

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

LAIDLAW GLOBAL CORP

Form 10QSB

November 19, 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 September 30, 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: 33,174,565 shares of common stock as of September 30, 2002.

Transitional Small Business Disclosure Format (check one)

Yes ☐ No ☒

TABLE OF CONTENTS

PART I FINANCIAL INFORMATION

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

ITEM 1. FINANCIAL STATEMENTS

a) Consolidated Balance Sheets at September 30, 2002 and December 31, 2001	3
b) Consolidated Statements of Operations for the three and nine months ended September 30, 2002 and 2001	4
c) Consolidated Statements of Cash Flows for the three and nine months ended September 30, 2002 and 2001	5
d) Notes to Consolidated Financial Statements	6 to 11

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	12 to 16
---	----------

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS	17 to 18
ITEM 5. OTHER INFORMATION	19
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K	
a) EXHIBITS	19 to 20
b) REPORTS ON FORM 8-K	20 to 21
SIGNATURES	21

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	September 30, 2002 ----- (Unaudited)	Deco ---
ASSETS		
Cash and cash equivalents	\$ 123,922	\$
Receivable from clearing broker and other receivables	105,321	
Securities owned, at market value	2,360,013	
Equipment and leasehold improvements -net	411,654	
Notes receivable	150,000	
Deposits	366,662	
Prepaid and other	222,230	

TOTAL ASSETS	\$ 3,739,802	\$
	=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Notes payable	\$ 2,492,636	\$
Securities sold but not yet purchased, at market value	--	
Accounts payable and accrued expenses	2,540,167	
Commissions and compensation payable	75,473	
Capitalized lease obligations	133,533	
Deferred revenue	--	
Deferred rent	505,468	
Other payable	30,000	

	5,777,277	

Commitments and contingencies		
Stockholders' equity		
Common Stock; \$.00001 par value; 50,000,000 shares		
authorized of the Company; 38,974,866 and 33,211,439 shares		
issued by the Company as of September 30, 2002 and December 31, 2001, respectively	390	
Additional paid - in capital	40,025,806	
Treasury stock, at cost (5,800,300 shares and 5,632,500 shares	(2,491,365)	
as of September 30, 2002 and December 31, 2001, respectively)		
Accumulated deficit	(39,572,306)	

TOTAL STOCKHOLDERS' EQUITY (NET DEFICIT)	(2,037,475)	

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 3,739,802	\$
	=====	

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

3

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended September 30,	
	2002	2001
	-----	-----
REVENUES		
Gross commissions	\$ 209,700	\$ 847,430
Asset management fees	52,692	1,231,587
Corporate finance & private placement fees	12,500	--
Investment trading profits (losses)	(283,584)	649,129
Other	59,547	275,160
	-----	-----
Total Revenue	50,855	3,003,306
	-----	-----

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

EXPENSES

Salaries and other employee costs	476,326	1,985,082
Charge (reversal of charge) related to variable options	(153,797)	--
Commissions	126,311	788,269
Clearing and floor brokerage	46,637	85,506
Occupancy	219,224	380,219
Depreciation	88,573	578,296
Advertising & contributions	2,295	90,132
Travel and entertainment	65,080	114,720
Professional fees	308,330	283,450
Dues and assessments	24,243	54,612
Quotes & information	140,174	369,517
Office supplies, postage, messengers, printing	41,766	145,507
Interest	30,524	197,852
Loss from sale of subsidiary	(275,000)	--
Settlement of liability	--	--
Exchange of subsidiary shareholder's stock	--	--
Provision for doubtful accounts	96,212	--
Other	79,056	153,761
	-----	-----
Total Expenses	1,315,954	5,226,923
	-----	-----
Loss before minority interest	(1,265,099)	(2,223,617)
Minority interest	--	(71,895)
	-----	-----
Loss before taxes:	(1,265,099)	(2,151,722)
Income Taxes	--	--
	-----	-----
NET LOSS	(1,265,099)	(2,151,722)
Accumulated deficit, beginning of period	(38,307,207)	(29,969,693)
	-----	-----
Accumulated deficit, end of period	\$ (39,572,306)	\$ (32,121,415)
	=====	=====
NET LOSS PER SHARE		
Basic	\$ (.04)	\$ (.09)
	=====	=====
Diluted	\$ (.04)	\$ (.09)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	29,849,032	24,721,822
	=====	=====
Diluted	29,849,032	24,721,822
	=====	=====

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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Laidlaw Global Corporation and Subsidiaries CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Three months ended September 30, 2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (1,265,099)	\$ (2,151,722)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Amortization	--	47,716
Depreciation	88,574	578,296
Deferred rent	(7,429)	(7,430)
Minority interest in earnings	--	(71,895)
Loss from sale of subsidiary	--	--
Foreign exchange difference	--	40,165
Provision for doubtful account	96,212	--
Charge in connection with share exchange	--	--
Reversal of charge related to variable options	(153,797)	--
Unrealized loss on securities	134,015	--
(Increase) decrease in operating assets:		
Due from clearing brokers and other receivables	(81,948)	(565,045)
Marketable securities owned	121,665	2,452,402
Deposit	--	(44,818)
Prepaid and other asset	83,958	(117,771)
Increase (decrease) in operating liabilities		
Marketable securities sold but not yet purchased	(42,500)	128,150
Securities loaned	--	(2,528,909)
Accounts payable and accrued expenses	184,326	953,773
Customers' margin deposit	--	(1,664,751)
Commission and compensation payable	(36,839)	59,805
Deferred revenue	--	(16,952)
Other liabilities	--	39,507
	-----	-----
Net cash provided by (used in) operating activities	(878,862)	(2,869,479)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Equipment and Leasehold Improvements	--	(90,499)
	-----	-----
Net cash used in investing activities	--	(90,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock	500,000	--
Purchase of treasury stock	(2,168)	(48,207)
Repayment of notes payable	(25,000)	--
Proceeds from collection of notes receivable	--	--
Proceeds from issuance of notes payable	--	1,465,840
Proceeds from sale of subsidiary	--	--
Payment for leased equipment	(102,210)	(106,264)
	-----	-----
Net cash provided by (used in) financing activities	370,622	1,311,369
	-----	-----

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

NET (DECREASE) INCREASE IN CASH	(508,240)	(1,648,609)
CASH - BEGINNING OF PERIOD	632,162	2,386,069
	-----	-----
CASH - END OF PERIOD	\$ 123,922	\$ 737,460
	=====	=====

Supplemental disclosure for cash flow information:

Cash paid during the period for interest	\$ 30,524	\$ 162,138
Cash paid during the period for taxes	\$ --	\$ 735

Supplemental schedule of non cash investing and financing activities:

During the periods ended June 30, 2002 and 2001 the following transactions occurred:

Purchases of equipment through capital lease	--	--
Securities for notes payable	731,250	--
Conversion of note payable and interest into Common stock	--	--

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

5

Laidlaw Global Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2002

And for the nine and three months ended September 30, 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), the operations of which the Company started to unwind in mid-November, 2002, 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 included 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.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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 pertain to the period through December 26, 2001.

