U S TRUCKING INC
Form 10-K
April 18, 2001

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-KSB

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2000

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from _________ to __________

Commission File No. 33-9640-LA

Logistics Management Resources Inc.
Name of Small Business Issuer in its Charter

Colorado	68-0133692
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number

10602 Timberwood Circle, # 9
Louisville, Kentucky 40223
Address of Principal Executive Offices, Including Zip Code

Registrant's telephone number, including area code: (502-339-4000)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

The Issuer's revenues for the most recent fiscal year were $ 61,853,800.00.

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

As of April 13, 2001 3,263,966 shares of the Registrant's Common Stock were issued and outstanding, and the aggregate market value of the shares held by non-affiliates was approximately $3,916,759.

Documents incorporated by reference: None.

Transitional Small Business Disclosure Format (Check One:) Yes [ ] No [X]

PART I

ITEM 1. DESCRIPTION OF BUSINESS.

GENERAL

Logistics Management Resources, Inc. is a holding company that is engaged in the business of acquiring and managing transportation logistics and employee leasing companies. The Company's principle business is to provide for the transportation needs of clients through "Total Logistics Management". This includes managing a client's domestic and international trucking, load matching, consolidation and warehousing. We also plan to acquire an Employee Lease Services business. These services include supplying temporary workers possessing a wide variety of skills to both large and small businesses while assuming many of the costs and functions of an employer for a fee. Employee Lease Services are widely used in the transportation industry and the Company feels the dual industry approach will provide better flexibility in overall services provided and in the revenue streams of the Company.

We intend to expand our business through internal growth and acquisitions. The transportation and employee leasing industries are highly fragmented, which provides unique acquisition opportunities. We are primarily interested in profitable, non-asset based transportation companies with revenues of not less than $5 million and in employee leasing companies that are in "niche" markets.

HISTORY AND DEVELOPMENT OF LOGISTICS MANAGEMENT RESOURCES INC.

Logistics Management Resources Inc., formerly U.S. Trucking, Inc. was incorporated in Colorado under the name Northern Dancer, Inc. in January 1987 for the purpose of acquiring an operating company. It completed a small public offering in 1988. In September 1998 it completed a reverse acquisition of Logistics Management Resources Inc., formerly U.S. Trucking, Inc. a Nevada corporation that had two operating subsidiaries which it had acquired in early 1997 just after is was incorporated.

In February of 2001, we changed the Company's name from U.S. Trucking, Inc. to Logistics Management Resources Incand effected a reverse split of the Company's common stock on a 1-for-100 basis. In addition the Company received approval from Nasdaq for a symbol change. The new symbol "LMRI" which was effective on February 12,.

Formed in 1997, Logistics Management Resources Inc. had operated as a holding company in the business of acquiring asset based mid to long haul trucking companies. From 1997 through 2000, the company completed nine separate acquisitions. During that time period, gross revenues grew from $17 million to over $61 million.

In May of 2000, the Company sought outside advise from key consulting firms that were retained to specifically analyze the Company's problems relating to the integration of past acquisitions and the Company's multiple information systems. The findings made by the consulting firms, were that during the eleven months of 2000, the operating subsidiaries of the Company had suffered substantial losses due to several factors including:

- The overall slowdown in the US economy
- The extraordinary increases in fuel prices
- The more than expected expenses of consolidation resulting from acquisitions
- The expenses of underutilized equipment resulting from acquisitions
- The inadequate and multitude of non integrated information systems

Facing very substantial losses, the decision was made to close the operating subsidiaries. On November 30, 2000, the four operating subsidiaries filed for Chapter 11 protection. The publicly traded holding company did not file.

The Company completed the acquisition of Trans-logistics, Inc., a non-asset based transportation logistics company headquartered in Tampa, Florida as of January 1, 2001. Trans-logistics is a wholly owned subsidiary of Logistics Management Resources Inc. and is the first acquisition since the Company's restructure.

The Company signed a "Letter of Intent" to buy one of the nation's leading "Employee Leasing Companies", America's PEO, Inc. The Letter of Intent was signed on April 10, 2001. The intended acquisition is expected to close during the second quarter of 2001 and includes the purchase of America's affiliate, Omni Financial Services. Combined projected sales for the two acquired entities are approximately $155 million.

The Industries

TRANSPORTATION

A report jointly issued by The U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) and The U.S. Department of Commerce's Bureau of Economic Analysis (BEA) shows that transportation services contributed $378 billion to the national economy in 1996, the last year for which figures are available.

Trucking is still the dominant form of freight transportation. More than 80% of money spent on domestic freight transportation is spent on trucking. The expression, "if it is in your home, it was on a truck at some point in time', still holds true. Few other modes of transportation Shipping, Rail or Air-can complete a shipment without a truck becoming involved at some point in time. NAFTA and the growth of Canada and Mexico as trading partners have fueled the trucking industry's entry into International trade.

The current trend of Fortune 500 companies is to outsource functions that are not core competencies. This means that private fleets are decreasing and transportation services are being contracted out to specialized firms. As the trend away from private fleets continues, there is tremendous opportunity for growth for companies that provide these services on an "out to bid" basis.

Traditionally, trucking has been as asset-based business, which is to say that the company owned the trucks and employed the drivers.This exposed the companies to interest rate fluctuations, volatile fuel costs and massive amounts of equipment debt. The trend is currently moving away from this form of ownership as even the larger asset-based carriers are relying more and more on leased equipment and owner operators. Wall Street has looked favorably on asset-based companies that have expanded their businesses into other areas such as non-asset based logistic management.

Logistics management companies do not bear many of the risks that traditional asset-based carriers do, in that they act more as a manager/broker for their clients. These companies contract to manage the needs of their clients and then contract out various functions to different specialty firms.

The economic environment for the trucking industry over the last year has not been good. Truck tonnage year over year is down 10%. Two factors are mainly to blame; a severe slowdown in the U.S. economy and higher fuel costs. These factors have resulted in lower earnings per share for many companies and stock prices have suffered accordingly. Many smaller firms have been unable to remain profitable and have filed for bankruptcy. This has eased somewhat, a driver shortage that has plagued the industry in these past years of full employment and created opportunities for those around to pick up the pieces.

EMPLOYEE LEASING

According to Dun & Bradstreet there are 1,242, both public and private that provide employee-leasing services. These firms generate approximately $15 billion in annual revenues. These numbers are expected to grow as more and more companies look to employee leasing as the answer to their staffing problems. From accounting to high tech to warehouse operations, employee leasing is becoming an ever more popular solution to staffing needs. Employee leasing firms

like Robert Half and Administaff are experiencing annual revenue growth in excess of 50%. The market continues to expand, as does the opportunity.

- The employee leasing industry generates in excess of $15 billion dollars a year.

- The recent profit reports from some of the leaders in the field indicate annual growth rates of top line revenues in excess of 50%. For example, TTC, Illinois, a private company that serves mainly the transportation industry was founded in 1988. Ten years later, gross sales were $625 million.

- The fast changing economy requires companies to be more flexible with regard to staffing. This creates tremendous opportunity to companies that can provide interim workers.

- According to a survey commissioned by the industries national association, 75% of the jobs that existed in 2000 did not exist in 1990.

- Professional Employer Organizations are becoming more and more popular for a number of reasons:

    - They take on many of the administrative duties related to human resources that can bog down the management of a small to medium sized business and allow management to focus on providing better service to clients.

- Economies of scale make insurance and employee benefit plans (an ever growing portion of business's overhead) much more affordable.

TRANSPORTATION BROKERAGE SERVICES

We offer transportation brokerage services through our wholly-owned subsidiary Trans-logistics, Inc. a Tampa, Florida based transportation logistics provider which was acquired on March 31, 2001. Trans-logistics provides return hauls for common carriers and corporations transporting their own goods which have completed their initial delivery as well as providing load matching services to carriers thru out the United States. For this service the Company receives the difference between the amount we pay the returning carrier or shipper to effect the move, and amount we receive from the shipper. In addition to the margin spread the burden of most of the insurance cost fall upon the user of our services.

