LAIDLAW GLOBAL CORP
Form 10QSB
November 19, 2001

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

Form 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission file number 0-27681

LAIDLAW GLOBAL CORPORATION

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

Delaware (State or other jurisdiction of incorporation or organization)	13-4093923 (I.R.S. Employer Identification No.)

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

(212) 376-8800

(Issuer's telephone number, including area code)

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

Yes [X] No [_]

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 26,816,080 shares of common stock as of September 30, 2001.

Transitional Small Business Disclosure Format (check one)

Yes [_] No [X]

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	As of September 30, (Unaudited
ASSETS	
Cash and cash equivalents	$ 737,46
Receivable from clearing broker and other receivables	2,678,77
Securities owned, at market value	664,22
Goodwill, net of accumulated amortization	4,237,02
Property, equipment and leasehold improvements at cost, net of accumulated depreciation and amortization	3,794,74
Notes receivable	300,00
Deposits	1,201,99
Prepaid and other	1,563,87
	$ 15,178,10
LIABILITIES AND STOCKHOLDERS' EQUITY	
Notes payable	$ 3,012,46
Securities sold but not yet purchased, at market value	128,15
Accounts payable and accrued expenses	3,496,71
Commissions and compensation payable	2,005,61
Capitalized lease obligations	543,14
Deferred revenue	559,38
Deferred rent	535,18
Other	193,98
	10,474,63
Commitments and contingencies	
Subordinated borrowings	--
Minority interest	3,365,79
Stockholders' equity	
Common Stock; $.00001 par value; 50,000,000 shares authorized of the Company at September 30, 2001 and December 31, 2000; 31,961,929 and 27,461,929 shares issued by the Company on September 30, 2001 and December 31, 2000, respectively	32
Additional paid - in capital	35,719,45
Accumulated other comprehensive loss arising from cumulative translation adjustment	(39,33
Treasury stock, at cost (5,145,850 shares and 352,600 shares as of	(2,221,33

September 30, 2001 and December 31, 2000, respectively)	
Accumulated deficit	(32,121,41
TOTAL STOCKHOLDERS' EQUITY	1,337,67
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 15,178,10

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

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS AND OTHER COMPREHENSIVE INCOME (Unaudited)

	Three months ended September 30,		
	2001	2000	2
REVENUES			
Gross commissions	$ 847,430	$ 780,835	$ 6,
Asset management fees	1,231,587	1,385,912	3,
Corporate finance & private placement fees	--	1,486,458	
Investment income & trading profits	649,129	(83,943)	1,
Other	275,160	357,584	
Total Revenue	3,003,306	3,926,846	12,
EXPENSES			
Salaries and other employee costs	1,985,082	1,914,645	6,
Commissions	788,269	876,437	3,
Clearing and floor brokerage	85,506	368,007	
Occupancy	380,219	288,966	1,
Depreciation	578,296	496,260	1,
Advertising & contributions	90,132	97,710	
Travel and entertainment	114,720	79,744	
Professional fees	283,450	354,969	1,
Dues and assessments	54,612	164,603	
Quotes & information	369,517	634,966	1,
Office supplies, postage, messengers, printing	145,507	180,069	
Interest	197,852	77,395	
Loss from sale of subsidiary	--	275,441	1,
Provision for doubtful accounts	--	--	
Other	153,761	272,825	

Total Expenses	5,226,923	6,082,037	20,
Loss before minority interest	(2,223,617)	(2,155,191)	(8,
Minority interest	(71,895)	(345,336)	(1,
Loss before taxes:	(2,151,722)	(1,809,855)	(7,
Income Taxes	--	16,600	
NET LOSS	(2,151,722)	(1,826,455)	(7,
Accumulated deficit, beginning of period	(29,969,693)	(16,656,764)	(24,
Accumulated deficit, end of period	$(32,121,415)	$(18,483,219)	$(32,
NET LOSS PER SHARE			
Basic	$ (.09)	$ (.07)	$
Diluted	$ (.09)	$ (.07)	$
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	24,721,822	26,950,080	26,
Diluted	24,721,822	26,950,080	26,

Laidlaw Global Corporation and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN
STOCKHOLDERS' EQUITY

Nine months ended September 30, 2001

	Shares	Preferred	Common	Additional paid-in

	issued	stock	stock	capital
Balance at December 31, 1998, as previously reported	11,744,887	$250,000	$117	$20,092,729
Prior period adjustment				
Balance at December 31, 1998, as restated	11,744,887	250,000	117	20,092,729
Conversion of preferred stock into common stock	3,750	(250,000)	--	250,000
Issuance of common stock to Fi-Tek's stockholders	1,499,949		15	1,485
Issuance of common stock upon conversion of 8% subordinated notes	5,853,630		59	7,578,559
Issuance of common stock upon conversion of 12% senior secured Euro-notes	1,372,674		14	1,767,267
Issuance of common stock for the acquisition of Westminster Securities Corporation	4,500,000		45	3,749,955
Issuance of common stock upon exercise of stock options	1,571,039		15	247,216
Issuance of common stock for the acquisition of Lead Capital, S.A	72,000		1	59,999
Net income, as restated				
Balance at December 31, 1999, as restated	26,617,929	--	266	33,747,210
Issuance of common stock for the acquisition of Laidlaw Pacific (Asia)	200,000		2	556,398
Issuance of common stock upon exercise of stock options	144,000		2	119,999
Issuance of common stock pursuant to consulting services agreement	500,000		5	468,745
Purchase of treasury stock	(352,600)			
Net loss				
Balance at December 31, 2000	27,109,329	--	275	34,892,352
Purchase of treasury stock	(293,250)			
Repurchase of shares into treasury pursuant to sale of Westminster Securities Corporation	(4,500,000)			
Issuance of shares pursuant to the exchange of Globeshare Group Inc. stock				

for Laidlaw Global Corporation stock on a one to one-basis	4,500,000		45	719,955
Warrant issued to PUSA pursuant to issuance of Senior Secured Note				107,143
Net loss				
Other comprehensive loss arising from foreign currency translation adjustments				
Total Comprehensive Loss				
Balance at September 30, 2001	26,816,079	--	$320	$ 35,719,450

	Other Accumulated comprehensive income (loss)	Total
Balance at December 31, 1998, as previously reported	$ --	$(2,269,071)
Prior period adjustment		(1,190,799)
Balance at December 31, 1998, as restated		(3,459,870)
Conversion of preferred stock into common stock		--
Issuance of common stock to Fi-Tek's stockholders		1,500
Issuance of common stock upon conversion of 8% subordinated notes		7,578,618
Issuance of common stock upon conversion of 12% senior secured Euro-notes		1,767,281
Issuance of common stock for the acquisition of Westminster Securities Corporation		3,750,000
Issuance of common stock upon exercise of stock options		247,231
Issuance of common stock for the acquisition of Lead Capital, S.A		60,000
Net income, as restated		4,753,469
Balance at December 31, 1999, as restated		14,698,229

