SCBT FINANCIAL CORP
Form 3
June 13, 2007

FORM 3

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

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Â Phillips Alton Clarence
(Last) (First) (Middle)

2 CHISOLM STREET
(Street)

CHARLESTON,Â SCÂ 29401
(City) (State) (Zip)

2. Date of Event Requiring Statement (Month/Day/Year)
05/17/2007

3. Issuer Name **and** Ticker or Trading Symbol
SCBT FINANCIAL CORP [SCBT]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

5. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Beneficially Owned

1.Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	2,233	D	Â

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of			

Shares	(I) (Instr. 5)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Phillips Alton Clarence 2 CHISOLM STREET CHARLESTON,Â SCÂ 29401	Â X	Â	Â	Â

Signatures

Alton C. Phillips	06/13/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. m" width="1%">

Plant, property & equipment (net of depreciation)	60,173	70,841
Total assets	$105,333	$135,763
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable	$19,434	$10,487
Accrued expenses	9,660	8,604
Accrued expenses - related party	117,149	78,399
Convertible notes payable (net of discount)	143,500	136,373
Notes Payable	376,950	244,950
Notes Payable (related party)	113,033	82,908
Derivative liability	-	19,807
Total liabilities	779,726	581,528
Stockholders' (deficit) equity		

Class A Common stock, $.0001 par value; 5,000,000,000 shares authorized, 522,717,312 and 345,777,234 shares

issued and outstanding as of March 31, 2013 and December 31, 2012, respectively.	52,272	34,578
Class B Common stock, $.001 par value; 5,000,000 shares authorized, 5,000,000 and 1,400,000 shares issued and outstanding as of December 31, 2011 and December 31, 2010, respectively.	5,000	5,000
Additional paid-in capital	5,993,073	5,471,670
Accumulated deficits	(6,724,738)	(5,957,013)
Total stockholders' (deficit) equity	(674,393)	(445,765)
Total liabilities and stockholders' (deficit) equity	$105,333	$135,763

See accompanying notes to unaudited condensed consolidated financial statements

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THE GRAYSTONE COMPANY, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Sales, net	$26,649	$15,101
Cost of goods sold	129,463	5,340
Gross profit (loss)	$(102,814)	$9,761
Operating Expenses		
General and administrative	408,509	36,242
Legal and professional	199,712	320,174
Depreciation and amortization	10,668	629
Research and development	-	34,039
Total operating expenses	618,888	391,084
Loss from operations	(721,702)	(381,323)
Other income (expense)		
Interest income	-	8
Interest expense	(69,956)	(20,540)
Gain/Loss on derivatives	23,933	-
Total other income (expense)	(46,023)	(20,532)
Loss before income taxes	(767,725)	(401,855)
Provision for income taxes	-	-
Net loss	$(767,725)	$(401,855)
Net loss per share of common stock:		
Basic	$(0.00)	$(0.00)
Weighted average number of shares outstanding	413,626,841	190,466,056

See accompanying notes to unaudited condensed consolidated financial statements

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THE GRAYSTONE COMPANY, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three Months Ending March 31,	
	2013	2012
Cash flows from operating activities		
Net Income(loss)	$(767,725)	$(401,855)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation on plant, property & equipment	10,668	629
Amortizations on intangible assets	-	250
Gain on derivative liability	(23,933)	-
Issuance of common stock for services	402,950	184,800
Amortization of debt discount	65,000	20,540
Changes in operating assets and liabilities:		
Accounts receivable	-	4,446
Prepaid expenses	50,000	-
Loan to joint venture	(28,099)	-
Accounts payable	8,947	2,334
Accrued expenses	4,956	(310)
Net cash used by operating activities	(277,236)	(189,166)
Cash flows from financing activities		
Proceeds from issuance of common stock, net of issuance costs	-	181,000
Proceeds from notes payable	210,500	12,392
Proceeds from notes payable - related party	138,038	-
Repayment on notes payable	-	(782)
Repayment from notes payable - related party	(69,163)	-
Net cash provided by financing activities	279,375	192,610
Net change in cash and cash equivalent	2,139	3,444
Cash and cash equivalent at the beginning of year	14,922	793
Cash and cash equivalent at the end of year	$17,061	$4,237
	-	
Supplemental disclosures of cash flow Information:		
Cash paid during the period for:		
Interest	$-	$-
Income taxes	$-	$2,208
Supplemental non-cash investing and financing activities:		
Issuance of common stock for conversion of debt and accrued interest	86,400	-
Debt discount on notes payable due to derivative liabilities	65,000	-
Reclassification of derivative liabilities to additional paid-in capital due to conversion of related notes payable	49,947	-

See accompanying notes to unaudited condensed consolidated financial statements

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THE GRAYSTONE COMPANY, INC.
CONDENSED NOTES TO UNAUDITED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The accompanying unaudited financial statements of The Graystone Company, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's registration statement filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year 2012 as reported in Form 10-K, have been omitted.