AGENT PROGRAM

In 1999 the Company instituted an agent program, pursuant to which we allow small carriers to operate under our authority as an agent. In this program the agent provides its customers and business. We collect all of the revenue from the shippers and pay the agent 85-89% of the revenue less certain expenses we pay such as fuel costs and pallet costs. We provide the agent with liability insurance coverage and certain administrative services such as billing and collecting receivables. We also provide the agent with access to our other insurance coverages such as medical and hospitalization insurance. The agent is required to establish an escrow account to cover any bad debt cost, and it must pay all cash expenses including tolls, tractor washes, and any other of its own operating expenses.

INSURANCE

In January 1998, Transportation Services Company and Roxanne Pixler loaned the Company a total of $25,000 to establish a captive insurance program. The Company initiated offering automobile truck liability insurance coverages to other transportation companies as well as its own, in order to take advantage of a projected underwriting profit potential of being a member of a captive insurance program period. This program was discontinued in early December 2000 due to higher risk losses which resulted in program losses much higher than anticipated.

OPERATING STRATEGY

Our operating strategy is to focus on providing a high level of transportation logistics and employee leasing services to a diverse customer base ensuring consistent, controlled and profitable growth.

The management of Logistics Management Resources Inc. is dedicated to building a top provider of Logistics and Employee Solutions. Economies of scale and successful systems integration will provide higher returns going forward.

Experience has taught management that acquisitions that increase revenue but hurt the bottom line have no place in our future or in our operations. It is our commitment that any acquisition will result in a company that is stronger, better positioned in the market place and ultimately, more profitable.

We believe that our operating strategy positions us to capitalize on evolving trends in the transportation industry. In particular the increase in world trade provides unlimited opportunities in the intermodal segment and the need to provide full logistical services to multi level customers seeking to reduce cost through outsourcing which affords us unlimited opportunities in the brokerage logistics segment.

OPERATIONS

Subsequent to the year end 2000 related to the acquisition of Trans-logistics on March 30, 2001, the Company's transportation operations are headquartered in Tampa, Florida where all of the transportation sales are coordinated from, where all of the back-room functions are performed including customer service, billing, division accounting and collections. In addition the transportation operations has a facility in Atlanta, Georgia where that groups driver records, safety and regional marketing are handled. The transportation group also has several agent locations through out the United States that operate as exclusive partners with our transportation company.

Upon the completion of the acquisition of America's PEO, it is the intention of the Company to maintain the employee leasing headquarters in Cherry Hill, New Jersey where all of the marketing, accounting, billing, collections, insurance negotiations and other functions relating to that wholly owned subsidiary will take place from.

DRIVERS

All of the drivers used by our agents must meet specific guidelines relating primarily to safety record, driving experience and personal evaluation, including DOT mandated drug testing and personal background checks.

We require that prospective drivers have a minimum of one year of truck driving experience in order to be considered for a position. In addition, new drivers are required to meet all DOT requirements. Upon hiring a driver, we conduct an orientation program covering such topics as our business, policies, procedures, safety, benefits, maintenance and operation of equipment.

Although we currently have an adequate number of drivers, there can be no assurance that we will not be affected by a shortage of qualified drivers in the future. Significant driver turnover is a problem within the industry as a whole. In addition, the trucking industry is experiencing a diminished workforce of qualified drivers. As a result, we must compete with other transportation service companies for the available drivers. We anticipate that the intense competition for qualified drivers in the trucking industry will continue but are confident that by growing an agent program we can stay on top of the driver turn over curve.

INSURANCE AND SAFETY

Our safety department is responsible for training and supervising personnel to keep safety awareness at its highest level. We have implemented an active safety and loss prevention program at our transportation headquarters which is implemented at all of the company's agent locations. The emphasis on safety begins in the hiring and continues in orientation, safety training, and drug testing.

Our safety and loss prevention program is comprised of the ongoing education, training and retraining of drivers regarding safe vehicle operation, loading and unloading procedures, and accident reporting. It also includes random drug testing. The program is overseen by our Director Safety.

We have implemented a written disciplinary system for all drivers operating under our operating authority. Pursuant to this system, disciplinary action ranges from written warnings to immediate termination depending on the frequency and severity of the offense. The most serious offenses include violations of local, state or federal regulations while on duty, unauthorized use of equipment, willful or negligent damage of equipment or property or injury to another person, carrying, possessing or being under the influence of intoxicants or narcotics while on duty or on our premises, possession of firearms or other lethal weapons while on duty or while on our premises and other similar offenses. Our Director of Safety continuously monitors driver performance and makes recommendations to our executive officers regarding employment and retention of drivers.

We are committed to securing appropriate insurance coverage at cost-effective rates. The primary risks that arise in the trucking industry consist of cargo loss and damage, personal injury, property damage and workers' compensation claims. We maintain insurance that we believe is adequate to cover our potential liabilities and risks.

We also have an insurance policy which covers cargo loss and damage up to $250,000 per occurrence, and an insurance policy which covers workmen's compensation claims in amounts from $100,000 to $500,000, depending on the state where the worker lives.

COMPETITION

The trucking industry is highly competitive and fragmented. We compete primarily with other brokerage and logistics transportation companies such as CH Robinson and Landstar for the solicitation, control and management of outsorced freight. Although the general effect of deregulation of the trucking industry during the 1980's created substantial downward pressure on the industry's rate structure, we believe that competition for the freight transported by us is based primarily on quality of service, such as just-in-time performance, and, to a lesser degree, on freight rates. There are a number of other logistics companies which have substantially greater financial resources and may manage more equipment or carry a larger volume of freight than we do. Our primary emphasis is service, especially to its core carrier customers, rather than price alone. However, the industry in which we operate is extremely price sensitive and we are responsive to competitive price pressures.

REGULATORY ISSUES

Transportation

The trucking industry is subject to regulatory oversight and legislative changes which can affect the economics of the industry by requiring certain operating practices or influencing the demand for, and the costs of providing, services to shippers. The Department of Transportation of the United States, as well as various state agencies that have jurisdiction over us, have broad powers, generally governing such matters as authority to engage in motor carrier operations, rates and charges, certain mergers, consolidations and acquisitions, and periodic financial reporting. Rates and charges are not directly regulated by these authorities. As primarily a contract carrier, we negotiate competitive rates directly with customers as opposed to relying on schedule tariffs. State agencies impose tax, license and bonding requirements.

The Motor Carrier Act of 1980 commenced a program to increase competition among motor carriers and to diminish regulation in the industry. Following this deregulation, applicants have more easily been able to obtain DOT operating authority, and interstate motor carriers have been able to impose certain rate changes without DOT approval. The Motor Carrier Act also removed many route and commodity restrictions on transportation of freight. Gulf Northern has held specific commodity and territory authority from the Illinois Commerce Commission since 1939. Gulf Northern holds authority to carry general commodities throughout the 48 contiguous states, as both a common and contract carrier, and it holds various intrastate authorities.

Under the Negotiated Rates Act of 1993, certain procedures must be followed for resolving claims involving unfiled, negotiated transportation rates. Generally, when a claim is made by a motor carrier of property for the collection of rates and charges in addition to those originally billed and collected by the carrier, the person against whom the claim is made may elect to satisfy the claim pursuant to certain provisions specified in the Negotiated Rates Act. The Negotiated Rates Act specifies the types of disputes to be resolved by the ICC and allows for the nonpayment of the disputed additional compensation until the dispute is resolved. We believe that we are in compliance in all material respects with the provisions of the Negotiated Rates Act.

Interstate motor carrier operations are subject to safety requirements prescribed by the DOT. Such matters as weight and dimensions of equipment are also subject to federal and state regulation. All of our drivers are required to obtain national commercial driver's licenses pursuant to regulations promulgated by the DOT. DOT regulations impose mandatory drug testing of drivers. We have implemented a random drug-testing program in accordance with these regulations. In addition, we are required to implement alcohol and drug rules imposed by the DOT which prohibit any alcohol or drug use prior to and during driving and while performing safety-sensitive functions such as loading, unloading, inspecting, waiting for dispatch, resting in a sleeper birth, and other specified times. We comply with all applicable regulations imposed on our employees and owner-operators. The DOT's national commercial driver's license, drug testing requirements and new alcohol and drug-use regulations have not to date and are not expected to adversely affect the availability to us of qualified drivers.