Issuance of common stock for the acquisition of Laidlaw Pacific (Asia)		556,400
Issuance of common stock upon exercise of stock options		120,001
Issuance of common stock pursuant to consulting services agreement		468,750
Purchase of treasury stock		(257,713)
Net loss		(5,712,556)
Balance at December 31, 2000		9,873,111
Purchase of treasury stock		(73,626)
Repurchase of shares into treasury pursuant to sale of Westminster Securities Corporation		(1,890,000)
Issuance of shares pursuant to the exchange of Globeshare Group Inc. stock for Laidlaw Global Corporation stock on a one to one-basis		720,000
Warrant issued to PUSA pursuant to issuance of Senior Secured Note		107,143
Net loss		(7,359,612)
Other comprehensive loss arising from foreign currency translation adjustments	(39,337)	(39,337)
Balance at September 30, 2001	$(39,337)	$(1,337,679)

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

Laidlaw Global Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,359,612)	$ (902,583)
Adjustments to reconcile net loss to net Cash used in operating activities:		
Amortization	273,673	291,590
Depreciation	1,671,970	1,139,570
Deferred tax benefits	--	(173)
Deferred rent	(22,289)	(13,982)
Minority interest in earnings	(1,109,467)	(901,350)
Loss from sale of subsidiary	1,615,722	--
Foreign currency translation adjustment	(39,337)	--
Provision for doubtful accounts	582,368	--

(Increase) decrease in operating assets:		
Due from clearing brokers and other receivables	(428,305)	(2,334,326)
Marketable securities owned	531,705	779,980
Deposit	(633,020)	138,409
Prepaid and other asset	11,401	(388,540)
Increase (decrease) in operating liabilities		
Marketable securities sold but not yet purchased	199,591	126,282
Securities loaned	65	--
Accounts payable and accrued expenses	579,092	(850,266)
Customers' margin deposit	34,309	--
Commission and compensation payable	361,208	(788,570)
Deferred revenue	(65,499)	(3,138)
Other liabilities	46,628	(45,632)
Net cash used in operating activities	(3,749,797)	(3,752,729)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Equipment and Leasehold Improvements	(450,259)	(3,148,964)
Payment for leased equipment	(278,737)	(219,839)
Net cash used in investing activities	(728,996)	(3,368,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of treasury stock	(73,626)	--
Repayment of notes payable	--	(500,000)
Issuance of common stock	--	1,002,845
Proceeds from issuance of notes payable	2,690,605	--
Proceeds from sale of subsidiary	700,000	--
Net cash provided by financing activities	3,316,979	502,845
CASH - BEGINNING OF PERIOD	1,899,274	10,131,242
CASH - END OF PERIOD	$ 737,460	$ 3,512,555

Supplemental disclosure for cash flow information:

Cash paid during the period for interest	$ 369,332	$ 253,975
Cash paid during the period for taxes	$ 11,320	$ 88,493

Supplemental schedule of non cash investing and financing activities:

During the periods ended September 30, 2001 and 2000 the following transactions occurred:

Purchases of equipment through capital lease	43,147	336,630

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

Laidlaw Global Corporation and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2001 and for the three and nine months ended September 30, 2001 and 2000

NOTE A - ORGANIZATION AND BASIS OF PRESENTATION

Laidlaw Global Corporation (the "Company") is a holding company whose wholly- or majority-owned operating subsidiaries include Laidlaw Holdings, Inc. ("Laidlaw Holdings") Laidlaw Global Securities, Inc. ("Laidlaw Global Securities"), Westminster Securities Corporation, ("Westminster"), which the Company sold in June, 2001, H&R Acquisition Corporation ("HRAC"), an 81%-owned subsidiary which maintains a 100% interest in Howe & Rusling, Inc., a registered investment advisory firm, Globeshare Group, Inc., ("GGI"), a 90%-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, Laidlaw Pacific (Asia) Ltd. (LPA), a registered broker-dealer and Investment Advisor with the Hong Kong Securities and Futures Commission, and Laidlaw International, S.A., a 99.8% owned newly established broker-dealer based in France. The business activities include securities brokerage, investment banking, asset management and investment advisory services to individual investors, corporations, pension plans and institutions worldwide.

Due to the continuing losses incurred by the Globeshare, Inc. 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 June 12, 2001, the Company sold Westminster Securities Corporation. Both the Company and Westminster agreed to treat May 31, 2001 as the effective date of the transaction for financial statement purposes. Accordingly, all assets, liabilities, equity and results of operations of Westminster for fiscal 2001 incorporated in the consolidated financial statements pertain to the two and five months ended May 31, 2001.

The Company has continued its initiative to expand its operational and financial structure throughout Europe and Asia as the Company has entered into a number of commission-sharing arrangements with foreign-based broker-dealers. Any commission revenue generated as a result of these arrangements will be denominated in U.S. dollars. Accordingly, the Company has determined that its functional currency for its foreign branch operations is the U.S. dollar. The financial position and results of operations of the Company's foreign subsidiaries, Laidlaw Pacific (Asia) Ltd. (LPA) and Laidlaw International S.A., are measured using local currency as the functional currency. Revenues and expenses of the subsidiaries have been translated into U.S. dollars at average exchange rates prevailing during the period. Assets and liabilities have been translated at the rates of exchange at the balance sheet date. Any resulting translation adjustments are made directly to "Other Comprehensive Income," a separate component of "Stockholders' equity," Gains and losses resulting from other foreign currency transactions are included in the consolidated statement of operations.

The accompanying unaudited consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. These financial statements that have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and, in the opinion of management, reflect all adjustments necessary for a fair presentation of the results for the periods presented in conformity with accounting principles generally accepted in the United States of America. These financial statements should be read in conjunction with the Company's audited financial statements included in the Company's annual report on Form 10-KSB filed with the SEC on April 20, 2001. Results of the interim periods are not necessarily indicative of the results to be obtained for a full fiscal year.

