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CLICKNSETTLE COM INC
Form 10QSB
May 14, 2003

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

FORM 10-QSB

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

For the quarterly period ended March 31, 2003

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

Commission File Number: 0-21419

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

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

23-2753988
(I.R.S. Employer
Identification No.)

1010 Northern Boulevard
Great Neck, New York 11021
(Address of Principal Executive Offices)

(516) 829-4343
(Issuer's Telephone Number, Including Area Code)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. As of May 12, 2003, 1,408,176 shares of common stock of the issuer were outstanding.

Transitional small business disclosure format (check one): Yes No

CLICKNSETTLE.COM, INC.
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PART I. FINANCIAL INFORMATION

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clickNsettle.com, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

	March 31, 2003	June 30, 2002
	----- (unaudited)	----- (derived from audited financial statements)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,216,975	\$ 1,917,066
Marketable securities	608,106	319,600
Accounts receivable (net of allowance for doubtful accounts of \$140,000)	279,406	380,518
Prepaid expenses and other current assets (net of allowance for doubtful note receivable of \$24,250 and \$0, respectively)	83,474	84,393
	-----	-----
Total current assets	2,187,961	2,701,577
FURNITURE AND EQUIPMENT - AT COST, less accumulated depreciation	162,632	216,939
OTHER ASSETS	42,975	42,975
	-----	-----
	\$ 2,393,568	\$ 2,961,491
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 115,554	\$ 258,097
Accrued expenses and other liabilities	293,200	270,750
Accrued payroll and employee benefits	150,338	37,231

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Deferred revenues	283,759	302,407
	-----	-----
Total current liabilities	842,851	868,485
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - \$.001 par value; 15,000,000 shares authorized; 1,450,259 shares issued and outstanding	1,450	1,450
Additional paid-in capital	10,111,577	10,111,324
Accumulated deficit	(8,451,465)	(7,914,736)
Accumulated other comprehensive loss	(26,927)	(21,114)
Less common stock in treasury at cost, 42,083 shares	(83,918)	(83,918)
	-----	-----
Total stockholders' equity	1,550,717	2,093,006
	-----	-----
	\$ 2,393,568	\$ 2,961,491
	=====	=====

The accompanying notes are an integral part of these statements.

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clickNsettle.com, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended March 31, 2003	2002
	-----	-----
Net revenues	\$ 858,934	\$ 881,992
	-----	-----
Operating costs and expenses		
Cost of services	194,869	235,318
Sales and marketing expenses	254,547	351,247
General and administrative expenses	626,889	594,290
	-----	-----
	1,076,305	1,180,855
	-----	-----
Loss from operations	(217,371)	(298,863)
Other income (expenses)		
Investment income (loss)	579	8,023
Other income	3,767	3,144
	-----	-----
	4,346	11,167
	-----	-----
Loss before income taxes	(213,025)	(287,696)
Income taxes	--	--
	-----	-----
NET LOSS	\$ (213,025)	\$ (287,696)
	=====	=====

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Net loss per common share - basic and diluted	\$ (0.15)	\$ (0.20)
	=====	=====
Weighted-average shares outstanding - basic and diluted	1,408,176	1,408,176
	=====	=====

The accompanying notes are an integral part of these statements.

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clickNsettle.com, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS'
EQUITY AND COMPREHENSIVE LOSS
Nine months ended March 31, 2003 and 2002 (unaudited)

	Common stock	
	Shares	Amo
	-----	-----
Balances at June 30, 2001	4,350,776	\$ 4,
One-for-three reverse stock split effectuated on August 20, 2001	(2,900,517)	(2,
	-----	-----
Compensation related to stock options	1,450,259	1,
Purchase of common shares for treasury		
Net loss		
Change in unrealized loss on marketable securities		
Comprehensive loss		
	-----	-----
Balances at March 31, 2002	1,450,259	\$ 1,
	=====	=====
Balances at June 30, 2002	1,450,259	1,
Compensation related to stock options		
Net loss		
Change in unrealized loss on marketable securities		
Comprehensive loss		
	-----	-----
Balances at March 31, 2003	1,450,259	\$ 1,
	=====	=====

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	Accumulated other comprehensive loss	Commo stock treasu
Balances at June 30, 2001	\$ (6,135)	\$ (12,
One-for-three reverse stock split effectuated on August 20, 2001		
	(6,135)	(12,
Compensation related to stock options		
Purchase of common shares for treasury		(71,
Net loss		
Change in unrealized loss on marketable securities	(9,728)	
Comprehensive loss		
Balances at March 31, 2002	\$ (15,863)	\$ (83,
Balances at June 30, 2002	(21,114)	(83,
Compensation related to stock options		
Net loss		
Change in unrealized loss on marketable securities	(5,813)	
Comprehensive loss		
Balances at March 31, 2003	\$ (26,927)	\$ (83,

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clickNsettle.com, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended March 31,

	2003
Cash flows from operating activities	
Net loss	\$ (536,729)
Adjustments to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	66,125
(Gains) losses on sales of marketable securities	(42,258)
Write-down of marketable securities	58,732
Advertising in exchange for common stock	18,285
Compensation related to stock options	253
Provision for write-down of note receivable	24,250