Our operations are subject to federal, state and local laws and regulations concerning the environment. We have not received any notices from any regulatory authority relating to any violation of any environmental law and incur no material costs specifically related to compliance with such laws.

Employee Leasing

Seventeen states provide for some form of licensing, registration, or regulation for PEO's. Many states recognize PEO's as the employer or co-employer or worksite employees for purposes of workers' compensation and state unemployment insurance taxes.

EMPLOYEES

We employ 16 company employees all of which are operations or administrative responsible for safety, billing, accounting, collections and dispatch. None of our employees are represented by a collective bargaining unit and we have never experienced a work stoppage. We believe that our relations with our employees is good.

ITEM 2. DESCRIPTION OF PROPERTY.

All of our offices are leased. Our executive office is located in Louisville, Kentucky where the overall management of Logistics Management Resources Inc. takes place. The lease, which expires during 2002 covers approximately 1600 square feet of leased space and provides for monthly lease payment of $2100. We believe that this facility is adequate for our present needs.

We also maintain the following other office, terminal and warehouse locations:

Location	Description
Wisconsin Rapids,Wisconsin	A 3,000 square foot office, a 9,800 square foot warehouse, and a four bay repair shop leased to the Company for $6,500 per month. The Company is investigating sub-leasing this Property or of having this property placed on The market for sale. This facility is owned by The Huff Grandchildren Trust and Dan Pixler.
Tampa, Florida	A 2,200 square foot facility that is administrative space for Trans-logistics is leased for approximately $3,000 per month and is on a three year lease expiring during 2004.

We also have agent offices in Georgia, New Jersey and Kentucky.

ITEM 3. LEGAL PROCEEDINGS.

CIT Group/Equipment Financing, Inc. sued us and certain other parties in the Superior Court of N.J., Law Division Union County, Docket No. UNN-L-3556-00 on July 17, 2000 for return of six tractors formerly used in the business of American Intermodal Services, Inc., some of the operations of which Gulf Northern Transport took over in Spring of 2000. We denied we ever received the tractors. A default judgement was granted in November 2001 against all defendants in the amount of $384,599.89. We understand that certain of the tractors have since been recovered by CIT. We deny that CIT had jurisdiction over us in the New Jersey court wherein the lawsuit was brought and that the judgment is therefore invalid.

Emergent Capital, L.P. filed suit against us in U.S. District Ct., Southern District of N.Y. on September 20, 2000. The suit claimed that Emergent was owed $300,000 in penalties for the failure to register certain shares for resale which Emergent purchased in September 1999. We dispute that the agreement reached between the parties provides for registration penalties. The suit is still in the discovery stage. See "BUSINESS-SAFETY AND INSURANCE."

On November 28, 2000 the Company, its subsidiaries and certain affiliates entered into a Restructure Agreement (the "Agreement") with GE Capital Corporation ("GECC") restructuring the balance of the Company's obligations to GECC in connection with its accounts receivable line of credit and with GE Capital Commercial Equipment Funding in connection with an equipment loan. The respective loan balances have been consolidated into a single Term Note with a principal balance of $22,235,000, which amount is expected to be substantially reduced by the sale of subsidiary accounts receivable and equipment collateralizing the loans. The loan is to be repaid over a three year term with a five year amortization schedule and a balloon payment on December 1, 2003 of the balance. The note bears interest at the 30-day dealer placed commercial paper rate (as published in the Wall Street Journal), plus 4.5%. Interest for the first year will be accrued and applied to the principal balance.

Under the Agreement the Company is required to pay to GECC 1.50% the gross revenues from its trucking business and 50% the gross revenues from non-trucking business towards payment of the Note, which amounts will be applied to the amortization payments. Additionally, 3.50% net income before taxes from the Company's businesses must be paid on a quarterly basis in repayment of the Note, along with certain payments in the event of a profitable sale of a Company owned business. The Note is secured by the Company's assets and by guarantees of various affiliates of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 1999.

PART II

ITEM 5. MARKET PRICES AND DIVIDENDS.

Our common stock trades in the over-the-counter market, under the symbol "LMRI". There were no quotations for the common stock during the last three years until after the closing of the reverse acquisition

Quarter Ended	High Bid	Low Bid

March 31, 1999	$5.68	$3.00
June 30, 1999	$3.75	$2.31
September 30, 1999	$4.72	$2.625
December 31, 1999	$4.56	$2.50
March 31, 2000	$3.56	$2.06
June 30, 2000	$4.43	$1.37
September 30, 2000	$2.50	$0.27
December 31, 2000	$0.51	$0.03

As of April 16, 2001, we had 325 shareholders of record. This does not include shareholders who hold stock in their accounts at broker/dealers.

Holders of Common Stock are entitled to receive dividends declared by our board of directors. No dividends have been paid on our common stock and no dividends are anticipated to be paid in the foreseeable future.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with the Consolidated Financial Statements, including the footnotes, and understand that this discussion is qualified in its entirety by the foregoing and other more detailed financial information appearing elsewhere herein. Historical results of operations and the percentage relationships among any amounts included in the Consolidated Statement of Operations, and any trends which may appear to be inferable therefrom, should not be taken as being necessarily indicative of trends of operations or results of operations for any future periods.

These and other statements, which are not historical facts, are based largely on current expectations and assumptions of management and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements. Assumptions and risks related to forward-looking statements, include that we are pursuing a growth strategy that relies in part on the completion of acquisitions of companies in the trucking, logistics and intermodal segments of the transportation industry.

Assumptions relating to forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many which are beyond our control. When used in this Annual Report, the words "estimates", "projects", and "expect" and similar expressions are intended to identify forward-looking statements. Although we believe that assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in the forward-looking information will be realized.

Management decisions are subjective in many respects and susceptible to interpretations and periodic revisions based on actual experience and business developments, the impacts of which may cause us to alter our business strategy, which may in turn, affect our results of operations. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as our representation that statements contained in this Annual Report speak only as of the date of this Annual Report, and we do not have any obligation to publicly update or revise any of these forward-looking statements.

Such statements may include, but are not limited to, projections of revenues, income, or loss, capital expenditures, plans for future operations, financing needs or plans, the impact of inflation and plans relating to the foregoing. Statements in the Company's Form 10-KSB, including Notes to the Consolidated Financial Results of Operations, describe factors, among others, that could contribute to or cause such differences.

GENERAL

The Company's predecessor, U.S. Trucking, Inc. was established in January of 1997 by combining under U.S. Trucking-Nevada the operations of Gulf Northern Transport, a mid-to-long-haul truckload carrier and Mencor, Inc. a third party logistics (brokerage) company. During 1999, we acquired Prostar, Inc. (a brokerage company) and merged Mencor, Inc. into Prostar, Inc.

During 1999 U.S. Trucking, Inc.'s operating results were driven by the results of the truckload business of its operating subsidiary, Gulf Northern Transport, Inc., our Captive auto liability insurance program, it's brokerage operations (ProStar Inc.), implementation of an agent program, and the purchase of a intermodal line of business. The Company reported substantial losses in 2000 and a profit in 1999.

On January 1, 2000, U.S. Trucking, Inc. had two operating subsidiaries Gulf Northern Transport, Inc. and Prostar, Inc.. Gulf Northern Transport, Inc. operated divisions pertaining to long to medium haul truckload, agent truckload, container (intermodal) and agent container. Prostar, Inc. operated a third party transportation brokerage division. In addition, U.S. Trucking, Inc. sponsored a captive insurance program for its own truckload and container divisions as well as insurance pertaining to third party trucking companies.