NOTE B - LIQUIDITY AND CAPITAL RESOURCES

For the nine months ended September 30, 2001, the Company continued to incur losses from operations amounting to approximately $7.3 million, which, in part, resulted from the development and building of the Company's Global Online Trading and Investment Services Group (GGI), the loss from the sale of the Westminster subsidiary amounting to $1,611,072, which resulted from the revaluation of the Company stock bought back pursuant to the sale, as well as a significant reduction in commission revenue as a result of a major drop in institutional commission business. As a result of these matters, the Company has continued to experience cash flow problems. Although the Company believes that it will have the resources to maintain its operations through the remainder of the fiscal year through cost control measures which have been instituted, cash flow from continuing growth of operations, and financial support from existing shareholders which has been promised orally, the Company may need to seek additional infusions of capital. Management is in discussion with prospective investors to furnish such capital, but no definitive purchase agreements have been executed and there is no assurance that we will be able to finalize such an agreement.

The sale of the Westminster Securities Corporation subsidiary was completed on June 13, 2001. The consideration consisted of: Prepayment of $600,000 of Westminster's indebtedness to the Company; payment of $100,000 in cash at the closing of the Transaction; and payment of $300,000 plus interest at 10% per annum payable in two installments of principal of $150,000 and interest due on April 19, 2002 and April 19, 2003; and transfer to the Company of the 4,500,000 shares of its common stock owned by members of Westminster's management. The consideration for the Transaction was determined on the basis of a return by Westminster and the Company to each other of the consideration given when Westminster became a subsidiary of the Company in July 1999, plus additional amounts to reflect incremental increases in value determined by the parties.

NOTE C - RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

SFAS No. 144

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

SFAS No. 141 and 142

The Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" and SFAS 142, "Goodwill and Other Intangible Assets" in July 2001. The new standards require that all business combinations initiated after June 30, 2001 must 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 will continue to amortize goodwill existing at September 30, 2001 under its current method until January 2, 2002. Thereafter, annual and quarterly goodwill amortization of $140,681 and $35,170 respectively, will no longer be recognized. By June 30, 2002, the Company will perform a transitional fair value based impairment test and if the fair value is less than the recorded value at January 1, 2001, the Company will record an impairment loss in the March 31, 2002 quarter, as a cumulative effect of a change in accounting principle.

NOTE D - NET CAPITAL REQUIREMENTS

The Company's broker-dealer subsidiaries are subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 for Laidlaw Global Securities and Globeshare. At September 30, 2001, Laidlaw Global Securities was required to maintain minimum net capital of $100,000 and had total net capital of $350,050 which was $250,050 in excess of its minimum requirement. Globeshare was required to maintain minimum net capital of $10,736 and had total net capital of $36,899 which is $26,163 in excess of its minimum requirement.

NOTE E - NOTES PAYABLE AND SUBORDINATED BORROWINGS

Notes payable and borrowings under subordination agreements at September 30, 2001 consist of the following:

	September 30, 2001
Senior secured Euro-notes, 12% due 2002 - Laidlaw Holdings	429,000
Note, 10% due 2001 - Laidlaw Global Corp.	$ 150,000
Note, 8% due 2002 - Laidlaw International `	454,891
Convertible subordinated note, 12% due 2002 - Laidlaw Global Corp.	400,000
Convertible subordinated note, 10% due 2002 - Globeshare Group. Inc.	250,000
Bridge note dated August 31, 2001 in the principal amount of $1,450,000 - 12% due November 30, 2001	1,000,000
Note, 7% due October 2001 - Laidlaw Global Corp.	400,000
	$3,083,891
Less: Debt issue discount	71,429

$3,012,462
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The 12% senior secured Euro-notes ("EuroNotes") were issued in 1997 in units of $100,000 with a five-year warrant to purchase 6,881 shares of the Company's nonvoting common stock, $0.05 par value per share, at the exercise price or $4.36 per share. The EuroNotes are convertible into the Company's voting common stock at an exchange rate of $1.37 per share. The EuroNotes are redeemable at the option of the Company, in whole or in part, together with accrued and unpaid interest except that no redemption was permitted prior to December 31, 1999. The EuroNotes contain certain covenants that limit the ability of the Company to pay dividends or make distributions, repurchase equity interests or sell or otherwise dispose of assets of the Company's subsidiaries.

The EuroNotes are collateralized by the outstanding shares of the Company's subsidiary, HRAC, which owns 100% of the outstanding common stock of Howe & Rusling, with 20% subject to Howe & Rusling, Inc. employee options.

On June 29, 2001, the Company obtained a 30-day 10% loan. On October 3, 2001, the Company paid $75,000 and the loan extended the payment of the balance and accrued interest to November, 2001.

On March 20, 2001, Laidlaw International, S.A. obtained a loan through the issuance of an 8% note in which the principal and interest are due in one year.

On January 30, 2001, the Company obtained a loan through the issuance of a 12% subordinated note. Under the terms of the note, the Company shall make quarterly interest payments. 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 $0.50 per Common Share.

On April 5, 2001, Globeshare Group, Inc. obtained a loan through the issuance of a 10% convertible subordinated note in which the interest is due on a semi-annual basis and the principal is due upon maturity in one year. Under the terms of the note, the noteholder may convert into Globeshare Group, Inc. stock at the greater of $.65 per share or 40% discount from the initial public offering price per share or into Laidlaw Global Corp. common shares at a price of $.55 per share.

On August 31, 2001, the Company obtained a bridge loan in the amount of $1,450,000 from Pacific USA Holdings Corp. ("Lender"), which is the parent company of Laidlaw's largest shareholder, PUSA Investment Company, through the issuance of a 12% secured promissory note. Repayment of the note is secured by a pledge of Laidlaw's interest in the outstanding stock of HRAC. Lender only funded $1,000,000 of the bridge loan reserving the balance to repay the EuroNotes, scheduled for November 26, 2001, thereby making the collateral available. In connection with the loan, Laidlaw issued the Lender a 2 year warrant to acquire 1,435,000 shares of its common stock at an exercise price of $0.11 per share. The Company computed the fiar value of the warrant of $107,143. The valuation resulted in a note discount and a corresponding increase to additional paid-in capital. On September 27, 2001, the Company obtained a short term 7% loan. This loan was paid in full in October, 2001.

NOTE F - COMMITMENTS AND CONTINGENCIES

Litigation

The Company is subject to various legal actions arising out of the conduct of its business, including those relating to claims for damages alleging violations of Federal and state securities laws.

