany) from operations in foreign countries for each of the two periods ended March 31, 2002 and 2001 other than commission and Investment Banking revenues from the activities of Laidlaw Global Securities

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

on behalf of foreign and U.S. customers in foreign markets, amounting to \$27,500 and \$6,188 respectively, which approximates 2.32% and .13% of external revenue, respectively. Additionally, the Company had no significant individual customers (domestic or foreign) as of March 31, 2002, or for each of the periods ended March 31, 2002 and 2001.

The following table sets forth the net revenues of these industry segments of the Company's business.

	Three months ended March 31,	
	2002	2001
	(Unaudited)	
Revenue from external customers		
Asset management	\$ 60,300	\$ 1,076,359
Brokerage	1,277,372	3,221,692
Corporate and other	17,611	301,739
Total external revenue	\$ 1,355,283	\$ 4,599,790
Net (loss)		
Asset management	\$ --	\$ 125,920
Brokerage	(221,694)	(1,154,371)
Corporate and other	(442,208)	(446,374)
Total net (loss)	\$ (663,902)	\$ (1,474,825)
Total assets		
Asset management	\$ --	\$ 3,341,389
Brokerage	3,489,898	11,332,349
Corporate and other	1,320,270	6,552,769
Total assets	\$ 4,810,168	\$ 21,226,507

11

NOTE G - EARNINGS PER COMMON SHARE

Earnings per common share are computed in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Basic earnings per share excludes the dilutive effects of options and convertible securities and is calculated by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share reflect all potentially dilutive securities, as well as the related effect on net income. Set forth below is the reconciliation of net income (loss) applicable to common shares and weighted-average common and common equivalent shares of the basic and diluted earnings per common share computations:

	Three Months ended March 31,	
	2002	2001

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

(Unaudited)

Numerator		
Net loss applicable to common shares for basic and diluted earnings per share	\$ (663,902)	\$ (1,474,825)
	-----	-----
Denominator		
Weighted-average common shares for basic and diluted earnings per share	27,554,915	27,074,429
	-----	-----
Earnings (loss) per common share		
Basic and diluted	\$ (.02)	\$ (.05)
	=====	=====

All outstanding warrants and options were excluded from the computation of the diluted earnings per share because the Company incurred losses for the three months period ended March 31, 2002 and 2001 and the effect would have been antidilutive.

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

Overview

Laidlaw Global Corporation is a global financial services firm that operates in two business segments: brokerage, which includes investment banking and sales and trading, and asset management.

Asset management activities include raising and investing capital and providing financial advice to companies and individuals throughout the United States and overseas. Through this group, Laidlaw provides client advisory services.

Brokerage activities include underwriting public offerings of securities, arranging private placements and providing client advisory services, trading, conducting research on, originating and distributing equity and fixed income securities on a commission basis and for their own proprietary trading accounts.

It has operated through a number of separate entities owned directly by Laidlaw Global Corporation or through its wholly owned subsidiary, Laidlaw Holdings, Inc. Laidlaw Global Securities, Inc. provides brokerage services and is wholly owned by Laidlaw Holdings, Inc. Howe & Rusling, Inc. provided management services of financial assets and was owned by H&R Acquisition Corp., 81% of whose stock was owned by Laidlaw Holdings, Inc. Westminster Securities Corporation, a NYSE member firm acquired by

12

Laidlaw on July 1, 1999 also provided general brokerage services. Another subsidiary, Globeshare Group, Inc. (formerly Global Electronic Exchange, Inc.), was a holding company that owned 100% of Globeshare, Inc., an online broker-dealer. The last subsidiary was a French broker/dealer called Laidlaw International, S.A., located in France, which was granted the license to operate as a broker/dealer by Banque de France in April 2001.

