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LAIDLAW GLOBAL CORP
Form 10QSB
May 15, 2003

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

Form 10-QSB

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

For the quarterly period ended March 31, 2003

OR

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

For the transition period from _____ to _____

Commission file number 0-27681

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

Delaware
(State or other jurisdiction
of incorporation or organization)

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

575 Madison Avenue
New York, NY 10022
(Address of principal executive offices)

(212) 937-8465
(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 35,432,565 shares of common stock as of April 30, 2003.

Transitional Small Business Disclosure Format (check one)

Yes No

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	As of March 31, 2003 ----- (Unaudited)	As of December 31, 2002 -----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 478	\$ 28,674
Receivable from clearing broker and other receivables	1,193	78,077
Notes receivable	99,989	150,000
Deposits	8,600	17,899
Prepaid and other assets	59,107	87,131
	-----	-----
	\$ 169,367	\$ 361,781
	=====	=====
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Accounts payable and accrued expenses	\$ 3,035,443	\$ 2,850,284
Commissions and compensation payable	2,509	2,509

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Capitalized lease obligations	386,372	394,643
Other payable	140,000	140,000
	-----	-----
	3,564,324	3,387,436
	-----	-----
Commitments and contingencies		
Stockholders' equity		
Common Stock; \$.00001 par value; 50,000,000 shares authorized; 40,932,865 and 38,932,865 shares issued as of March 31, 2003 and December 31, 2002, respectively	409	389
Additional paid - in capital	40,139,080	39,990,807
Treasury stock, at cost (5,800,300 shares and 5,771,400 shares as of March 31, 2003 and December 31, 2002, respectively)	(2,491,365)	(2,491,365)
Accumulated deficit	(41,043,081)	(40,525,486)
	-----	-----
TOTAL STOCKHOLDERS' DEFICIENCY	(3,394,957)	(3,025,655)
	-----	-----
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIENCY	\$ 169,367	\$ 361,781
	=====	=====

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

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Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT
(Unaudited)

	Three months ended March 31,	
	2003	2002
	-----	-----
REVENUES		
Gross commissions	\$ --	\$ 729,495
Asset management fees	--	60,300
Corporate finance & private placement fees	75,000	79,167
Investment income & trading profits	--	432,639
Other	14,525	53,682
	-----	-----
Total Revenues	89,525	1,355,283
	-----	-----
EXPENSES		
Salaries and benefits	185,752	598,496

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Reversal of charge related to variable options	--	(636,036)
Commissions	--	681,417
Clearing fees	6,697	139,879
Rent and utilities	178,451	198,580
Depreciation and amortization	--	89,974
Client-related marketing	2,880	3,436
Travel and entertainment	--	119,419
Professional fees	116,784	298,117
Dues and assessments	6,436	39,150
Communications and information systems	30,661	207,198
Office	3,507	69,391
Interest	--	30,390
Loss from asset write offs	--	35,264
Charge in connection with share exchange	--	70,628
Loss from notes receivable write offs	60,469	--
Other	15,483	73,882
	-----	-----
Total Expenses	607,120	2,019,185
	-----	-----
Loss before taxes	(517,595)	(663,902)
Income Taxes	--	--
	-----	-----
NET LOSS	(517,595)	(663,902)
Accumulated deficit, beginning of period	(40,525,486)	(35,952,003)
	-----	-----
Accumulated deficit, end of period	\$ (41,043,081)	\$ (36,615,905)
	=====	=====
NET LOSS PER SHARE		
Basic and diluted	\$ (.02)	\$ (.02)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic and diluted	34,799,232	27,554,915
	=====	=====

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

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

Three months ended March 31,
2003 2002 (*)

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CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (517,595)	\$ (663,902)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	--	89,974
Deferred rent	(7,430)	(7,429)
Deferred revenue	--	(99,722)
Reversal of charge related to variable options	--	(636,036)
Loss from notes receivable write offs	60,469	--
Charge in connection with share exchange	--	70,628
(Increase) decrease in operating assets:		
Due from clearing brokers and other receivables	66,426	(28,794)
Marketable securities owned	--	175,303
Deposit	9,299	--
Prepaid and other assets	28,024	72,729
Increase (decrease) in operating liabilities		
Marketable securities sold but not yet purchased	--	(930)
Accounts payable and accrued expenses	192,901	(161,325)
Commissions and compensation payable	--	96,283
	-----	-----
Net cash used in operating activities	(167,906)	(1,093,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for leased equipment	(8,583)	(103,865)
	-----	-----
Net cash used in investing activities	(8,583)	(103,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	--	(72,593)
Repayment of notes payable	--	(257,058)
Proceeds from notes receivable	--	1,915,000
Proceeds from issuance of common stock	148,293	--
	-----	-----
Net cash provided by financing activities	148,293	1,585,349
	-----	-----
Net increase in cash and cash equivalents	(28,196)	388,263
Cash and cash equivalents, beginning of year	28,674	2,220,119
	-----	-----
Cash and cash equivalents, end of year	\$ 478	\$ 2,608,382
	=====	=====
Supplemental disclosure for cash flow information:		
Cash paid during the period for interest	\$ --	\$ 2,089

* Reclassified for comparability.

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

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Laidlaw Global Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2003

And for the three months ended March 31, 2003 and 2002

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

Laidlaw Global Corporation (the Company) is a holding company whose directly and indirectly wholly- or majority-owned operating subsidiaries include Laidlaw Holdings, Inc. (Laidlaw Holdings), which was renamed Cardinal Holdings, Inc. (Cardinal Holdings) in March 2003, Laidlaw Global Securities, Inc. (Laidlaw Global Securities), a Laidlaw Holdings wholly-owned registered broker-dealer which ceased operations in November, 2002, and which was dissolved in April, 2003, Westminster Securities Corporation, (Westminster), which the Company sold in June, 2001, H&R Acquisition Corporation (HRAC), an 81%-owned Laidlaw Holdings subsidiary which maintains a 100% interest in Howe & Rusling, Inc., (H&R) which the Company sold in December, 2001, Globeshare Group, Inc., (GGI), formerly Global Electronic Exchange, Inc. a 97%-owned internet-based investment services company established on June 14, 1999 which maintains a 100% interest in Globeshare, Inc. (Globeshare), an internet-based broker-dealer, whose operations were integrated with Laidlaw Global Securities in October, 2001, Laidlaw Pacific (Asia) Ltd. (LPA), a registered broker-dealer and Investment Advisor with the Hong Kong Securities and Futures Commission, which ceased operations in 2001, Laidlaw International, S.A., (LI) a 99.8% owned broker-dealer based in France, which ceased operations in April, 2002, Laidlaw Properties, Inc., a new subsidiary incorporated in November, 2002 which will commence the Company's investment property business and other real estate ventures, and Phoenix Securities Corp., a newly added subsidiary in February, 2003, is a broker-dealer that specializes in corporate services not requiring broker-dealer registration. The business activities include or included securities brokerage, investment banking, asset management and investment advisory services to individual investors, corporations, pension plans and institutions worldwide, as well as investment property development and management.

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

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

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

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

With the difficult market conditions that prevailed starting the second half of fiscal 2000, Laidlaw Global Securities experienced continued losses and erosion of capital despite management's persistent efforts to cut costs and find new

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avenues for revenue generation. In the last quarter of fiscal 2002, the Company's management deemed Laidlaw Global Securities was no longer a viable operation to maintain. On or about November 19, 2002, Laidlaw Global Securities, filed with the Securities and Exchange Commission a Uniform Request Withdrawal from Broker-Dealer Registration effective November 13, 2002. LGSI also filed a Notice of Withdrawal as an Investment Advisor.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The Company has suffered recurring losses and has a significant accumulated deficit as of March 31, 2003. In addition, the Company continues to incur substantial losses. Accordingly, the Company anticipates that it will require additional sources of funding during 2003 to maintain its operations. The Company is dependent on outside sources of financing and is presently pursuing several alternatives, although no additional financing is imminent. These conditions raise substantial doubt about the ability of the Company to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

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NOTE B - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." This statement expands the disclosure requirements with respect to stock-based compensation. The transition guidance and annual disclosure provisions of SFAS Bo. 148 are effective for fiscal years ending after December 15, 2002. The adoption of SFAS NO. 148 did not impact the Company's financial condition or results of operations for fiscal 2002. Management is in the process of evaluating the impact of the statement on the Company's financial position and results or operations for fiscal 2003.

NOTE C - NET CAPITAL REQUIREMENTS

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

NOTE D - NOTES PAYABLE AND SUBORDINATED BORROWINGS

There were no outstanding notes payable and borrowings under subordination agreements at March 31, 2003.

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

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

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

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

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presently pursuing several alternatives.

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

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

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

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

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

Laidlaw notified LCG that the transaction terminated and maintained its right to a \$500,000 penalty under the terms of the agreement. Subsequently, upon the

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request of LCG which assured Laidlaw that it has arranged for the necessary funds to complete a revised proposal, Laidlaw agreed to voluntarily refrain from seeking the enforcement of its penalty in order to provide LCG with an opportunity to submit a revised proposal. Laidlaw initially agreed to wait until August 16, 2002 before acting and then agreed to extend that deadline to August 31, 2002. No revised proposal was received and Laidlaw may have enforced the penalty under the terms of its agreement with LCG.