Note 2 – Going Concern

The Company's financial statements are prepared using accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has negative working capital, recurring losses, and does not have an established source of revenues sufficient to cover its operating costs. These factors raise substantial doubt about the Company’s ability to continue as a going concern.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading, or seeking protection from creditors pursuant to laws or regulations. Accordingly, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plan described in the preceding paragraph and eventually attain profitable operations. The accompanying financial statements do not include any adjustments that may be necessary if the Company is unable to continue as a going concern.

In the coming year, the Company’s foreseeable cash requirements will relate to continual development of the operations of its business, maintaining its good standing and making the requisite filings with the Securities and Exchange Commission, and the payment of expenses associated with operations and business developments. The Company may experience a cash shortfall and be required to raise additional capital.

Historically, it has mostly relied upon internally generated funds such as shareholder loans and advances to finance its operations and growth. Management may raise additional capital by retaining net earnings or through future public or private offerings of the Company’s stock or through loans from private investors, although there can be no assurance that it will be able to obtain such financing. The Company’s failure to do so could have a material and adverse affect upon it and its shareholders.

Note 3 – Related Party Transaction

On March 8, 2013, the Company issued 31,500,000 of our Class A Common Stock to Renard Properties for services rendered. . The price per shares $.003 for $94,500 in bonus payment for achieving pre-determined mining goals. Paul Howarth, our CEO, is the managing member of Renard Properties.

On March 8, 2013, the Company issued 31,500,000 of our Class A Common Stock to Joseph Mezey for services rendered. The price per shares $.003 for $94,500 in bonus payment for achieving pre-determined mining goals.

On March 18, 2013, the Company issued 5,000,000 of our Class A Common Stock to Joseph Mezey for services rendered. The price per shares $.0028 for $14,000 in bonus payment for achieving pre-determined mining goals.

On March 18, 2013, the Company issued 5,000,000 of our Class A Common Stock to Paul Howarth for services rendered. The price per shares $.0028 for $14,000 in bonus payment for achieving pre-determined mining goals.

During the 3 Months Ending March 31, 2013, $46,875 was recorded to related party payables from amounts paid on behalf of the Company by Renard Properties, for accrued salaries and consulting fees. $35,000 was repaid against these payables resulting in an ending balance of $77,753. Paul Howarth, our CEO, is the managing member of Renard Properties.

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During the 3 Months Ending March 31, 2013, $46,875 was recorded to related party payables from amounts paid on behalf of the Company by JW Group, for accrued salaries and consulting fees. $20,000 was repaid against these payables resulting in an ending balance of $39,396. Joseph Mezey, our CFO, is the President of JW Group

During the 3 Months Ending March 31, 2013, the Company borrowed $28,000 in cash from Renard Properties and repaid $4,700 in cash leaving a balance of $99,975 owed to Renard Properties. Paul Howarth, our CEO, is the managing member of Renard Properties.

During the 3 Months Ending March 31, 2013, the Company borrowed $16,288 in cash from JW Group and repaid $9,463 in cash leaving a balance of $13,058 owed to JW Group. Joseph Mezey, our CFO, is the President of JW Group. These loans bear no interest and are due in December 2013.

Note 4 – Common Stock and Preferred Stock

During Three Months Ending March 31, 2013, the Company issued the following Class A shares:

- 49,940,082 shares for conversion of notes payable and accrued interest of $86,400
- 127,000,000 shares for services with a fair value of $402,950

Note 5 – Notes Payable and Derivative Liabilities

Convertible Notes

Fiscal 2012 Asher Convertible Note. Throughout fiscal 2012, the Company borrowed $275,000 from Asher Enterprises, Inc. in eight notes. The notes bear simple interest of 8% per annum from the issuance date. The notes become convertible into Class A common stock at 57% of market price 180 days after issuance and mature 270 days after issuance. On the date the notes become convertible, the embedded conversion options are classified as liabilities under ASC 815 at their fair value. During 2013, $65,000 of these notes became convertible. The fair value of the conversion options exceeded the principal balance resulting in a full discount to the notes payable of $65,000. The entire amount was amortized the interest expense during the three months ended March 31, 2013.