Numerous changes in the operation of the businesses of Laidlaw Global Corporation occurred during fiscal year 2001. The interest in H&R Acquisition Corp. was sold on December 26, 2001 pursuant to a Stock Purchase Agreement dated December 21, 2001. Accordingly, the information for fiscal 2001 for H & R Acquisition Corp. pertains to the period January 1 to December 26, 2001.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Westminster Securities Corporation, a NYSE member firm acquired by Laidlaw on July 1, 1999, was sold on June 12, 2001. The sale of Westminster Securities Corporation was completed pursuant to the Amended and Restated Stock Purchase Agreement dated June 7, 2001. The Agreement stipulated that the transactions shall be treated solely for tax and financial reporting purposes as having an effective date of May 31, 2001. Accordingly, the information for fiscal 2001 for Westminster incorporated in this report pertains to the five months ended May 31, 2001. Globeshare, Inc., filed for withdrawal of its registration as a broker/dealer with the NASD on November 20, 2001. The operations and customer accounts of the on-line broker were transferred to Laidlaw Global Securities on October 5, 2001 after duly informing the customers. After September 11, 2001, the European market, an essential part of the business generated by the French subsidiary, Laidlaw International, deteriorated and has not recovered as promptly as the U.S. markets. In early February, 2002, the French Commission Bancaire demanded a capital increase of 2 million Euros in order to maintain the French subsidiary in Compliance with French Net Capital Regulations. Laidlaw Global Corporation had to make a hard decision since it could not support its European operations while keeping adequate capital for the U.S. operations. With a very short deadline imposed by the French regulatory authority, Laidlaw Global Corporation determined not to provide the additional capital and this resulted in the nomination of an Administrator for Laidlaw International by the Commission Bancaire. Effective April 11, 2002, the French Administrator committed to a process of liquidation. Accordingly, the Company recognized a loss as of December 31, 2001 from the write off of all its investment in the French subsidiary amounting to \$634,562. In March 2002, the Company incurred an additional expense of \$35,264 in connection with the final settlement in closing the operations of the French subsidiary as required by the French Administrator.

Market fluctuations in both U.S. and overseas markets, as well as general global economic factors have and may continue to significantly affect Laidlaw's operations. These factors include economic and market conditions; the availability of capital; the availability of credit; the level and volatility of equity prices and interest rates; currency values and other market indices; and technological changes and events. The increased use of the Internet for securities trading and investment services are important factors that may affect Laidlaw's operations. Inflation and the fear of inflation as well as investor sentiment and legislative and regulatory developments will continue to affect the business conditions in which our industry operates. Such factors may also have an impact on Laidlaw's ability to achieve its strategic objectives on a global basis, including growth in assets under management, global investment banking and brokerage service activities.

Laidlaw's securities business, particularly its involvement in primary and secondary markets in domestic and overseas markets is subject to substantial positive and negative fluctuations caused by a variety of factors that cannot be predicted with great certainty. These factors include variations in the fair value of securities and other financial products and the volatility and liquidity of global trading markets. Fluctuations also occur due to the level of market activity, which, among other things, affects the flow of investment dollars into bonds and equities, and the size, number and timing of transactions or client assignments.

Laidlaw's results of operations also may be materially affected by competitive factors. Recent and continuing global convergence and consolidation in the financial services industry will lead to increased competition from larger diversified financial services organizations even though Laidlaw's strategy has been to position itself in markets where it believes it has an advantage over its competition due to strong local connections and access to foreign brokerage firms and investors. Laidlaw, though global in its scope, sees itself as becoming a local player throughout the world. Revenues in any particular period may not be representative of full-year results and may vary significantly from year to year and from quarter to quarter. Laidlaw intends to manage its

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

businesses for the long term and help mitigate the potential effects of market downturns by strengthening its competitive position in the global financial services industry through diversification of its revenue sources and enhancement of its global franchise. Laidlaw's overall financial results will continue to be affected by its ability and success in maintaining high levels of profitable business activities, emphasizing technological updates and innovation, and carefully managing risks in all the securities markets in which it is involved. In addition, the complementary trends in the financial services industry of consolidation and globalization present, among other things, technological, risk management and other infrastructure challenges that will require effective resource allocation in order for Laidlaw to remain profitable and competitive.