In January, 2003, the Company settled this dispute with London Capital Group, Ltd. for a compensation of \$70,000, \$10,000 of which was received in December 2002 and the balance of \$60,000 was received in January 2003.

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NOTE E - COMMITMENTS AND CONTINGENCIES

Litigation

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

Laidlaw Global Securities, Inc. ("LGSI") is a defendant in a legal matter involving the underwriting and initial public offering of Galacticomm Technologies, Inc. ("Galacticomm") shares. The Company acted as a member of a selling group, pursuant to which the Company agreed to purchase 200,000 shares of Galacticomm at \$5.40 per share and 200,000 warrants of Galacticomm at \$0.09 per warrant. Additionally, the Company agreed to guarantee the purchase of an additional 20,000 shares and warrants if deemed necessary. Prior to the settlement of the IPO, the Company had satisfied all its commitments as part of its agreement with the lead underwriters. Prior to the settlement of the IPO, the lead underwriters aborted the IPO based upon what they, in their sole discretion, believed was a declining market in the U.S. and abroad. Pursuant to the underwriting agreement between Galacticomm and the lead underwriters, the lead underwriters had the right, in their sole discretion, to abort the IPO in the event of adverse conditions. Galacticomm commenced suit against the underwriting group in a Florida state court seeking damages for breach of the underwriting agreement.

Before this matter could proceed to trial, all remaining defendants reached a settlement agreement with plaintiff. The settlement agreement provided for LGSI to pay the sum of \$72,500 over four quarterly installments. However, Laidlaw breached the terms of the settlement agreement resulting in a judgment against the Company in the amount of \$1,378,681 (with interest accruing at the rate of 9% per annum from January 21, 2003). Since this judgment is against LGSI only, the Company's counsel believes that plaintiff can enforce this judgment only against LGSI and not against any of the other Laidlaw entities, including the parent entity. Furthermore, it is the opinion of the Company counsel that in the event LGSI has sufficient capital to pay the original settlement amount, plaintiff will accept this sum in full satisfaction of the aforementioned judgment. Of course, there is no guarantee that this will occur. Management has indicated its intent to appeal the judgment in the state of Florida.

Greek Capital Market Commission vs. Laidlaw Global Corporation

The Company, as well as its subsidiary Laidlaw Global Securities, have been named in an administrative proceeding involving the Greek Capital Market Commission ("CMC"). In early 2000, representatives of the Company were introduced to a representative of Elektra S.A. ("Elektra"), an entity whose securities are publicly traded in Greece, in order to discuss a business strategy by which the Company would assist in the sale of a significant amount of Elektra's shares by certain of its stockholders. Following meetings with such

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persons, Elektra announced in the spring of 2000 that its principal shareholders would sell up to 3,000,000 shares of its stock. On March 28, 2000, Elektra sold two million shares of its stock to institutional investors through a Greek brokerage firm, Contalexis Financial Services.

On February 28, 2001, the CMC, an administrative body which reviews securities issues in Greece, found that Laidlaw Global Securities violated certain notification requirements to the CMC and Elektra. According to the CMC's findings, the Company (i) failed to notify the CMC and Elektra of the March 28, 2000 acquisition of Elektra shares and (ii) failed to notify the Athens Stock Exchange of the Company's assignment of voting rights and participation of share capital in Elektra. The Company believes that, since neither it nor any of its subsidiaries ever owned shares of Elektra, and for the other reasons set forth below, both of these findings are without merit and factually inaccurate and will be overturned on appeal.

Additionally, the CMC found that a representative of the Company falsely stated to the public that the Company was interested in holding Elektra shares two days prior to selling such shares. Since the Company never held shares of Elektra, management believes that such statements were misquoted by the Greek press. The subsidiary Laidlaw Global Securities and the Company have been assessed fines and penalties aggregating 1,257,168 Euros (US\$1,357,741).

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

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

In November, 2001, Plural instituted action in the New York State Supreme Court for services rendered pursuant to a computer consulting agreement. Plural claimed approximately \$700,000 was due to it pursuant to the agreement. In June, 2002, Plural and Laidlaw entered into a settlement agreement wherein the payment by Laidlaw of \$40,000 to Plural by August 2, 2002 shall cause all claims or counterclaims which are or could be asserted, including but not limited to those set forth in the Complaint and the draft counterclaims, to be dismissed with prejudice, without costs, for which purpose either party may tender an appropriate form of judgment to the Court, on notice. Payment of the settlement amount has been made by Laidlaw.

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

The Claimant alleges that a registered representative while employed at LGS, Drake and Gruntal, made investments on behalf of Harold Slote which were

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

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

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

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

Bergmann v. Laidlaw Global Corp. and Roger Bendelac

Robert Bergmann, Jr., a former customer of Laidlaw Global Securities, has filed a NASD Arbitration against Laidlaw Global Corp. and Roger Bendelac individually, seeking \$953,000 in damages based upon allegations that Roger Bendelac failed to sell Mr. Bergmann's shares of Laidlaw's common stock upon the expiration of the restrictive period. Claimant's father obtained shares of the Company in August 1999 upon the conversion of a convertible note issued by Laidlaw Holdings, Inc. At the time the stock was issued, as a conversion from a Laidlaw Holdings, Inc. Convertible Subordinated Note, the common stock carried a one year restriction on the re-sale of the stock pursuant to Rule 144 of the Securities Exchange Act; i.e., the holder had to hold the security for a minimum of one year before selling it. Mr. Bergmann sought to sell the shares in January 2000. However, Claimant alleges that Mr. Bendelac failed to sell Mr. Bergmann's shares and by the summer of 2000, the value of this security dropped substantially. It should be noted that the purchase costs by the Claimant's father in Laidlaw shares at stake in litigation never exceeded \$100,000. Further, Mr. Bendelac had become the Chief Executive Officer of the Company and no longer handled the Bergmann account. Claimant is seeking the difference in the value of the stock at the time he instructed Mr. Bendelac to sell the shares, versus the current value of his holdings.

Upon a review of the facts and the law, and based upon Claimant's admissions as to the applicable dates, it appears that as of January 2000, Mr. Bendelac was unable to carry out Bergmann's instructions based upon Rule 144. As the stock was acquired by Mr. Bergmann in August 1999, based upon the fact that the security was subject to a one year holding period, Mr. Bendelac could not have sold this stock for Bergmann until August 2000, at the earliest. As such, this Claim should be dismissed as a matter of law.

Special Counsel has interposed an answer to the Statement of Claim on behalf of Mr. Bendelac and the Company and petitioned the NASD for dismissal of the claim based upon applicable law. This application was supported by an affidavit from Laidlaw's corporate counsel who joined in the position that the stock was restricted and was incapable of being sold legally. If the security could not be sold until August 2000, Claimant's damages were not proximately caused by any of

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the acts complained of in the Statement of Claim, but by market forces responsible for the stock's decline. Because of the issues surrounding the appointment of arbitrators in California, no NASD panel has yet been appointed. To date, Claimant's counsel has not responded to Respondents' motion to dismiss

Laidlaw's counsel has had numerous conversations with Claimant's counsel about reaching a settlement and Laidlaw has offered a nuisance value settlement of \$4,000. Claimant's counsel has indicated he is favorably disposed to accepting this sum, given the pending motion, his review of the applicable law as set forth in Laidlaw counsel's motion to dismiss, and upon Laidlaw's dire financial circumstances. Claimant's counsel has now informed Laidlaw that he is withdrawing from the case. Naturally, Claimant's counsel's decision to withdraw is not binding nor can the Company conclude that Claimant won't continue the matter with substitute counsel. Laidlaw counsel, however, remains confident in the merits of Laidlaw's defenses.

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Based on this new development, Laidlaw Global Corporation, which is not regulated by the NASD, has decided to inform the NASD that it is not subject to NASD jurisdiction and therefore can no longer be part of these proceedings. To date Claimant has not filed the claim in court or in any other jurisdiction.

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

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

Claimant alleges broker Fine subjected his account to unnecessary risks contrary to his investment objectives. Claimant focuses his complaint on investments in a company known as Razorfish, Inc. It should be known that Razorfish is, itself, the target of intense regulatory scrutiny for committing securities fraud and thus, to the extent Fine was caused to make any misrepresentations, we have the added defense that Fine believed his representations to be true at the time he made them to Thomas based upon information Razorfish was disseminating to the public.