Fiscal 2013 Asher Convertible Note. In the Three Months Ending March 31, 2013, the Company borrowed $78,500 from Asher Enterprises, Inc. in one note. The notes bear simple interest of 8% per annum from the issuance date. The notes become convertible into Class A common stock at 57% of market price 180 days after issuance and mature 270 days after issuance. On the date the notes become convertible, the embedded conversion options will be classified as liabilities under ASC 815.

During the Three Months Ending March 31, 2013, the Company issued 49,940,082 Class A Common Shares to Asher in satisfaction of $82,500 loaned to the Company and $3,900 of accrued interest. As a result of the conversion of the related notes, the Company re-valued its derivative liabilities on the settlement dates and reclassified these amounts to additional paid-in capital. As of March 31, 2013, the Company owes Asher a remaining total of $143,500

The following table summarizes the changes in the derivative liabilities during the year ended December 31, 2012:

Ending balance as of December 31, 2012	$19,807
Additions due to new convertible debt issued	118,181
	(49,947)

Reclassification of derivative liabilities to additional paid-in capital due to conversion of debt	
Change in fair value	(88,041)
Ending balance as of March 31, 2013	$-

During the period ended March 31, 2013, the gain on derivatives of $23,933 in the statement of operations consisted of a gain on the change in fair value of $88,041 noted above and a loss of $64,108, which was the amount by which the derivative liabilities exceeded the principal of the related notes payable on the date the notes were issued.

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Notes Payable

During fiscal 2012, the Company borrowed $132,000 from a third party in eight notes. The notes are all due December 31, 2013, bear interest at 9%, and are unsecured.

Note 6 – Subsequent Events

Subsequent to March 31, 2013, the Company issued 42,205,128 for the conversion of notes payable of $53,500.

On April 10, 2013 the Company received a note in the amount of $32,500 from Asher Enterprises, Inc. The note bears a simple interest of 8% per annum from the date hereof (the “Issue Date”) until it becomes due and payable, whether at maturity date on November 13, 2013. The note is convertible into shares of Class A Common Stock, $0.0001 par value per share. Pursuant to the note, Asher may convert the any outstanding balance and accrued interest into our Class A Common. Asher shall receive a discount of 45% from the average of the three lowest closing bids prices during the ten trading days immediately prior to the conversion date. Asher typically converts its notes 6 months after funding the note which allows them to receive free trading shares under Rule 144.

On May 13, 2013, the Company agreed to issue 15,000,000 shares to SC Capital as part of payment towards its October 22, 2012 note of $64,500. The company previously issued 15,000,000 on May 9, 2012 for $15,000 of the $64,500. The total amount remaining on the note is $34,500.

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

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed herein are forward-looking statements. Such forward-looking statements contained herein involve risks and uncertainties, including statements as to:

- our future operating results;
- our business prospects;
- our contractual arrangements and relationships with third parties;
- the dependence of our future success on the general economy;
- our possible financings; and
- the adequacy of our cash resources and working capital.

These forward-looking statements can generally be identified as such because the context of the statement will include words such as we "believe," "anticipate," "expect," "estimate" or words of similar meaning. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which are described in close proximity to such statements and which could cause actual results to differ materially from those anticipated as of the date of this report. Shareholders, potential investors and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included herein are only made as of the date of this report, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

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

You should read the following discussion of our financial condition and results of operations in conjunction with the financial statements and the notes thereto, included elsewhere in this report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to those differences include those discussed below and elsewhere in this report, particularly in the "Risk Factors" section.

Going Concern

Our financial statements have been prepared on a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company has generated modest revenues since inception and has never paid any dividends and is unlikely to pay dividends. The continuation of the Company as a going concern is dependent upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to continue operations and to determine the existence, discovery and successful exploration of economically recoverable reserves in its resource properties, confirmation of the Company's interests in the underlying properties, and the attainment of profitable operations. The Company has had very little operating history to date. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Overview

During the Three Months Ending March 31, 2013, we generated sales of $26,649 and incurred a net loss of $767,725. We have received no substantial revenue ($26,649 from the production of gold or other metals, and historically relied on our other divisions and equity and debt financings to finance our ongoing operations. Our operations generated a net loss of $6,033,737 from inception (March 27, 2010) through the Three Months Ending March 31, 2013. In order to fund operations, we relied on proceeds received under the private placement sale in secured convertible debentures from Asher Enterprises, loans payable from SC Capital and proceeds received from notes payable from our shareholders.