On February 7, 2000, U.S. Trucking, Inc. entered into a merger agreement to acquire Checkmate Truck Brokerage, Inc. and Maverick truck Brokerage, Inc. for a purchase price of $6,137,472. Under the terms of the agreement, the purchase price consisted of 385,000 shares of common stock that were values at $1,203,125 and $500,000 payable to principals. In addition, $500,000 was to be placed in escrow pending the outcome of an acquisition review of the assets and liabilities. Further the contract included a stock adjustment agreement whereby the issuance of the common stock included in the agreement was to be adjusted pending the outcome of certain performance parameters. Upon review of this transaction, no additional shares were issued to the principals. $2,606,125 of goodwill was recorded from the transaction. An allocation of the purchase price follows:

Assets	
Accounts receivable	$3,311,143
Transportation and other equipment	220,204
Goodwill	2,606,125
Total	$6,137,472

Liabilities assumed and equity	
Liabilities assumed	$3,962,688
Liabilities to sellers	971,659
Common Stock	1,203,125
Total	$6,137,472

On January 1, 2000, U.S. Trucking effected an agreement with Carolina Global Services Inc. to be the master agent for the container division of Gulf Northern Transport Inc., Carolina Global was to be a related party in that 90% was to be owned by Logistics Management LLC and 10% by Rick Kelly. Logistics Management is owned 50% by Danny Pixler and 50% by the Huff Grandchildren's Trust. Mr. Kelly was a former officer of the company. Even though a master agent agreement was executed the ownership of Carolina Global was never finalized. The required documents were never signed or executed. Carolina Global Services ceased operations when Mr. Kelly left the company as an employee in September 2000.

On January 1, 2000, U.S. trucking also effected an agreement with One-Way Logistics, Inc. to be the master agent for the truckload division and to be the payroll administrator for Gulf Northern Transport, Inc. One-Way Logistics was also to be a related party in the same manner as Carolina Global Services, Inc.. Similar to that transaction, a master agency agreement was signed but the ownership was never completed because the proper documents were never executed. One-Way Logistics ceased operations when Mr. Kelly left the company as an employee in September 2000.

On December 31, 1999, all revenue producing depreciable assets were sold to One-Way Logistics, Inc. By doing this, U.S. trucking, Inc. converted the truckload division into a variable margin operation in that fixed costs obligations related to equipment were transferred to One-Way Logistics. But because of interference related to an interim management agreement between U.S. Trucking and Professional Transportation Group and negotiations related to a forthcoming merger between the two companies, the operations of the truckload division suffered substantially. By June 2000, management determined that One-Way Logistics would not be able to satisfy its obligations related to the equipment and the transaction was rescinded. In addition, the decision was also made to discontinue operations related to the agency agreement with One-Way Logistics and the truckload division.
Due to cash flow problems related to delinquent carrier payables, Prostar, Inc. suffered a significant loss of its customer base by mid year 2000. Because of the inability to obtain third party trucking companies to transport freight, substantial damage was done to the Company's operations. Also, compounding the problem was the resignation of a principal in September 2000. By mid October management decided to discontinue this operation.

In regards to UST Logistics, Inc. d/b/a Checkmate Truck Brokerage Inc. and Maverick Truck Brokerage Inc., conflicting management issues between the parent company's officers and the operating company's principals caused U.S. Trucking, Inc. to suffer substantial loss of reputation with third party truck lines and customers. Because of this situation significant losses were generated by the third quarter of 2000. Management was forced to discontinue the operations on October 22, 2000.

On November 30, 2000, four of the Registrants operating subsidiaries, Gulf

Northern Transport, Inc., Prostar, Inc., UST Logistics, Inc. and Mencor, Inc. (the "petitioning subsidiaries") filed a Voluntary Petition under Chapter 11 of the Bankruptcy Code (the "petition") with the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division. As of this date, no plan of reorganization has been filed by the registrant's subsidiaries, however, a trustee has been appointed. On December 1, 2000, U.S. Trucking, Inc. issued a press release in which it announced: (i) the filing of the Petition, and (ii) the signing of an agreement with its primary lender for repayment of any deficiencies, which may be left after liquidation of the collateral. The agreement provides for payment of the deficiency over three years, including payments based upon a fixed percentage of the Company's ongoing revenue. The accompanying financial statements contain adjustments resulting from the bankruptcies based upon management's best estimates as to the recoverability of assets and obligations for liabilities incurred.

RESULTS OF OPERATIONS

During the year 2000, U.S. Trucking, Inc. suffered substantial losses due to operating losses and discontinued operations. The company was unable to obtain enough adequate information from the bankrupt operating subsidiaries to prepare a true comparison of the operating results for the year ended December 31, 2000 and December 31, 1999. The company was able to have financial statements generated for the parent company. The Statement of Operations prepared for the year ended December 31, 2000 is primarily parent company transactions. Included in the parent company financial statements is a loss provision of approximately $9.6 million related to debt incurred by the subsidiaries and guaranteed by the parent.

Net income decreased fro a net income of $107 thousand for the year ended December 31, 1999 to a net loss of $38.2 million for the year ended 2000. The primary reasons for the decrease were the losses generated fro discontinued operations of the four bankrupt operating subsidiaries and losses generated from the parent company from the discontinuance of the captive insurance program and an increase in general and administrative expenses as well as an increase in interest and penalties related to debt obligations.

Liquidity and Capital Resources

The Company's working capital position has deteriorated from a positive $1,367,418 as of December 31, 1999 to a negative amount approximately equal to ($17,125,218) as of December 31, 2000. This reversal has been primarily caused by the discontinued operations of all four subsidiaries and loses at the parent level primarily caused by losses in the captive insurance company and selling general & administrative expenses combined with interest and fees related to the Company's debt.

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In addition, there is a liability in the amount of $8,681,000.00 shown on the balance sheet, which represents the Company's estimated liability to the primary lender to the Company's subsidiaries. The shortfall could be more or less than the $8,681,000.00 estimate depending on the success of the Bankruptcy Trustee handling the collection of subsidiary assets.

The Company's net worth has decreased from $13,095,102 as of December 31, 1999 to a negative ($17,174,243) as of December 31, 2000. The primary reasons for this reversal being the same as the reasons mentioned above related to the decrease in working capital.

In summary, the Company's lack of liquidity and the lack of profitable operating assets means that the Company will be required to raise capital in order to remain a going concern. There can be no assurance that the Company will be able to obtain the capital necessary to continue operations.

FINAL PARAGRAPH IN ITEM 6

DUE TO TIMING ISSUES AND THE LIMITED ACCESS TO DOCUMENTS AND RECORDS OR THE BANKRUPT SUBSIDIARIES MANAGEMENT FEELS THAT SOME DISCLOSURE ISSUES MAY HAVE BEEN INADVERTENTLY OMITED. THEREFORE, IT MAY BECOME NECESSARY FOR THE COMPANY TO AMEND THIS FILING AT A FUTURE DATE.

ITEM 7. FINANCIAL STATEMENTS.

The Report of Independent Public Accountants appears at page F-1 and the Financial Statements and Notes to Financial Statements appear at pages F-2 through F-10 hereof.

Logistics Resource Management, Inc.

F.T.A. U.S. Trucking, Inc.

Financial Statements

December 31, 2000

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Index to the Financial Statements
December 31, 2000

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
of Logistics Management Resources, Inc.

We were engaged to audit the accompanying balance sheet of Logistics Management Resources, Inc. as of December 31, 2000 and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management.

We were unable to obtain sufficient financial information relating to the Company and its former subsidiaries during the brief tenure of our appointment as auditors and associated time constraints. We were unable to satisfy ourselves about the completeness of the transactions recorded within the financial statements by means of other auditing procedures.

Because of the constraints described in the preceding paragraph, we were unable to satisfy ourselves that all appropriate transactions have been properly accounted for in the accompanying financial statements. The scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

ROSENBERG RICH BAKER BERMAN & COMPANY, CPAS P.C.

/s/ Rosenberg Rich Baker Berman & Company, CPAS P.C.

Bridgewater, New Jersey
April 14, 2001

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.