On November 14, 2002, the Company announced that its Board of Directors has adopted a resolution confirming its recent decision announced on November 6, 2002 stating the goal of fulfilling an orderly and responsible unwinding of the operations of its broker-dealer subsidiary, Laidlaw Global Securities, Inc. In that light, Laidlaw Global Securities, Inc. filed a Uniform Request Withdrawal from Broker-Dealer Registration on November 13, 2002.

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 September 30, 2002. In addition, the Company continues to incur substantial losses. Accordingly, the Company anticipates that it will require additional sources of funding during 2002 and during at least the next twelve months to maintain its operations and to provide sufficient operating capital for its 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.

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. There was no material impact to the Company from its 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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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

Laidlaw Global Securities, Inc. is 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 September 30, 2002, Laidlaw Global Securities was required to maintain minimum net capital of \$115,158 and had total net capital of \$357,103 which was \$241,945 was in excess of its minimum requirement. As discussed in Note D, during the quarter ended September 30, 2002 Laidlaw Global Securities received \$1,197,174 of additional capital and a \$67,673 paydown on an intercompany receivable from the Company.

NOTE D - NOTES PAYABLE AND SUBORDINATED BORROWINGS

Notes payable and borrowings under subordination agreements at September 30, 2002 consist of the following:

Note Payable, 4% due 11/15/02	\$ 1,033,598
Note Payable, 4% due 11/15/02	727,788
Note Payable, 4% due 11/01/02	731,250

	\$ 2,492,636
	=====

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 May 2002. No additional interest is charged on the note from March 14, 2002 until May 2002.

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 from a related party and returned the same by the end of the month. In connection with these borrowings, the Company accrued interest at the rate of 8% for the period the securities were borrowed.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

In May, 2002, the Company borrowed securities worth \$1,033,598 from a related party through the issuance of a 4% promissory note due June 30, 2002. Under the terms of the loan agreement, the Lender acknowledges a fixed valuation for the securities and agrees to accept the return of such securities as full repayment of the principal sum due on the Note notwithstanding the market valuation of the securities on the Repayment date. The lender reserves the right to demand the return of the securities in lieu of any other form of repayment. At maturity, this note was extended under the same terms to expire on September 15, 2002. The note was again extended twice under the same terms to expire on September 30, 2002 and November 15, 2002. As of September 30, 2002, \$1,000,000 of these securities were contributed by the Company as capital to Laidlaw Global Securities. On November 13, 2002, the Company decided to withdraw the membership of Laidlaw Global Securities from the NASD. On November 15, 2002, all the securities borrowed on the note were returned, which constituted full payment of the principal. A 90-day extension of payment for any interest due on the loan has been agreed upon until March 15, 2003. As discussed in Note A, the Company is dependent on outside sources of financing and is presently pursuing several alternatives.

In June, 2002, the Company borrowed securities worth \$727,788 from a related party through the issuance of a 4% promissory note due September 15, 2002. At maturity, this note was extended twice under the same terms to expire on September 30, 2002 and November 15, 2002. Under the terms of the loan agreement, the Lender acknowledges a fixed valuation for the securities and agrees to accept the return of such securities as full repayment of the principal sum due on the Note notwithstanding the market valuation of the securities on the Repayment date. The lender reserves the right to demand the return of the securities in lieu of any other form of repayment. As of September 30, 2002, the Company had transferred all of these borrowed securities to the Laidlaw Global Securities, Inc. subsidiary as a partial payment of its intercompany liability. On November 13, 2002, the Company decided to withdraw the membership of Laidlaw Global Securities from the NASD. On November 15, 2002, all the securities borrowed on the note were returned, which constituted full payment of the principal. A 90-day extension of payment for any interest due on the loan has been agreed upon until March 15, 2003. As discussed in Note A, the Company is dependent on outside sources of financing and is presently pursuing several alternatives.

In August, 2002, Laidlaw Holdings, Inc. borrowed securities worth \$731,250 from a shareholder through the issuance of a 4% promissory note due November 1, 2002. At maturity, this note was extended under the same terms to expire on November 15, 2002. Under the terms of the loan agreement, the Lender acknowledges a fixed valuation for the securities and agrees to accept the return of such securities as full repayment of the principal sum due on the Note notwithstanding the market valuation of the securities on the Repayment date. The lender reserves the right to demand the return of the securities in lieu of any other form of repayment. As of September 30, 2002, \$697,175 of these securities were contributed by the Company as capital to the Laidlaw Global Securities and \$34,075 of these securities were transferred to Laidlaw Global Securities, Inc. as a partial payment of its intercompany liability. On November 13, 2002, the Company decided to withdraw the membership of Laidlaw Global Securities from the NASD. On November 15, 2002, all the securities borrowed on the note were returned, which constituted full payment of the principal. A 90-day extension of payment for any interest due on the loan has been agreed upon until March 15, 2003. As discussed in Note A, the Company is dependent on outside sources of financing and is presently pursuing several alternatives.

On June 15, 2002, Laidlaw and London Capital Group Ltd. ("LCG"), a British Virgin Island company, signed a stock purchase agreement whereby LCG agreed to purchase from Laidlaw an equity interest representing 51% of the voting shares of Laidlaw on a fully diluted basis. LCG was to purchase this equity on or before June 28, 2002 for US \$3.2 million.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

LCG was not able to meet the initial closing date. In consideration of Laidlaw extending the closing to July 30, 2002 or such earlier date as the parties may agree, LCG assigned to Laidlaw a third party demand note from an entity publicly traded on the London Stock Exchange, in the agreed upon amount of 2,356,060 Euros (US\$ 2,329,248) secured only by a reciprocal note of Laidlaw to LCG. LCG further agreed that in the event that LCG did not close the purchase by July 30, 2002 for any reason other than the action of Laidlaw, it would forgive \$500,000 of the repayment obligation on the reciprocal note.

On July 30, 2002, LCG failed to abide by the terms of the funding agreement.