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Changes in operating assets and liabilities	
Decrease in accounts receivable	101,113
(Increase) in prepaid expenses and other current assets	(41,617)
(Decrease) in accounts payable, accrued expenses and other liabilities	(120,093)
Increase in accrued payroll and employee benefits	113,107
(Decrease) increase in deferred revenues	(18,648)

Net cash used in operating activities	(377,480)

Cash flows from investing activities	
Purchases of marketable securities	(481,975)
Proceeds from sales of marketable securities	171,182
Purchases of furniture and equipment	(11,818)

Net cash used in investing activities	(322,611)

Cash flows from financing activities	
Purchase of treasury stock at cost	--

Net cash used in financing activities	--

NET DECREASE IN CASH AND CASH EQUIVALENTS	(700,091)
Cash and cash equivalents at beginning of period	1,917,066

Cash and cash equivalents at end of period	\$ 1,216,975
	=====

The accompanying notes are an integral part of these statements.

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CLICKNSETTLE.COM, INC. and SUBSIDIARIES

Notes to Consolidated Financial Statements Nine months ended March 31, 2003 (Unaudited)

1. The consolidated balance sheet as of March 31, 2003 and the related consolidated statements of operations for the three and nine month periods ended March 31, 2003 and 2002 have been prepared by clickNsettle.com, Inc., including the accounts of its wholly-owned subsidiaries. In the opinion of management, all adjustments necessary to present fairly the financial position as of March 31, 2003 and for all periods presented, consisting of normal recurring adjustments, have been made. Results of operations for the three and nine month periods ended March 31, 2003 are not necessarily indicative of the operating results expected for the full year.

These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended June 30, 2002 included in the Company's Annual Report on Form 10-KSB. The accounting policies used in preparing these consolidated financial statements are the same as those described in the June 30, 2002 consolidated financial statements.

2. Basic earnings per share are based on the weighted average number of common

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shares outstanding without consideration of potential common stock. Diluted earnings per share are based on the weighted-average number of common and potential common shares outstanding. The calculation takes into account the shares that may be issued upon exercise of stock options and warrants, reduced by the shares that may be repurchased with the funds received from the exercise, based on the average price during the period. Diluted earnings per share is the same as basic earnings per share as potential common shares of 987,437 and 730,439 at March 31, 2003 and 2002, respectively, would be antidilutive as the Company incurred net losses for the three and nine month periods ended March 31, 2003 and 2002.

3. The cost of advertising is expensed when the advertising takes place. For advertising and external public relations costs, the Company incurred \$8,258 and \$81,719 for the quarters ended March 31, 2003 and 2002, respectively, and \$42,225 and \$343,229 for the nine month periods ended March 31, 2003 and 2002, respectively. Of such totals, non-cash advertising charges comprise \$0 and \$63,431, respectively, for the third quarter of fiscal years 2003 and 2002 and \$18,285 and \$289,148, respectively, for the nine month periods ended March 31, 2003 and 2002. In accordance with the terms of the August 2000 advertising agreement, as amended, with American Lawyer Media, Inc., the Company will purchase \$250,000 of advertising subsequent to the initial two-year term. Such advertising is to be used from June 2003 through June 2004.

4. On September 25, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum market value of publicly held shares of \$1,000,000. As a result, the Company had been provided 90 calendar days, or until December 24, 2002, to regain compliance. The Company was not able to regain compliance. Additionally, on November 6, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive trading days. As a result, the Company had been provided 180 calendar days, or until May 5, 2003, to regain compliance. Further, on December 23, 2002, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the minimum \$2,500,000 stockholders' equity requirement for continued listing as set forth in Marketplace Rule 4310(c)(2)(B), and that its securities were, therefore, subject to delisting from The Nasdaq SmallCap Market. The Company met with The Nasdaq Listing

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Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market. On March 5, 2003, The Nasdaq Listing Qualifications Panel delisted the Company's securities from The Nasdaq SmallCap Market. Since that date, the Company's common stock has been listed on the OTC Bulletin Board.

5. On March 14, 2003, the Company extended its March 1998 purchase plan (the "Plan"), pursuant to which the number of shares of common stock of the Company eligible for purchase under the Plan remained at an aggregate of 266,667 shares. The Plan shall expire on the earlier of all of the shares being purchased or March 14, 2004, provided, however, that the Plan may be discontinued at any time by the Company. The Plan may also be extended on a year-to-year basis. There were no purchases in the nine month period ended March 31, 2003, and, through March 31, 2003, the Company had purchased 42,083 shares under the Plan for an aggregate cost of \$83,918.