Management of the Company, after consultation with outside legal counsel, believes that the resolution of these proceedings will not result in any material adverse effects on the Company's financial position. In the opinion of management of the Company, amounts accrued for awards or assessments in connection with these matters are adequate

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

The Company's wholly owned subsidiary Laidlaw Global Securities, Inc. is currently a defendant in a legal matter involving the underwriting and initial public offering ("IPO") of Galacticomm Technologies, Inc. securities. The lead underwriters for the Galacticomm IPO were First Equity Corporation of Florida and Security Capital Trading, Inc. ("Lead Underwriters"). The Lead Underwriters entered into a sub-underwriting agreement with various sub-underwriters, including Laidlaw Global Securities. Pursuant to said Agreement, Laidlaw Global Securities agreed to purchase 200,000 shares of Galacticomm at $5.40 per share ($1,080,000), and 200,000 warrants of Galacticomm at $.09 per warrant ($18,000). Additionally, Laidlaw Global Securities agreed to guarantee the purchase of up to an additional 20,000 shares and warrants if deemed necessary.

On the eve 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 terms of 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 ("Market Out" theory). Galacticomm commenced suit against the entire underwriting group in the State Court of Florida seeking damages for breach of the underwriting agreement. The Sub-Underwriters jointly engaged Florida counsel to defend them in this proceeding. All of the underwriters are vigorously defending this matter under the theory that the Lead Underwriters were justified in aborting the IPO based upon a dramatic downturn in the world financial community which jeopardized all of the underwriters' abilities to sell Galacticomm's shares to its investors at the time of the IPO. Registrant believes that it has a meritorious defense to the claims against it.

The sub-underwriters, including Laidlaw Global Securities, have filed cross-claims against the Lead Underwriters seeking indemnification in the event all of the underwriters are found to be liable. Additionally, counsel for Laidlaw Global Securities has had conversations with Galacticomm's counsel about the possibility of settling out of the litigation. These negotiations are on-going. Although it is to early to preduct any outcome, in the event a settlement cannot be reached, and in the further event of an adverse decision after trial, based upon the Underwriting Agreement, Laidlaw Global Securities' liability cannot exceed its underwriting commitment.

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

The Company has been named, as well as its subsidiary Laidlaw Global Securities, in an administrative proceeding involving the Greek Capital Market Commission

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

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

Additionally, the CMC alleged 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 was assessed fines of approximately $79,000 and $77,000, respectively, for the first two findings. The Company was assessed a fine of approximately $408,000 for the third finding.

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, including the Company, 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.

NOTE G - INDUSTRY SEGMENTS

In 2001 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. The Company's 81% owned subsidiary, H & R Acquisition Corp. is primarily engaged in this segment.

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 through both online Internet and traditional means.

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

Westminster, the Company's majority owned subsidiary which was sold in June 2001, is substantially engaged in traditional trading and brokerage services. See Note B.

Globeshare, the Company's 90% owned subsidiary, is substantially engaged in providing online trading, brokerage, and investment services.

Laidlaw International S.A., the Company's newly established 99.8% owned French subsidiary, is substantially engaged in traditional trading and brokerage services.

Foreign Operations and Major Customers: Although the Company has continued to initiate its plans to expand its international operations in Europe and Asia, the Company had no significant assets or revenues (either external or intercompany) from operations in foreign countries for each of the two periods ended September 30, 2001 and September 30, 2000 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 $6,188 and $3,827,104, respectively. The newly established Laidlaw International subsidiary generated commissions and trading gains of $1,369,358 for the nine months ended September 30, 2001 from the transactions in the French market and the other European Union countries, in particular, the German market. These revenues of Laidlaw Global Securities and Laidlaw International, S.A. represent 11% and 18% of revenues for the nine months ended September 30, 2001 and September 30, 2000, respectively. Additionally, the Company had no significant individual customers (domestic or foreign) as of September 30, 2001, or for each of the two periods ended September 30, 2001 and September 30, 2000.

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

	For the nine months ended September 30,	
	2001	2000
	(Unaudited)	
Revenue from external customers		
Asset management - H&R Acquisition	$ 3,297,555	$ 3,607,675
Brokerage:		
Laidlaw Global Securities	2,926,572	9,592,126
Westminster Securities Corp.	2,775,885	6,221,384
Globeshare Group Inc. and Globeshare Inc.	695,398	120,422
Lead Capital S.A.	--	336,190
Laidlaw Pacific (Asia) Ltd.	--	--
Laidlaw International S.A	1,399,493	--
Corporate and other	1,016,797	1,502,121

Total external revenue	$ 12,111,700	$ 21,379,918
Inter-segment revenue		
Brokerage - Laidlaw Global Securities	$ 150,000	$ 150,000
Total inter-segment revenue	$ 150,000	$ 150,000
Net loss		
Asset management - H&R Acquisition	$ 387,028	$ 582,486
Brokerage:		
Laidlaw Global Securities	(2,514,864)	339,357
Westminster Securities Corp.	(362,665)	639,647
Globeshare Group Inc. and Globeshare Inc.	(1,900,563)	(1,496,450)
Laidlaw Pacific (Asia) Ltd.	--	--
Lead Capital S.A	--	(48,999)
Laidlaw International S.A	(868,009)	--
Corporate and other	(2,100,539)	(918,624)
Total net income (loss)	$ (7,359,612)	$ (902,583)
Total assets		
Asset management - H&R Acquisition	$ 3,727,323	$ 3,803,240
Brokerage:		
Laidlaw Global Securities	3,466,850	7,871,046
Westminster Securities Corp.	--	3,821,521
Globeshare Group Inc. and Globeshare Inc.	2,910,877	3,163,101
Lead Capital S.A	--	--
Laidlaw Pacific (Asia) Ltd.	874,570	873,808
Laidlaw International S.A	2,062,069	--
Corporate and other	2,136,415	8,525,598
Total assets	$ 15,178,104	$ 28,058,314

NOTE H - EARNINGS PER COMMON SHARE

Earnings per common share are computed in accordance with SFAS 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 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 September 30, 2001	Three Months ended September 30, 2000
	(Unaudited)	
Numerator		
Net loss	$ (2,151,722)	$ (1,826,455)
Net loss applicable to common shares for basic earnings per share	(2,151,722)	(1,826,455)
Effect of dilutive securities		
Interest expense on Euro-notes	--	--
Amortization of Euro-note costs	--	--
Net loss applicable to common shares for diluted earnings per share	$ (2,151,722)	$ (1,826,455)
Denominator		
Weighted-average common shares for basic earnings per share	24,721,822	26,950,080
Weighted-average effect of dilutive securities		
Employee stock options	--	--
Warrants	--	--
Weighted-average common and common equivalent shares for diluted earnings per share	24,721,822	26,950,080
Earnings (loss) per common share		
Basic	$ (.09)	$ (.07)
Diluted	$ (.09)	$ (.07)

All outstanding warrants and options were excluded from the computation of the diluted earnings per share because the Company incurred losses for the nine and three months period ended September 30, 2001 and September 30, 2000 and the effect would have been antidilutive.