Laidlaw believes that the technological advancements in the internet and the growth of electronic commerce in recent years will continue to present both challenges and opportunities to the Company. Laidlaw gives special importance to innovations in this field, which have and will continue to lead to significant changes in the financial markets and financial services industry as a whole.

13

Global Economic and Market Developments in the Quarter Ended March 31, 2002

Although the global economy demonstrated some initial signs of recovery, conditions in the global financial markets remained difficult in the quarter ended March 31, 2002.

In Europe, certain business survey data within the region reported preliminary indications that economic performance was beginning to improve and that industrial production was beginning to recover from the declines experienced during much of fiscal 2001. As a result of these developments as well as indications of increased activity in the U.S., the European Central Bank left the benchmark interest rate unchanged during the quarter.

In the U.S., continuing concerns about the depressed level of economic activity that existed during much of fiscal 2001 prevailed at the beginning of the first quarter of fiscal 2002. Subsequent news on economic activity bolstered the view that the economy was beginning to stabilize. The information reviewed at the January 29-30, 2002 Federal Open Market Committee (FOMC) meeting indicated that consumer spending had held up remarkably well, investment orders had firmed further, and the rate of decline in manufacturing production had lessened toward the end of 2001. On some signs that the economy was beginning to mend and with monetary policy having been eased substantially, the FOMC decided not to make any further rate cutbacks during the first quarter of fiscal 2002. However, the FOMC still continued to see a trend toward economic weakness.

These uncertain and turbulent market and economic environment adversely affected the results of operations of Laidlaw Global Securities, Inc. (LGSI), the remaining subsidiary of the Company, for the first quarter of fiscal 2002, as the net income for each of its two business segments (brokerage and asset management) declined from the levels in fiscal 2001. LGSI's brokerage business recorded lower revenues from its investment banking, institutional sales and trading, and individual securities activities in fiscal 2002 as compared with fiscal 2001. The decline in revenues in the LGSI's asset management business reflected a decrease in customer assets under management and supervision.

The Board of Directors has continued its efforts to position Laidlaw in new markets and ventures, while trying to optimize the business structure of Laidlaw. These efforts have included the sale and closing of subsidiaries, where it was determined that such efforts were in the best interest of the company as a whole. Refer to "Management's Discussion and Analysis of Financial Condition

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

and Results of Operations - Sale of Subsidiaries" included in the Form 10-KSB. Management continues to focus its activities in areas that take into consideration the operational structure of Laidlaw and the need to allocate resources efficiently giving priority to ventures that can reasonably be expected to self-finance on a short term basis. The current Laidlaw business model is geared to maintain and enhance shareholder value through strategic alliances and prudent marketing initiatives.

Results of Operations for the Three Months Ended March 31, 2002 and 2001

Laidlaw posted a loss of \$0.7 million for the first quarter of 2002, compared to the net loss of \$1.5 million for the first quarter of 2001. While there was a decrease in the net loss, losses continue due to the adverse economic conditions experienced both domestically and internationally that persisted in the first quarter of 2002 since the market decline that started the second half of 2000. Generally weak stock prices in emerging markets, coupled with low trading volume, adversely affected Laidlaw.

Domestically, the steep decline of Nasdaq had a great impact on Laidlaw, as its institutional clients focused their investments in the technology sector. The combination of sharp reduction in commission revenues from overseas markets, the drop in volume received from institutional investors, and the sale of loss generating subsidiaries in fiscal 2001 have resulted in a decrease of approximately \$0.3 million in net loss from operations in the first quarter of 2002 as compared to the first quarter of 2001. In addition, in March 2002, the Company recorded a credit of \$636,000 related to stock options subject to variable pricing.

Basic and diluted loss per common share was \$.02 in the quarter ended March 31, 2002 as compared to a basic and diluted loss per share of \$.05 in the quarter ended March 31, 2001.