Laidlaw counsel has interposed an Answer on behalf of LGS but not on behalf of its former broker Fine who is representing himself. The acts complained of by Mr. Thomas occurred while Mr. Fine was employed at Coleman & Co. Stock of Razorfish was purchased for the Thomas account before the account was transferred to LGS. To the extent Fine did recommend speculative investments, and to the extent these investments were unsuitable and did cause Claimant to sustain losses, Laidlaw should not be held liable. In fact, at the time Claimant transferred his account, the value of the account was only \$9,000. The Thomas account at LGS never exceeded approximately \$20,000 and thus, the exposure to LGS, if any, is quite limited. NASD has appointed an arbitration panel and the matter was scheduled to be heard on April 29 to May 1, 2003. Laidlaw counsel had settlement talks with Claimant's counsel in an effort to resolve this matter. Claimant's counsel has indicated it will accept a settlement of \$4,990, Laidlaw's counteroffer to the Claimant's original offer of \$5,500. As of May 13, 2003, the settlement agreement is in the process of being finalized.

David Bottoms, Jr. v. Laidlaw Global Corp, et al.

On or about December 21, 2001, David Bottoms entered into two contracts with

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Laidlaw Global Corp. The first agreement (Acquisition Agreement) provided Laidlaw would purchase certain rights and interests owned by Bottoms in consideration for the payment of \$300,000 and enter into a three year consulting agreement in which Laidlaw agreed to pay Bottoms the sum of \$100,000 per year. Laidlaw paid the \$300,000 acquisition fee and paid \$50,000 toward the three year consulting agreement. However, after the company became insolvent, Laidlaw was unable to pay the balance of \$250,000. However, Bottoms was not required to provide any consulting services to the company as a result.

On or about December 19, 2002, Bottoms commenced a lawsuit in the Supreme Court of the State of New York, County of New York against Laidlaw Global Corp., Laidlaw Holdings, Inc., Laidlaw Global Securities, Inc. and Laidlaw Global Properties, Inc. alleging breach of the aforementioned agreements and seeking \$250,000 in damages plus 7% interest. This office filed a notice of appearance and a demand for a complaint. Laidlaw counsel appeared in Court on March 27, 2003 at which time the Court stipulated the end May, 2003 as the discovery cut off date. Thereafter, a trial date will be set by the Court.

The Agreement mandates that the parties agree to arbitrate all disputes before the American Arbitration Association. Before getting to the merits of the matter, it should be known that Laidlaw has a strong opportunity to oppose the action by moving to stay the court proceedings and to compel arbitration. By proceeding in the state court system, it is not likely this matter will be resolved for several years versus a much more expedited (and far more costly) result should the matter proceed before AAA. As such, no decision has yet been made as to whether to permit this matter to proceed in the state court venue.

In either event, the company has several defenses to this action. First, Bottoms named Laidlaw Global Securities, Inc. and Laidlaw Global Properties, Inc. as defendants in this action and there is no basis for these parties to be included in this matter. In fact, Laidlaw Global Properties didn't even exist until after the contract in question had been entered into. Additionally, there is a question of Bottoms lack of performance of his consulting duties, the consideration for the payment of his consulting fees. However, this is a question of fact that will have to be determined by either an arbitration panel or a jury. At this point in time, there is no way to accurately assess the liability of this matter except to note that unless a settlement is reached, and that appears unlikely at the moment, this matter will not be disposed of for quite some time, perhaps a year at the earliest, longer if the matter remains before the Court.

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S.L. Greene vs. Laidlaw Holdings, Inc.

Laidlaw Holdings, Inc., the leaseholder to the Company's office spaces at 100 Park Avenue is currently in default on its lease agreement with its landlord SL Greene. As a result, SL Greene has obtained a judgment against Laidlaw Holdings, Inc. in excess of \$500,000. Since SL Greene obtained its judgment, Laidlaw has vacated the premises. There is no way of knowing at this time whether SL Greene intends to seek enforcement of its judgment in light of its awareness of the Company's current financial status.

Richard Tuten vs. Laidlaw Global Securities, Inc.

Claimant Richard Tuten commenced a NASD Arbitration against Laidlaw Global Securities, Inc. seeking \$821,226 in compensatory damages alleging that LGSI fraudulently induced Tuten to personally guarantee certain loans for his company under the guise that Laidlaw would raise \$3,000,000 in private funding only to purposely withhold its successful fund raising efforts in an effort to drive the

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company into bankruptcy so other Laidlaw clients could buy Tuten's company's assets for pennies on the dollar.

The matter on this case arose out of events that date as far back as June 1997. The issuance of a complaint almost six years later raises both credibility and a possible statute of limitations issue. LGSI Counsel does not feel the matter has any merit and is of the opinion that this matter can be successfully defended. On May 10, 2003, Counsel has filed a response on behalf of LGSI denying all allegations and further denying complainant's claim on the ground that no written contractual agreement has ever existed with the complaining party. LGSI's response has further asserted the failure of the complainant to make a claim within the time frame of both federal and state statutory limitations requirements.

Equilease vs. Globeshare, Inc., Laidlaw Global Corp. et al

Claimant alleges the respondents are liable to them for the amount of \$190,000 based on non fulfillment of a lease agreement by the Globeshare, Inc. subsidiary and non fulfillment of guarantee by Laidlaw Global Corp. Laidlaw Global Corp. has proposed a settlement through the issuance of non-voting interest bearing preferred stock with a 3-year maturity and a conversion feature at maturity. Laidlaw is expecting a response from Equilease. The outcome of this litigation could have a significant impact on Laidlaw's prospects to continue operations.

NASD Regulatory Matter

The NASD has commenced a formal investigation against LGSI pertaining to certain trading activities of LGSI in the stock of the Company during the period June 1999 through September 1999. The NASD alleges that a firm trader and others improperly traded restricted shares of the Company from the LGSI proprietary account. Further, NASD alleged, and trading records confirmed, LGSI may have engaged in improper solicited agency trades of the Company's restricted stock during this period. If the allegations were proven true, the aforementioned trades would have been violative of securities rules and regulations.

After submitting a Wells submission (a legal brief outlining the reasons why charges should not be brought against Laidlaw Global Securities, Inc.) LGSI has signed a settlement agreement with the NASD wherein LGSI agreed to a censure and a fine in the amount of \$50,000 to be paid no later than May 1, 2003. There were no admission of wrongdoing by LGSI and once the fine is paid, the matter will be deemed concluded.

Since LGSI no longer exists as a corporate entity, the Company, being the ultimate parent, took upon itself to satisfy this obligation to the NASD. On April 30, 2002, the Company proposed the following payment schedule that would be feasible considering the financial difficulties of the Company: \$12,500 paid with the proposal as initial payment and the balance payable in installments of \$6,250 each from July 1, 2003 to October 1, 2004. Interest was proposed at the appropriate minimal interest authorized by the Internal Revenue Service (IRS). The NASD communicated their agreement with the Company upon their receipt of the proposal.

American Stock Exchange Listing Matter

On April 10, 2003 the staff of American Stock Exchange (AMEX) confirmed with the management of the Company the intention of AMEX to proceed with the filing of an application with the Securities and Exchange Commission (the "SEC") to strike the Company's common stock from listing and registration on the Exchange. AMEX had earlier advised Laidlaw Global Corporation in April 2002 that Laidlaw was in breach of two continuing listing requirements of the Exchange, namely, its equity was below the required minimum and that it had reported losses two of the previous three years. Laidlaw submitted a business plan to AMEX outlining its

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strategy to cure the defaults over the next three to four quarters and requested AMEX to maintain the listing as long as Laidlaw continued to meet the goals set out in the business plan. Given the continuing difficult markets, Laidlaw has ascertained that it will be unable to meet the deadline set forth in the business plan to comply with the AMEX listing standards. Moreover, the AMEX has notified Laidlaw in its most recent communication that the Company presently is in breach of additional listing requirements, including its failure to hold a shareholders' meeting in a timely manner. The Company does not agree with all of the issues in the AMEX notification and has the right to appeal the AMEX notification. Laidlaw's Board of Directors reviewed the merits of appealing the notification but has decided that it will not be in compliance with AMEX's listing requirements, given the Company's financial performance in the latest fiscal year. Consequently, Laidlaw filed a notice on April 21, 2003 with the SEC for a voluntary delisting of its shares from the American Exchange. The Company is making all efforts to facilitate the trading of its shares on the OTC Bulletin Board. Laidlaw also is trying to ensure that there is no gap in trading for the Company's shares in its transition from the AMEX.

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Securities and Exchange Commission Regulatory Matter

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

We are subject to various legal proceedings. In management's opinion, some of these proceedings in which Laidlaw Global Corporation is involved as a defendant could adversely affect the viability of the Company to continue its existence if not satisfactorily settled or if an adverse decision beyond the ability of the Company to receive financing was to be rendered.

NOTE F - INDUSTRY SEGMENTS

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

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

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

Laidlaw Global Securities, the wholly owned subsidiary of Laidlaw Holdings, Inc. which, in turn, is wholly owned by the Company, was substantially engaged in

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traditional trading, brokerage and investment banking services.