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

Overview

Laidlaw Global Corporation is a global financial services firm that operates in two business segments: brokerage, which includes investment banking and sales and trading, and asset management. It operates in these businesses through its subsidiary, Laidlaw Holdings, Inc., a holding company which owns 100% of Laidlaw Global Securities, Inc., and 81% of H & R Acquisition Corp. Westminster Securities Corporation, a NYSE member firm acquired by Laidlaw on July 1, 1999, was sold on June 13, 2001. The sale of Westminster Securities Corporation was completed pursuant to the Amended and Restated Stock Purchase Agreement dated June 7, 2001. The Agreement stipulated that the transactions shall be treated solely for tax and financial reporting purposes as having an effective date of May 31, 2001. Accordingly, the information for fiscal 2001 for Westminster incorporated in this report pertains to the two and five months ended May 31, 2001. Laidlaw has a third subsidiary, Globeshare Group, Inc. (formerly Global Electronic Exchange, Inc.), a holding company that owns 100% of Globeshare, Inc., an online broker-dealer. Globeshare, which commenced its U.S. operations in October 1999 and operated initially as a division of Laidlaw Global Securities, Inc., received approval for NASD membership as a broker-dealer on February 8, 2000. Operations of the on-line broker were transferred from Globeshare as a division of Laidlaw Global Securities to Globeshare as a broker dealer on May 18, 2000. Globeshare Group, Inc. changed its name from Global Electronic Exchange, Inc. on November 1, 2000. A fourth subsidiary is a French broker/dealer called Laidlaw International, S.A. Through this subsidiary, Laidlaw Global Corporation aims to move forward with new opportunities throughout the European Community, and in the French marketplace in particular. In April 2001, Laidlaw International was granted the license to operate as a broker/dealer by Banque de France.

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

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

Laidlaw's results of operations also may be materially affected by competitive factors. Recent and continuing global convergence and consolidation in the financial services industry will lead to increased competition from larger diversified financial services organizations even though Laidlaw's strategy has been to position itself in markets where it believes it has an advantage over its competition due to strong local connections and access to foreign brokerage firms and investors. Laidlaw, though global in its intervention, sees itself as becoming a "local player" throughout the world. Revenues in any particular period may not be representative of full-year results and may vary significantly from year to year and from quarter to quarter. Laidlaw intends to manage its businesses for the long term and help mitigate the potential effects of market downturns by strengthening its competitive position in the global financial services industry through diversification of its revenue sources and enhancement of its global franchise. Laidlaw's overall financial results will continue to be affected by its ability and success in maintaining high levels of profitable business activities, emphasizing technological updates and innovation, and carefully managing risks in all the securities markets in which it is involved. In addition, the complementary trends in the financial services industry of consolidation and globalization present, among other things, technological, risk management and other infrastructure challenges that will require effective resource allocation in order for Laidlaw to remain profitable and competitive.

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

Results of Operations For the Nine Months Ended September 30, 2001 and 2000

The overall weakness in the global market and economic conditions that emerged during the second half of fiscal 2000 persisted during the first nine months of fiscal 2001, which contributed to the decline in the Company's net revenues and net income as compared to the nine months ended September 30, 2000.

In the U.S., there was a continuation of the difficult market and economic conditions that emerged during the latter half of fiscal 2000. The rate of U.S. economic growth slowed significantly, reflecting lower levels of corporate investment, consumption and consumer confidence, as well as higher levels of unemployment. These conditions, coupled with indications of slowing corporate earnings growth, contributed to declines in the U.S. equity markets, as the major stock market indices (the Standard & Poor's 500, the Dow Jones Industrial Average and the NASDAQ) all declined during the first nine months of the year. The decline in the market values of Internet and technology-related stocks was particularly significant. On September 11, 2001, the U.S. experienced terrorist attacks targeted against New York City and Washington, D.C. The attacks in New York resulted in the destruction of the World Trade Center complex and the temporary closing of the debt and equity financial markets in the U.S. The attacks had an immediate impact on global economies, financial markets and certain industries. There is also much uncertainty regarding the potential long-term effects of these attacks. In the future, fears of global recession, war and additional acts of terrorism in the aftermath of the September 11, 2001 attacks may continue to influence the course of global economies and financial markets. All these factors contributed to the Federal Reserve Board (the "Fed")action of continued aggressive easing of interest rates to foster financial conditions that will support strengthening economic growth and prevent the U. S. economy from slipping into a recession. During the quarter ended September 30, 2001, the Fed lowered the overnight lending rate by an aggregate of 0.75 percentage points on two separate occasions. During the nine month period ended September 30, 2001, the Fed has lowered the overnight lending rate by an aggregate of 3.50 percentage points. Subsequent to quarter end, the Fed lowered the overnight lending rate and the discount rate by an additional 0.50 percentage points in both October 2001 and November 2001. This series of interest rate cuts represents one of the most profound monetary policy relief on record.

In Europe, the level of business and consumer confidence, which remained relatively strong during the first quarter of fiscal 2001, has slowed noticeably from the more rapid rates seen early last year. The levels of employment and industrial production decreased during the third quarter compared to those in the second fiscal quarter. In early May, the European Central Bank (the "ECB"), which had raised interest rates within the European Union (the "EU") by an aggregate of 1.75 percentage points during fiscal 2000, surprised the markets with a 25 basis points reduction of its interest rates on concerns of increasing indications of slowing

economic growth within the EU, and the impact of the overall slowdown in global economic activity. Since there remained much uncertainty as to the region's future growth prospects in light of slower U. S. economic performance and a weakened global economy, the ECB lowered the benchmark interest rate within the EU by 0.25 percentage points in August, 2001 and by 0.50 percentage points in September, 2001.

The difficult market and economic conditions that characterized the first six months of 2001, including higher levels of market volatility, decreased investment banking activity and institutional and retail investor participation in the financial markets, further deteriorated in the third fiscal quarter. It is currently not clear when these market and economic conditions will improve. In addition, the Company's broker-dealer subsidiary, Laidlaw Global Securities, Inc. has historically experienced a seasonal slowdown of business activity during the summer months which started during the latter part of the second quarter and ended in the third quarter.

The composition of our net revenues has varied over time as financial markets and the scope of our operations have changed. The composition of net revenues can also vary over the shorter term due to fluctuations in U.S. and global economic and market conditions. As a result, period-to-period comparisons may not be meaningful. In addition, the sharp correction in certain overseas securities markets has affected our ability to generate additional commission revenues from institutional customers. The concomitant correction of the NASDAQ did not help either. As a result, our first nine months saw a substantial reduction in institutional commissions earned by the Laidlaw Global Securities, Inc. subsidiary.

