Clean Slate, Inc.
Form 10-Q
November 21, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For The Quarterly Period Ended September 30, 2011

o 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: 000-21369

A CLEAN SLATE, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	26-1762478 (IRS Employer Identification No.)
1750 Osceola Blvd., West Palm Beach, Florida (Address of principal executive offices)	33409 (zip code)

(561) 899-3529

(Registrant's telephone number, including area code)

(Former Name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has 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. Yesþ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer (Do not check if a smaller reporting company)	o	Smaller reporting company	þ

Indicate by check mark whether the issuer is a shell company (as defined in rule 12b-2 of the Exchange Act) Yes o No þ

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Check whether the registrant filed all documents and reports required by Section 12, 13, or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court Yes o No o

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

As of September 30, 2011, there were 450,270,635 shares of the Registrant's Common Stock outstanding.

A CLEAN SLATE, INC.
For The Quarterly Period Ended September 30, 2011

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. SUCH STATEMENTS ARE BASED ON CURRENT EXPECTATIONS, ASSUMPTIONS, ESTIMATES AND PROJECTIONS ABOUT THE COMPANY AND ITS INDUSTRY. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE, ACHIEVEMENTS AND PROSPECTS TO BE MATERIALLY DIFFERENT FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENTS FOR ANY REASON EVEN IF NEW INFORMATION BECOMES AVAILABLE OR OTHER EVENTS OCCUR IN THE FUTURE.

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements

A Clean Slate, Inc. and Subsidiary

Consolidated Balance Sheets

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current Assets		
Cash	$ 348	$ 7,153
Accounts receivable	10,480	6,223
Total Current Assets	$ 10,828	$ 13,376
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	$ 93,791	$ 798
Accrued interest payable	54,315	2,479
Notes payable - related parties	594,031	520,269
Notes payable	68,763	32,900
Total Current Liabilities	810,900	556,446
Stockholders' Deficit		
Series A Preferred Stock, $0.000001 par value, 3,000,000 shares authorized; none issued and outstanding	-	-
Series B Preferred Stock, $0.000001 par value, 5,000,000 shares authorized; 5,000,000 shares issued and outstanding	-	-
Common Stock, $0.000001 par value, 500,000,000 shares authorized; 450,270,635 shares issued and outstanding	450	450
Additional paid in capital	(380,380)	(475,072)
Accumulated deficit	(420,142)	(68,448)
Total Stockholders' Deficit	(800,072)	(543,070)
Total Liabilities and Stockholders' Deficit	$ 10,828	$ 13,376

See notes to consolidated financial statements

A Clean Slate, Inc. and Subsidiary

Consolidated Statements of Operations

(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenue	$ 15,180	$ 22,555	$ 39,574	$ 54,190
General and administrative expenses	**154,201**	**55,832**	**304,760**	**84,303**
Loss from operations	**(139,021)**	**(33,277)**	**(265,186)**	**(30,113)**
Interest expense	**(53,858)**	**-**	**(86,508)**	**-**
Net loss	**$ (192,879)**	**$ (33,277)**	$ (351,694)	$ (30,113)
Net loss per common share - basic and diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares outstanding during the period - basic and diluted	450,052,893	369,020,635	450,031,624	369,020,635

See notes to consolidated financial statements

A Clean Slate, Inc. and Subsidiary

Consolidated Statements of Cash Flows

(Unaudited)

	Nine months ended September 30, 2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ **(351,694)**	$ **(30,113)**
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for services	**10,000**	**-**
Bad debt expense	**2,253**	**-**
Amortization of debt discount	**34,673**	
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	**(6,510)**	**(8,825)**
Increase in accounts payable	**92,993**	**-**
Increase in accrued interest payable	**51,836**	**-**
Net Cash Used in Operating Activities	(166,449)	(38,938)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	53,000	32,900
Repayments of notes payable - related parties	-	6,509
Proceeds from notes payable - related parties	106,644	-
Net Cash Provided by Financing Activities	**159,644**	**39,409**
Net Increase (Decrease) in Cash	(6,805)	471
Cash - Beginning of Period	7,153	2,219
Cash - End of Period	$ 348	$ 2,690
Supplemental cash flow information:		
Cash paid during the period for:		
Income taxes	$ **-**	$ **-**
Interest	$ **-**	$ **-**
Supplemental disclosure of non-cash financing activities:		
Beneficial conversion feature	$ 84,692	$ -