Foreign Operations and Major Customers: The Company had no significant assets or revenues (either external or intercompany) from operations in foreign countries for each of the two periods ended March 31, 2003 and 2002 other than commission and Investment Banking revenues from the activities of Laidlaw Global Securities on behalf of foreign and U.S. customers in foreign markets, amounting to \$27,500 for the quarter ended March 31, 2002, which approximates 2.32% of external revenue for the period. Additionally, the Company had no significant individual customers (domestic or foreign) as of March 31, 2003, or for each of the periods ended March 31, 2003 and 2002.

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

	Three months ended March 31,	
	2003	2002
	(Unaudited)	
Revenue from external customers		
Asset management	\$ --	\$ 60,300
Brokerage	75,022	1,277,372
Corporate and other	14,503	17,611
	-----	-----
Total external revenue	\$ 89,525	\$ 1,355,283
	=====	=====
Net income (loss)		
Asset management	\$ --	\$ --
Brokerage	67,431	(221,694)
Corporate and other	(585,026)	(442,208)
	-----	-----
Total net (loss)	\$ (517,595)	\$ (663,902)
	=====	=====
Total assets		
Brokerage	86,252	3,489,898
Corporate and other	83,115	1,320,270
	-----	-----
Total assets	\$ 169,367	\$ 4,810,168
	=====	=====

NOTE G - STOCK OPTIONS

During 1999, the Company established a stock option plan which incorporated all outstanding options previously granted under the prior Laidlaw Holdings stock option plans. The plan allows the Company to grant options to employees of the Company, its subsidiaries and affiliates, for up to 4,350,000 shares of common stock at December 31, 2002. Options currently outstanding are exercisable either immediately or up to five years from the grant date and expire five years after

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the grant date.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, and amendment of FASB Statement No. 123." This statement expands the disclosure requirements with respect to stock-based compensation. The transition guidance and annual disclosure provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002. The adoption of SFAS No. 148 did not impact the Company's financial condition or results of operations for fiscal 2002. Management is in the process of evaluating the impact of the statement on the Company's financial position and results or operations for fiscal 2003.

The following table illustrates the effect on net income and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period.

	Three Months Ended March 31	
	2003	2002
	-----	-----
Net loss, as reported	\$(517,595)	\$(663,902)
Add: Stock-based employee compensation expense included in reported net loss, net of related tax effects		636,036
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(49,880)	(333,897)
	-----	-----
Pro forma net loss	\$(567,475)	\$(361,763)
	=====	=====
Loss per share:		
Basic - as reported	\$ (0.02)	\$ (0.02)
	=====	=====
Basic - pro forma	\$ (0.02)	\$ (0.01)
	=====	=====

NOTE H - EARNINGS PER COMMON SHARE

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

Three Months ended March 31,

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	2003	2002
	(Unaudited)	
Numerator		
Net loss applicable to common shares for basic and diluted earnings per share	\$ (517,595)	\$ (663,902)
Denominator		
Weighted-average common shares for basic and diluted earnings per share	34,799,232	27,554,915
Earnings (loss) per common share		
Basic and diluted	\$ (.02)	\$ (.02)

All outstanding warrants and options were excluded from the computation of the diluted earnings per share because the Company incurred losses for the three months period ended March 31, 2003 and 2002 and the effect would have been antidilutive.

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

Overview

Laidlaw Global Corporation is a financial services firm that operated in two business segments: brokerage, which includes investment banking and sales and trading, and asset management. Going forward the company intends to have two wholly owned subsidiaries: (1) Phoenix Securities Corp.; and (2) Laidlaw Properties, Inc. ("Laidlaw Properties").

1) Phoenix Securities Corp. offers a range of innovative investment strategies, and financial services. Phoenix Securities Corp. provides its clients with an opportunity to extend their investment offerings to key international markets. Once appropriately licensed and registered, it will assist international companies who require access to the U.S. capital markets. Laidlaw has years of experience in building strategic alliances and investment relationships, as well as advising on mergers and acquisitions and related financing opportunities. Until it has completed the process of registration and obtained the necessary licenses, the newly formed subsidiary of Laidlaw is limiting itself to investment banking services that do not require a registration as a broker-dealer. It has recently completed its first assignment by issuing a fairness opinion for a fee in the corporate merger of a publicly traded entity.

2) Laidlaw Properties, Inc. aims to establish itself as a leading niche player in the global property market. Given the size of Laidlaw and the flat structure of the business model, the two divisions will be interdependent on each other and will share their respective skill pools.

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

Brokerage activities included underwriting public offerings of securities,

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

Laidlaw has operated through a number of separate entities owned directly by Laidlaw Global Corporation or through its wholly owned subsidiary, Laidlaw Holdings, Inc., which was renamed Cardinal Holdings, Inc. in March 2003. Laidlaw Global Securities, Inc. provided brokerage services and is wholly owned by Laidlaw Holdings, Inc. Howe & Rusling, Inc. provided management services of financial assets and was owned by H&R Acquisition Corp., 81% of whose stock was owned by Laidlaw Holdings, Inc. The interest in H&R Acquisition Corp. was sold on December 26, 2001 pursuant to a Stock Purchase Agreement dated December 21, 2001. Westminster Securities Corporation, a NYSE member firm acquired by Laidlaw on July 1, 1999 also provided general brokerage services. Westminster Securities Corporation was sold on June 12, 2001. The sale of Westminster Securities Corporation was completed pursuant to the Amended and Restated Stock Purchase Agreement dated June 7, 2001. The Agreement stipulated that the transactions shall be treated solely for tax and financial reporting purposes as having an effective date of May 31, 2001. Another subsidiary, Globeshare Group, Inc. (formerly Global Electronic Exchange, Inc.), was a holding company that owned 100% of Globeshare, Inc., an online broker-dealer. Globeshare, Inc. filed for withdrawal of its registration as a broker/dealer with the NASD on November 20, 2001. The operations and customer accounts of the on-line broker were transferred to Laidlaw Global Securities on October 5, 2001 after duly informing the customers. A broker/dealer subsidiary called Laidlaw International, S.A., located in France, was granted the license to operate as a broker/dealer by Banque de France in April 2001. A new subsidiary Laidlaw Properties, Inc., which was incorporated in the state of Delaware under the General Corporation Law, will undertake the Company's investment property business and other real estate ventures. Another subsidiary, Phoenix Securities Corp., which was incorporated in Delaware under the General Corporation Law in September, 2001 and was not operational until recently, specializes in Corporate services including the rendering of fairness opinions, the review of merger and acquisition transactions and the brokering of such transactions for a fee or an equity participation. At this point, Phoenix Securities Corp. provides services not requiring its registration as a Broker-Dealer. In the future, should it decide to enter into businesses requiring such registration, Phoenix will apply for the appropriate registrations, authorizations and licenses.

Numerous changes in the operation of the businesses of Laidlaw Global Corporation occurred during fiscal years 2003 and 2002. After September 11, 2001, the European market, an essential part of the business generated by the French subsidiary, Laidlaw International, deteriorated and did not recover as promptly as the U.S. markets. In early February, 2002, the French Commission Bancaire demanded a capital increase of 2 million Euros in order to maintain the French subsidiary in Compliance with French Net Capital Regulations. Laidlaw Global Corporation had to make a hard decision since it could not support its European operations while keeping adequate capital for the U.S. operations. With a very short deadline imposed by the French regulatory authority, Laidlaw Global Corporation determined not to provide the additional capital and this resulted in the nomination of an Administrator for Laidlaw International by the Commission Bancaire. Effective April 11, 2002, the French Administrator committed to a process of liquidation. Accordingly, the Company recognized a loss as of December 31, 2001 from the write off of all its investment in the French subsidiary amounting to \$634,562. In March 2002, the Company incurred an additional expense of \$35,264 in connection with the final settlement in closing the operations of the French subsidiary as required by the French Administrator. With the difficult market conditions that prevailed starting the second half of fiscal 2000, Laidlaw Global Securities, Inc. ("LGSI") experienced continued losses and erosion of its capital despite management's persistent efforts to cut costs and find new avenues for revenue generation. In the last quarter of fiscal 2002, the Company's management deemed LGSI was no longer a viable operation to

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maintain. On or about November 19, 2002, LGSI filed with the Securities and Exchange Commission a Uniform Request Withdrawal from Broker-Dealer Registration effective November 13, 2002. LGSI also filed a Notice of Withdrawal as an Investment Advisor. In conjunction with this, LGSI sold its list of client accounts to Kuhns Brothers Securities for a cash consideration of \$75,000. A negative consent transfer letter was sent to all clients of LGSI. With the cessation of operations of LGSI, Laidlaw terminated most of its employees and retained only key personnel required to close the affairs of said broker-dealer subsidiary and maintain the downsized operations of the Company. An asset write down in the amount of \$333,042 was required to adjust the investment of LGSI and the Company in computer hardware and software, furniture, and leasehold improvements. Since LGSI was no longer engaged in broker-dealer activities, LGSI filed a Certificate of Dissolution with the state of Delaware on April 2, 2003.

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

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

Laidlaw's results of operations were also materially affected by competitive factors. Recent and continuing global convergence and consolidation in the financial services industry will lead to increased competition from larger diversified financial services organizations even though Laidlaw's strategy has been to position itself in markets where it believes it has an advantage over its competition due to strong local connections and access to foreign brokerage firms and investors.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Note A to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following lists some of the Company's critical accounting policies impacted by judgments, assumptions and estimates.