Operations of three subsidiaries, Laidlaw Global Securities, Inc. Globeshare Group, Inc., and Laidlaw International, S.A., significantly contributed to the loss incurred during the first quarter of fiscal 2002. Laidlaw Global Securities, Inc. saw a sharp decrease in its commissions volume strictly related to the market performance of the emerging global markets and the NASDAQ market in the U.S. Globeshare Group, Inc. still incurred depreciation costs on the remaining carrying value of computer hardware and software as well as interest expense on the note payable which was fully paid in May, 2002 and the equipment lease contracts. The Company incurred an additional expense of \$35,264 in March 2002 pertinent to the final settlement of the closing down of the operations of the Laidlaw International subsidiary as required by the French Administrator.

Laidlaw's income is derived from its operation in two principal segments of the financial services industry, namely asset management and brokerage activities. Income from those activities is summarized as follows.

Brokerage commission revenues which represent 54% and 49% of total revenues for the first quarter of the fiscal years 2002 and 2001, respectively, are geographically categorized as follows:

For the quarter ended March 31, 2002, LGSI generated revenues of \$146,802 from its activities on behalf of foreign and U.S. institutional customers in foreign markets and \$582,693 from its activities in the U.S. markets. For the quarter ended March 31, 2001,

revenues of \$631,529 were generated from the activities of Laidlaw Global

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Securities on behalf of foreign and U.S. institutional customers in foreign markets and revenues of \$2,200,000 were generated from the activities of Laidlaw Global Securities and Westminster in the U.S. markets. Globeshare generated \$112,540 revenues from online trading U.S. and overseas customers. The investors transacting in the U.S. markets are both U.S. and non-U.S. entities and individuals.

Asset Management fees from LGSI amount to \$60,300 for the quarter ended March 31, 2002, which represents 4% of the Company's revenue. Asset Management fees from Howe & Rusling and partly from LGSI amount to \$1,333,280 for the quarter ended March 31, 2001, which represents 29% the Company's revenue. Corporate finance fees of LGSI for the quarter ended March 31, 2002 amount to \$79,167, which represents 6% of the Company's revenue. Trading profit of LGSI amount to \$432,639 for the quarter ended March 31, 2002, which represents 32% of the Company's revenue. Trading profit of LGSI and Westminster amount to \$838,926 for the quarter ended March 31, 2001, which represents 18% of the Company's revenue. Other revenue, which consists principally of interest income and rebates on securities trades, amount to \$53,682 and \$178,906 for the quarters ended March 31, 2002 and 2001, respectively, which represent 4% of the Company's revenue for both periods.

Laidlaw aims at diversifying its commission revenues by generating a large portion of its revenues from an expanded retail customer business in LGSI.

Salaries and other employee costs for the quarter ended March 31, 2002 decreased to \$0.6 million from \$2.1 million for the quarter ended March 31, 2001. The decrease in this expense primarily relates to the reduction of personnel in LGSI, the cessation of operations Globeshare, Inc. and Laidlaw International, and the sale of Westminster and H & R Acquisition Corp.

The Company recorded a credit of \$636,036 related to stock options subject to variable pricing with a corresponding decrease to additional paid-in capital.

Commissions expense for the quarter ended March 31, 2002 decreased to \$0.7 million from \$1.3 million for the quarter ended March 31, 2001. The decrease is attributable to the decrease in commission revenue.

Clearing expenses for the quarter ended March 31, 2002 decreased to \$0.14 million from \$0.26 million for the quarter ended March 31, 2001. Clearing expenses, which primarily consist of amounts paid to the broker-dealers' clearing agent for processing and clearing customers' trades, reflect the decrease related to the decline in commission revenue.

Rent and utility expenses for the quarter ended March 31, 2002 decreased to \$0.2 million from \$0.4 million for the quarter ended March 31, 2001. Rent and utility expenses include cost of leasing office space and space with our Internet service provider. The decrease is primarily attributable to the rental income received from Westminster Securities Corp. starting June 2001, the increase in the rental income from the sublease of another office space in New York to a non-affiliated party, the sale of H & R Acquisition Corp., and the cessation of the Laidlaw International operations.