6. The components of comprehensive income (loss) are as follows:

	Three months ended March 31,	
	2003	2002

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Net loss	\$ (213,025)	\$ (287,696)
Change in unrealized gain (loss) on marketable securities	(2,266)	(14,970)
Comprehensive loss	\$ (215,291)	\$ (302,666)
	Nine months ended March 31,	
	2003	2002
Net loss	\$ (536,729)	\$ (1,029,376)
Change in unrealized gain (loss) on marketable securities	(5,813)	(9,728)
Comprehensive loss	\$ (542,542)	\$ (1,039,104)

7. In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123" ("SFAS No. 148"). SFAS No. 148 encourages, but does not require, companies to record compensation cost for stock-based compensation plans at fair value. In addition, SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation and amends the disclosure requirements of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"). In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company has chosen to adopt only the disclosure provisions of SFAS No. 148 and continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations. As a result, no stock-based employee compensation cost is reflected in the net loss as all options granted to employees and directors under the Company's Incentive and Nonqualified Stock Option Plan (the "Plan") had an exercise

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price equal to or above the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net loss and loss per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

	Three months ended March 31,	
	2003	2002
Net loss, as reported	\$ (213,025)	\$ (287,696)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(101,087)	(133,335)

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Proforma net loss	\$ (314,112)	\$ (421,031)
	-----	-----
Net loss per common share:		
Basic and diluted - as reported	\$ (0.15)	\$ (0.20)
Basic and diluted - pro forma	\$ (0.22)	\$ (0.30)
	Nine months ended March 31,	
	2003	2002
	-----	-----
Net loss, as reported	\$ (536,729)	\$ (1,029,376)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(353,502)	(500,327)
	-----	-----
Proforma net loss	\$ (890,231)	\$ (1,529,703)
	-----	-----
Net loss per common share:		
Basic and diluted - as reported	\$ (0.38)	\$ (0.73)
Basic and diluted - pro forma	\$ (0.63)	\$ (1.08)

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

From time to time, including in this quarterly report on Form 10-QSB, clickNsettle.com, Inc. (formerly NAM Corporation) (the Company or we) may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, future operations, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of our business include, without limitation, the following: changes in the insurance and legal industries; our inability to retain current or new hearing officers; changes in the public court systems; and the degree and timing of the market's acceptance of our arbitration and mediation programs and electronic oversight applications and other risks that are set forth herein.

RISK FACTORS

Our business faces risks. These risks include those described below and may include additional risks of which we are not currently aware or which we currently do not believe are material. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. These risks should be read in conjunction with the other information set forth in this report.

We have Recent and, Anticipate, Continuing Losses

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We have incurred operating losses during the last six years and through March 31, 2003. Going forward, we may continue to incur operating losses and make capital expenditures and, as a result, we will need to generate higher revenues to achieve and maintain profitability and provide working capital needed to fund losses. We cannot assure you that we can achieve or sustain profitability in the future. If revenues grow slower than we anticipate, or if operating expenses exceed our current expectations and cannot be adjusted accordingly, our business, the results of our operations and our financial condition may be materially and adversely affected.

We Depend On Insurance-Related Disputes

The majority of our alternative dispute resolution services, or ADR services, involve claims that are usually covered by insurance. We resolve many of these disputes in a matter of hours. Since our revenues are derived primarily from certain administrative and hourly fees, a high volume of these cases is required in order for us to generate revenues sufficient to maintain our operations. Although self-insured and employment initiatives represent a growing percentage of our revenues, there can be no assurance that we will be able to continue to expand our insurance and non-insurance-related dispute business, or maintain or increase our current level of cases. In addition, we cannot assure you that changes in the insurance industry will not affect our business.

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Possible Improvements in the Public Court System, Including Use of ADR Services, May Affect Our Business

The ADR industry, in general, furnishes an alternative to public dispute mechanisms, principally the local, state and federal court systems. Our marketing efforts have been based on our belief that there exists a high degree of dissatisfaction among litigants and their counsel with the public court system. If the public courts, in the markets we are currently serving or seek to serve, reduce case backlogs and provide effective settlement mechanisms at no, or substantially reduced cost to litigants, our business opportunities in such markets may be significantly reduced. Several public court systems, both on the federal and state level, including certain federal and state courts located in New York State, have instituted court coordinated ADR programs. Similar programs are under consideration in a number of states and may be adopted at any time. The success of such ADR programs could have a material adverse effect on our business by diminishing the demand for private ADR services.

The Private ADR Services Business is Highly Competitive

The private ADR business is highly competitive, both on a national and regional level. Barriers to entry in the ADR business are relatively low, and new competitors can begin doing business relatively quickly. There are two types of competitors, not-for-profit and for-profit entities:

- o We believe that our largest not-for-profit competitor is the American Arbitration Association as it has significant market share in complex commercial cases.
- o We believe that our largest for-profit competitor is JAMS.

At this time, we believe that numerous other private ADR firms are competing with us in the regions we currently serve. Increased competition could decrease the fees we are able to charge for our services and limit our ability to obtain qualified hearing officers. This could have a material adverse effect on our ability to be profitable in the future. Certain competitors may have

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greater financial or other capabilities than us. Accordingly, there is no assurance that we can successfully compete in the present or future marketplace for ADR services.

We Depend Upon Our Key Personnel

Our success will be largely dependent on the personal efforts of Roy Israel, our Chief Executive Officer, President and Chairman of the Board of Directors. Although we have entered into an employment agreement with Mr. Israel, which expires in 2007, the loss of his services could have a material adverse effect on our business and prospects. We have obtained "key-man" life insurance on the life of Mr. Israel. The Company is the sole beneficiary in the amount of \$1 million. Our success is also dependent upon our ability to hire and retain qualified marketing and other personnel in our offices. We may not be able to hire or retain such necessary personnel.