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Revenue Recognition

Securities Transactions

Customers' securities transactions are recorded on a settlement-date basis with related commission income and expenses recorded on a trade-date basis.

Proprietary securities transactions are recorded on a trade-date basis. Profit and loss arising from all securities transactions entered into for the account and risk of the Company are recorded on a trade-date basis.

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

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

Investment Banking Fees

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

Corporate Finance Fees

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

Asset Management Fees

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

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Impairment of Long-Lived Assets

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

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax

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assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company records a valuation allowance on deferred tax assets when appropriate to reflect the expected future tax benefits to be realized. In determining the appropriate valuation allowance, certain judgments are made relating to recoverability of deferred tax assets, use of tax loss carryforwards, level of expected future taxable income and available tax planning strategies. These judgments are routinely reviewed by management. For further discussion, see Notes A and L to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

As of March 31, 2003, the Company did not have any derivatives, non fixed-interest debt or hedges outstanding. Therefore, the Company was not subject to interest rate risk.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Controls

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

Recent Developments

In January 2003, the Company issued 2,000,000 shares of its common stock to an individual unrelated to the Company in a private sale for \$148,930 (\$.074 per share).

In January, 2003, the Company settled the dispute that arose out of the previously non completed funding agreement entered with London Capital Group, Ltd. for a compensation of \$70,000, \$10,000 of which was received in December, 2002 and the balance of \$60,000 in January, 2003.

On February 14, 2003, Phoenix Securities Corp., which was incorporated in Delaware under the General Corporation Law in September, 2001 and was until then anon operating entity, was added as a new subsidiary of the Company. Phoenix Securities Corp specializes in Corporate services including the rendering of fairness opinions, the review of merger and acquisition transactions and the brokering of such transactions for a fee or an equity participation. At this point, Phoenix Securities Corp. provides services not requiring its registration as a Broker-Dealer. In the future, should it decide to enter into businesses

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requiring such registration, Phoenix will apply for the appropriate registrations, authorizations and licenses. It has recently completed its first assignment by issuing a fairness opinion for a fee in the corporate merger of a publicly traded entity.

On March 4, 2003, the Company moved its offices to a new location in New York City. The move is in conjunction with its cost restructuring efforts.

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On March 26, 2003, the Board of Directors of Laidlaw Holdings, Inc. approved the dissolution of its wholly-owned subsidiary Laidlaw Global Securities, Inc. which was no longer engaged in broker-dealer activities. On the same date the Board of Directors of Laidlaw Global Securities, Inc. concurred with the resolution of the parent company. Accordingly, a Certificate of Dissolution was filed by Laidlaw Global Securities, Inc. with the state of Delaware on April 2, 2003.

On March 31, 2003, Laidlaw Holdings, Inc. filed an amendment of its Certificate of Incorporation with the state of Delaware for a change of corporate name to Cardinal Holdings, Inc. This amendment was approved by the Secretary of State of Delaware on April 3, 2003 and made effective retroactive to the filing date.

On April 8, 2003, the Company issued 300,000 shares of its common stock to an entity unrelated to the Company in a private sale for \$24,000 (\$.08 per share). This is in accordance with a Subscription Agreement dated January 14, 2003.

On April 10, 2003 the staff of American Stock Exchange (AMEX) confirmed with the management of the Company the intention of AMEX to proceed with the filing of an application with the Securities and Exchange Commission (the "SEC") to strike the Company's common stock from listing and registration on the Exchange. AMEX had earlier advised Laidlaw Global Corporation in April 2002 that Laidlaw was in breach of two continuing listing requirements of the Exchange, namely, its equity was below the required minimum and that it had reported losses for two of the previous three years. Laidlaw submitted a business plan to AMEX outlining its strategy to cure the defaults over the next three to four quarters and requested AMEX to maintain the listing as long as Laidlaw continued to meet the goals set out in the business plan. Given the continuing difficult markets, Laidlaw has ascertained that it will be unable to meet the deadline set forth in the business plan to comply with the AMEX listing standards. Moreover, the AMEX has notified Laidlaw in its most recent communication that the Company presently is in breach of additional listing requirements, including its failure to hold a shareholders' meeting in a timely manner. The Company does not agree with all of the issues in the AMEX notification and has the right to appeal the AMEX notification. Laidlaw's Board of Directors reviewed the merits of appealing the notification but has decided that it will not be in compliance with AMEX's listing requirements, given the Company's financial performance in the latest fiscal year. Consequently, Laidlaw filed a notice on April 21, 2003 with the SEC for a voluntary delisting of its shares from the American Exchange. The Company is making all efforts to facilitate the trading of its shares on the OTC Bulletin Board. Laidlaw also is trying to ensure that there is no gap in trading for the Company's shares in its transition from the AMEX.

On April 19, 2003, Westminster Securities Corporation ("Westminster Securities") failed to meet its obligation on a note payable to the Company of \$165,000, consisting of \$150,000 principal and \$15,000 interest. After several communications with an officer of Westminster Securities who represented that Westminster Securities needed time to gather the necessary funds to meet its obligation, the president of Westminster Securities informed the Company on April 22, 2003 that the funds were available but they intended to obtain a reduction in the amount due based on alleged breaches in a service agreement

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between Westminster Securities and the Company. The Company acknowledges that it had a service agreement with Westminster Securities, and that Westminster Securities paid for the services rendered and already negotiated reductions to the amounts due on a contemporaneous basis when it did not agree with the charges. After further discussions with the Company's legal counsel and negotiations with Westminster Securities, the Company agreed with Westminster Securities for a settlement of \$99,989 on April 28, 2003, whereby the Company issued a general release to Westminster Securities in consideration of \$99,999 and Westminster Securities issued a general release to the Company in consideration of \$10. The settlement was received by the Company on April 29, 2003.

Global Economic and Market Developments in the Quarter Ended March 31, 2003

The difficult global market and economic conditions that existed during fiscal 2002 continued in the first quarter of fiscal 2003. Most global economies continued to experience higher levels of unemployment and lower levels of industrial production. Uncertainty surrounding greater geopolitical tensions and persistent terrorist threats also made investors become increasingly risk-averse. It is currently unpredictable when these market and economic conditions will improve.

In Europe, economic growth was generally stagnant, with the level of business and consumer confidence feeling the impact of difficult conditions existing in the global economy. The levels of employment and industrial production decreased further in the first quarter of fiscal 2003 as compared to the levels in December 2002. European Union figures released during the first week of March, 2003 showed unemployment in the 12 countries using the euro - and where the European Central Bank ("ECB") sets monetary policy - reaching its highest level in almost two years as it rose to 8.6% in January 2003 from 8.5% in December 2002. Fears about job security have helped push consumer confidence in the 12 countries using the euro to a five-year low, making it less likely consumer spending will spur recovery. These economic data convinced the ECB that uncertainties about future developments seemed to have increased further during the first few months of fiscal 2003 and the economy needed a stimulus. As a result, the ECB lowered the minimum bid rate on the main refinancing operations on March 6, 2003 to 2.50% from 2.75%, where it had stood since a half-point cut on December 5, 2002. The ECB has left the interest rate unchanged in April 2003, waiting to see what effect the war in Iraq will have on Europe's sluggish economy before deciding on another growth-spurring rate cut.

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In the U.S., market and economic conditions remained difficult during the first quarter of fiscal 2003, primarily due to a relatively high unemployment rate which averaged 5.8% during the quarter and rose back up to 6% in April, matching its highest level in nine years. A sharp rise in energy prices put further downward pressure on corporate profits. Consumer spending was also weaker, reflecting a significant decline in consumer confidence for the quarter. Businesses continued to slash investment spending in response to weakening demand and declining profits. These conditions, as well as the reduction in the level of overall global economic activity, contributed to the declines experienced by U.S. equity markets. In addition, investor confidence weakened due to continuing concerns on the possible risks from global political events and terrorism and increased concerns regarding the resilience of the U.S. economy and financial markets. Against that backdrop and with monetary policy having been eased substantially, the Federal Open Market Committee (FOMC) decided not to make any further rate cutbacks and leave the federal funds rate unchanged at 1.25 percent during the first quarter of fiscal 2003. The FOMC believed that the already low interest would motivate consumers to keep spending

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and businesses to invest, forces that would eventually bolster economic growth. During its subsequent meeting on May 6, 2003, the FOMC decided to leave the interest rates unchanged. The Committee believes that, since the ebbing of geopolitical tensions has rolled back oil prices, bolstered consumer confidence and strengthened debt and equity markets, these developments should foster an improving economic climate over time.

These uncertain and turbulent market and economic environments adversely affected the results of operations of the Company for the first quarter of fiscal 2003. The only revenue recognized by the Company was from its newly added subsidiary Phoenix Securities Corp. which completed in the first quarter its first assignment by issuing a fairness opinion for a fee in the corporate merger of a publicly traded entity.