Depreciation and amortization expenses for the quarter ended March 31, 2002 decreased to \$0.09 million from \$0.5 million for the quarter ended March 31, 2001. Depreciation and amortization expenses, which include depreciation of equipment and amortization of software development costs, decreased primarily due to the asset write down recorded in 2001 to adjust Globeshare's investment in computer hardware and customized application software to their net realizable value and to the sale of Westminster and H & R Acquisition Corp.

Travel and entertainment expenses for the quarter ended March 31, 2002 increased to \$0.12 million from \$0.08 million for the quarter ended March 31, 2001. The

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

increase in travel and entertainment expenses are attributed to the efforts of management to obtain financing for the Company.

Professional fees for the quarter ended March 31, 2002 decreased to \$0.3 million from \$0.4 million for the quarter ended March 31, 2001. The increase in accounting fees and legal fees pertinent to the efforts of management in negotiating funding for the firm and to the sale of assets and subsidiaries was offset by the reduction of the fees paid by the Westminster and H & R Acquisition Corp. subsidiaries.

Dues and assessments for the quarter ended March 31, 2002 decreased to \$0.04 million from \$0.2 million for the quarter ended March 31, 2001. The decrease in dues and assessments resulted from reduction of the registration fees paid to the NASD and the various states by LGSI with the resignation of certain personnel and from the lower state corporate franchise taxes. The sale of Westminster in June, 2001 and H & R acquisition Corp. in December, 2001 as well as the cessation of the operations of Globeshare, Inc. and Laidlaw International also contributed to the reduction of dues.

Communications and information systems expenses for the quarter ended March 31, 2002 decreased to \$0.2 million from \$0.5 million for the quarter ended March 31, 2001. Communications and information systems expenses, which include telephone, quotes and other information costs, decreased due to the reduction of services with the cessation of operations of Globeshare, Inc. in October, 2001 and the sale of Westminster Securities effected in June 2001.

15

Interest expense for the quarter ended March 31, 2002 decreased to \$0.03 million from \$0.08 million for the quarter ended March 31, 2001. The decrease in interest expense resulted from the settlement of most of the borrowing by the Company in 2001 and the elimination of the carrying cost charged by the clearing broker of the Westminster subsidiary for its inventory positions.

There was no amortization of goodwill for the quarter ended March 31, 2002 as compared to the \$0.12 million charge for the quarter ended March 31, 2001. All the goodwill were written off upon the sale of the Westminster and H & R Acquisition Corp. subsidiaries.

In March 2002, the Company incurred an additional expense of \$35,264 in connection with the final settlement in closing the operations of the French subsidiary as required by the French Administrator.

All other expenses for the quarter ended March 31, 2002 decreased to \$0.07 million from \$0.3 million for the quarter ended March 31, 2001. These expenses consist, among other things, of office supplies, insurance, and other miscellaneous expenses. The decrease in these expenses resulted from the reduced cost of operations stemming from the contraction in the volume of operations, the cessation of operations of Globeshare, Inc. and the sale of Westminster effected on May 31, 2001 and H & R Acquisition Corp. in December 28, 2001

Liquidity and Capital Resources

The Company has incurred continuing net loss from fiscal year ended December 31, 2001 through the first quarter of fiscal 2002. As a result of these matters, the Company has continued to experience net cash outflows from operations. Although the Company believes that it will have the resources to maintain its operations through cost control measures which have been instituted, cash flow from continuing growth of operations, and financial support from existing shareholders which has been promised orally, the Company may need to seek

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

additional infusions of capital. Management is in discussion with prospective investors to furnish such capital, but no definitive purchase agreements have been executed and there is no assurance that we will be able to finalize such an agreement.