We Do Not Have Written Contracts with the Majority of Our Clients

We currently rely on our marketing efforts and relationships with insurance companies, law firms, corporations and municipalities to obtain cases. We do not have written agreements with the majority of our clients, but we have instituted the process of obtaining written agreements with our existing clients and with new clients. We also rely on case referrals from our current clients. We may

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not continue to receive our current level of, or an adequate level of, referrals of cases. If we do not maintain such levels, there could be a material adverse effect on our business.

We Depend Upon Qualified Hearing Officers

The market for our services depends on a perception by our clients that our hearing officers are impartial, qualified, and experienced. Our ability to retain qualified hearing officers in the event that competition increases would be uncertain. For our fiscal year ended June 30, 2002, 64% of the number of our cases were heard by exclusive hearing officers. Accordingly, at any time, the remaining hearing officers who are not under contract with us can refuse to continue to provide their services to us and are free to render services independently or through competing ADR services. If qualified hearing officers are unwilling or unable to continue to provide their services through us for any reason, including possible agreements to provide their services to our competitors on an exclusive basis, our business and operations could be materially and adversely affected.

Our Current Stockholders Have the Ability to Exert Significant Control

Our executive officers, directors, and their affiliates beneficially own 625,859 shares or approximately 44.4% of the common stock outstanding based on 1,408,176 shares of common stock outstanding as of May 6, 2003. Of that number, Mr. Israel beneficially owns 401,713 shares or approximately 28.5% of the common stock. As a result, these stockholders acting in concert may have significant influence on votes to elect or remove any or all of our directors and to control substantially all corporate activities in which we are involved, including tender offers, mergers, proxy contests or other purchases of common stock that could give our stockholders the opportunity to realize a premium over the then prevailing market price for their shares of common stock.

We May Be Unable to Protect Our Proprietary Technology and We May Be Sued for

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Infringing on the Rights of Others

Our success depends, in part, upon our ability to protect our proprietary software technology and operate without infringing upon the rights of others. We rely on a combination of methods to protect our proprietary intellectual property, technology and know-how, such as:

Trade secret laws	copyright law
trademark law	patent law
contractual provisions	confidentiality agreements
certain technology and security measures	

The steps we have taken regarding our proprietary technology, however, may be insufficient to deter misappropriation.

In the systems and software industries, it is common that companies receive notices from time to time alleging infringement of patents, copyrights or other intellectual property rights of others. We may from time to time be notified of claims that we may be infringing upon patents, copyrights or other intellectual property rights owned by third parties. Companies may pursue claims against us with respect to the alleged infringement of patents, copyrights or other intellectual property rights owned by third parties. Although we believe we have not violated or infringed upon any intellectual property patents and have taken measures to protect our own rights, there is no assurance that we will avoid litigation. Litigation may be necessary to protect our intellectual property rights and trade secrets, to determine the validity of and scope of the proprietary rights of others or to defend

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against third party claims of invalidity. Any litigation could result in substantial costs and diversion of resources away from the day-to-day operation of our business.

Existing copyright, trademark, patent and trade secret laws afford only limited protection. Existing laws, in combination with the steps we have taken to protect our proprietary rights may be inadequate to prevent misappropriation of our technology or other proprietary rights. Also, such protections do not preclude competitors from independently developing products with functionality or features similar or superior to our products and technologies.

Our common stock is no longer listed on The Nasdaq SmallCap Market

On March 5, 2003, The Nasdaq Listing Qualifications Panel delisted our common stock from The Nasdaq SmallCap Market. Since that date, trading in our securities has been conducted in the over-the-counter market in the NASD's OTC Electronic Bulletin Board. As a result, an investor may find it more difficult to purchase, dispose of and to obtain accurate quotations as to the value of our securities.

In addition, as the trading price of our common stock has been less than \$5.00 per share, trading in our common stock is also subject to the requirements of Rule 15g-9 under the Securities Exchange Act of 1934. Under that rule, broker/dealers who recommend such low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including (a) a requirement that they make an individualized written suitability determination for the purchaser and (b) receive the purchaser's written consent prior to the transaction.

The Securities Enforcement Remedies and Penny Stock Reform Act of 1990

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also requires additional disclosure in connection with any trades involving a stock defined as a penny stock (generally, any equity security not traded on an exchange or quoted on The Nasdaq SmallCap Market that has a market price of less than \$5.00 per share), including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith. Such requirements could severely limit the market liquidity of our securities and the ability of stockholders to sell their securities in the secondary market.

GENERAL

We provide alternative dispute resolution services, or ADR services, to insurance companies, law firms, corporations and municipalities. We focus the majority of our marketing efforts on developing and expanding relationships with these entities, which we believe are some of the largest consumers of ADR services. Furthermore, we believe that there is greater market acceptance and a positive trend relating to the utilization of ADR services as opposed to the traditional litigation process. The variety, complexity and volume of cases being submitted for ADR are illustrative and, we believe, accurate barometers of the integration of ADR into the legal landscape. Further, we see this trend continuing. We believe that with our global roster of qualified hearing officers, administrative capabilities, electronic oversight applications, knowledge of dispute resolution and reputation within the corporate and legal communities, we are uniquely positioned to provide a comprehensive total solution to disputing parties worldwide.