See notes to consolidated financial statements

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Note 1 Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Company is a legal document preparation company with a system for the practice of bankruptcy law, and the marketing, management and processing of bankruptcy cases in high volume. The Company also developed a support system for obtaining information necessary for the preparation of documentation and pleadings necessary for initiating and completing such bankruptcy cases.

Basis of Presentation

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information.

The financial information as of December 31, 2010 is derived from the audited financial statements presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2010. The unaudited interim financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K, which contains the audited financial statements and notes thereto, together with the Plan of Operations for the year ended December 31, 2010.

Certain information or footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been or omitted, pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The interim results for the nine months ended September 30, 2011 are not necessarily indicative of results for the full fiscal year.

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non confirming events. Accordingly, the actual results could differ significantly from estimates.

Principles of Consolidation

All significant inter-company accounts and transactions have been eliminated in consolidation.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represents obligations from customers that are subject to normal trade collection terms. The Company periodically evaluates the collectability of its accounts receivable and considers the need to establish an allowance for doubtful accounts based upon historical collection experience and specific customer information. Accordingly, the actual amounts could vary from the recorded allowances.

The Company does not charge interest on past due receivables. Receivables are determined to be past due based on payment terms of original invoices.

The Company has recorded bad debt of $2,253 and $3,470 for the periods ending September 30, 2011 and December 31, 2010, respectively.

The Company had the following concentrations of accounts receivable with customers:

Customer	September 30, 2011	December 31, 2010
A	-%	32%
B	22%	- %
C	66%	32%
D	-%	18%
E	-%	18%
F	11%	-%

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level. The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs reflect: quoted prices for identical assets or liabilities in markets that are not active; quoted prices for similar assets or liabilities in active markets; inputs other than quoted prices that are observable for the assets or liabilities; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs reflecting the Company’s assumptions incorporated in valuation techniques used to determine fair value. These assumptions are required to be consistent with market participant assumptions that are reasonably available.

The Company's financial instruments consisted primarily of cash, accounts receivable, accounts payable, accrued liabilities, and notes payable. The carrying amounts of the Company's financial instruments generally approximate their fair values as of September 30, 2011 and December 31, 2010, respectively, due to the short-term nature of these instruments.

Beneficial Conversion Feature

For conventional convertible debt where the rate of conversion is below market value, the Company records a "beneficial conversion feature" ("BCF") and related debt discount.

When the Company records a BCF, the relative fair value of the BCF would be recorded as a debt discount against the face amount of the respective debt instrument. The discount would be amortized to interest expense over the life of the debt.

Derivative Liabilities

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

Debt Issue Costs and Debt Discount

The Company may pay debt issue costs, and record debt discounts in connection with raising funds through the issuance of convertible debt. These costs are amortized over the life of the debt to interest expense. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

Revenue Recognition

The Company records revenue when all of the following have occurred; (1) persuasive evidence of an arrangement exists, (2) services have been rendered, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

The Company executes a service agreement with each law firm desiring to manage a bankruptcy law practice. Under the terms of the agreement, the Company customizes various deliverables such as training, coaching and software set up. The deliverables are completed in advance of the Company billing for services rendered. The Company is not required to provide any additional support after the deliverables have been provided. There is no right of return associated with the sale of these services.