In addition to the funding through private financing, the Company's strategic plan to achieve improved profitability and liquidity focuses on the following:

Cost Containment: We will seek to continually minimize operating costs and convert fixed costs to variable costs, where appropriate. Recently, decisions were made to enhance the profitability of Laidlaw by reviewing and reorganizing its operating infrastructure, which will result in significant expense reduction. With the integration of the operations of Globeshare into Laidlaw Global Securities, Laidlaw expects to achieve savings in employment costs and other operational expenditures.

Brokerage: A focal point of our strategic incentive is to restructure and build our brokerage base. Laidlaw will focus on the addition of new brokers in Laidlaw Global Securities and increase the potential of attracting high net worth retail and institutional sales producers.

If the cash flow problems continue and we are unable to obtain financing from the sale of our equity and/or debt securities, the ability of the Company to implement its strategic plan and continue the current levels of its operations will be impaired.

The Balance Sheet

The following table sets forth our total assets, adjusted assets, leverage ratios and book value per share. The purpose of illustrating these ratios is to indicate the liquidity and financial position of Laidlaw for the quarter ended March 31, 2002 despite the net loss incurred on a year to date basis. The decrease in total assets as of March 31, 2002 compared to those as of December 31, 2001 attributed mainly to the loss sustained for the period.

	As of March 2002	As of December 2001
	(in \$ except for ratios)	
Adjusted Assets (1)	4,810,169	6,646,118
Leverage Ratio (2)	10.38	3.76
Adjusted Leverage Ratio (3)	10.38	3.76
Book value per share (4)	0.02	0.36
Quick ratio (5)	0.88	1.14

16

- (1) Adjusted assets represent total assets.
- (2) Leverage ratio equals total assets divided by equity capital.
- (3) Adjusted leverage ratio equals adjusted assets divided by equity capital.
- (4) Book value per share was based on common shares outstanding at the end of the respective periods.
- (5) Quick ratio equals liquid assets divided by current liabilities.

PART II OTHER INFORMATION

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

ITEM 1. LEGAL PROCEEDINGS

Galacticomm Technologies, Inc. v. Laidlaw Global Securities, Inc.

The Company is a defendant in a legal matter involving the underwriting and initial public offering of Galacticomm Technologies, Inc. ("Galacticomm") shares. The Company acted as a member of a selling group, pursuant to which the Company agreed to purchase 200,000 shares of Galacticomm at \$5.40 per share and 200,000 warrants of Galacticomm at \$0.09 per warrant. Additionally, the Company agreed to guarantee the purchase of an additional 20,000 shares and warrants if deemed necessary. Prior to the settlement of the IPO, the Company had satisfied all its commitments as part of its agreement with the lead underwriters. Prior to the settlement of the IPO, the lead underwriters aborted the IPO based upon what they, in their sole discretion, believed was a declining market in the U.S. and abroad. Pursuant to the underwriting agreement between Galacticomm and the lead underwriters, the lead underwriters had the right, in their sole discretion, to abort the IPO in the event of adverse conditions. Galacticomm commenced suit against the underwriting group in a Florida state court seeking damages for breach of the underwriting agreement. The Company believes that the outcome of this matter would not have a material effect on the financial position, results of operations or liquidity.

Greek Capital Market Commission vs. Laidlaw Global Corporation, Inc.

The Company has been named, as well as its subsidiary Laidlaw Global Securities, in an administrative proceeding involving the Greek Capital Market Commission ("CMC"). In early 2000, representatives of the Company were introduced to a representative of Elektra S.A. ("Elektra"), an entity whose securities are publicly traded in Greece, in order to discuss a business strategy by which the Company would assist in the sale of a significant amount of Elektra's shares by certain of its stockholders. Following meetings with such persons, Elektra announced in the spring of 2000 that its principal shareholders would sell up to 3,000,000 shares of its stock. On March 28, 2000, Elektra sold two million shares of its stock to institutional investors through a Greek brokerage firm, Contalexis Financial Services.