We currently operate from locations in New York and Massachusetts.

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Our objective is to become the leading global provider of dispute resolution services by providing services and software/web-enabled tools designed to enhance and streamline the traditional and often time-consuming and expensive legal process. We believe we are uniquely positioned to offer customized solutions built upon our sophisticated technology platform. We have a patent pending on our dispute resolution processing and oversight system and, depending upon market acceptance, we will review the needs of our current and prospective customers and offer those solutions that we believe will be of most value to our clients and to our Company. We believe that our marketing efforts going forward will best be directed towards large-scale applications that benefit from our proprietary electronic infrastructure. As such, our marketing emphasis will be driven by our unique capabilities as an administrator. Additionally, the staff presently dedicated to our existing transactional client base will be charged with growing our business and exploiting our inherent market advantages. Therefore, our plan is as follows: (1) exploit potential revenue streams driven by our technological innovations in software, systems and intellectual property such as (i) the administration of high-volume, customized dispute resolution programs for large corporations, governmental bodies, law firms and agencies and (ii) the licensing and/or sale of dispute resolution-related software; (2) build brand recognition of NAM (National Arbitration and Mediation) as the premier provider of dispute resolution solutions through our advertising campaign; (3) attract and retain the services of highly talented, former top-tier judges and attorneys; and (4) broaden the type and complexity of the dispute resolution cases we administer.

With the recent string of corporate failures and scandals, it is likely that individuals and groups will seek retribution via a legal outlet. At the same time, a greater emphasis has been placed on the protection of investors, employees and other groups as evidenced by many new proposed and adopted corrective actions and laws. The confluence of the above in conjunction with the

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current economic slowdown creates a fertile environment for our services, particularly those related to oversight applications that can uniquely address and facilitate many of these areas of concern. Our oversight applications/web-based services enhance business practices by enabling our clients to better manage their operations through data driven features and, at the same time, produce cost savings given the tremendous expense related to traditional litigation versus our quicker, more efficient dispute resolution solutions.

We have and may continue to incur net losses in the future as a result of (a) continuing enhancements and other costs associated with our software-based products and (b) the remainder of our advertising campaign. Our present advertising campaign commenced in August 2000 when we signed an agreement with American Lawyer Media, Inc., the nation's leading legal journalism and information company, to provide \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period in exchange for 61,474 shares of our common stock (as adjusted for the 1-for-3 reverse stock split effectuated on August 20, 2001). At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement, as amended, with American Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising. Such advertising is to be used from June 2003 through June 2004. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted.

Third Quarter Ended March 31, 2003 Compared to Third Quarter Ended March 31, 2002

Revenues. Revenues decreased 2.6% to \$858,934 for the third quarter ended March 31, 2003 from \$881,992 for the comparable prior period. The decrease in revenues is primarily attributable to a lower number of cases heard in the current period offset by a rise in the average dollars earned per hearing.

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Due to inclement weather in the northeast during February 2003, several days of hearings had to be adjourned or cancelled. Further, we believe our revenue has been adversely affected by the consolidation and turmoil in the insurance industry, which represents a major portion of our clientele. The immediate effect of such is a slow down in the number of cases being referred to us. However, in a broader sense, we believe that lawsuits continue to be commenced and that our oversight dispute resolution software should prove to be vital to insurers in their ability to address a growing caseload with reduced costs and increased efficiency. We believe our product will benefit clients as they seek to optimize efficiencies in the litigation process in order to improve their own financial outlook as, due to low interest rates, insurers cannot rely on investment income to offset operational and indemnity expenses. Additionally, plaintiffs benefit from a speedier resolution of their claims which is of greater importance in difficult economic times.

As we continue to recruit an exclusive pool of former, top-tier hearing officers, we believe this will enable us to attract a higher volume and diversity of cases, the nature of which demands the talented and well-respected hearing officers that we have to offer. As a result, we believe the average dollars earned per hearing will continue to be favorably impacted.

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Cost of Services. Cost of services decreased 17.2% to \$194,869 for the third quarter ended March 31, 2003 from \$235,318 for the third quarter ended March 31, 2002. Additionally, the cost of services as a percentage of revenues decreased to approximately 22.7% in the third quarter of fiscal year 2003 from 26.7% in the third quarter of fiscal year 2002. The improvement in the ratio is attributed to the increase in average dollars earned per hearing as well as the type of cases administered. The ratio of cost of services to revenues will fluctuate based on the type of cases administered, the number of hours per case and our ability (or inability) to take advantage of volume arrangements with hearing officers which usually lower the cost per case.

Sales and Marketing. Sales and marketing costs decreased 27.5% to \$254,547 for the third quarter ended March 31, 2003 from \$351,247 for the third quarter ended March 31, 2002. Sales and marketing costs as a percentage of revenues decreased to 30% in the third quarter of fiscal year 2003 from 40% in the third quarter of fiscal year 2002. Most of the decrease (approximately \$73,500) relates to advertising costs. Our initial agreement with American Lawyer Media, Inc., which provided us with \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period, ended in August 2002. The related non-cash amount expensed for the quarters ended March 31, 2003 and 2002 was \$0 and \$63,431, respectively. At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement, as amended, with American Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising. Such advertising is to be used from June 2003 through June 2004. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted. The remainder of the decrease in sales and marketing costs relates to a decline in amounts incurred for salaries and related costs, travel and entertainment and promotions (which in total declined by approximately \$23,200).