Mergers and acquisitions were robust during the first half of fiscal 2000. As economic growth moderated and profits weakened, capital spending decelerated sharply during the second half of 2000 and continued through the first three quarters of 2001.

The markets for the underwriting of securities also were negatively impacted by the generally volatile market and economic conditions that existed during much of the first nine months of 2001. The considerable drop in valuations in some sectors and the elevated volatility of equity price movements caused the pace of initial public offerings to slow markedly over the year. The slowdown was particularly evident in the technology sector. In total, the dollar amount of initial public offerings by domestic non-financial companies tapered off substantially in the first nine months of the year to its lowest level in two years. This adverse economic climate has negatively affected Laidlaw's subsidiaries and the revenues generated from investment banking activities.

Currently all the strategic partnership agreements signed by Globeshare Group, Inc. provide for revenue sharing based on the source of the customer and the location of the trade. Other than maintenance of the trading systems and web sites, Laidlaw and its subsidiary have no financial obligations to any of the strategic partners.

The new Board of Directors has continued its efforts to position Laidlaw in new markets and ventures. Management has continued to focus its activities in areas that take into consideration the cost structure of Laidlaw and the constraint to allocate resources efficiently and in priority to ventures that can reasonably be expected to self-finance on a short term basis.

In conjunction with its business development focus, Management has upgraded the Paris, France operation into a fully licensed brokerage firm to enable the Company to move forward with new opportunities throughout the European Community, and in the French marketplace in particular. The Company set up a new entity named Laidlaw International S.A. Since Laidlaw International acquired its license and started operations in April 2001, it has been generating average daily revenues of as much as approximately 15,000 euros solely from its equities business. With the expected addition of more brokers and once contracts are signed with the clearing brokers, it expects to augment its revenues from the futures and options markets.

Laidlaw posted a loss of $2.1 million in the third fiscal quarter of 2001, compared to the net loss of $1.8 million in the third fiscal quarter of 2000. This increase in net loss is due to the adverse economic conditions experienced both domestically and internationally. Globally, the foreign markets overall experienced a decline during the second half of 2000, which continued to deteriorate during the first nine months of 2001. Generally weak stock prices in emerging markets, coupled with low trading volume, adversely affecting Laidlaw.

Domestically, the steep decline of Nasdaq had a great impact on Laidlaw as its institutional clients mostly invested in the technology sector. The combination of sharp reduction in commission revenues from overseas markets, the drop in volume received from institutional investors, and the decrease in the minority interest in the Globeshare Group, Inc. subsidiary effective August, 2001, has resulted in an increase of approximately $316,000 in net loss for the third fiscal quarter of 2001 as compared to the third fiscal quarter of 2000.

Basic loss per common share was $.09 and $.28 in the quarter and nine month period ended September 30, 2001, respectively, as compared to $.07 and $.03 basic loss per share in the quarter and nine month period ended September 30, 2000.

All three subsidiaries, namely Laidlaw Global Securities, Inc. and Globeshare Group, Inc., and Laidlaw International, S.A., contributed to the loss incurred in the third quarter of 2001. 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. presented a particularly difficult problem for the group due to the high cost of technological development still required at a time of sharp reduction of the commissions volume generated in light of the reduction in commissions resulting from financials markets that have consistently moved down since March 2000. In many instances, the lack of development of technological connections has affected the ability of the partners to generate commissions business. The operations of Globeshare in the third quarter of 2001 resulted in a loss to the Company of $564,006. The market for electronic brokerage services over the Internet is rapidly evolving and intensely competitive. In view of the losses realized in the first three quarters of 2001 and in fiscal year 2000, management at Globeshare is reviewing its marketing strategy, the cost structure and the services and products which Globeshare has been offering to the industry and what changes may be necessary to achieve market acceptance and profitability. Globeshare has already shifted the direction of its marketing efforts from individuals to institutions, including other broker/dealers. This change in focus should reduce fixed costs and future cash requirements to increase market penetration. The French subsidiary Laidlaw International incurred a loss of $290,560 since it is still building a revenue base to absorb its fixed costs and the expenses involved in the setting up of its operations.

All of the aforementioned factors contributed to Laidlaw's consolidated net loss of $2,151,722 for the three months ended September 30, 2001. However, if the loss derived from the operations of the Internet company Globeshare Group, Inc. and its wholly owned subsidiary Globeshare were deducted from the consolidated results of operations , Laidlaw's traditional business resulted in a net loss of only $1,441,349. The increase in the loss of Laidlaw's traditional lines of business compared to the net loss of $1,255,019 for the nine months ended September 30, 2000 was mainly due to the reduction in commission revenue from institutional customers of Laidlaw Global Securities, which was caused primarily by the corrections in NASDAQ and in some overseas securities markets, the loss incurred by Laidlaw International from its initial operating months, and the impact of the September 11, 2001 terrorist attacks on the financial markets and the global economy.

In 2001 and the prior years, Laidlaw operated in two principal segments of the financial services industry, namely asset management and brokerage 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 activities include raising and investing capital and providing financial advice to companies and individuals throughout the United States and overseas. Through this group, Laidlaw provides client advisory services and pursues direct investment in a variety of areas.

Brokerage activities include underwriting public offerings of securities, arranging private placements and providing client advisory services, trading, conducting research on, originating and distributing equity and fixed income securities on a commission basis and for their own proprietary trading accounts, The commission revenues which represent 51% and 59% of total revenues for the nine months ended September 30, 2001 and September 30, 2000, respectively, are geographically categorized as follows:

For the nine months ended September 30, 2001, revenues of $778,555 were generated from the activities of Laidlaw Global Securities on behalf of foreign and U.S. institutional customers in foreign markets and revenues of $4.4 million were generated from the activities of Laidlaw Global Securities and Westminster in the U.S. markets. Globeshare generated revenues of $898,995 from online trading

U.S. and overseas customers. Laidlaw International generated revenues of $1.4 million from the transactions in the French market and other European Union countries, in particular, the German market. For the nine months ended September 30, 2000, revenues of $3.0 million were generated from the activities of Laidlaw Global Securities on behalf of foreign and U.S. institutional customers in foreign markets and revenues of $13.2 million were generated from the activities of Laidlaw Global Securities and Westminster in the U.S. markets. The investors transacting in the U.S. markets are both U.S. and non-U.S. entities and individuals.