Balance Sheet
December 31, 2000

Assets		
Property and equipment, at cost, less accumulated depreciation of $244	$	975
Total Assets		975
Liabilities and Stockholders' Equity		
Current Liabilities		
Cash overdraft		29,688
Accrued expenses		228,930
Accrued interest		1,474,100
Loans payable		2,356,500
Convertible debentures		4,405,000
Estimated guarantee obligations		9,681,000
Total Current Liabilities		18,175,218
Stockholders' Equity		
Preferred stock, no par value; (10,000,000 shares authorized)		
Series A (199,000 shares outstanding)		76
Series B (2,000 shares outstanding)		2,000,000
Series C (50,000 shares outstanding)		15,000
Series D (950 shares outstanding)		950,000
Series E (2,300 shares outstanding)		2,300,000
Common stock, no par value; 75,000,000 shares authorized, 31,839,039 shares issued and outstanding		12,462,991
Additional paid-in capital		3,605,580
Retained (deficit)		(39,507,890)
Total Stockholders' Equity (Impairment)		(18,174,243)
Total Liabilities and Stockholders' Equity	$	975

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See notes to the financial statements.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Statement of Operations
Year Ended December 31, 2000

Discontinued Operations:	$
Loss from operations disposed of (net of income tax effect of $0)	
Estimated loss on disposal of discontinued operations, including provision for operating losses (net of income tax benefit of $0)	
Net Loss	$
Net Loss Per Share	$

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See notes to the financial statements.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Statement of Shareholders' Equity
Year Ended December 31, 2000

	Total	Common Stock		Preferred Sh
		No Par Value Shares	Amount	Number of Shares
Opening Balances at				
January 1, 2000	$ 13,095,102	8,844,461	$ 6,445,199	999,000
Issuance of Common Stock				
Checkmate Acquisition	1,203,125	385,000	1,203,125	-
Series A Preferred Stock				
exchanged for common stock	-	9,000,000	686	(900,000)
Conversion of debentures for				

common stock	4,695,000	13,097,724	4,695,000	-
Issuance of common stock for convertible debenture interest	118,981	511,854	118,981	-
Default of Subscription Receivable	906,788	-	-	-
Net change in other comprehensive income	11,976	-	-	-
Net loss	(38,205,215)	-	-	-
Ending Balances at December 31, 2000	$ (18,174,243)	31,839,039	$ 12,462,991	99,000

	Preferred Shares Series B		Preferred Shares Series C		Prefe
	Number of Shares	Amount	Number of Shares	Amount	Num of S
Opening Balances at January 1, 2000	2,000	$ 2,000,000	50,000	$ 15,000	
Issuance of Common Stock Checkmate Acquisition	-	-	-	-	
Series A Preferred Stock exchanged for common stock	-	-	-	-	
Conversion of debentures for common stock	-	-	-	-	
Issuance of common stock for convertible debenture interest	-	-	-	-	
Default of Subscription Receivable	-	-	-	-	
Net change in other comprehensive income	-	-	-	-	
Net loss	-	-	-	-	
Ending Balances at December 31, 2000	2,000	$ 2,000,000	50,000	$ 15,000	

	Preferred Shares Series E		Additional Paid in Capital	Accumulated Deficit	
	Number of Shares	Amount			
Opening Balances at January 1, 2000	2,300	$ 2,300,000	$ 3,605,580	$ (1,302,675)	$
Issuance of Common Stock					

Checkmate Acquisition	-	-	-	-	
Series A Preferred Stock exchanged for common stock	-	-	-	-	
Conversion of debentures for common stock	-	-	-	-	
Issuance of common stock for convertible debenture interest	-	-	-	-	
Default of Subscription Receivable	-	-	-	-	
Net change in other comprehensive income	-	-	-	-	
Net loss	-	-	-	(37,205,215)	
Ending Balances at December 31, 2000	2,300	$ 2,300,000	$ 3,605,580	$ (38,507,890)	$

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See notes to the financial statements.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Statement of Cash Flows
Year Ended December 31, 2000

Cash Flows From Operating Activities
Net (Loss)
Adjustments to Reconcile Net (Loss) to Net Cash Used in Operating Activities
Issuance of common stock for Checkmate acquisition
Conversion of debentures for common stock
Issuance of common stock for convertible debenture interest
Default of subscription receivable
Net change in other comprehensive income

Net Cash Used By Operating Activities

Cash Flows From Investing Activities
Disposition of assets resulting from bankruptcy of subsidiaries and termination of auto insurance business, net of associated indebtedness

Net Cash Provided by Investing Activities

Cash flows from financing activities
Increase in convertible debentures
Increase in estimated guarantee obligations

Net cash provided by investing activities

Net decrease in cash
Cash at beginning of year

Cash at end of year

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See notes to the financial statements.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Notes to the Financial Statements

Note 1 - General and Summary of Significant Accounting Policies

(A) Nature of Business

On September 8, 1998, U. S. Trucking, Inc., a Nevada corporation (U. S. Trucking - Nevada), was acquired by North Dancer Corporation (Northern Dancer), a nonoperating public shell corporation, through the exchange of 100% of the issued and outstanding shares of Northern Dancer's common stock for approximately 96% of the outstanding shares of U. S. Trucking - Nevada's common stock. Northern Dancer's legal name was changed to U. S. Trucking, Inc. (U. S. Trucking). The acquisition is considered to be a capital transaction, in substance equivalent to the issuance of stock by U. S. Trucking - Nevada for the net monetary assets of Northern Dancer, accompanied by a recapitalization of U. S. Trucking - Nevada.

U. S. Trucking - Nevada was formed by U. S. Transportation Systems, Inc. (USTS) as a wholly owned subsidiary. As part of the transaction to acquire Gulf Northern, 25% of the U. S. Trucking - Nevada's common stock was transferred to Gulf Northern's parent (Logistics Management, LLC). The remaining 75% was conveyed to Logistics Management, LLC during 1998.

On February 1, 2001 the Company changed its name to Logistics Management Resources, Inc. (LMRI).

Corporate headquarters are located in Louisville, Kentucky.

On November 29, 2000, UST Logistics, Inc., Mencor, Inc., Prostar, Inc. and Gulf Northern Transport, Inc., LMRI's four operating subsidiaries, filed a petition for dissolution under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Middle District of Florida, Jacksonville Division. The cases have been consolidated by the court. The lead case is In The Matter of Gulf Northern Transport, Inc.; docket number 99- 9224-3F1.

Prior to December 31, 2000 the Company terminated it's auto liability insurance business.

(B) Basis of Presentation

The accompanying balance sheet and related statements of operations, stockholders' equity and cash flows include the financial activities of LMRI. Financial activities of former subsidiaries and the Company's terminated auto liability insurance business are included in discontinued operations.

(C) Net Income per Common Share

Basic net income per share is computed on the basis of the weighted average number of common shares outstanding during each period. Diluted net income per share is calculated by combining weighted average number of common shares outstanding and potentially dilutive common shares equivalents.

(D) Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with maturities of six months or less to be cash equivalents for financial statement purposes.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Notes to the Financial Statements

Note 1 - General and Summary of Significant Accounting Policies (Continued)

(E) Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives.

(F) Income Taxes

The Company files a consolidated Federal income tax return with its wholly owned subsidiaries.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the assets and liabilities for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes also are recognized for operating losses that are available to offset future federal income taxes.

(G) Use of Estimates

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

(H) Concentrations of Business and Credit Risk

At times throughout the year, the Company may maintain certain bank accounts in excess of FDIC insured limits.

Note 2 - Equipment at cost, less accumulated depreciation consists of the following:

	December 31, 2000
Equipment	$ 1,219
Less accumulated depreciation and amortization	(244)
Total	$ 975

Depreciation expense charged to operations was $244 in 2000.

Note 3 - Convertible Debentures

During 1999 and 2000, the Company issued $9,100,000 of 10% convertible debentures due May 31, 2002.

The holders of the debentures are entitled, at their option, to convert at any time, all or any part of the principal amount of the debentures plus accrued interest.