8

Laidlaw notified LCG that the transaction terminated and maintained its right to a \$500,000 penalty under the terms of the agreement. Subsequently, upon the request of LCG which assured Laidlaw that it has arranged for the necessary funds to complete a revised proposal, Laidlaw agreed to voluntarily refrain from seeking the enforcement of its penalty in order to provide LCG with an opportunity to submit a revised proposal. Laidlaw initially agreed to wait until August 16, 2002 before acting and then agreed to extend that deadline to August 31, 2002. No revised proposal has been received and Laidlaw may enforce the penalty under the terms of its agreement with LCG. There is no assurance that Laidlaw will receive the \$500,000 penalty due it under the terms of the agreement.

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. The Company 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. On October 23, 2002, the Company and Galacticomm signed a mutual release of all claims whereby Laidlaw would remunerate \$75,000, payable in 4 monthly installments.

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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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 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.

9

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 claimed approximately \$700,000 is due them pursuant to the agreement. In June, 2002, Plural and Laidlaw entered into a settlement agreement wherein the payment by Laidlaw of \$40,000 to Plural by August 2, 2002 shall cause all claims or counterclaims which are or could be asserted, including but not limited to those set forth in the Complaint and the draft counterclaims, to be dismissed with prejudice, without costs, for which purpose either party may tender an appropriate form of judgment to the Court, on notice. Payment of the settlement amount has been made by Laidlaw.

Estate of Harold Slote v. Laidlaw Global Securities, Inc. ("LGS"), Drake Capital Securities, Inc. ("Drake"), Gruntal & Co., LLC ("Gruntal") et al.

The Claimant alleges that a registered representative while employed at LGS, Drake and Gruntal, made investments on behalf of Harold Slote which were unsuitable and in contravention of Mr. Slote's investment goals. Plaintiff seeks

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

\$36,091 in compensatory damages against LGS and \$571,193 from all defendants for alleged lost opportunities, interest, attorney's fees, costs and punitive damages. In response to the motion by LGS counsel, the case was dismissed in August, 2002.

Liptak v. Laidlaw Holdings Asset Mangement, Inc. Laidlaw Global Securities, Inc. et al

The Claimant alleges unauthorized trades, unsuitability, fraud, conversion, breach of fiduciary duty by a former registered representative and failure to properly supervise. A hearing was held on the matter by an NASD arbitration panel in July 2002 and post-hearing memoranda have been submitted. Claimant seeks damages in excess of \$750,000. LGS was aware that the registered representative had been terminated by another broker/dealer for "selling away", i.e. conducting business on behalf of the a customer outside of the firm and without the firm's knowledge.

LGS hired the registered representative but imposed enhanced supervisory/compliance procedures. Notwithstanding the procedures and unbeknownst to LGS, the registered representative continued the practice of "selling away" and the issue is whether LGS took necessary measures to prevent the registered representative from harming his customers while at LGS. On the merits of the denial of liability position by LGS, the decision in favor of Laidlaw was rendered in June, 2002.

Bergmann v. Laidlaw Global Securities, Inc. and Roger Bendelac

Claimant seeks \$953,000 in damages alleging Roger Bendelac, now the Company's Chief Executive Officer, failed to sell Claimant's shares of the Company when directed to do so. Claimant's father obtained shares of the Company in August 1999 upon the conversion of a convertible note issued by Laidlaw Holdings, Inc. Mr. Bergmann sought to sell the shares in January 2000. Pursuant to the requirements of Rule 144, Claimant was not eligible to sell the shares until August 2000 by which time the value of the shares had dropped substantially. It should be noted that the purchase costs by the Claimant's father in Laidlaw shares at stake in litigation never exceeded \$100,000. Further, Mr. Bendelac had become the Chief Executive Officer of the Company and no longer handled the Bergmann account. Special Counsel has interposed an answer to the Statement of Claim and petitioned the NASD for dismissal of the claim based upon applicable law. The NASD has not yet appointed a panel to hear the matter.

Thomas v. Laidlaw Global Securities, Inc., Coleman & Co. and Andrew Fine.

Claimant alleges the respondents are liable to him for an amount between \$100,000 and \$500,000. Claimant was a customer of LGS and Andrew Fine was his former registered representative. Prior to becoming a broker at LGS, Mr. Fine worked at Coleman & Co. where Mr. Thomas was his customer. The account was subsequently transferred from Coleman & Co. to LGS when Mr. Fine became employed by LGS.

Claimant alleges broker Fine subjected his account to unnecessary risks contrary to his investment objectives. Claimant focuses his complaint on investments in a company known as Razorfish, Inc., a company which is now the target of intense regulatory scrutiny for committing securities fraud. In making representations to his customer. Mr. Fine believed the information disseminated by Razorfish to be correct.

The acts complained of by Mr. Thomas occurred while Mr. Fine was employed at Coleman & Co. Stock of Razorfish was purchased for the Thomas account before the account was transferred to LGS. The Thomas account at LGS never exceeded approximately \$20,000 and any exposure to the Company is limited. It is anticipated that the matter will be set for trial in late 2002 or early 2003.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

David Bottoms vs. Laidlaw Holding, Inc. and Laidlaw Global Corporation.

Mr. Bottoms has filed a petition in front of the Supreme Court of State of New York against Laidlaw Global Corporation ("Laidlaw") and Laidlaw Holdings, Inc. seeking to restrain Laidlaw from the use of the proceeds of the sale of assets and a motion to show cause will be argued on November 21, 2002.

Laidlaw had signed two contractual agreements with Mr. Bottoms in connection with the sale of its shares of H&R. Mr. Bottoms inserted himself into the transaction by claiming he owned an option on the Laidlaw shares when in fact, Laidlaw considered and still considers that Mr. Bottoms only owned an option on the shares of the minority shareholders. In order to allow the sale to proceed without awaiting the results of litigation, Laidlaw made the decision contemporaneous to the sale of its H&R unit to agree to a payment of \$ 300,000 to Mr. Bottoms and signed a second agreement with Mr. Bottoms for consulting services that would provide for quarterly payments of \$ 25,000 a quarter for a period of three years. Laidlaw made the first two quarterly payments and decided to stop making any further payments Mr. Bottoms having performed none of the consulting services he had promised. The matter of this dispute will be arbitrated in front of the American Arbitration Association as per the arbitration agreement clause that was part of those agreements.