Asset Management fees from Howe & Rusling and partly from Laidlaw Global Securities amount to $3,806,137 and $4,165,247 for the nine months ended September 30, 2001 and September 30, 2000, respectively, which represent 32% and 20% of the firm's revenue for the respective periods. Corporate finance fees of Laidlaw Global Securities amount to $268,158 and $3,464,465 for the nine months ended September 30, 2001 and September 30, 2000, respectively, which represent 2% and 16% of the firm's revenue for the respective periods. Trading profit of Laidlaw Global Securities, Laidlaw International, S.A. and Westminster amount to $1,245,406 for the nine months ended September 30, 2001, which represents 10% of the firm's revenue. Trading profit of Laidlaw Global Securities and Westminster amount to $33,973 for the nine months ended September 30, 2000, which represents .16% of the firm's revenue. Other revenue, which consists principally of interest income and rebates on securities trades, amount to $614,699 and $1,015,187 for the nine months ended September 30, 2001 and September 30, 2000, respectively, which represent 5% of the firm's revenue for both periods.

In the future Laidlaw will aim at diversifying its commission revenues by generating a large portion of its revenues from an expanded retail customer business in Laidlaw Global Securities.

Salaries and other employee costs for the nine months ended September 30, 2001 decreased to $6.2 million from $6.8 million for the nine months ended September 30, 2000. Salaries and other employee costs for the three months ended September 30, 2001 increased to $2.0 million from $1.9 million for the three months ended September 30, 2000. The decrease in this expense on a nine month basis primarily relates to the reduction of personnel in the Laidlaw Global Securities and Globeshare subsidiaries, the retirement of a key officer in Howe and Rusling, Inc., and reduction in this expense effective June, 2001 resulting from the sale of Westminster. The increase in this expense on a quarterly basis resulted from the relevant costs incurred by the Laidlaw International subsidiary which started its operations in April, 2001.

Commissions expense for the nine months ended September 30, 2001 decreased to $3.2 million from $5.6 million for the nine months ended September 30, 2000. Commissions expense for the three months ended September 30, 2001 decreased to $788,269 from $876,437 for the three months ended September 30, 2000. The decrease is attributable to the decrease in commission revenue.

Clearing expenses for the nine months ended September 30, 2001 decreased to $780,335 from $1.3 million for the nine months ended September 30, 2000. Clearing expenses for the three months ended September 30, 2001 decreased to $85,506 from $368,007 for the three months ended September 30, 2000. Clearing expenses, which primarily consist of amounts paid to the broker-dealers' clearing agent for processing and clearing customers' trades, reflect the reduction in such expenses related to the decline in commission revenue.

Rent and utility expenses for the nine months ended September 30, 2001 increased to $1.2 million from $1.0 million for the nine months ended September 30, 2000. Rent and utility expenses for the three months ended September 30, 2001 increased to $380,219 from $288,966 for the three months ended September 30, 2000. Rent and utility expenses include cost of leasing office space and space with our Internet service provider. The increase is primarily attributable to the fact that the Globeshare subsidiary had incurred these expenses starting only in May, 2000 and to the expense incurred by the newly established Laidlaw International S.A. subsidiary.

Depreciation and amortization expenses for the nine months ended September 30, 2001 increased to $1.7 million from $1.1 for the nine months ended September 30, 2000. Depreciation and amortization expenses for the three months ended September 30, 2001 increased to $578,296 from $496,260 for the three months ended September 30, 2000. Depreciation and amortization expenses, which include depreciation of equipment and amortization of software development costs, increased primarily due to the increment in such expenses related to the technology infrastructure developed for the Globeshare Group subsidiary.

Client-related marketing expenses for the nine months ended September 30, 2001 decreased to $215,726 from $1.0 million for the nine months ended September 30, 2000. Client-related marketing expenses for the three months ended September 30, 2001 decreased to $90,132 from $97,710 for the three months ended September 30, 2000. The decrease in client-related marketing expenses resulted from the efforts of management in reducing costs in developing strategic alliances in promoting brand name recognition for Laidlaw and Globeshare.

Travel and entertainment expenses for the nine months ended September 30, 2001 decreased to $322,304 from $476,662 for the nine months ended September 30, 2000. The decrease in travel and entertainment expenses are also attributed to the efforts of management to minimize costs in light of the difficult market conditions that continually persist in 2001. Travel and entertainment expenses for the three months ended September 30, 2001 increased to $114,720 from $79,714 for the three months ended September 30, 2000. The increase in travel and entertainment expenses pertain to those incurred by Laidlaw International in its client development efforts and to the increased marketing cost of H & R Acquisition Corp.

Professional fees for the nine months ended September 30, 2001 decreased to $1.0 million from $1.3 million for the nine months ended September 30, 2000. Professional fees for the three months ended September 30, 2001 decreased to $283,450 from $354,969 for the three months ended September 30, 2000. The decrease in professional fees resulted from the reduction of the accounting and legal fees, fees paid to public relations firms, and the fees paid to outside technical consultants and an executive recruitment firm. Fewer additional SEC filings were made other than the regular quarterly and annual audited reports.

Dues and assessments for the nine months ended September 30, 2001 decreased to $438,103 from $597,742 for the nine months ended September 30, 2000. Dues and assessments for the three months ended September 30, 2001 decreased to $54,612 from $164,603 for the three months ended September 30, 2000. The decrease in dues and assessments resulted from reduction of the registration fees paid to the NASD and the various states by Laidlaw Global Securities with the resignation of certain personnel and from the diminished state corporate income taxes. The sale of the Westminster subsidiary also contributed to the reduction of dues effective the month of June, 2001. The decrease, however, was partially offset by the increase in dues and assessments paid by Laidlaw International.

Communications and information systems expenses for the nine months ended September 30, 2001 decreased to $1.5 million from $1.7 million for the nine months ended September 30, 2000. Communications and information systems for the three months ended September 30, 2001 decreased to $369,517 from $634,966 for the three months ended September 30, 2000. Communications and information systems expenses, which include telephone, quotes and other information costs, increased primarily due to the increment in such expenses related to the operations of Globeshare and Laidlaw International. The internet-based operations of Globeshare necessitated the use of services for obtaining quotes in foreign markets. The increase in the expenses was partially offset by the reduction of services during the second quarter in fiscal 2001 compared to the second quarter in fiscal 2000 when certain charges were incurred to set up the communication and information systems for the Globeshare subsidiary. Also, in fiscal 2001, management decided to reduce the services utilized by Globeshare due to the low volume of production and the sale of Westminster positively impacted the expense in June, 2001.