General and Administrative. General and administrative costs increased 5.5% to \$626,889 for the third quarter ended March 31, 2003 from \$594,290 for the third quarter ended March 31, 2002. A portion of the increase (approximately \$75,300) relates to employee costs and related items (including benefits, payroll taxes and outside services) and real estate transactional costs. Offsetting the above increases was a decline in legal fees and depreciation costs totaling approximately \$41,500. The decline in legal fees was principally due to higher expenditures incurred in the prior

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year period to apply for international patents and trademarks for our web-enabled dispute resolution management and operational system that did not recur in the current year period. General and administrative costs as a percentage of revenues increased to 73% for the third quarter ended March 31, 2003 from 67% for the third quarter ended March 31, 2002.

Other Income (Expenses). Other income decreased by 61.1% from \$11,167 for the third quarter ended March 31, 2002 to \$4,346 for the third quarter ended March 31, 2003. Other income (expenses) is composed primarily of investment income and realized gains (losses) generated from investments. Realized losses (which includes write-downs for other than temporary declines in the value of marketable securities) was \$420 in the third quarter of fiscal year 2002 versus \$5,840 in the third quarter of fiscal year 2003, resulting in an increase in realized losses of \$5,420. Also, net interest income generated primarily from

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investments in money market funds declined by \$2,024 from \$8,443 in the prior year period due to lower invested balances and a decline in the prevailing interest rates between the two periods. At March 31, 2003, approximately 82% of cash equivalents and marketable securities were invested in government securities and money market funds (whose rate of return will fluctuate based on prevailing interest rates).

Income Taxes. Tax benefits resulting from net losses incurred for the periods ended March 31, 2003 and 2002 were not recognized as we recorded a full valuation allowance against the net operating loss carryforwards during the periods.

Net Loss. For the three months ended March 31, 2003, we had a net loss of \$213,025 as compared to a net loss of \$287,696 for the three months ended March 31, 2002. The loss declined principally due to reductions in cost of services, advertising and other sales and marketing expenses offset by a decline in revenues and an increase in administrative expenses.

Nine months Ended March 31, 2003 Compared to Nine months Ended March 31, 2002

Revenues. Revenues increased 3.8% to \$2,814,132 for the nine months ended March 31, 2003 from \$2,709,889 for the comparable prior period. The increase in revenues is primarily attributable to a rise in the average dollars earned per hearing, offset by a decline in cases heard during the nine month period. Due to inclement weather in the northeast during December 2002 and February 2003, several days of hearings had to be adjourned or cancelled. Furthermore, we believe our revenue has been adversely affected by the consolidation and turmoil in the insurance industry, which represents a major portion of our clientele. The immediate effect of such is a slow down in the number of cases being referred to us. However, in a broader sense, we believe that lawsuits continue to be commenced and that our oversight dispute resolution software should prove to be vital to insurers in their ability to address a growing caseload with reduced costs and increased efficiency. We believe our product will benefit clients as they seek to optimize efficiencies in the litigation process in order to improve their own financial outlook as, due to low interest rates, insurers cannot rely on investment income to offset operational and indemnity expenses. Additionally, plaintiffs benefit from a speedier resolution of their claims which is of greater importance in difficult economic times.

As we continue to recruit an exclusive pool of former, top-tier hearing officers, we believe this will enable us to attract a higher volume and diversity of cases, the nature of which demands the talented and well-respected hearing officers that we have to offer. As a result, we believe the average dollars earned per hearing will continue to be favorably impacted.

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Cost of Services. Cost of services decreased 3.1% to \$653,398 for the nine months ended March 31, 2003 from \$674,613 for the nine months ended March 31, 2002. Additionally, the cost of services as a percentage of revenues decreased to approximately 23.2% in the first nine months of fiscal year 2003 from 24.9% in the first nine months of fiscal year 2002. The improvement in the ratio is attributed to the increase in average dollars earned per hearing as well as the type of cases administered. The ratio of cost of services to revenues will fluctuate based on the type of cases administered, the number of hours per case and our ability (or inability) to take advantage of volume arrangements with hearing officers which usually lower the cost per case.

Sales and Marketing. Sales and marketing costs decreased 27.8% to \$842,077

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for the nine months ended March 31, 2003 from \$1,165,585 for the nine months ended March 31, 2002. Sales and marketing costs as a percentage of revenues decreased to 30% in the first nine months of fiscal year 2003 from 43% in the first nine months of fiscal year 2002. Most of the decrease (approximately \$301,000) relates to advertising costs. Our initial agreement with American Lawyer Media, Inc., which provided us with \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period, ended in August 2002. The related non-cash amount expensed for the nine months ended March 31, 2003 and 2002 was \$18,285 and \$289,148, respectively. At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement, as amended, with American Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising. Such advertising is to be used from June 2003 through June 2004. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted. The remainder of the decrease in sales and marketing costs pertained primarily to salaries and related costs which declined by approximately \$24,900.