Note 3 - Convertible Debentures (Continued)

The price per share of Common Stock into which the debentures are convertible is the higher of $1.50 or the lower of 80% of the average closing bid price of the Common Stock quoted on the OTC Bulletin Board for three trading days preceding the conversion date or $2.37 per share. In no event will the conversion price be less than $1.50 per share.

The Company has retired $4,695,000 of debentures through December 31, 2000 and has issued 13,097,724 shares in connection therewith. The Company is in default as to its obligations pursuant to the convertible debentures at December 31, 2000.

Note 4 - Preferred Stock

Series A Preferred Stock/Stock Exchange Agreement - On February 1, 1999, the Company entered into three stock exchange agreements whereby a total of 9,990,000 shares of Common Stock were exchanged for 999,000 of Series A Preferred Stock. The value of the shares was determined to be $762 and such amount was deducted from additional paid-in capital. Each share of Series A

Preferred Stock is entitled to ten votes and will vote together with the holders of the Common Stock. Pursuant to this agreement, each share of Series A Preferred Stock may be exchanged for ten shares of Common Stock as follows: one fifth of the shares upon LMRI reporting revenues of $31 million or more for any fiscal year or shorter period in a report filed on Form 10-KSB or any appropriate Securities and Exchange Commission filing; an additional one-fifth if revenues are at or above $41 million; an additional one-fifth if revenues are at or above $51 million; an additional one-fifth if revenues are at or above $61 million and the balance if revenues are at or above $71 million.

Based upon the revenues previously reported by the Company 40%, of the Series A Preferred Stock are eligible to be exchanged for Common Stock.

During 2000, 900,000 of Series A preferred shares were exchanged for 9,000,000 common shares.

Series B Convertible Preferred Stock - During 1999 LMRI sold $2,000,000 of Series B Convertible Preferred Stock and issued 2,000 shares. The Company incurred $185,000 of issuance costs that were deducted from additional paid-in capital. Shares of Series B Convertible Preferred Stock are convertible into shares of Common Stock based upon the stated value of $1,000 per share of Preferred Stock divided by the conversion price on the date of conversion. Holders of Series B Convertible Preferred Stock may elect to convert their shares commencing on the earlier of October 28, 1999 or the occurrence of any merger, tender offer, or redemption event.

The conversion price is equal to 90% of the average closing bid price for the ten consecutive trading days immediately preceding the conversion date, not to exceed $2.59 per share. Holders of Series B Preferred Stock are entitled to receive a dividend of 12% annually. No dividends were declared as of December 31, 2000.

There are also provisions in the security, which allow the holders to redeem their shares upon the occurrence of certain events including the inability of LMRI to issue free trading common stock to the holders because the shares have not been registered under the Securities Act.

The Series B shareholders have no voting rights.

Series C Convertible Preferred Stock - During 1999, LMRI issued 50,000 shares of Series C Convertible Preferred Stock to existing related party shareholders in exchange for their guaranteeing LMRI's debt incurred under the revolving credit agreement. The shares were valued for financial statement purposes at $.30 per share. Logistics Management Resources, Inc. F.T.A. U.S. Trucking, Inc. Notes to the Financial Statements

Note 4 - Preferred Stock (Continued)

Each share of Series C Convertible Preferred Stock entitles the holder to one hundred votes and votes together with

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the holders of Common Stock. The holders of Series C Preferred Stock have no liquidation rights and no rights to dividends. The Series C Preferred Stock is not redeemable.

Series D Convertible Preferred Stock - During 1999, LMRI sold $950,000 of Series

D Convertible Preferred shares and issued 950 shares. The Company incurred $150,000 of issuance costs that were deducted from additional paid-in capital. Shares of Series D Convertible Preferred Stock are convertible into shares of common stock based on the stated value of $1,000 per share of preferred stock dividend by the conversion price on the conversion date. Holders of the Series D Convertible Preferred Stock may elect to convert their shares commencing the earlier of January 8, 2000 or the occurrence of a merger, tender offer, or redemption event.

Holders of Series D Convertible Preferred Stock are entitled to receive a dividend of 12% annually. No dividends have been declared. In addition, the holders of Series D Convertible Preferred Stock have no voting rights.

Series E Convertible Preferred Stock -During 1999, LMRI sold $2,300,000 of Series E Convertible Preferred Stock and issued 2,300 shares. The Company incurred $282,900 of issuance costs that were deducted from additional paid-in capital. Shares of Series E Convertible Preferred Stock are convertible into shares of Common Stock based upon the stated value of $1,000 per share of preferred stock divided by the conversion price on the conversion date. Holders of the Series E Convertible Preferred Stock may elect to convert their shares commencing on the earlier of March 9, 2000, or the occurrence of a merger, tender offer, or redemption event. The conversion price is $3.18 per share. Series E Convertible Preferred Stock has no voting rights and are entitled to receive a dividend of 12% annually. No dividends have been declared.

The Company has not been able to determine the adverse consequences, if any, flowing from the rights of preferred stockholders as a result of the bankruptcy filings of its subsidiaries.

Note 5 - Estimated Guarantee Obligations

The Company remains liable as a guarantor on certain notes, capital leases, operating leases, payroll tax obligations, employee medical benefits, and other expenses, as well as unfunded liabilities to its terminated auto insurance business which, net of amounts to be realized, is estimated by management to be $9,681,000.

There is no assurance that this liability will not be greater or that the Company will be able to negotiate satisfactory repayment terms with these (and possibly other) creditors.

Note 6 - Contingent Liability

On November 28, 2000 the Company, its subsidiaries and certain affiliates entered into a Restructure Agreement (the "Agreement") with GE Capital Corporation ("GECC") restructuring the balance of the Company's obligations to GECC in connection with its accounts receivable line of credit and with GE Capital Commercial Equipment Funding in connection with an equipment loan. The respective loan balances have been consolidated into a single Term Note with a principal balance of $22,235,000, which amount is expected to be substantially reduced by the sale of subsidiary accounts receivable and equipment collateralizing the loans. The loan is to be repaid over a three year term with a five year amortization schedule and a balloon payment on December 1, 2003 of the balance. The note bears interest at the 30-day dealer placed commercial paper rate (as published in the Wall Street Journal), plus 4.5%. Interest for the first year will be accrued and applied to the principal balance.

Logistics Management Resources, Inc.
F.T.A. U.S. Trucking, Inc.
Notes to the Financial Statements

Note 6 - Contingent Liability (Continued)

Under the Agreement the Company is required to pay to GECC 1.50% the gross revenues from its trucking business and 50% the gross revenues from non-trucking business towards payment of the Note, which amounts will be applied to the amortization payments. Additionally, 3.50% net income before taxes from the Company's businesses must be paid on a quarterly basis in repayment of the Note, along with certain payments in the event of a profitable sale of a Company owned business.

The Note is secured by the Company's assets and by guarantees of various affiliates of the Company.

Management has provided for a liability, net of proceeds from accounts receivable and collateralized equipment of, $5,300,000 in Estimated Guarantee Obligations.

There is no assurance that the Company will not be engaged in future litigation incidental to its ownership of its bankrupt subsidiaries and terminated auto liability insurance business.

Note 7 - Subsequent Events

On February 1, 2001 the Company's shareholders voted in favor of a reverse stock split of the Company's issued and outstanding shares of stock on a 1 for 100 basis. The record date for the reverse split was February 12, 2001.

On March 14, 2001 the Company obtained a written formal commitment from Hutchinson Investments Ltd. to provide financing in the amount of $20,000,000.

On March 30, 2001 the Company secured a working capital facility in the amount of $1,000,000 as well as a $1,000,000 equity investment.

On March 30, 2001 the Company completed its acquisition of Trans-Logistics, Inc., based in Tampa, Florida. The transaction is valued at approximately $1,000,000 including cash, stock and earn-out provisions.

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ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

The Company engaged Rosenberg Rich Baker Berman & Company of Bridgewater, New Jersey as its auditors effective March 19, 2001replacing the firm of PRA & Co., PLLC of Garden City, New York. There were no disagreements with the previous accounting firm.