Interest expense for the nine months ended September 30, 2001 increased to $420,046 from $280,975 for the nine months ended September 30, 2000. Interest expense for the three months ended September 30, 2001 increased to $197,852 from $77,395 for the three months ended September 30, 2000. The increase in interest expense resulted from lease contracts entered into with computer hardware and Internet infrastructure providers for the Globeshare subsidiary and from the financing obtained in fiscal 2001 for the operational funds of the Company. The increase in interest expense was partially offset, however, by the decrease which resulted from the settlement of the $500,000 H & R Acquisition note payable in 2000 and the reduction in the inventory positions of the Westminster subsidiary in 2001, thereby lowering the carrying cost charged by its clearing broker.

As previously reported in the Current Report on Form 8-K of the Company dated June 13, 2001, the sale of Westminster closed in escrow on June 12, 2001, the documents and consideration were released from escrow on June 13, 2001, and the parties agreed to treat May 31, 2001 as the effective date of the Transaction for financial purposes. The Company recognized a loss of $1.6 million as a result of the sale.

All other expenses for the nine months ended September 30, 2001 decreased to $1.4 million from $1.5 for the nine months ended September 30, 2000. All other expenses for the three months ended September 30, 2001 decreased to $299,268 from $452,894 for the three months ended September 30, 2000. These expenses consist, among other things, of amortization of goodwill, office supplies, insurance, and other miscellaneous expenses. The decrease in these expenses, net of the increase in these expenses related to the Laidlaw International subsidiary operations, resulted from the reduced cost of operations stemming from the contraction in the volume of operations and the sale of Westminster effected on May 31, 2001.

Liquidity and Capital Resources

There has been a substantial reduction in the cash and cash equivalents balance as of September 30, 2001 compared to September 30, 2000 principally due to the increase in net loss, and the acquisition of computer hardware and software relative to the infrastructure build up amounting to approximately $3.3 million for 2000 and the first three months of 2001 for the Globeshare Group subsidiary.

As a result of these matters, the Company has continued to experience cash flow problems. Although the Company believes that it will have the resources to maintain its operations through the remainder of the fiscal year through cost control measures which have been instituted, cash flow from continuing growth of operations, and financial support from existing shareholders which has been promised orally, the Company may need to seek additional infusions of capital. Management is in discussion with prospective investors to furnish such capital, but no definitive purchase agreements have been executed and there is no assurance that we will be able to finalize such an agreement.

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

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

- Brokerage: A focal point of our strategic incentive is to restructure and build our brokerage base. With the expected continuing stream of revenue from Laidlaw International, which has been averaging 12,000 to 15,000 Euros daily on the equities business alone since it commenced operations in April, 2001, Laidlaw expects the Laidlaw Global Securities subsidiary to benefit from this through the execution of trades in the U.S. market. Laidlaw believes this will facilitate the addition of new brokers in Laidlaw Global Securities and the eventual development of Laidlaw international business in the European Market and increase the potential of attracting high net worth retail and institutional sales producers.

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

The Balance Sheet

The following table sets forth our total assets, adjusted assets, leverage ratios and book value per share. The purpose of illustrating these ratios is to indicate the liquidity and financial position of Laidlaw for the nine months ended September, 2001 despite the net loss incurred on a year to date basis. The decrease in total assets as of September 30, 2001 compared to those as of December 31, 2000 attributed mainly to the loss sustained for the first nine months of 2001.

	As of September 2001	As of December 2000
	(in $ except for ratios)	
Adjusted Assets (1)	15,178,104	22,770,577
Leverage Ratio (2)	10.35	2.31
Adjusted Leverage Ratio (3)	10.35	2.31
Book value per share (4)	0.05	0.36
Quick ratio (5)	.32	1.44

(1) Adjusted assets represent total assets.

(2) Leverage ratio equals total assets divided by equity capital.

(3) Adjusted leverage ratio equals adjusted assets divided by equity capital.

(4) Book value per share was based on common shares outstanding at the end of the respective periods.

(5) Quick ratio equals liquid assets divided by current liabilities.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

The Company's wholly owned subsidiary Laidlaw Global Securities, Inc. is currently a defendant in a legal matter involving the underwriting and initial public offering ("IPO") of Galacticomm Technologies, Inc. securities. The lead underwriters for the Galacticomm IPO were First Equity Corporation of Florida and Security Capital Trading, Inc. ("Lead Underwriters"). The Lead Underwriters entered into a sub-underwriting agreement with various sub-underwriters, including Laidlaw Global Securities. Pursuant to said Agreement, Laidlaw Global Securities agreed to purchase 200,000 shares of Galacticomm at $5.40 per share ($1,080,000), and 200,000 warrants of Galacticomm at $.09 per warrant ($18,000). Additionally, Laidlaw Global Securities agreed to guarantee the purchase of up to an additional 20,000 shares and warrants if deemed necessary.

On the eve 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 terms of 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 ("Market Out" theory). Galacticomm commenced suit against the entire underwriting group in the State Court of Florida seeking damages for breach of the underwriting agreement. The Sub-Underwriters jointly engaged Florida counsel to defend them in this proceeding. All of the underwriters are vigorously defending this matter under the theory that the Lead Underwriters were justified in aborting the IPO based upon a dramatic downturn in the world financial community which jeopardized all of the underwriters' abilities to sell Galacticomm's shares to its investors at the time of the IPO. Registrant believes that it has a meritorious defense to the claims against it.

The sub-underwriters, including Laidlaw Global Securities, have filed cross-claims against the Lead Underwriters seeking indemnification in the event all of the underwriters are found to be liable. Additionally, counsel for

Laidlaw Global Securities has had conversations with Galacticomm's counsel about the possibility of settling out of the litigation. These negotiations are on-going. Although it is to early to preduct any oucome, in although it is too early to predict any outcome, in the event a settlement cannot be reached, and in the further event of an adverse decision after trial, based upon the

Underwriting Agreement, Laidlaw Global Securities' liability cannot exceed its underwriting commitment.

Greek Capital Market Commission vs. Laidlaw Global Corporation

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

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

Additionally, the CMC alleged 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 was assessed fines of approximately $79,000 and $77,000, respectively, for the first two findings. The Company was assessed a fine of approximately $408,000 for the third finding.

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, including the Company, 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.

Laidlaw is a party to other legal proceedings which Management believes should not have a material adverse impact on its business or assets.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

Reports on Form 8-K

SIGNATURES

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

LAIDLAW GLOBAL CORPORATION

May 14, 2001

By: /s/ Roger Bendelac

Roger Bendelac,
President