General and Administrative. General and administrative costs decreased 1.0% to \$1,866,694 for the nine months ended March 31, 2003 from \$1,885,967 for the nine months ended March 31, 2002. There was a large decrease (approximately \$152,400) in legal and professional fees which, in the prior year period, primarily related to fees incurred to apply for international patents and trademarks for our web-enabled dispute resolution management and operational system and mergers and acquisitions activity that did not recur in the current year period. Additionally, we reduced expenditures by approximately \$58,600 with respect to taxes, market fees and internet services. Offsetting these decreases was an increase in employee costs and related items (including benefits, payroll taxes and outside services) amounting to approximately \$161,300, as well as increases totaling approximately \$34,000 for an allowance for a doubtful note receivable and real estate transactional costs. The increase in employee costs was largely due to increases in staff for computer programmers in our information technology department and for other administrative functions, including temporary help, to support and develop our dispute resolution processing and oversight software. General and administrative costs as a percentage of revenues decreased to 66% for the first nine months of fiscal year 2003 from 70% for the first nine months of fiscal year 2002.

Other Income (Expenses). Other income (expenses) changed by \$24,408, from other expenses of (\$13,100) for the nine months ended March 31, 2002 to other income of \$11,308 for the nine months ended March 31, 2003. Other income (expenses) is composed primarily of investment income and realized gains (losses) generated from investments. Realized gains (losses) (which includes write-downs for other than temporary declines in the value of marketable securities) approximated (\$65,700) in the first nine months of fiscal year 2002 versus (\$16,474) in the first nine months of fiscal year 2003, an improvement of \$49,226. As an offset, net interest income generated primarily from investments in money market funds

declined by approximately \$20,811 from \$41,433 in the prior year period due to lower invested balances and a decline in the prevailing interest rates between the two periods. At March 31, 2003, approximately 82% of cash equivalents and marketable securities were invested in government securities and money market funds (whose rate of return will fluctuate based on prevailing interest rates).

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Income Taxes. Tax benefits resulting from net losses incurred for the nine month periods ended March 31, 2003 and 2002 were not recognized as we recorded a full valuation allowance against the net operating loss carryforwards during the periods.

Net Loss. For the nine months ended March 31, 2003, we had a net loss of \$536,729 as compared to a net loss of \$1,029,376 for the nine months ended March 31, 2002. The loss declined as we secured higher fees for services rendered to our clients as a result of an increase in the type and diversity of cases heard, as well as reduced advertising expenses and achieved operating efficiencies.

Liquidity and Capital Resources

At March 31, 2003, the Company had a working capital surplus of \$1,345,110 compared to \$1,833,092 at June 30, 2002. The decrease in working capital occurred primarily as a result of the loss from operations.

Net cash used in operating activities was \$377,480 for the nine months ended March 31, 2003 versus \$578,743 in the prior comparable period. Cash used in operating activities principally declined due to a reduction in the loss from operations which was partially offset by a decrease in non-cash charges for advertising.

Net cash used in investing activities was \$332,611 for the nine months ended March 31, 2003 versus \$39,817 in the comparable prior period. The change in cash from investing activities was primarily due to a higher level of net purchases of marketable securities and an increase in purchases of furniture and equipment in the current period.

Net cash used in financing activities was \$0 for the nine months ended March 31, 2003 versus \$71,163 in the prior comparable period. In the prior period, we purchased 36,500 shares of our common stock for an aggregate cost of \$71,163.

We have incurred net losses and had negative cash flow from operations during the last six years and through March 31, 2003. Cash and cash equivalents arising principally from equity transactions have provided sufficient working capital to fund losses incurred and capital expenditures, as well as to provide cash to redeem preferred stock outstanding and to purchase treasury stock. As of March 31, 2003, we had \$1,516,132 in aggregate cash, cash equivalents and government securities. We believe that, through the proper use of these existing funds, from revenue generated from existing and new services and from expense reductions achieved by streamlining operations through the use of an enhanced processing system, we will have sufficient cash to meet our needs over the next twelve months.

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Contractual Obligations and Commitments

The Company has operating lease obligations for equipment and office space. At June 30, 2002, the minimum lease payments, as adjusted for sublease rentals, under noncancelable leases are as follows by fiscal year:

2003	\$ 253,700
2004	193,900
2005	190,700
2006	900

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Total \$ 639,200

Nasdaq Listing

On September 25, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum market value of publicly held shares of \$1,000,000. As a result, the Company had been provided 90 calendar days, or until December 24, 2002, to regain compliance. The Company was not able to regain compliance. Additionally, on November 6, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive trading days. As a result, the Company had been provided 180 calendar days, or until May 5, 2003, to regain compliance. Further, on December 23, 2002, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the minimum \$2,500,000 stockholders' equity requirement for continued listing set forth in Marketplace Rule 4310(c)(2)(B), and that its securities were, therefore, subject to delisting from The Nasdaq SmallCap Market. The Company met with The Nasdaq Listing Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market. On March 5, 2003, The Nasdaq Listing Qualifications Panel delisted the Company's securities from The Nasdaq SmallCap Market. Since that date, the Company's common stock has been listed on the OTC Bulletin Board.