The Company continued its efforts to position Laidlaw in new markets and ventures, while trying to optimize the business structure of Laidlaw. These efforts have included the sale and closing of subsidiaries, where it was determined that such efforts were in the best interest of the company as a whole. Management continued to focus its activities in areas that took into consideration the operational structure of Laidlaw and the need to allocate resources efficiently giving priority to ventures that can reasonably be expected to self-finance on a short term basis. Laidlaw's mission is to maximize long-term shareholder value through the mutual development of its investment banking operations and the continued expansion of its property interests. The revenue model is balanced between the less predictable cash flow characteristics of the investment banking operations with the more predictable pattern generated by Laidlaw Property. The investment banking operations will source their revenue from conventional retainers and fees, fund raising and the equity participation carry into their client companies. Laidlaw Property will benefit from the sale of developed sites and rental income earned from property on its books.

Results of Operations for the Three Months Ended March 31, 2003 and 2002

Laidlaw posted a loss of \$517,595 for the first quarter of 2003, compared to the net loss of \$663,902 for the first quarter of 2002. While there was a decrease in the net loss, losses continue due to the adverse economic conditions experienced both domestically and internationally that persisted in the first quarter of 2003. Laidlaw is in the process of rebuilding its revenue base through the operations of its two new subsidiaries, Phoenix Securities Corp. and Laidlaw Properties Inc. The only revenue recognized for the first quarter of fiscal 2003 is the fee earned by Phoenix Securities Corp. on a fairness opinion assignment.

Basic and diluted loss per common share was \$.02 in both quarters ended March 31, 2003 and March 31, 2002.

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

Laidlaw's income for fiscal 2002 was derived from its operation in two principal segments of the financial services industry, namely asset management and brokerage activities. Income from those activities is summarized as follows.

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Brokerage commission revenues which represent 54% of total revenues for the first quarter of the fiscal year 2002 are geographically categorized as follows:

For the quarter ended March 31, 2002, LGSI generated revenues of \$146,802 from its activities on behalf of foreign and U.S. institutional customers in foreign markets and \$582,693 from its activities in the U.S. markets. The investors transacting in the U.S. markets are both U.S. and non-U.S. entities and individuals.

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Asset Management fees from LGSI amount to \$60,300 for the quarter ended March 31, 2002, which represents 4% of the Company's revenue. Corporate finance fees of Phoenix Securities Corp. for the quarter ended March 31, 2003 amount to \$75,000 which represents 97% of the Company's revenue. Corporate finance fees of LGSI for the quarter ended March 31, 2002 amount to \$79,167, which represents 6% of the Company's revenue. Trading profit of LGSI amount to \$432,639 for the quarter ended March 31, 2002, which represents 32% of the Company's revenue. Other revenue, which consists principally of interest income and rebates on securities trades, as well as expense reversals and concessions in 2003, amount to \$14,525 and \$53,682 for the quarters ended March 31, 2003 and 2002, respectively, which represent 16% and 4% of the Company's revenue for the respective periods.

Salaries and other employee costs for the quarter ended March 31, 2003 decreased to \$185,752 from \$598,496 for the quarter ended March 31, 2002. The decrease in this expense primarily relates to the cessation of the operations of LGSI.

The Company recorded a credit of \$636,036 for the quarter ended March 31, 2002 related to stock options subject to variable pricing with a corresponding decrease to additional paid-in capital.

There was no commissions expense for the quarter ended March 31, 2003. Commissions expense amounted to \$681,417 for the quarter ended March 31, 2002. The decrease is attributable to the cessation of operations of LGSI.

Clearing expenses for the quarter ended March 31, 2003 decreased to \$6,697 from \$139,879 for the quarter ended March 31, 2002. Clearing expenses, which primarily consist of amounts paid to the broker-dealers' clearing agent for processing and clearing customers' trades, reflect the decrease related to the cessation of operations of LGSI. The minimal clearing fees incurred during the quarter ended March 31, 2003 were the charges by the clearing broker in closing the accounts of LGSI.

Rent and utility expenses for the quarter ended March 31, 2003 decreased minimally to \$178,451 from \$198,580 for the quarter ended March 31, 2002. Rent and utility expenses include cost of leasing office space and space with our Internet service provider. Although the Company moved to a new location on March 4, 2003, the reduction in rent did not immediately impact the results of operations for the first quarter of fiscal 2003 because the sublease payments received in January and February 2003 were substantially reduced compared to the sublease payments received in the first quarter of fiscal 2002. In addition, the Company recognized certain real estate tax adjustments in the first quarter of fiscal 2003.

There were no depreciation and amortization expenses for the quarter ended March 31, 2003. Depreciation and amortization expenses for the quarter ended March 31, 2002 amounted to \$89,974 for the quarter ended March 31, 2002. Depreciation and amortization expenses, which include depreciation of equipment and amortization of software development costs, decreased primarily due to the asset write down

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recorded in 2002 to adjust LGSI's and the Company's investment in computer hardware and customized application software to their net realizable value.

Travel and entertainment expenses for the quarter ended March 31, 2003 decreased to \$2,880 from \$122,855 the quarter ended March 31, 2002. The decrease in travel and entertainment expenses are attributed to the cessation of operations of LGSI and the cost-cutting efforts of management.

Professional fees for the quarter ended March 31, 2003 decreased to \$116,784 from \$298,117 for the quarter ended March 31, 2002. The decrease in accounting fees and legal fees resulted from the cost-cutting efforts of management and from the cessation of operations of LGSI.

Dues and assessments for the quarter ended March 31, 2003 decreased to \$6,436 from \$39,150 for the quarter ended March 31, 2002. The decrease resulted from the cessation of the operations of LGSI.

Communications and information systems expenses for the quarter ended March 31, 2003 decreased to \$30,661 from \$207,198 for the quarter ended March 31, 2002. Communications and information systems expenses, which include telephone, quotes and other information costs, decreased due to the reduction of services related to the cessation of operations of LGSI in November 2002.

There was no interest expense for the quarter ended March 31, 2003. Interest expense amounted to \$30,390 for the quarter ended March 31, 2002. The decrease in interest expense resulted from the settlement of borrowings by the Company in 2002.

In March 2003, the Company recognized a loss on the write down of notes and interest receivable from Westminster Securities Corp. Of the note receivable amounting to \$150,000 and interest receivable amounting to \$10,458, only \$99,989 was collected in the final settlement received on April 29, 2003. Accordingly, \$60,469 of the total receivable was written off. Interest on the note for the period January 1 to April 19, 2003 amounting to \$4,542 was no longer effected in the results of operations, considering the outcome of the settlement.

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

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A charge of \$70,628 was recognized in the quarter ended March 31, 2002 pertinent to the exchange of the shares Globeshare Group, Inc. for shares of Laidlaw.

All other expenses for the quarter ended March 31, 2003 decreased to \$18,990 from \$143,273 for the quarter ended March 31, 2002. These expenses consist, among other things, of office supplies, insurance, and other miscellaneous expenses. The decrease in these expenses resulted from the reduced cost of operations resulting from the cessation of operations of LGSI in November 2002.

Liquidity and Capital Resources

The Company has incurred continuing net losses from fiscal year December 31, 2002 through the first quarter of fiscal 2003. As a result, the Company has continued to experience net cash outflows from operations. The Company is in the process of receiving and evaluating various investment proposals related to Laidlaw. If an understanding with a third party cannot be reached, the Company will have to consider all alternatives including the potential termination of operations or sale of all its remaining assets.

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

Laidlaw has developed a business plan to rebuild its operations and attempt to establish its return to profitability. The plan aims to maximize long-term shareholder value through the mutual development of its leading investment banking operations and the continued expansion of its property interests. The revenue model is balanced between the less predictable cash flow characteristics of the merchant banking operations with the more predictable pattern generated by Laidlaw Properties. The merchant banking operations will source their revenue from conventional retainers and fees, fund raising and the equity participation carried into their client companies. Smoothing this revenue stream out will be the associated fees earned from the Investment Management operations. Laidlaw Properties will benefit from the sale of developed sites and rental income earned from property on its books. Management has defined clear strategic and financial objectives. However, one has to be fully aware that there is no guarantee of success.

Phoenix Securities Corp.

1. Attempt to undertake about four transactions a year with an ability to raise from \$5 million to \$25 million for each client company.
2. Have a carry forward equity participation in each of its transaction of less than 5% (ideally 4.9 %) of the equity of each client company.

Laidlaw Properties. Inc.

1. Complete the development of a resort project such as the Prince William Alaska project if due diligence confirms the viability of said project. Alternatively explore a similar project for the purpose of its development.
2. Evaluate for the purpose of completion the acquisition of 50 single family homes at "The Reserve at Town Center", in Orlando, Florida, and commence vacation ownership sales.
3. Evaluate for the purpose of opening the Sun Vacation Club Vacation Ownership sales and marketing operations with on-site and off-site sales offices, and implement an efficient management organization and related systems on a worldwide basis.
4. Study the potential of developing 'Laidlaw Swiss Commercial Property'
5. Study the potential of developing Laidlaw Properties United States commercial property portfolio
6. Study the potential of developing Laidlaw Properties United Kingdom commercial property portfolio in a Joint Venture with a major International Real Estate development Company.