Mr. Bottoms is seeking \$ 257,000 as accelerated payments on the consulting agreement due to his allegation of default under the terms of the agreement. Laidlaw intends to counter-claim for the initial payment of \$ 300,000 and its first two installment payments on the consulting agreement since the signatory of the original agreement on behalf of Laidlaw has now confirmed that the intention of the initial agreement never intended to provide any option to Mr. Bottoms on the H&R shares of Laidlaw but solely on the minority shareholders' shares. Laidlaw intends to vigorously defend this action and assert its counter-claim in due course.

NASD Regulatory Matter

The NASD has commenced a formal investigation against LGS pertaining to certain trading activities that LGS engaged in, in the stock of the Company during the period June through September, 1999. The NASD alleges that a firm trader and others improperly traded restricted shares of the Company from the LGS proprietary account. LGS is one of the targets of the investigation and pursuant to the invitation of the NASD, furnished a Wells submission (legal brief outlining the reasons why charges should not be brought) to them.

On November 15, 2002, LGS has signed a settlement agreement with the NASD that resolves this matter. The acceptance of the settlement agreed and signed with the NASD counsel is subject to further NASD and SEC reviews. The terms can only be disclosed when the NASD elects to make them public.

American Stock Exchange listing matter

The Board of Laidlaw Global Corporation intends to meet no later than November 20, 2002 to evaluate all investment proposals and options available to it with the purpose of formulating a Plan to fulfill its goal of complying with all American Stock Exchange listing requirements within a short period of time and terminating the broker-dealer subsidiary.

The Board of Laidlaw Global Corporation states that there are no guarantees that the American Stock Exchange will deem the future plans acceptable to the maintenance of the listing but states that it will spare no effort to structure a Plan within a few days after the November 20 scheduled meeting which will be submitted to shareholders' approval and to the American Stock Exchange in short order.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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.

10

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, 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, was 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 nine-month periods ended September 30, 2002 and 2001 other than commission and Investment Banking revenues from the activities of Laidlaw Global Securities on behalf of foreign and U.S. customers in foreign markets, amounting to \$52,500 and \$6,188 respectively, which approximates 3.52% and .05% of external revenue, respectively. Additionally, the Company had no significant individual customers (domestic or foreign) as of September 30, 2002, or for each of the nine-month periods ended September 30, 2002 and 2001.

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

	Nine months ended September 30,	
	2002	2001
	(Unaudited)	
Revenue from external customers		
Asset management	\$ 172,397	\$ 3,297,555
Brokerage	1,286,584	7,797,348
Corporate and other	32,047	1,016,797
	-----	-----
Total external revenue	\$ 1,491,028	\$ 12,111,700
	=====	=====

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Net (loss)		
Asset management	\$ --	\$ 387,028
Brokerage	(2,942,414)	(5,646,101)
Corporate and other	(677,889)	(2,100,539)
	-----	-----
Total net (loss)	\$ (3,620,303)	\$ (7,359,612)
	=====	=====
Total assets (1)		
Asset management	\$ --	\$ 3,727,323
Brokerage	2,755,998	9,314,366
Corporate and other	983,804	2,136,415
	-----	-----
Total assets	\$ 3,739,802	\$ 15,178,104
	=====	=====

(1) The decrease in assets is primarily due to the sale of the Westminster Securities Corp. subsidiary in May, 2001, the sale of H&R Acquisition Corp. in December, 2001 and the asset write-down in 2001 to adjust Globeshare's investment in computer hardware and customized software to their estimated net realizable value.

NOTE G - LOSS PER COMMON SHARE

Loss 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:

	Nine Months ended September 30,	
	2002	2001
	-----	-----
	(Unaudited)	
Numerator		
Net loss applicable to common shares for basic and diluted earnings per share	\$ (3,620,303)	\$ (7,359,612)
	-----	-----
Denominator		
Weighted-average common shares for basic and diluted earnings per share	28,505,804	26,041,738
	-----	-----
Loss per common share		
Basic and diluted	\$ (.13)	\$ (.28)
	=====	=====

All outstanding warrants and options were excluded from the computation of the diluted earnings per share because the Company incurred losses for the nine

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

month period ended September 30, 2002 and 2001 and the effect would have been antidilutive.

11

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

Overview

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

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

Laidlaw has started the process of unwinding the operations of the Laidlaw Global Securities subsidiary in accordance with its board resolution adopted on November 14, 2002. See "Recent Developments".

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.

Laidlaw 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 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. Westminster Securities Corporation 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 had not recovered. In early February, 2002, the French Commission Bancaire demanded a capital increase of 2 million Euros in order to maintain the French subsidiary

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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.

12

Market fluctuations in both U.S. and overseas markets, as well as general global economic factors significantly affected Laidlaw's operations. These factors included 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 have affected 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 also affected Laidlaw's ability to achieve its strategic objectives, including growth in assets under management, investment banking and brokerage service activities.

Laidlaw's securities business, particularly its involvement in primary and secondary markets in domestic and overseas markets was subject to substantial positive and negative fluctuations caused by a variety of factors that could not be predicted with great certainty. These factors included variations in the fair value of securities and other financial products and the volatility and liquidity of global trading markets. Fluctuations also occurred 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 were also 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 had 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.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Note A to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following lists some of the Company's critical accounting policies impacted by judgments, assumptions and estimates.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Revenue Recognition

Securities Transactions

Customers' securities transactions are recorded on a settlement-date basis with related commission income and expenses recorded on a trade-date basis. Proprietary securities transactions are recorded on a trade-date basis. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis.

Securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management. The resulting difference between cost and market (or fair value) is included in trading gains, net.

Securities sold, but not yet purchased, consist of trading securities at market values. The difference between the proceeds received from securities sold short and the current market value is included in trading gains, net.

Investment Banking Fees

Investment banking fees include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. These fees are recorded on the offering date, sales concessions on the settlement date and underwriting fees at the time the underwriting is completed and the income is reasonably determinable.

Corporate Finance Fees

Corporate finance fees are received from providing advisory and due diligence services for proposed financings that do not result in either the offering of private or public financing. Fees are recognized when the services are performed.

Asset Management Fees

The Company computes asset management fees and the related commission payout on a quarterly basis and amortizes them for financial statement purposes on a monthly basis.