There were no changes in or disagreements with accountants on accounting and financial disclosure required to be reported.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.

DIRECTORS AND OFFICERS

Our Directors and Executive Officers are as follows:

NAME	AGE	POSITIONS HELD
Danny L. Pixler	52	President, CEO and Director
John Ragland	35	Chief Financial Officer
Michele Brown	35	Secretary

There is no family relationship between any Director or Executive Officer of U.S. Trucking, Inc.

Set forth below, the names of our directors are as follows:

NAME	AGE	
Danny L. Pixler	52	Chairman of the Board

DANNY L. PIXLER has served as the President, CEO and a director of U.S. Trucking, Inc. since September 8, 1998, when we completed our acquisition of U.S. Trucking-Nevada. He has served as President, Secretary and Treasurer of U.S. Trucking-Nevada since February 1997, and as a Director since May 1998. He served as Vice President and a director of Mencor from March 1994 until July 1998 when he became President. He has served as President, CEO and director of Gulf Northern since March 1995. From January 1993 until March 1994, he served as President of Joseph Land Group, a transportation company with annual sales of approximately $130 million. From 1989 until 1993, he served as President of Apple Lines, Inc., a truckload refrigerated carrier with $16 million in revenues. From 1983 until 1989, he was employed by D.F.C. Transportation, the transportation division of Dean Foods, Inc., where his final position was Executive Vice President and General Manager responsible for the company's truckload division with annual sales of $80 million.

JOHN RAGLAND has served as our Chief Financial Officer since September 8, 1998. He has served as the Controller of Gulf Northern since June 1996, and as Secretary-Treasurer since June 1998. He has also served as the Chief Financial Officer and Treasurer of U.S. Trucking-Nevada since May 1998. From May 1996 until October 1996, he served as Chief Financial Officer of United Acquisition Corp. II, a company formed to acquire companies in the trucking business. From August 1994 until June 1996 he was the Controller of the North

American Trucking Association, a trade group, and he was also the Controller of All-Risk Services, an insurance agency, during the same period. From 1991 to July 1994, he was a staff accountant with Watkins, Buckles & Travis, Certified Public Accountants.

MICELE BROWN has served as the Company's Executive Administrator and Assistant to the Chairman since June 1996.

Our executive officers hold office until the next annual meeting of the Directors. We have agreements with Messrs. Pixler and Huff whereby we are required to use our best efforts to elect and retain them as members of the Board of Directors as long as they are guarantors as to any U.S. Trucking or affiliated debt. There are no other arrangements or understandings between any director or executive officer and any other person pursuant to which any of the above-named executive officers or directors or nominees was selected as an officer or director or nominee for director.

ITEM 10. EXECUTIVE COMPENSATION.

The following tables set forth information regarding executive compensation for U.S. Trucking, Inc.'s President and Chief Executive Officer and each other executive officer who received total annual salary and bonus in excess of $100,000 for any of the years ended December 31, 1999, 1998 or 1997.

Summary Compensation Table

		Annual Compensation			Long-term Compensation Awards		Payouts	
Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation	Restricted Stock Award(s)	Securities Underlying Options/ SARs (Number)	LTIP Payouts	All Other Compensation
Danny L.	200,000	$111,394(1)	--	$6,000(2)	--	--	--	--
Pixler,	1999	$10	250,000	--	--			
President	1998	$105,000	--	$6,000(2)	--	100,000	--	--
	1997	$105,000	--	$6,000(2)	--	--	--	--

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(1) Since the filing of the bankruptcies of the Company's four operating subsidiaries on November 29, 2000, Mr. Pixler has deferred all salaries and has accrued $38,556.00 from the Company. (2) Represents $500 per month car

allowance.

Aggregated Option Exercises in Year Ended
December 31, 1998 and December 31, 1998 Option Values

Name	Shares Acquired On Exercise (Number)	Value Realized	Securities Underlying Unexercised Options at 12/31/99 Exercisable/ Unexercisable	Value of Unexercised in-the Money Options/ at 12/31/99 Exercisable/ Unexercisable
Danny L. Pixler	-0-	$ -0-	100,000 / 250,000	$245,000 / 0

Options / Grants in Last Fiscal Year

	Individual Grants			
Name	Number of Securities Underlying Options Granted(#)	% of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/sh)	Expiration Date
Danny L. Pixler	250,000	50%	$3.00	4/27/04

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EMPLOYMENT AGREEMENTS

We have entered into a five year employment agreement with Danny L. Pixler commencing September 9, 1998, which provides for an annual salary of $105,000 with annual increases of not less than 3%. The agreement also provides that Mr. Pixler will receive a new car every three years and all vehicle expenses incurred on our business or an auto allowance not to exceed $550 per month.

We have entered into a three year employment agreement with John Ragland commencing September 9, 1998, which provides for an annual salary of $75,000 with annual increases of not less than 3%. The agreement also provides that Mr. Ragland will be provided a company car and reimbursement of his vehicle expenses incurred on our business.

These employment agreements are terminable by us for certain specified reasons, including disability, fraud, conviction of a felony and substance abuse. They also contain covenants not to compete during the term of the agreements.

STOCK OPTION PLAN

The Stock Option Plan allows the Board to grant stock options from time to time to employees, officers, directors and consultants of U.S. Trucking. The board has the power to determine at the time that the option is granted whether the option will be an incentive stock option, an option which qualifies under Section 422 of the Internal Revenue Code of 1986, or an option which is not an incentive stock option. Vesting provisions are determined by the board at the time options are granted. The option price for any incentive stock option will be no less than the fair market value of the common stock on the date the option is granted, while other options may be granted at any exercise price.

Options granted under the plan with an exercise price less than the fair market value on the date of grant, will require us to record an expense upon the grant of options equal to the difference between the market value of the option shares and the exercise price of the options. Generally, there will be no federal income tax consequences to us in connection with incentive stock options granted under the plan. With regard to options that are not incentive stock options, we will ordinarily be entitled to deductions for income tax purposes of the amount that option holders report as ordinary income upon the exercise of such options, in the year such income is reported.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The following table sets forth, as of April 13, 2001, the stock ownership of each person known by us to be the beneficial owner of five percent or more of the our common stock, all directors individually and all directors and executive officers as a group. Except as noted, each person has sole voting and investment power with respect to the shares shown.

Name and Address of Beneficial owner	Amount of Beneficial Ownership	Per- centage of Class Prior to Sales
Principal Shareholders and Management:		
Logistics Management, L.L.C. (1) (2) 10602 Timberwood Circle #9 Louisville, KY 40223	91,058	2.8%
Danny L. Pixler 1004 Crooked Oak Road Summerville SC 29485	3,225,000(2)	1.4%
The Huff Grandchildren Trust (2)(4) 10602 Timberwood Circle #9 Louisville, KY 40223	45,529(2)	1.4%
W. Anthony Huff 10602 Timberwood Circle #9 Louisville, KY 40223	78,000	32.3%

All Directors and Executive Officers as a Group (3 Persons)	6,450,000(3) (4)	60.3%

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* Less than 1%.

(1) Logistics Management, L.L.C. is 50% owned jointly by Danny and Roxanne Pixler, the wife of Danny L. Pixler, and 50% owned by Association Services, Inc., which is 100% owned by the Huff Grandchildren's Trust.

(3) Represents a 50% beneficial interest in the shares held by Logistics Management, LLC and options to purchase 350,000 shares of Common Stock. Does not include 25,000 shares of Series C Preferred Stock held by Danny Pixler which carry 2,500,000 votes and represents 30.2% of the shares entitled to vote..

(4) Represents a 50% beneficial interest in the shares held by Logistics Management, L.L.C. and options to purchase 350,000 shares of Common Stock. Does not include 25,000 shares of Series C Preferred Stock held by Huff Grandchildren's Trust which carry 2,500,000 votes, of which Mr. Huff is co-trustee and represents 30.2% of the shares entitled to vote..

There are no known agreements, the operation of which may at a subsequent date result in a change in control of U.S. Trucking.