The Company had the following concentrations of revenues with customers:

Customer	September 30, 2011	September 30, 2010
A	49%	-%
B	25%	11%
C	-%	26%
D	11%	-%
E	-%	26%
F	-%	12%

Share-based payments

Generally, all forms of share-based payments, including stock option grants, warrants, restricted stock grants and stock appreciation rights are measured at their fair value on the awards' grant date, based on estimated number of awards that are ultimately expected to vest. Share-based compensation awards issued to non-employees for services rendered are recorded at either the fair value of the services rendered or the fair value of the share-based payment, whichever is more readily determinable.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Earnings per Share

Basic loss per share is calculated by dividing net loss by the weighted-average number of common shares outstanding during each period. Diluted loss per common share is calculated by dividing net loss, adjusted on an “as if converted” basis, by the weighted-average number of actual shares outstanding and, when dilutive, the share equivalents that would arise from the assumed conversion of convertible instruments. The effect of potentially dilutive stock options and warrants is calculated using the treasury stock method.

The Company has no common stock equivalents issued or outstanding for September 30, 2011 and December 31, 2010.

Recent Accounting Pronouncements

There are no new accounting pronouncements that are expected to have any impact on the Company’s financial statements.

Note 2 Going Concern

As reflected in the accompanying financial statements, the Company had a net loss of $351,694 and net cash used in operations of $166,449 for the period ended September 30, 2011; and a working capital and stockholders’ deficit of $800,072 at September 30, 2011.

The ability of the Company to continue its operations is dependent on Management's plans, which include the raising of capital through debt and/or equity markets with some additional funding from other traditional financing sources, including term notes, until such time that funds provided by operations are sufficient to fund working capital requirements. The Company may need to incur additional liabilities with certain related parties to sustain the Company’s existence.

The Company will require additional funding to finance the growth of its current and expected future operations as well as to achieve its strategic objectives. The Company believes its current available cash along with anticipated revenues may be insufficient to meet its cash needs for the near future. There can be no assurance that financing will be available in amounts or terms acceptable to the Company, if at all.

In response to these problems, management expects to take the following actions:

- seeking additional third party debt and/or equity financing; and
- continue with the implementation of the business plan

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

Note 3 Reverse Recapitalization

On December 10, 2010, the Company (then known as Vigilant Legal Solutions) executed a reverse recapitalization with Darwin Resources, Inc. (“Darwin”), a then public shell corporation, where the Company was acquired by A Clean Slate Acquisiton Corp (“ACSAC”).

As a result of this transaction, VLS became the surviving corporation and changed its name to A Clean Slate, Inc. Darwin did not have any operations. All voting preferred stock was cancelled and retired and VLS gained voting control. The transaction also required a recapitalization of VLS. VLS was deemed the accounting acquirer, while Darwin was deemed the legal acquirer. The historical financial statements of the Company are those of VLS, and of the consolidated entities from the date of merger and subsequent.

Since the transaction is considered a reverse acquisition and recapitalization, the presentation of pro-forma financial information was not required. All share and per share amounts have been retroactively restated to the earliest periods presented to reflect the transaction.

Prior to the merger, Darwin executed a 1,000 to 1 reverse common stock split, which resulted in 20,535 common shares issued and outstanding. At the recapitalization date, Darwin issued 369,000,000 shares of common stock for all of the issued and outstanding member units of VLS. The issuance resulted in VLS acquiring 99.99% of the issued and outstanding common shares in Darwin. The 20,535 common shares are treated as a deemed issuance in the recapitalization.

On April 14, 2011, in connection with the cancellation and retirement of the 5,000,000 shares of Series B preferred stock (retroactive to the reverse recapitalization date, December 27, 2010), the Company issued a note payable to the former owner of Darwin’s 5,000,000 shares of Series B preferred stock, for $500,000. The note is due six months from the effectiveness of the registration statement on Form S-1 (November 30, 2011), bears interest at 12% and has a default interest rate of 17%. The note is secured by all assets of the Company. The Company has accounted for the note as a component of the consideration in the reverse recapitalization with a charge to additional paid in capital.

Note 4 Debt

(A) Notes Payable - Related Parties

Period Ended September 30, 2011

On April 14, 2011, the Company executed a note payable with a directorfor $500,000 (See Note 3).

During 2011, a director advanced the Company $73,502 These advances are non-interest bearing, unsecured and due on demand.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

On August 17, 2011, the Company executed a convertible note for $31,692 with the same director. The note matures on December 15, 2011, and bears interest at 6%. The holder of the note has a right to convert all or any part of the outstanding an unpaid principal amount into shares of common stock at a conversion price of $0.001/share. As of September 30, 2011, the Company owed $475 in accrued interest on this note.