Impairment of Long-Lived Assets

The Company assesses potential impairment of its long-lived assets, which include its property and equipment and its identifiable intangibles such as software development costs and deferred charges under the guidance of SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets". The Company continually determines if a permanent impairment of its long-lived assets has occurred and the write-down of the assets to their fair values and charge current operations for the measured impairment is required.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance on deferred tax assets when appropriate to reflect the expected future tax benefits to be realized. In determining the appropriate valuation allowance, certain judgments are made relating to recoverability of deferred tax assets,

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

use of tax loss carryforwards, level of expected future taxable income and available tax planning strategies. These judgments are routinely reviewed by management. For further discussion, see Notes A and L to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of September 30, 2002, the Company did not have any derivatives, non fixed-interest debt or hedges outstanding. Therefore, the Company was not subject to interest rate risk.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated the Company's disclosure controls and procedures, as defined in the rules of the SEC, within 90 days of the filing of the date of this report and have determined that such controls and procedures were effective in ensuring that material information relating to the Company and its consolidated subsidiaries was made known to them during the period covered by this report.

Internal Controls

The CEO and CFO are primarily responsible for the accuracy of the financial information that is presented in this report. To meet their responsibility for financial reporting, they have established internal controls and procedures which they believe are adequate to provide reasonable assurance that the Company's assets are protected from loss. These internal controls are reviewed by the independent accountants to support their audit work. In addition, our Audit Committee, which is composed entirely of outside directors, meets regularly with management and the independent accountants to review accounting, auditing and financial matters. This Committee and the independent accountants have free access to each other, with or without management being present.

Recent Developments

On September 20 and 24, 2002, respectively, Messrs. Jean-Marc Beaujolin and Carlos P. Campbell resigned as directors. On November 5, 2002, Messrs Jack Takacs and Michael K. McCraw resigned as directors. In order to reduce operating expenses, management has elected not to renew its directors' and officers' ("D and O") liability insurance coverage. Nor has it acquired retroactive coverage. On November 14, 2002 Mr. Stanley Ira Birnbaum, an attorney-at-law, was elected to the Board of Directors.

On November 5, 2002, Eisner LLP was dismissed as independent accountant for Laidlaw Global Corporation. On November 4, 2002, Laidlaw engaged Weinick Sanders Leventhal & Co., LLP as its new independent accountant for fiscal year ended December 31, 2002. Laidlaw's decision to replace the Eisner firm is in line with management's overall efforts to reduce operating expenses.

On November 6, 2002, Laidlaw's management announced that it intends to terminate the activities of its broker-dealer subsidiary Laidlaw Global Securities, Inc. and that it was negotiating the sale of the broker-dealer's assets. Laidlaw has filed for the withdrawal of the membership of Laidlaw Global Securities from the

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

NASD. Management has announced that it is in the process of receiving and evaluating various investment proposals related to the American Stock Exchange listed parent company, prior to submission to the Board of Directors. If an understanding with a third party cannot be reached, Laidlaw will have to consider all alternatives including the potential of termination or sale of all its remaining assets.

Global Economic and Market Developments in the Three and Nine Months Ended September 30, 2002

The difficult global market conditions that existed during the first six months of 2002 worsened in the third quarter ended September 30, 2002.

In Europe, certain business survey data within the region projected weak future economic recovery. Although the actual rate of economic growth was lower than previously anticipated, the region experienced generally stable economic conditions. As a result of these developments as well as concerns about the weakness in domestic demand, the difficult conditions in the global financial markets, and the appreciation of the euro relative to the U.S. dollar, the European Central Bank (ECB) left the benchmark interest rate unchanged during the quarter.

In the U.S., economic growth continued at a sluggish pace. Although the quarterly average unemployment rate decreased .2% in the third quarter to 5.7%, the equity markets continued to decline, and consumer confidence continued to erode due to continuing concerns on the possible risks from global political events and terrorism and increased concerns regarding the quality of corporate financial reporting, corporate governance, unethical or illegal corporate practices, and several significant corporate bankruptcies. To address the concerns regarding growing distrust of corporate reporting and management, the Securities and Exchange Commission (the "SEC") responded by, among other things, requiring chief executive officers and chief financial officers of companies with large market capitalization to certify the accuracy of certain prior financial reports and other SEC filings. In addition, the U.S. Congress passed the Sarbanes-Oxley Act of 2002, which includes broad legislation affecting public companies with provisions covering corporate governance and management, new disclosure requirements, oversight of the accounting profession and auditor independence. Against that backdrop and with monetary policy having been eased substantially, the Federal Open Market Committee (FOMC) decided not to make any further rate cutbacks during the first nine months of fiscal 2002. However, during their monthly meeting on November 6, 2002, the FOMC surprisingly decided to cut the federal funds rate by 50 basis points to a 40-year low of 1.25 percent in order to presumably prod the laggard business economies back into activity. Low interest would motivate consumers to keep spending and businesses to invest, forces that would eventually bolster economic growth.

These uncertain and turbulent market and economic environments adversely affected the results of operations of Laidlaw Global Securities, Inc. (LGS or LGSI), the remaining subsidiary of the Company, for the first nine months 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, primarily as a result of the sale of H & R Acquisition Corp. in 2001.

The Company 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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

whole. Management continued to focus its activities in areas that took 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.

Results of Operations For the Three and Nine Month Periods Ended September 30, 2002 and 2001

Laidlaw posted a loss of \$1.4 million in the third fiscal quarter of 2002, compared to the net loss of \$2.1 million in the third fiscal 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 third 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.

14

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 \$732,800 in net loss from operations in the third quarter of 2002 as compared to the third quarter of 2001. In addition, in May 2002, the Company recorded a credit of \$289,879 related to the settlement of a liability. This credit was, however, partially offset by a charge pertinent to stock options subject to variable pricing.

Basic loss per common share was \$.04 and \$.13 in the three and nine month period ended September 30, 2002, respectively, as compared to a basic loss of \$.09 and \$.28 in the three and nine month period ended September 30, 2001.

Operations of two subsidiaries, Laidlaw Global Securities, Inc. and Globeshare Group, Inc., significantly contributed to the loss incurred during the third 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 interest expense on the note payable which was fully paid in August, 2002 and on equipment lease contracts.