On February 28, 2001, the CMC, an administrative body which reviews securities issues in Greece, found that Laidlaw Global Securities violated certain notification requirements to the CMC and Elektra. According to the CMC's findings, the Company (i) failed to notify the CMC and Elektra of the March 28, 2000 acquisition of Elektra shares and (ii) failed to notify the

17

Athens Stock Exchange of the Company's assignment of voting rights and participation of share capital in Elektra. The Company believes that, since neither it nor any subsidiary, including the Company, ever owned shares of Elektra, and for the other reasons set forth below, both of these findings are without merit and factually inaccurate and will be overturned on appeal.

Additionally, the CMC found that a representative of the Company falsely stated to the public that the Company was interested in holding Elektra shares two days prior to selling such shares. Since the Company never held shares of Elektra, management believes that such statements were misquoted by the Greek press. The subsidiary Laidlaw Global Securities and the Company have been assessed fines and penalties aggregating 1,257,168 Euros (US\$1,119,004).

These fines were levied after reviewing response letters filed by the Company's Greek counsel. Greek counsel to the Company will be filing Remedy Petitions before the CMC against the decisions assessing the fines, which is a form of an

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

administrative proceeding. In the event the Remedy Petitions are rejected by the CMC, the Parent will file Writs of Annulment before the Conseil d'Etat, which is the Greek Court having jurisdiction over such matters. Since neither the Company, nor any of its subsidiaries, has (i) ever owned shares of Elektra, (ii) ever acted as a principal or agent for the purchase or sale of shares of Elektra, (iii) acted as a broker-dealer of securities of Elektra, or (iv) ever stated, publicly or otherwise, that it, or any of its subsidiaries, did hold, or intended to hold or own, shares of Elektra, it believes that the findings of the CMC will be overturned on appeal. The Company's counsel in Greece has advised that in their opinion, the fines imposed by the CMC are civil fines and can only be enforced against the assets of the Company in Greece. Further, they advise that any enforcement of fine in the United States would require commencing a new action in the United States.

Plural, Inc. vs. Laidlaw Global Corporation, et. al.

In November, 2001, Plural instituted action in the New York State Supreme Court for services rendered pursuant to a computer consulting agreement. Plural claims approximately \$700,000 is due them pursuant to the agreement. The Company claims the services did not meet the terms of the agreement and plan to counterclaim for monies previously paid to Plural.

In February, 2002, the French Commission Bancaire required a capital increase of 2 million Euros in order to maintain LI in compliance with French Net Capital Regulations. The deadline imposed by the French regulatory authority being very short, Laidlaw Global Corporation was unable to access additional capital prior to the nomination of an Administrator by the Commission Bancaire.

Effective April 11, 2002, the French Administrator committed to a process of liquidation. Accordingly, the Company recognized a loss as of December 31, 2001 from the write-off of all its investment in the French subsidiary amounting to \$634,562. Additional liability resulting from this liquidation, if any, cannot presently be determined.

On March 5, 2002, Grant Thornton LLP ("Grant") notified the Laidlaw Board of Directors that pursuant to Section 10A of the Exchange Act of 1934 (the "Grant Report"), in their belief, an illegal act or acts may have occurred at Laidlaw during 2001 with respect to the repricing of stock options. Grant alleged in part that neither management nor the Board of Directors had taken sufficient steps to determine whether an illegal act had occurred within the meaning of Section 10A of the Exchange Act of 1934 and, accordingly, Grant notified the Securities and Exchange Commission (SEC). The Company has been notified that the SEC has commenced an informal investigation into this matter.

The Company is subject to various other legal actions and claims arising out of the conduct of its business. Management of the Company, after consultation with outside legal counsel, believes that the resolution of these proceedings will not result in any material adverse effects on the

Company's financial position. In the opinion of management of the Company, amounts accrued in connection with these matters are adequate.