Since the fair value of the note on the commitment date was in excess of the proceeds received from the issuance of the note, the discount is capped at $31,692, which is amortized over the life of the debt. For the nine months ended September 30, 2011, the Company amortized $11,620 of debt discount.

Year Ended December 31, 2010

In September 2010, the Company executed notes with affiliate companies of the Chief Executive Officer for $7,438. The notes originally were due April 15, 2011. In April 2011, the notes were amended to become due the later of September 30, 2011, or upon funding of the Company that will provide sufficient working capital. The notes bear interest at 10% and have default interest of 20%. The notes are unsecured. Financing has not yet been secured to satisfy the repayment of this debt.

Year Ended December 31, 2009

During the year ended December 31, 2009, the Company executed notes payable with officers of the Company totaling $51,626. These advances are non-interest bearing, unsecured and due on demand.

During 2009 and 2010, the Company repaid $37,866 and $929 of these advances.

The following summarizes the Company's related party debt transactions:

Balance – December 31, 2009	$	13,760
Proceeds		7,438
Issuance in connection with recapitalization		500,000
Repayments		(929)
Balance – December 31, 2010		520,269
Proceeds		106,644
Repayments		-
Debt Discount		(20,072)
Reclass from related party debt to third party debt		(12,810)
Balance – September 30, 2011	$	594,031

(B) Note Payable - Other

On September 15, 2010, the Company executed a note for $32,900. The note is due on demand. The note bears interest at 10% and has a default interest of 20%. The note is unsecured.

A Clean Slate, Inc. and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2011

(Unaudited)

On June 15, 2011, the Company executed a convertible note for $53,000. The note matures on February 16, 2012, and bears interest at 6%. The holder of the note has a right to convert all or any part of the outstanding an unpaid principal amount into shares of common stock at a conversion price of $0.000001/share. As of September 30, 2011, the Company owed $2,385 in accrued interest on this note.

Since the fair value of the note on the commitment date was in excess of the proceeds received from the issuance of the note, the discount is capped at $53,000, which is amortized over the life of the debt. For the nine months ended September 30, 2011, the Company amortized $23,053 of debt discount.

Of the total outstanding debt, $12,670 of the debt was in default as of June 30, 2011.

Note 5 Stockholders' Deficit

The Company has two designated series of preferred stock.

Series A has been authorized, however, none are issued and outstanding.

Series B has no dividends, preferences, conversion rights or liquidation value. However, this class of stock has voting rights of 1,000 votes per share held. The Company has no shares issued and outstanding at September 30, 2011.

In September 2011, the Company issued 250,000 shares of common stock for consulting services rendered, having a fair value of $10,000 ($0.04/share), based upon the quoted closing trading price.

Note 6 Subsequent Events

In October 2011, the Company issued 667,000 shares of common stock for $48,000 ($0.07/share).

On October 26, 2011, the Company issued 1,000,000 shares of common stock for consulting services rendered, having a fair value of $25,000 ($0.025/share), based upon the fair value of the services rendered, which was the best evidence of fair value.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

THE FOLLOWING DISCUSSION SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S FINANCIAL STATEMENTS AND THE NOTES TO THOSE STATEMENTS AND OTHER FINANCIAL INFORMATION APPEARING ELSEWHERE IN THIS REPORT.

General

We were originally incorporated on June 24, 1993 in the State of Florida as Vitech America, Inc. for the business purpose of manufacturing and distributing computer equipment in Brazil. Effective December 10, 2010 we changed our name to A Clean Slate, Inc.

We are now a legal document preparation company with a system for the practice of bankruptcy law, law firm management and the marketing, management and processing of bankruptcy cases in high volume. We have also developed a support system for obtaining information necessary for the preparation of documentation and pleadings necessary for initiating and completing such bankruptcy cases. Both systems are marketed and sold to law firms specializing in bankruptcy law. Our website address is www.vigilantlegalsolutions.com.