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 141% (inclusive of investment trading losses) and 51% of total revenues for the nine month periods ended September 30, 2002 and September 30, 2001, respectively, are geographically categorized as follows:

For the nine months ended September 30, 2002, LGSI generated revenues of \$308,859 from its activities on behalf of foreign and U.S. institutional customers and \$1.8 million from its activities in the U.S. markets. For the nine months ended September 30, 2001, revenues of \$778,555 were generated from the activities of LGSI on behalf of foreign and U.S. institutional customers and \$4.4 million were generated from the activities of LGSI and Westminster Securities Corporation in the U.S. markets. Globeshare generated \$898,955 revenues from online trading U.S. and overseas customers. Laidlaw International generated revenues of \$1.4 million from the transactions in the French market and other European Union countries, in particular, the German market. The

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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 \$172,397 for the nine months ended September 30, 2002, which represent 12% of the firm's revenue for the period. Asset Management fees from Howe & Rusling and partly from LGSI amount to \$3.8 million for the nine months ended September 30, 2001, which represent 32% of the firm's revenue for the period. Corporate finance fees of LGSI amount to \$106,389 and \$268,158 for the nine months ended September 30, 2002 and September 30, 2001, respectively, which represent 7% and 2% of the firm's revenue for the respective periods. Trading loss of LGSI amount to \$1,041,593 for the nine months ended September 30, 2002. Trading profit of LGSI, Laidlaw International, S.A. and Westminster amount to \$1,245,406 for the nine months ended September 30, 2001, which represents 10% of the firm's revenue. Other revenue, which consists principally of interest income and rebates on securities trades, amount to \$148,798 and \$614,699 for the nine months ended September 30, 2002 and September 30, 2001, respectively, which represent 10% and 5% of the firm's revenue for the respective periods.

Salaries and other employee costs for the nine months ended September 30, 2002 decreased to \$1.6 million from \$6.2 million for the nine months ended September 30, 2001. Salaries and other employee costs for the three months ended September 30, 2002 decreased to \$476,326 from \$1.9 million for the three months ended September 30, 2001. The decrease in this expense primarily relates to the reduction of personnel in the LGSI, the cessation of operations of Globeshare, Inc. and Laidlaw International, and the sale of Westminster and H & R Acquisition Corp.

The Company recorded a net credit of \$754,711 for the nine months ended September 30, 2002 and a credit of \$153,797 for the three months ended September 30, 2002 related to stock options subject to variable pricing. The net credit resulted in a corresponding decrease in additional paid-in capital and the charge resulted in a corresponding increase in said capital account.

Commissions expense for the nine months ended September 30, 2002 decreased to \$1.1 million from \$3.2 million for the nine months ended September 30, 2001. Commissions expense for the three months ended September 30, 2002 decreased to \$126,311 from \$788,269 for the three months ended September 30, 2001. The decrease is attributable to the decrease in commission revenue.

Clearing expenses for the nine months ended September 30, 2002 decreased to \$248,887 from \$780,335 for the nine months ended September 30, 2001. Clearing expenses for the three months ended September 30, 2002 decreased to \$46,637 from \$85,506 for the nine months ended September 30, 2001. Clearing expenses, which primarily consist of amounts paid to the broker-dealers' clearing agent for processing and clearing customers' trades, reflect the reduction in such expenses related to the decline in commission revenue.

Occupancy expenses for the nine months ended September 30, 2002 decreased to \$568,580 from \$1.2 million for the nine months ended September 30, 2001. Occupancy expenses for the three months ended September 30, 2002 decreased to \$219,224 from \$380,219 for the three months ended September 30, 2001. Occupancy 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 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 nine months ended September 30, 2002 decreased to \$268,053 from \$1.7 million for the nine months ended September 30, 2001. Depreciation and amortization expenses for the three months ended

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

September 30, 2002 decreased to \$88,573 from \$578,296 for the three months ended September 30, 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, to the sale of Westminster and H & R Acquisition Corp., and the cessation of operations of Laidlaw International.

15

Advertising and contribution expenses for the nine months ended September 30, 2002 decreased to \$6,280 from \$215,726 for the nine months ended September 30, 2001. Advertising and contribution expenses for the three months ended September 30, 2002 decreased to \$2,295 from \$90,132 for the three months ended September 30, 2001. The decrease in advertising and contribution expenses resulted from the efforts of management in reducing costs as well as the sale of Westminster and H & R Acquisition Corp. and the cessation of operations of Globeshare and Laidlaw International.

Travel and entertainment expenses for the nine months ended September 30, 2002 decreased to \$221,394 from \$322,304 for the nine months ended September 30, 2001. Travel and entertainment expenses for the three months ended September 30, 2002 decreased to \$65,080 from \$114,720 for the three months ended September 30, 2001. The decrease in travel and entertainment expenses are attributed to the efforts of management to minimize costs in light of the difficult market conditions that continually persisted in 2002 as well as the sale of Westminster and H & R Acquisition Corp. and the cessation of operations of Globeshare and Laidlaw International.

Professional fees for the nine months ended September 30, 2002 increased to \$1.2 million from \$1.0 million for the nine months ended September 30, 2001. Professional fees for the three months ended September 30, 2002 increased to \$308,330 from \$283,450 for the three months ended September 30, 2001. The increase in professional fees resulted from the incremental accounting fees incurred pertinent to the change of auditors in March, 2002 and the year-end audit of Laidlaw International in France. The increase was partially offset by the decrease in professional fees with the sale of Westminster and H & R Acquisition Corp. and the cessation of operations of Globeshare and Laidlaw International.

Dues and assessments for the nine months ended September 30, 2002 decreased to \$113,177 from \$438,103 for the nine months ended September 30, 2001. Dues and assessments for the three months ended September 30, 2002 decreased to \$23,243 from \$54,612 for the three months ended September 30, 2001. The decrease in dues and assessments resulted from reduction of the registration fees paid to the NASD and the various states by Laidlaw Global Securities with the resignation of certain personnel and from the diminished state corporate income taxes. The sale of Westminster in June, 2001 and H & R Acquisition Corp. in December, 2001 as well as the cessation of operations of Globeshare, inc. and Laidlaw International also contributed to the reduction of dues.

Quotes and information systems expenses for the nine months ended September 30, 2002 decreased to \$477,574 from \$1.5 million for the nine months ended September 30, 2001. Quotes and information systems expenses for the three months ended September 30, 2002 decreased to \$140,174 from \$369,517 for the three months ended September 30, 2001. Quotes 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. and Laidlaw International in the last quarter of 2001 and the sale of the Westminster Securities effected in June 2001.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Interest expense for the nine months ended September 30, 2002 decreased to \$84,254 from \$420,046 for the nine months ended September 30, 2001. Interest expense for the three months ended September 30, 2002 decreased to \$30,524 from \$197,852 for the three months ended September 30, 2001. The decrease in interest expense resulted from the settlement of most of the borrowings by the Company in 2001 and the elimination of the carrying costs charged by the clearing brokers of the Westminster and Laidlaw International subsidiaries for their inventory positions.