ITEM 5. OTHER INFORMATION

Laidlaw has received notice from NASD Regulation, Inc. ("NASD"), that its staff has made a preliminary determination to recommend that disciplinary action be brought against Laidlaw's subsidiary Laidlaw Global Securities, Inc., for allegedly violating certain NASD Conduct Rules by engaging in sales of

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

unregistered securities of Laidlaw during the period June 9-September 9, 1999. The notice permits us to file a statement with the NASD setting forth why such an action should not be brought and we intend to do so.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
2.1	Amended and Restated Plan and Agreement of Reorganization by and among Laidlaw Holdings, Inc., Fi-Tek V, Inc., Westminster Securities Corporation and shareholders of the companies, dated May 27, 1999(1)
3.1	Certificate of Incorporation of Laidlaw and amendments thereto(2)
3.2	By-Laws of Laidlaw(2)
4.1	Specimen Laidlaw Common Stock Certificate(2)
4.2	Specimen Fi-Tek V, Inc. Class A Warrant(2)
4.3	Specimen Fi-Tek V, Inc. Class B Warrant(2)
10.1	Employment Agreement between Registrant and Anastasio Carayannis, dated as of January 1, 2000(3)
10.2	Employment Agreement between Registrant and Roger Bendelac, dated as of January 1, 2000(3)
10.3	Employment Agreement between Registrant and Daniel Bendelac, dated as of January 1, 2000(3)
10.4	Exchange Agreement to acquire Laidlaw Pacific, dated May 20, 1999(4)
10.5	Amendment to Exchange Agreement to acquire Laidlaw Pacific, dated March 29, 2000(4)
10.6	Employment Agreements between Registrant and Roger Bendelac dated as of July 12, 2001.
10.7	Employment Agreements between Registrant and Harit Jolly dated as of July 12, 2001.
21.1	List of Subsidiaries of Laidlaw Global Corporation(5)
23.1	Consent of Independent Auditor.(5)
23.2	Consent of Independent Auditor.(5)

(1) Such document is hereby incorporated herein by reference to Laidlaw's Current Report on Form 8-K dated June 8, 1999.

(2) Such document is hereby incorporated herein by reference to Laidlaw's Registration Statement on Form 8-A filed October 15, 1999.

- (3) Such document is hereby incorporated herein by reference to Laidlaw's Registration Statement on Form SB-2 filed February 14, 2000.
- (4) Such document is hereby incorporated herein by reference to Laidlaw's Current Report on Form 8-K filed April 12, 2000.
- (5) Such document is incorporated by reference to Laidlaw's Annual Report on Form 10-KSB filed on May 17, 2002.

(b) Reports on Form 8-K

On January 29, 2002, Registrant filed a Current Report primarily relating to the sale of its entire stock interest in H & R Acquisition Corp.

On March 11, 2002, Registrant filed a Current Report stating that its independent accountant had resigned and that Richard A. Eisner & Company, LLP had been engaged as its new independent accountants. Pursuant to Section 10A of the Exchange Act of 1934, the prior accountants filed a report with the Securities and Exchange Commission ("SEC") stating that an illegal act or acts may have occurred at the Registrant during 2001. The acts referred to the cancellation and pricing of stock options. The report stated in part "that neither management nor the Board of Directors had taken sufficient steps to determine whether or not an illegal act has occurred. The report continued that "without the ability to determine the accurate facts and circumstances", the accountants "would be unable to issue an audit report." The Registrant engaged an independent director and counsel to look into the matter and both persons concluded that "no unlawful or deceptive practices, or fraudulent conduct" was engaged in by the Registrant. The Registrant filed its response with the SEC vigorously rejecting the contentions in the report.

On March 29, 2002, Registrant filed an amendment to the Current Report filed on March 11th. The amendment included as an exhibit, a letter from its prior accountant stating whether it agreed or disagreed with the statements made by the Registrant in the original report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

LAIDLAW GLOBAL CORPORATION

May 30, 2002

By: /s/ Roger Bendelac

Roger Bendelac,
Chief Executive Officer