We enter into a services agreement ("Services Agreement") with each law firm desiring to manage a bankruptcy law practice. Under the terms of the Services Agreement, we customize various documents, forms and programs; including training, coaching and software set up.

Recent Merger

On December 27, 2010, we consummated the merger with Vigilant Document Services, LLC, a Florida limited liability company ("VDS") pursuant to which VDS merged with and into our wholly-owned subsidiary, Clean Slate Acquisition, Inc., a Delaware corporation, as previously disclosed in our Current Report on Form 8-K filed on December 28, 2010 (the "Merger"). After the Merger, our business operations consist of those of VDS. In connection with the Merger, we amended our certificate of incorporation on December 10, 2010 to change our name to A Clean Slate, Inc. Prior to the consummation of the Merger, we were a non-operating shell company with no revenue and minimal assets. As a result of the Merger, we are no longer considered a shell company.

VDS was formed in June 2008 in the State of Florida for the purpose of providing outsourced paralegal services for bankruptcy attorneys in the State of Florida for the preparation of consumer bankruptcy petitions. With the downturn in the economy and property values in Florida, VDS was uniquely poised to provide a niche market service previously unknown in law. Headed by former bankruptcy attorney Scott Forgey, VDS immediately began contracting with bankruptcy attorneys to provide outsourced petition preparation services and client management services. With offices in Jacksonville and Boca Raton, Florida – operations grew to 10 paralegals and over 100 Petitions completed in 2008. The business model also included providing a marketing plan to bankruptcy attorneys for increasing their caseload.

On April 14, 2011 we entered into an Amendment to Agreement and Plan of Merger with respect to the Redemption of the Series B Preferred Stock (the "Redemption") pursuant to which: (i) the Redemption shall be retroactively effective as of the closing of the Merger, at which time the Preferred Stock was cancelled and retired, (ii) the Redemption Price shall be due and payable in full six months after the effectiveness of this Registration Statement and is secured and collateralized by all of our assets, as more particularly set forth in a Secured Promissory Note (the "Secured Promissory Note") and a Security Agreement (the "Security Agreement"), and (iii) the holder of the Series B Preferred Stock, Richard Astrom, shall remain as a director until he receives full payment of the Redemption Price, at which time he shall resign. A detailed description of this transaction is set forth in our current report on Form 8-K filed on April 15, 2011, which Form 8-K includes as exhibits the Amendment to Agreement and Plan of Merger, the Secured Promissory Note and the Security Agreement.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2011
COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2010

Revenues

Revenues for the three months ended September 30, 2011 were $15,180 compared to $22,555 for the three months ended September 30, 2010; a decrease of $7,350. There were more clients that are on payment plans vs. lump sum payers.

Operating Expenses

Operating expenses for the three months ended September 30, 2011 were $154,201 compared to $55,832 for the three months ended September 30, 2010; an increase of $98,369. Operating expenses consist entirely of general and administrative expenses which, in turn, consist principally of professional fees. The increase is largely attributable to increased legal, accounting and professional fees associated with the Merger and the preparation and filing of the Registration Statement on Form S-1.

Interest Expense

Interest expense for the three months ended September 30, 2011 was $53,858 compared to $0 for the three months ended September 30, 2010; an increase of $53,858. The increase was the result of interest expense associated with indebtedness.

Net income (loss)

Net loss for the three months ended September 30, 2011 was $192,879 compared to net loss of $33,277 for the three months ended September 30, 2010; an increase of $159,602. The net loss is directly attributable to the increase in operating and interest expenses described above.

NINE MONTHS ENDED SEPTEMBER 30, 2011
COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2010

Revenues

Revenues for the nine months ended September 30, 2011 were $39,574 compared to $54,190 for the nine months ended September 30, 2010; a decrease of $14,616. There were more clients that are on payment plans vs. lump sum payers.