Laidlaw Properties is currently reviewing certain acquisitions for projects that have already been built, on very favorable terms that can be sold immediately as timeshares, without the risks or delays associated with construction and development. The property division will also act as a fee based real estate manager and as an advisor to developers and institutional investors, as a real estate broker of commercial properties and Hotel Properties and as a General Partner in real estate syndication transactions of commercial properties such as office buildings industrial properties or shopping centres. The company anticipates earning fees and commissions during the current financial year to

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generate a positive cash flow in the real estate division while at the same time expanding the company's real estate portfolio of owned and managed properties.

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

Laidlaw Global Securities, Inc. ("LGSI") is a defendant in a legal matter involving the underwriting and initial public offering of Galacticomm Technologies, Inc. ("Galacticomm") shares. The Company acted as a member of a selling group, pursuant to which the Company agreed to purchase 200,000 shares of Galacticomm at \$5.40 per share and 200,000 warrants of Galacticomm at \$0.09 per warrant. Additionally, the Company agreed to guarantee the purchase of an additional 20,000 shares and warrants if deemed necessary. Prior to the settlement of the IPO, the Company had satisfied all its commitments as part of its agreement with the lead underwriters. Prior to the settlement of the IPO, the lead underwriters aborted the IPO based upon what they, in their sole discretion, believed was a declining market in the U.S. and abroad. Pursuant to the underwriting agreement between Galacticomm and the lead underwriters, the lead underwriters had the right, in their sole discretion, to abort the IPO in the event of adverse conditions. Galacticomm commenced suit against the underwriting group in a Florida state court seeking damages for breach of the underwriting agreement.

Before this matter could proceed to trial, all remaining defendants reached a settlement agreement with plaintiff. The settlement agreement provided for LGSI to pay the sum of \$72,500 over four quarterly installments. However, Laidlaw breached the terms of the settlement agreement resulting in a judgment against the Company in the amount of \$1,378,681 (with interest accruing at the rate of 9% per annum from January 21, 2003). Since this judgment is against LGSI only, the Company's counsel believes that plaintiff can enforce this judgment only against LGSI and not against any of the other Laidlaw entities, including the parent entity. Furthermore, it is the opinion of the Company counsel that in the event LGSI has sufficient capital to pay the original settlement amount, plaintiff will accept this sum in full satisfaction of the aforementioned judgment. Of course, there is no guarantee that this will occur. Management has indicated its intent to appeal the judgment in the state of Florida.

Greek Capital Market Commission vs. Laidlaw Global Corporation

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

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

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2000 acquisition of Elektra shares and (ii) failed to notify the Athens Stock Exchange of the Company's assignment of voting rights and participation of share capital in Elektra. The Company believes that, since neither it nor any of its subsidiaries ever owned shares of Elektra, and for the other reasons set forth below, both of these findings are without merit and factually inaccurate and will be overturned on appeal.

Additionally, the CMC found that a representative of the Company falsely stated to the public that the Company was interested in holding Elektra shares two days prior to selling such shares. Since the Company never held shares of Elektra, management believes that such statements were misquoted by the Greek press. The subsidiary Laidlaw Global Securities and the Company have been assessed fines and penalties aggregating 1,257,168 Euros (US\$1,357,741).

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

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

In November, 2001, Plural instituted action in the New York State Supreme Court for services rendered pursuant to a computer consulting agreement. Plural claimed approximately \$700,000 was due to it pursuant to the agreement. In June, 2002, Plural and Laidlaw entered into a settlement agreement wherein the payment by Laidlaw of \$40,000 to Plural by August 2, 2002 shall cause all claims or counterclaims which are or could be asserted, including but not limited to those set forth in the Complaint and the draft counterclaims, to be dismissed with prejudice, without costs, for which purpose either party may tender an appropriate form of judgment to the Court, on notice. Payment of the settlement amount has been made by Laidlaw.

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

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

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

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

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

Bergmann v. Laidlaw Global Corp. and Roger Bendelac

Robert Bergmann, Jr., a former customer of Laidlaw Global Securities, has filed a NASD Arbitration against Laidlaw Global Corp. and Roger Bendelac individually, seeking \$953,000 in damages based upon allegations that Roger Bendelac failed to sell Mr. Bergmann's shares of Laidlaw's common stock upon the expiration of the restrictive period.¹ Claimant's father obtained shares of the Company in August 1999 upon the conversion of a convertible note issued by Laidlaw Holdings, Inc. At the time the stock was issued, as a conversion from a Laidlaw Holdings, Inc. Convertible Subordinated Note, the common stock carried a one year restriction on the re-sale of the stock pursuant to Rule 144 of the Securities Exchange Act; i.e., the holder had to hold the security for a minimum of one year before selling it. Mr. Bergmann sought to sell the shares in January 2000. However, Claimant alleges that Mr. Bendelac failed to sell Mr. Bergmann's shares and by the summer of 2000, the value of this security dropped substantially.² It should be noted that the purchase costs by the Claimant's father in Laidlaw shares at stake in litigation never exceeded \$100,000. Further, Mr. Bendelac had become the Chief Executive Officer of the Company and no longer handled the Bergmann account. Claimant is seeking the difference in the value of the stock at the time he instructed Mr. Bendelac to sell the shares, versus the current value of his holdings.

Upon a review of the facts and the law, and based upon Claimant's admissions as to the applicable dates, it appears that as of January 2000, Mr. Bendelac was unable to carry out Bergmann's instructions based upon Rule 144. As the stock was acquired by Mr. Bergmann in August 1999, based upon the fact that the security was subject to a one year holding period, Mr. Bendelac could not have sold this stock for Bergmann until August 2000, at the earliest. As such, this Claim should be dismissed as a matter of law.

Special Counsel has interposed an answer to the Statement of Claim on behalf of Mr. Bendelac and the Company and petitioned the NASD for dismissal of the claim based upon applicable law. This application was supported by an affidavit from Laidlaw's corporate counsel who joined in the position that the stock was restricted and was incapable of being sold legally. If the security could not be sold until August 2000, Claimant's damages were not proximately caused by any of the acts complained of in the Statement of Claim, but by market forces responsible for the stock's decline. Because of the issues surrounding the appointment of arbitrators in California, no NASD panel has yet been appointed. To date, Claimant's counsel has not responded to Respondents' motion to dismiss. Laidlaw's counsel has had numerous conversations with Claimant's counsel about reaching a settlement and Laidlaw has offered a nuisance value settlement of \$4,000. Claimant's counsel has indicated he is favorably disposed to accepting this sum, given the pending motion, his review of the applicable law as set forth in Laidlaw counsel's motion to dismiss, and upon Laidlaw's dire financial

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circumstances. Claimant's counsel has now informed Laidlaw that he is withdrawing from the case. Naturally, Claimant's counsel's decision to withdraw is not binding nor can the Company conclude that Claimant won't continue the matter with substitute counsel. Laidlaw counsel, however, remains confident in the merits of Laidlaw's defenses.

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Based on this new development, Laidlaw Global Corporation, which is not regulated by the NASD, has decided to inform the NASD that it is not subject to NASD jurisdiction and therefore can no longer be part of these proceedings. To date Claimant has not filed the claim in court or in any other jurisdiction.

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

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

Claimant alleges broker Fine subjected his account to unnecessary risks contrary to his investment objectives. Claimant focuses his complaint on investments in a company known as Razorfish, Inc. It should be known that Razorfish is, itself, the target of intense regulatory scrutiny for committing securities fraud and thus, to the extent Fine was caused to make any misrepresentations, we have the added defense that Fine believed his representations to be true at the time he made them to Thomas based upon information Razorfish was disseminating to the public.

Laidlaw counsel has interposed an Answer on behalf of LGS but not on behalf of its former broker Fine who is representing himself. The acts complained of by Mr. Thomas occurred while Mr. Fine was employed at Coleman & Co. Stock of Razorfish was purchased for the Thomas account before the account was transferred to LGS. To the extent Fine did recommend speculative investments, and to the extent these investments were unsuitable and did cause Claimant to sustain losses, Laidlaw should not be held liable. In fact, at the time Claimant transferred his account, the value of the account was only \$9,000. The Thomas account at LGS never exceeded approximately \$20,000 and thus, the exposure to LGS, if any, is quite limited. NASD has appointed an arbitration panel and the matter was scheduled to be heard on April 29 to May 1, 2003. Laidlaw counsel had settlement talks with Claimant's counsel in an effort to resolve this matter. Claimant's counsel has indicated it will accept a settlement of \$4,990, Laidlaw's counteroffer to Claimant's original offer of \$5,500. As of May 13, 2003, the settlement agreement is in the process of being finalized.

David Bottoms, Jr. v. Laidlaw Global Corp, et al.