Net gain on sale of subsidiaries of \$238,530 for the nine months ended September 30, 2002 represents a \$275,000 reversal of accrued equipment lease of Laidlaw International, \$35,264 additional expense incurred by the Company in March, 2002 pertinent to the final settlement of the cessation of operations of the Laidlaw International subsidiary as required by the French administrator, and \$1,206 loss on the cessation of operations of Laidlaw Pacific (Asia), a subsidiary that was not operational since its acquisition.

The Company recognized a loss of \$1.6 million as a result of the sale of its Westminster subsidiary as of May 31, 2001.

The Company recognized a credit of \$289,879 for the nine months ended September 30, 2002 pertinent to the settlement in June, 2002 of the claims by and counterclaims against Plural, a software developer.

There was no amortization of goodwill for the nine and three months ended September 30, 2002 as compared to the charges of \$273,673 and \$47,716 for the nine and three months ended September 30, 2001, respectively. All the goodwill were written off upon the sale of the Westminster and H & R Acquisition Corp. subsidiaries.

All other expenses for the nine months ended September 30, 2002 decreased to \$489,084 from \$1,680,727 for the three months ended September 30, 2001. All other expenses for the three months ended September 30, 2002 decreased to \$217,034 from \$251,552 for the three months ended September 30, 2001. These expenses consist, among other things, of office supplies, insurance, bad debts, 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 Laidlaw International and the sale of Westminster effected on May 31, 2001 and H & R Acquisition Corp. on December 26, 2001.

SUBSEQUENT EVENTS

On June 15, 2002, Laidlaw and London Capital Group Ltd. ("LCG"), a British Virgin Island company, signed a stock purchase agreement whereby LCG agreed to purchase from Laidlaw an equity interest representing 51% of the voting shares of Laidlaw on a fully diluted basis. LCG was to purchase this equity on or before June 28, 2002 for US \$3.2 million.

LCG was not able to meet the initial closing date. In consideration of Laidlaw extending the closing to July 30, 2002 or such earlier date as the parties may agree, LCG assigned to Laidlaw a third party demand note from an entity publicly traded on the London Stock Exchange, in the agreed upon amount of 2,356,060 Euros (US\$ 2,329,248) secured only by a reciprocal note of Laidlaw to LCG. LCG further agreed that in the event that LCG did not close the purchase by July 30, 2002 for any reason other than the action of Laidlaw, it would forgive \$500,000 of the repayment obligation on the reciprocal note.

On July 30, 2002, LCG failed to abide by the terms of the funding agreement. Laidlaw notified LCG that the transaction terminated and maintained its right to a \$500,000 penalty under the terms of the agreement. Subsequently, upon the

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

request of LCG which assured Laidlaw that it has arranged for the necessary funds to complete a revised proposal, Laidlaw agreed to voluntarily refrain from seeking the enforcement of its penalty in order to provide LCG with an opportunity to submit a revised proposal. Laidlaw initially agreed to wait until August 16, 2002 before acting and then agreed to extend that deadline to August 31, 2002. No revised proposal has been received and Laidlaw may enforce the penalty under the terms of its agreement with LCG. There is no assurance that Laidlaw will receive the \$500,000 penalty due it under the terms of the agreement.

On July 31, 2002, an unrelated party purchased 5,000,000 shares of the Company's common stock for \$500,000. These proceeds were contributed by the Company as capital to Laidlaw Global Securities.

The Company received notice from the American Stock Exchange Staff, dated August 9, 2002, notifying the Company that it accepted the Company's plan of compliance and granted the Company an extension of time to regain compliance with the continued listing standards. However, the acceptance by the Exchange is conditional and that in addition to updates, no less frequently than quarterly, and periodic review by the Exchange, the Company must, by September 10, 2002, provide proof of receipt of funds in line with its proposed business plan and operational needs and resolve or take substantial steps to resolve any open issues relating to listing additional shares as currently before the Exchange. Failure to fulfill these requirements may result in delisting by the Exchange. The Company has not fully met its obligations under its plan of compliance.

The Board of Laidlaw Global Corporation intends to meet no later than November 20, 2002 to evaluate all investment proposals and options available to it with the purpose of formulating a Plan to fulfill its goal of complying with all American Stock Exchange listing requirements within a short period of time and terminating the broker-dealer subsidiary.

The Board of Laidlaw Global Corporation states that there are no guarantees that the American Stock Exchange will deem the future plans acceptable to the maintenance of the listing but states that it will spare no effort to structure a Plan within a few days after the November 20 scheduled meeting which will be submitted to shareholders' approval and to the American Stock Exchange in short order.

Liquidity and Capital Resources

The Company has incurred continuing net losses through the first nine months of fiscal 2002. As a result of these matters, the Company has continued to experience net cash outflows from operations. The Company is in the process of receiving and evaluating various investment proposals related to Laidlaw. If an understanding with a third party cannot be reached, the Company will have to consider all alternatives including the potential termination of operations or sale of all its remaining assets.

PART II OTHER INFORMATION

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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Company agreed to purchase 200,000 shares of Galacticom at \$5.40 per share and 200,000 warrants of Galacticom 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 Galacticom and the lead underwriters, the lead underwriters had the right, in their sole discretion, to abort the IPO in the event of adverse conditions. Galacticom commenced suit against the underwriting group in a Florida state court seeking damages for breach of the underwriting agreement. On October 23, 2002, the Company and Galacticom signed a mutual release of all claims whereby Laidlaw would remunerate \$75,000 payable in 4 monthly installments.

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, Contalex 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 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

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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 claimed approximately \$700,000 is due them pursuant to the agreement. In June, 2002, Plural and Laidlaw entered into a settlement agreement wherein the payment by Laidlaw of \$40,000 to Plural by August 2, 2002 shall cause all claims or counterclaims which are or could be asserted, including but not limited to those set forth in the Complaint and the draft counterclaims, to be dismissed with prejudice, without costs, for which purpose either party may tender an appropriate form of judgment to the Court, on notice. Payment of the settlement amount has been made by Laidlaw.

17

Estate of Harold Slote v. Laidlaw Global Securities, Inc. ("LGS"), Drake Capital Securities, Inc. ("Drake"), Gruntal & Co., LLC ("Gruntal") et al.

The Claimant alleges that a registered representative while employed at LGS, Drake and Gruntal, made investments on behalf of Harold Slote which were unsuitable and in contravention of Mr. Slote's investment goals. Plaintiff seeks \$36,091 in compensatory damages against LGS and \$571,193 from all defendants for alleged lost opportunities, interest, attorney's fees, costs and punitive damages. The case was dismissed in August, 2002.