Operating Expenses

Operating expenses for the nine months ended September 30, 2011 were $304,760 compared to $84,303 for the nine months ended September 30, 2010; an increase of $220,457. Operating expenses consist entirely of general and administrative expenses which, in turn, consist principally of professional fees. The increase is largely attributable to increased legal, accounting and professional fees associated with the Merger and the preparation and filing of the Registration Statement on Form S-1.

Interest Expense

Interest expense for the nine months ended September 30, 2011 was $86,508 compared to $0 for the nine months ended September 30, 2010; an increase of $86,508. The increase was the result of interest expense associated with increased indebtedness.

Net income (loss)

Net loss for the nine months ended September 30, 2011 was $351,694 compared to net loss of $30,113 for the nine months ended September 30, 2010; an increase of $321,581. The net loss is directly attributable to the increase in operating and interest expenses described above.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2011, we had (i) a working capital deficit and stockholders' deficit of $800,072, (ii) cash on hand of $348, (iii) accounts receivable of $10,480 and (iv) total liabilities of $810,900, $500,000 of which is the Secured Promissory Note issued to a director in connection with the Redemption of the Series B Preferred Stock. Since our inception, we have historically financed our operations through operating cash flows, as well as the private placement of equity securities and debt. Most recently, on December 27, 2010, we completed a Private Placement of 80,000,000 shares of our common stock for proceeds of $100,000. In connection therewith, we entered into a Stock Purchase Agreement and a Registration Rights Agreement with 7 separate investors in which we issued collectively 80,000,000 shares of our common stock for $0.00125 per share for an aggregate purchase price of $100,000.

On April 14, 2011 we entered into an Amendment to Agreement and Plan of Merger with respect to the Redemption of the Series B Preferred Stock pursuant to which, in part, the $500,000 Redemption Price is due and payable in full six months after the effectiveness of the Registration Statement filed with the SEC on Form S-1. A detailed description of this transaction is set forth in the current report on Form 8-K filed by the Company on April 15, 2011, which Form 8-K includes as exhibits the Amendment to Agreement and Plan of Merger, the Secured Promissory Note and the Security Agreement.

Net cash provided by financing activities was $159,644 for the nine months ended September 30, 2011 and 39,409 for 2010, respectively.

Prior to the Merger with VDS, we had been a shell company with nominal assets and no operations. We have only conducted operations since our acquisition of VDS. Our future operations are contingent upon increasing revenues and raising capital. Because we have a limited operating history, you will have difficulty evaluating our business and future prospects. We also face the risk that we may not be able to effectively implement our business plan. If we are not effective in addressing these risks, we may not operate profitably and we may not have adequate working capital to meet our obligations as they become due.

We have accumulated losses since inception, a working capital deficiency and we expect to incur further losses in the development of our business, all of which, according to our accountants, casts substantial doubt about our ability to continue as a going concern. We will require additional funds through the receipt of conventional sources of capital or through future sales of our common stock, until such time as our revenues are sufficient to meet our cost structure, and ultimately achieve profitable operations. We expect our current cash on hand to be sufficient for the three months. There is no assurance we will be successful in raising additional capital or achieving profitable operations. Wherever possible, our board of directors will attempt to use non-cash consideration to satisfy obligations. In many instances, we believe that the non-cash consideration will consist of restricted shares of our common stock. These actions will result in dilution of the ownership interests of existing stockholders and may further dilute common stock book value, and that dilution may be material.

Our ability to obtain needed financing may be impaired by such factors as the condition of the economy and capital markets, both generally and specifically in our industry, and the fact that we are not profitable, which could impact the availability or cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

Off-Balance Sheet Arrangements - None

Critical Accounting Policies and Estimates

Risks and Uncertainties

The Company operates in an industry that is subject to rapid change. The Company's operations will be subject to significant risk and uncertainties including financial, operational, technological, regulatory and other risks, including the potential risk of business failure.

Use of Estimates. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Revenue Recognition. The Company followed the guidance of the Securities and Exchange Commission’s Staff Accounting Bulletin No. 104 for revenue recognition. The Company records revenue when all of the following have occurred; (1) persuasive evidence of an arrangement exists, (2) product delivery has occurred, (3) the sales price to the customer is fixed or determinable, and (4) collectability is reasonably assured.