Controls and Procedures

Our disclosure controls and procedures are designed to ensure that material information relating to the Company are made known to our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and others in the Company involved in the preparation of this quarterly report, by others within the Company. Our CEO and CFO have reviewed our disclosure controls and procedures within 90 days prior to the filing of this quarterly report and have concluded that they are effective. There were no significant changes in our internal controls or other factors that could significantly affect our internal controls subsequent to the last date they were reviewed by our CEO and CFO.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party to legal matters arising in the general conduct of business. The ultimate outcome of such matters is not expected to have a material adverse effect on the results of operations or financial position.

Item 2. Changes in Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults upon Senior Securities.

Not applicable.

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

Not applicable,

Item 5. Other information.

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Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

Exhibit Number -----	Description of Document -----
3.1	Certificate of Incorporation, as amended (1)
3.1 (b)	Certificate of Designation of Series A Exchangeable Preferred Stock (5)
3.1 (c)	Certificate of Correction of Certificate of Designation of Series A Exchangeable Preferred Stock (6)
3.1 (d)	Certificate of Amendment of Certificate of Incorporation (8)
3.1 (e)	Certificate of Amendment of Certificate of Incorporation, as amended (11)
3.2	By-Laws of the Company, as amended (3)
4.1	Stock Purchase Agreement dated May 10, 2000 (7)
4.2	Stock Purchase Warrant dated May 10, 2000 (7)
10.1	1996 Stock Option Plan, amended and restated (3)
10.2	Employment Agreement between Company and Roy Israel effective July 1, 2002 (12)
10.5	Employment Agreement between Company and Patricia Giuliani-Rheaume (2)
10.7	Lease Agreement for Great Neck, New York facility (1)
10.7.1	Amendment to Lease Agreement for Great Neck, New York facility (4)
10.7.2	Third Amendment to Lease Agreement for Great Neck, New York facility (10)
10.8	Exchangeable Preferred Stock and Warrants Purchase Agreement (5)
10.9	Preferred Stock Registration Rights Agreement (5)
10.11	Private Equity Line of Credit Agreement between Moldbury Holdings and Company (5)
10.12	Private Equity Line of Credit Registration Rights Agreement (5)
10.13	Stock Purchase Warrant for Moldbury Holdings Limited (5)
10.14	Advertising Agreement dated August 11, 2000 (9)
99.1	Statement of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

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99.2 Statement of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

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- (1) Incorporated herein in its entirety by reference to the Company's Registration Statement on Form SB-2, Registration No. 333-9493, as filed with the Securities and Exchange Commission on August 2, 1996.
 - (2) Incorporated herein in its entirety by reference to the Company's 1997 Annual Report on Form 10-KSB.
 - (3) Incorporated herein in its entirety by reference to the Company's 1998 Annual Report on Form 10-KSB.
 - (4) Incorporated herein in its entirety by reference to the Company's 1999 Annual Report on Form 10-KSB.
 - (5) Incorporated herein in its entirety by reference to the Company's SB-2 filed on March 28, 2000.
 - (6) Incorporated herein in its entirety by reference to the Company's SB-2A filed on April 21, 2000.
 - (7) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on May 17, 2000.
 - (8) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on June 21, 2000.
 - (9) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on August 24, 2000.
 - (10) Incorporated herein in its entirety by reference to the Company's 2000 Annual Report on Form 10-KSB.
 - (11) Incorporated herein in its entirety by reference to the Company's 2001 Annual Report on Form 10-KSB.
 - (12) Incorporated herein in its entirety by reference to the Company's 2002 Annual Report on Form 10-KSB.

** Filed herewith.

(b) Reports on Form 8-K.

Form 8-K was filed on January 9, 2003 to announce that the Company was to meet with The Nasdaq Listing Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market.

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Form 8-K was filed on March 4, 2003 to announce that the Company received a letter dated February 28, 2003 from the Nasdaq Listing Qualifications Panel stating that the Company's common stock will be delisted from The Nasdaq SmallCap Market effective with the opening

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of business on March 5, 2003.

Form 8-K was filed on March 14, 2003 to announce the extension of the Company's March 1998 Purchase Plan pursuant to which the number of shares of common stock of the Company eligible for purchase under the plan remained at an aggregate of 266,667 shares

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SIGNATURES

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

CLICKNSETTLE.COM, INC.

Date: May 12, 2003

By: /s/ Roy Israel

Roy Israel, President and CEO

Date: May 12, 2003

By: /s/ Patricia A. Giuliani-Rheaume

Patricia A. Giuliani-Rheaume,
Vice President, Treasurer and CFO

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CERTIFICATION

I, Roy Israel, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of clickNsettle.com, Inc. (the "registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Roy Israel

Roy Israel - Chairman of the Board, CEO and President

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CERTIFICATION

I, Patricia Giuliani-Rheaume, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of clickNsettle.com, Inc. (the "registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this

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quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 12, 2003

/s/ Patricia Giuliani-Rheaume

Patricia Giuliani-Rheaume - Vice President,
Chief Financial Officer and Treasurer

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