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ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

During January 1999, three of our shareholders entered into a stock exchange agreement with us whereby they agreed to exchange a total of 9,990,000 shares of our common stock for 999,000 shares of our Series A Preferred Stock. Each share of Series A Preferred Stock will have ten votes and the shares will be voted together with the common stock as a single class. See "DESCRIPTION OF SECURITIES." Pursuant to the stock exchange agreement, each share of Series A Preferred Stock will be exchangeable back into ten shares of common stock as follows: one-fifth of the shares upon reporting revenues of $31 million or more for any fiscal year or shorter period in a report on Form 10-KSB, 10-K, 10-QSB, or 10-Q as filed with the Securities and Exchange Commission; an additional one-fifth if revenues are at or above $41 million; an additional one-fifth if revenues are at or above $51 million; an additional one-fifth if revenues are at or above $61 million; and the balance if revenues are at or above $71 million. The shareholders who exchanged shares are Logistics Management, LLC - 9,000,000 shares; Joff Pollon - 250,000 shares; and Waterways Group - 740,000 shares.

In June 2000 Logistics Management, LLC was allowed to convert its 900,000 shares of Series A Preferred Stock into 9.0 million shares of common stock in consideration of various guarantees it had made on the our debt obligation of various guarantees it had made on our debt obligations.

In January 2000 we guaranteed certain monetary obligations of Professional Transportation Group Ltd., Inc. to Southtrust Bank, N.A. under a $9.0 million accounts receivable credit facility. At April 30, 2000 approximately $7.0 million was owed on the loan. The loan is also guaranteed by Logistics Management, LLC. It is also anticipated that we (along with Logistics) will guaranty a term loan with a remaining balance of $195,000 from Southtrust to Professional in May, 2000.

The board of directors believes that the above transactions involving U.S. Trucking-Nevada and its subsidiaries have been on terms no less favorable to us than those that could have been obtained from unaffiliated parties. When reviewing transactions with affiliates, the members of the board attempt to consider all of their fiduciary duties to shareholders and they consult with the our legal counsel for their opinions on the transactions.

ITEM 13. EXHIBITS, LIST AND REPORTS ON FORM 8-K.

(a) EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION	LOCATION
3.1	Articles of Incorporation, as amended	Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.2	Bylaws, as amended	Incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.3	Articles of Amendment to Articles of Incorporation effective September 8, 1998	Incorporated by reference to Exhibit 3.3 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.4	Articles of Amendment to Articles of Incorporation dated January 20, 1999 regarding Series A Pre-ferred Stock	Incorporated by reference to Exhibit 3.4 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.5	Articles of Amendment to Articles of Incorporation dated April 29, 1999, regarding Series B Pre-ferred Stock	Incorporated by reference to Exhibit 3.5 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.6	Articles of Amendment to Articles of Incorporation dated June 10, 1999, regarding Series C Pre-ferred Stock	Incorporated by reference to Exhibit 3.6 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
3.7	Articles of Amendment to Articles of Incorporation	Incorporated herein by reference to Exhibit 3.7 to the Company's

	dated September 10, 1999 regarding Series D Preferred Stock	Form 10-Q for the quarter ended September 30, 1999 (SEC File 333-70353)
3.8	Articles of Amendment to Articles of Incorporation dated November 8, 1999 regarding Series E Preferred Stock	Filed herewith electronically
10.1	1998 Stock Option Plan	Incorporated herein by reference to Exhibit No. 4.3 to the Company's Registration Statement on Form S-8 (SEC File No. 333-70353)
10.2	Share Exchange Agreement with U.S. Trucking, Inc.	Incorporated herein by reference to Exhibit No. 10 to the Company's Form 8-K dated September 8, 1998
10.3	Employment Agreement with Danny L. Pixler	Incorporated by reference to Exhibit 10.3 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)

10.4	Employment Agreement with Anthony Huff	Incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.5	Employment Agreement with John Ragland	Incorporated by reference to Exhibit 10.5 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.6	Lease Agreement dated Incorporated by reference to Exhibit January 1, 1997, between 10.6 to the Registrant's Registration Gulf Northern Transport, Statement on Form SB-2 (SEC File No. Inc., Dan L. Pixler, and Sebrite Insurance Services, Inc.	333-71875)
10.7	Lease Agreement dated March 5, 1998, between Gulf Northern Transport, Inc. and Dan Pixler for three tractors	Incorporated by reference to Exhibit 10.7 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.8	Lease Agreement dated September 23, 1998, between Gulf Northern Transport, Inc. and Thomas Financial Services	Incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.9	Stock Exchange Agreement between U.S. Trucking and	Incorporated by reference to Exhibit 10.9 to the Registrant's Registration

	three shareholders dated January 29, 1999	Statement on Form SB-2 (SEC File No. 333-71875)
10.10	Loan and Security Agreement dated as of December 22, 1998 between General Electric Capital Corporation and U.S. Trucking, Inc., et al.	Incorporated by reference to Exhibit 10.10 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.12	10% Convertible Debenture due May 31, 2002 for $600,000	Incorporated by reference to Exhibit 10.12 to the Company's Form 10-QSB for the quarter ended June 30, 1999
10.13	1998 Stock Option Plan, as amended	Incorporated by reference to Exhibit 10.13 to the Registrant's Registration Statement on Form SB-2 (SEC File No. 333-71875)
10.14	Purchase and Sale Agreement by and among Mid-Cal Express, Inc., Prime Companies, Inc. and U.S. Trucking, Inc.	Incorporated by reference to the Company's Form 8-K dated April 14, 1999
10.15	Merger Agreement and Plan of Reorganization dated February 2, 2000, by and between U.S. Trucking, Inc., Checkmate Acquisition Corp., Tommy Chambers, Marylou Chambers and Timothy O'Bannon and Checkmate Truck Brokerage, Inc.	Incorporated by reference to Exhibit 10.1 to the Company's Form 8-K dated February 7, 2000
10.16	Merger Agreement and Plan of Reorganization dated February 2, 2000, by and between U.S. Trucking, Inc., Checkmate Acquisition Corp., Tommy Chambers, Timothy O'Bannon, Marylou Chambers and Sharion O'Bannon and Maverick Truck Brokerage, Inc.	Incorporated by reference to Exhibit 10.2 to the Company's Form 8-K dated February 7, 2000
10.17		Price Adjustment Agreement Incorporated by reference to Exhibit 10.3 to the Company's Form 8-K dated February 7, 2000
10.18	Guaranty Agreement with Southtrust Bank, N.A.	Incorporated herein by reference to Exhibit 3.8 to the Company's Form 10-KSB for the year ended December 31, 2000.
10.19	Bill of Sale, Promissory Note & Security Agreement with One-Way Logistics	Incorporated herein by reference to Exhibit 3.8 to the Company's Form 10-KSB for the year ended

10.20	Promissory Notes from Transit Financial Services, Inc.	Incorporated herein by reference to Exhibit 3.8 to the Company's Form 10-KSB for the year ended
10.21	Restructure Agreement with General Electric Capital Corporation	Incorporated by reference to Exhibit 99.2 to the Company's Form 8-K filed December 5, 2000
21	Subsidiaries of the Registrant	Incorporated herein by reference to Exhibit 3.8 to the Company's Form 10-KSB for the year ended
10.23	Amendment No. 2 1998 Stock Option Plan	Filed herewith electronically
23.2	Consent of Bianculli, Pascale & Co. P.C.	Incorporated herein by reference to Exhibit 3.8 to the Company's Form 10-KSB for the year ended

(b) REPORTS ON FORM 8-K. None

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. TRUCKING, INC.

Dated: April 18, 2001 By: /s/ Danny Pixler

Danny Pixler, President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Danny L. Pixler Danny L. Pixler	President (Chief Executive Officer) and Director	April 18, 2001
/s/ W. Anthony Huff W. Anthony Huff	Executive Vice President and Director	April 18, 2001
/s/ John Ragland	Chief Financial and	April 18, 2001

John Ragland	Accounting Officer