The Company executes a service agreement with each law firm desiring to manage a bankruptcy law practice. Under the terms of the agreement, the Company customizes various deliverables such as training, coaching and software set up. The deliverables are completed in advance of the Company billing for services rendered. The Company is not required to provide any additional support after the deliverables have been provided. There is no right of return associated with the sale of these services.

Recent Accounting Pronouncements

None that are expected to affect the Company.

Going Concern

As reflected in the accompanying financial statements, we had a net loss of $351,694 and net cash used in operations of $166,449 for the period ended September 30, 2011; and a working capital deficit and stockholders’ deficit of $800,072 at September 30, 2011.

These factors raise substantial doubt about our ability to continue as a going concern. The ability to continue as a going concern is dependent on Management's plans, which include potential asset acquisitions, mergers or business combinations with other entities, further implementation of its business plan and continuing to raise funds through debt or equity raises. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(e) under the Exchange Act) are not effective to ensure that information required to be disclosed by us in report that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(B) Management’s Assessment of Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a–15(f) and 15d–15(f) under the Exchange Act. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of our internal control over financial reporting as of September 30, 2011. In making this assessment, management used the criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of this assessment is to determine whether our internal control over financial reporting was effective as of September 30, 2011. Based on our assessment utilizing the criteria issued by COSO, management has concluded that our internal control over financial reporting was not effective as of September 30, 2011. Management’s assessment identified the following material weaknesses:

- As of September 30, 2011, there was a lack of accounting personnel with the requisite knowledge of Generally Accepted Accounting Principles ("GAAP") in the U.S. and the financial reporting requirements of the SEC.
- As of September 30, 2011, there were insufficient written policies and procedures to insure the correct application of accounting and financial reporting with respect to the current requirements of GAAP and SEC disclosure requirements.

Notwithstanding the existence of these material weaknesses in our internal control over financial reporting, our management believes that the financial statements included in its reports fairly present in all material respects the Company's financial condition, results of operations and cash flows for the periods presented. We continue to evaluate the effectiveness of internal controls and procedures on an on-going basis. We plan to further address these issues once we commence operations and are able to hire additional personnel in financial reporting.

(C) Changes in Internal Controls over Financial Reporting

We are committed to improving our financial organization. As part of this commitment, we will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us by preparing and implementing sufficient written policies and checklists which will set forth procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements.

Management believes that preparing and implementing sufficient written policies and checklists will remedy the material weaknesses pertaining to insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of US GAAP and SEC disclosure requirements. We intend to take appropriate and reasonable steps to make the necessary improvements to remediate these deficiencies, including:

1. We will document a formal code of ethics.

2. We will revise processes to provide for a greater role of independent board members in the oversight and review until such time that we are adequately capitalized to permit hiring additional personnel to address segregation of duties issues, ineffective controls over the revenue cycle and insufficient supervision and review by our corporate management.

3. We will continue to update the documentation of our internal control processes, including formal risk assessment of our financial reporting processes.

We intend to consider the results of our remediation efforts and related testing as part of our year-end 2011 assessment of the effectiveness of our internal control over financial reporting.

Subsequent to June 30, 2011, we have undertaken the following steps to address the deficiencies stated above:

- Commenced the development of internal controls and procedures surrounding the financial reporting process, primarily through the use of account reconciliations, and supervision.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any pending legal proceedings nor is any of our property the subject of any pending legal proceedings.

Item 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide information under this item.

Item 2. Unregistered Sales Of Equity Securities And Use Of Proceeds.

Item 3. Defaults Upon Senior Securities

none

Item 4. (Removed and Reserved).

Item 5. Other Information

none

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION
31.1	Certification of Principal Executive Officer pursuant to Sarbanes-Oxley Section 302
32.1	Certification of Chief Executive Officer pursuant to Sarbanes-Oxley Section 906

SIGNATURES

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

By: /s/ ROBERT GOLDMAN
Name: Robert Goldman
Title: Chief Executive Officer, Director (principal financial officer and principal accounting officer)
Date: November 21, 2011