On or about December 21, 2001, David Bottoms entered into two contracts with Laidlaw Global Corp. The first agreement (Acquisition Agreement) provided Laidlaw would purchase certain rights and interests owned by Bottoms in consideration for the payment of \$300,000 and enter into a three year consulting agreement in which Laidlaw agreed to pay Bottoms the sum of \$100,000 per year. Laidlaw paid the \$300,000 acquisition fee and paid \$50,000 toward the three year consulting agreement. However, after the company became insolvent, Laidlaw was unable to pay the balance of \$250,000. However, Bottoms was not required to provide any consulting services to the company as a result.

On or about December 19, 2002, Bottoms commenced a lawsuit in the Supreme Court

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of the State of New York, County of New York against Laidlaw Global Corp., Laidlaw Holdings, Inc., Laidlaw Global Securities, Inc. and Laidlaw Global Properties, Inc. alleging breach of the aforementioned agreements and seeking \$250,000 in damages plus 7% interest. This office filed a notice of appearance and a demand for a complaint. Laidlaw counsel appeared in Court on March 27, 2003 at which time the Court stipulated the end May, 2003 as the discovery cut off date. Thereafter, a trial date will be set by the Court.

The Agreement mandates that the parties agree to arbitrate all disputes before the American Arbitration Association. Before getting to the merits of the matter, it should be known that Laidlaw has a strong opportunity to oppose the action by moving to stay the court proceedings and to compel arbitration. By proceeding in the state court system, it is not likely this matter will be resolved for several years versus a much more expedited (and far more costly) result should the matter proceed before AAA. As such, no decision has yet been made as to whether to permit this matter to proceed in the state court venue.

In either event, the company has several defenses to this action. First, Bottoms named Laidlaw Global Securities, Inc. and Laidlaw Global Properties, Inc. as defendants in this action and there is no basis for these parties to be included in this matter. In fact, Laidlaw Global Properties didn't even exist until after the contract in question had been entered into. Additionally, there is a question of Bottoms lack of performance of his consulting duties, the consideration for the payment of his consulting fees. However, this is a question of fact that will have to be determined by either an arbitration panel or a jury. At this point in time, there is no way to accurately assess the liability of this matter except to note that unless a settlement is reached, and that appears unlikely at the moment, this matter will not be disposed of for quite some time, perhaps a year at the earliest, longer if the matter remains before the Court.

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S.L. Greene vs. Laidlaw Holdings, Inc.

Laidlaw Holdings, Inc., the leaseholder to the Company's office spaces at 100 Park Avenue is currently in default on its lease agreement with its landlord SL Greene. As a result, SL Greene has obtained a judgment against Laidlaw Holdings, Inc. in excess of \$500,000. Since SL Greene obtained its judgment, Laidlaw has vacated the premises. There is no way of knowing at this time whether SL Greene intends to seek enforcement of its judgment in light of its awareness of the Company's current financial status.

Richard Tuten vs. Laidlaw Global Securities, Inc.

Claimant Richard Tuten commenced a NASD Arbitration against Laidlaw Global Securities, Inc. seeking \$821,226 in compensatory damages alleging that LGSI fraudulently induced Tuten to personally guarantee certain loans for his company under the guise that Laidlaw would raise \$3,000,000 in private funding only to purposely withhold its successful fund raising efforts in an effort to drive the company into bankruptcy so other Laidlaw clients could buy Tuten's company's assets for pennies on the dollar.

The matter on this case arose out of events that date as far back as June 1997. The issuance of a complaint almost six years later raises both credibility and a possible statute of limitations issue. LGSI Counsel does not feel the matter has any merit and is of the opinion that this matter can be successfully defended. On May 10, 2003, Counsel has filed a response on behalf of LGSI denying all allegations and further denying complainant's claim on the ground that no written contractual agreement has ever existed with the complaining party.

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LGSI's response has further asserted the failure of the complainant to make a claim within the time frame of both federal and state statutory limitations requirements.

Equilease vs. Globeshare, Inc., Laidlaw Global Corp. et al

Claimant alleges the respondents are liable to them for the amount of \$190,000 based on non fulfillment of a lease agreement by the Globeshare, Inc. subsidiary and non fulfillment of guarantee by Laidlaw Global Corp. Laidlaw Global Corp. has proposed a settlement through the issuance of non-voting interest bearing preferred stock with a 3-year maturity and a conversion feature at maturity. Laidlaw is expecting a response from Equilease. The outcome of this litigation could have a significant impact on Laidlaw's prospects to continue operations.

NASD Regulatory Matter

The NASD has commenced a formal investigation against LGSI pertaining to certain trading activities of LGSI in the stock of the Company during the period June 1999 through September 1999. The NASD alleges that a firm trader and others improperly traded restricted shares of the Company from the LGSI proprietary account. Further, NASD alleged, and trading records confirmed, LGSI may have engaged in improper solicited agency trades of the Company's restricted stock during this period. If the allegations were proven true, the aforementioned trades would have been violative of securities rules and regulations.

After submitting a Wells submission (a legal brief outlining the reasons why charges should not be brought against Laidlaw Global Securities, Inc.) LGSI has signed a settlement agreement with the NASD wherein LGSI agreed to a censure and a fine in the amount of \$50,000 to be paid no later than May 1, 2003. There were no admission of wrongdoing by LGSI and once the fine is paid, the matter will be deemed concluded.

Since LGSI no longer exists as a corporate entity, the Company, being the ultimate parent, took upon itself to satisfy this obligation to the NASD. On April 30, 2002, the Company proposed the following payment schedule that would be feasible considering the financial difficulties of the Company: \$12,500 paid with the proposal as initial payment and the balance payable in installments of \$6,250 each from July 1, 2003 to October 1, 2004. Interest was proposed at the appropriate minimal interest authorized by the Internal Revenue Service (IRS). The NASD communicated their agreement with the Company upon their receipt of the proposal.

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American Stock Exchange Listing Matter

On April 10, 2003 the staff of American Stock Exchange (AMEX) confirmed with the management of the Company the intention of AMEX to proceed with the filing of an application with the Securities and Exchange Commission (the "SEC") to strike the Company's common stock from listing and registration on the Exchange. AMEX had earlier advised Laidlaw Global Corporation in April 2002 that Laidlaw was in breach of two continuing listing requirements of the Exchange, namely, its equity was below the required minimum and that it had reported losses two of the previous three years. Laidlaw submitted a business plan to AMEX outlining its strategy to cure the defaults over the next three to four quarters and requested AMEX to maintain the listing as long as Laidlaw continued to meet the goals set out in the business plan. Given the continuing difficult markets, Laidlaw has ascertained that it will be unable to meet the deadline set forth in the business plan to comply with the AMEX listing standards. Moreover, the AMEX has notified Laidlaw in its most recent communication that the Company presently is

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in breach of additional listing requirements, including its failure to hold a shareholders' meeting in a timely manner. The Company does not agree with all of the issues in the AMEX notification and has the right to appeal the AMEX notification. Laidlaw's Board of Directors reviewed the merits of appealing the notification but has decided that it will not be in compliance with AMEX's listing requirements, given the Company's financial performance in the latest fiscal year. Consequently, Laidlaw filed a notice on April 21, 2003 with the SEC for a voluntary delisting of its shares from the American Exchange. The Company is making all efforts to facilitate the trading of its shares on the OTC Bulletin Board. Laidlaw also is trying to ensure that there is no gap in trading for the Company's shares in its transition from the AMEX.

Securities and Exchange Commission Regulatory Matter

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

We are subject to various legal proceedings. In management's opinion, some of these proceedings in which Laidlaw Global Corporation is involved as a defendant could adversely affect the viability of the Company to continue its existence if not satisfactorily settled or if an adverse decision beyond the ability of the Company to receive financing was to be rendered.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NO.	DESCRIPTION
2.1	Amended and Restated Plan and Agreement of Reorganization by and among Laidlaw Holdings, Inc., Fi-Tek V, Inc., Westminster Securities Corporation and shareholders of the companies, dated May 27, 1999(1)
3.1	Certificate of Incorporation of Laidlaw and amendments thereto(2)
3.2	By-Laws of Laidlaw(2)
4.1	Specimen Laidlaw Common Stock Certificate(2)
4.2	Specimen Fi-Tek V, Inc. Class A Warrant(2)
4.3	Specimen Fi-Tek V, Inc. Class B Warrant(2)
10.1	Employment Agreement between Registrant and Anastasio Carayannis, dated as of January 1, 2000(3)
10.2	Employment Agreement between Registrant and Roger Bendelac, dated as of January 1, 2000(3)

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- 10.3 Employment Agreement between Registrant and Daniel Bendelac, dated as of January 1, 2000(3)
- 10.4 Exchange Agreement to acquire Laidlaw Pacific, dated May 20, 1999(4)
- 10.5 Amendment to Exchange Agreement to acquire Laidlaw Pacific, dated March 29, 2000(4)
- 10.6 Employment Agreements between Registrant and Roger Bendelac dated as of July 12, 2001(6)
- 10.7 Employment Agreem