Liptak v. Laidlaw Holdings Asset Mangement, Inc. Laidlaw Global Securities, Inc. et al

The Claimant alleges unauthorized trades, unsuitability, fraud, conversion, breach of fiduciary duty by a former registered representative and failure to properly supervise. A hearing was held on the matter by an NASD arbitration panel in July 2002 and post-hearing memoranda have been submitted. Claimant seeks damages in excess of \$750,000. LGS was aware that the registered representative had been terminated by another broker/dealer for "selling away", i.e. conducting business on behalf of the a customer outside of the firm and without the firm's knowledge.

LGS hired the registered representative but imposed enhanced supervisory/compliance procedures. Notwithstanding the procedures and unbeknownst to LGS, the registered representative continued the practice of "selling away" and the issue is whether LGS took necessary measures to prevent the registered representative from harming his customers while at LGS. On the merits of denial of liability by LGS, a decision in favor of Laidlaw was rendered in June 2002.

Bergmann v. Laidlaw Global Corp. and Roger Bendelac

Claimant seeks \$953,000 in damages alleging Roger Bendelac, now the Company's Chief Executive Officer, failed to sell Claimant's shares of the Company when directed to do so. Claimant's father obtained shares of the Company in August 1999 upon the conversion of a convertible note issued by Laidlaw Holdings, Inc. Mr. Bergmann sought to sell the shares in January 2000. Pursuant to the requirements of Rule 144, Claimant was not eligible to sell the shares until August 2000 by which time the value of the shares had dropped substantially. It should be noted that the investment account of the claimant's father in Laidlaw Shares never exceeded \$100,000. Further, Mr. Bendelac had become the Chief Executive Officer of the Company and no longer handled the Bergmann account. Special Counsel has interposed an answer to the Statement of Claim and

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

petitioned the NASD for dismissal of the claim based upon applicable law. The NASD has not yet appointed a panel to hear the matter.

Thomas v. Laidlaw Global Securities, Inc., Coleman & Co. and Andrew Fine.

Claimant alleges the respondents are liable to him for an amount between \$100,000 and \$500,000. Claimant was a customer of LGS and Andrew Fine was his former registered representative. Prior to becoming a broker at LGS, Mr. Fine worked at Coleman & Co. where Mr. Thomas was his customer. The account was subsequently transferred from Coleman & Co. to LGS when Mr. Fine became employed by LGS.

Claimant alleges broker Fine subjected his account to unnecessary risks contrary to his investment objectives. Claimant focuses his complaint on investments in a company known as Razorfish, Inc., a company which is now the target of intense regulatory scrutiny for committing securities fraud. In making representations to his customer, Mr. Fine believed the information disseminated by Razorfish to be correct.

The acts complained of by Mr. Thomas occurred while Mr. Fine was employed at Coleman & Co. Stock of Razorfish was purchased for the Thomas account before the account was transferred to LGS. The Thomas account at LGS never exceeded approximately \$20,000 and any exposure to the Company is limited. It is anticipated that the matter will be set for trial in late 2002 or early 2003.

NASD Regulatory Matter

The NASD has commenced a formal investigation against LGS pertaining to certain trading activities that LGS engaged in, in the stock of the Company during the period June through September, 1999. The NASD alleges that a firm trader and others improperly traded restricted shares of the Company from the LGS proprietary account. LGS is one of the targets of the investigation and pursuant to the invitation of the NASD, furnished a Wells submission (legal brief outlining the reasons why charges should not be brought) to them.

On November 15, 2002, LGS has signed a settlement agreement with the NASD that resolves this matter. The acceptance of the settlement agreed and signed with the NASD counsel is subject to further NASD and SEC reviews. The terms can only be disclosed when the NASD elects to make them public.

David Bottoms vs. Laidlaw Holding, Inc. and Laidlaw Global Corporation.

Mr. Bottoms has filed a petition in front of the Supreme Court of State of New York against Laidlaw Global Corporation ("Laidlaw") and Laidlaw Holdings, Inc. seeking to restrain Laidlaw from the use of the proceeds of the sale of assets and a motion to show cause will be argued on November 21, 2002.

Laidlaw had signed two contractual agreements with Mr. Bottoms in connection with the sale of its shares of H&R. Mr. Bottoms inserted himself into the transaction by claiming he owned an option on the Laidlaw shares when in fact, Laidlaw considered and still considers that Mr. Bottoms only owned an option on the shares of the minority shareholders. In order to allow the sale to proceed without awaiting the results of litigation, Laidlaw made the decision contemporaneous to the sale of its H&R unit to agree to a payment of \$ 300,000 to Mr. Bottoms and signed a second agreement with Mr. Bottoms for consulting services that would provide for quarterly payments of \$ 25,000 a quarter for a period of three years. Laidlaw made the first two quarterly payments and decided to stop making any further payments Mr. Bottoms having performed none of the consulting services he had promised. The matter of this dispute will be arbitrated in front of the American Arbitration Association as per the arbitration agreement clause that was part of those agreements.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

Mr. Bottoms is seeking \$ 257,000 as accelerated payments on the consulting agreement due to his allegation of default under the terms of the agreement. Laidlaw intends to counter-claim for the initial payment of \$ 300,000 and its first two installment payments on the consulting agreement since the signatory of the original agreement on behalf of Laidlaw has now confirmed that the intention of the initial agreement never intended to provide any option to Mr. Bottoms on the H&R shares of Laidlaw but solely on the minority shareholders' shares. Laidlaw intends to vigorously defend this action and assert its counter-claim in due course.

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.

18

ITEM 5. OTHER INFORMATION

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.

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 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)

19

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

- 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(6)
- 10.7 Employment Agreements between Registrant and Harit Jolly dated as of July 12, 2001(6)
- 21.1 List of Subsidiaries of Laidlaw Global Corporation(5)
- 99.1 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 Sarbanes-Oxley Act of 2002
- 99.2 Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 Sarbanes-Oxley Act of 2002

(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.

(6) Such document is incorporated by reference to Laidlaw's Report on Form 10-QSB filed on May 30, 2002.

(b) Reports on Form 8-K

On November 8, 2002 Laidlaw filed a Current Report stating it had dismissed Eisner LLP as its independent accountant for fiscal year ended December 31, 2002 and engaged the firm of Weinick Sanders Leventhal & Co., LLP.

Edgar Filing: LAIDLAW GLOBAL CORP - Form 10QSB

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

November 19, 2002

By: /s/ Roger Bendelac

Roger Bendelac,
Chief Executive Officer