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Results of Operations

For the three months ending March 31, 2013 and 2012 respectively, the Company generated the following revenue:

	Three Months Ending March 31, 2013	2012
Sales, net	$ 26,649	$ 15,101
Cost of Goods Sold	129,463	23,441
Gross Profit	(102,814)	9,761

The increase in the Company's Cost of Goods sold includes an increase in mining expenses that the Company incurred since the fiscal year ended December 31, 2012. The Company previously classified these expenses as general expenses.

For the three months ending March 31, 2013 and 2012 respectively, the Company generated the following expenses:

	Three Months Ended March 31, 2012	2011
General and Administrative	$ 408,509	$ 31,863
Legal and Professional	199,712	325,174
Depreciation and amortization	10,668	-
Research and Development	-	34,039
	618,888	391,076

The Company's research and development expenses are related to the Company's mining activities in Peru and include exploration on the Company's mining properties but do not include the actual mining expenses. The Company's Research and Development expense decreased as the Company's focused more assets to mining production and less on general exploration and development of its mining claims.

Liquidity and Capital Resources

The following is a summary of our balance sheet as of three months ending March 31, 2013 and 2012 respectively:

	Three Months Ended March 31, 2012	2011
Cash	$ 17,061	$ 4,237
Accounts receivable	-	13,166
Loan to Joint Venture	28,099	-
Stockholders' (deficit) equity	(674,393)	(78,278)

In the opinion of management, available funds will not satisfy our growth requirements for the next twelve months. The Company expects that its current revenue will allow us to satisfy our current operations and our reporting requirement for the next twelve months. However, if our revenue decreases we may not able to support our current operations and reporting obligations without obtaining additional funds. We believe our currently available capital resources will allows us to begin operations within our natural resource division and maintain its operation over the course of the next 12 months; however, our other expansion plans would be put on hold until we could raise sufficient capital. The Company expects that it needs to raise an additional $500,000 to expand its mining operations in Peru whereby the operations in Peru will be operating at a breakeven point or a profit. Currently, the Company loses approximately $5,000 - $10,000 per month related to its mining operations in Peru. We cannot guaranty that we will be able to raise additional funds. Moreover, in the event that we can raise additional funds, we cannot guaranty that additional funding will be available on favorable terms. The Company's Board of Directors is currently discussing the possibility of offering $2,000,000 in a new Preferred Stock series at an interest rate of 7.5%.

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Loans

The Company has received the following loans from 3rd parties:

Asher:

The Company borrowed $78,500 during the three months ending March 31, 2013 from Asher. The amount owed at March 31, 2013 was $143,500 as Asher converted $82,500 in exchange for approximately 49,940,048 shares of our Class A Common Stock.

Date of Note	Funding Date	Amount of Loan		Approximate date available to convert	Remaining Balance	
11/29/2011	12/8/2011	$	32,500	6/5/2012	$	0
1/10/2012	1/18/2012	$	32,500	7/16/2012	$	0
2/28/2012	3/7/2012	$	32,500	9/3/2012	$	0
4/26/2012	5/2/2012	$	47,500	10/29/2012	$	0
6/21/2012	6/27/2012	$	32,500	12/24/2012	$	0
8/7/2012	8/27/2012	$	32,500	2/23/2013	$	0
8/27/2012	9/14/2012	$	32,500	3/13/2013	$	0
10/5/2012	10/23/2012	$	32,500	4/21/2013	$	32,500
12/4/2012	12/13/2012	$	32,500	6/11/2013	$	32,500
2/11/2013	2/20/2013	$	78,500	8/19/2013	$	78,500

The Company also received a note payable from Asher in the amount of $32,500 that was funded on April 19, 2013

SC Capital Group:

The Company borrowed $132,000 during the three months ending March 31, 2013 from SC Capital as part of the Investment Agreement executed with SC Capital.

Date of Note	Funding Date	Amount of Loan		Remaining Balance	
10/10/2012	10/10/2012	$	21,000	$	21,000
10/22/2012	10/22/2012	$	64,500	$	64,500
10/26/2012	10/26/2012	$	26,000	$	26,000
11/1/2012	11/1/2012	$	18,000	$	18,000
11/7/2012	11/7/2012	$	25,000	$	25,000
11/20/2012	11/20/2012	$	50,800	$	50,800
12/5/2012	12/5/2012	$	3,650	$	3,650
12/27/2012	12/27/2012	$	36,000	$	36,000
1/11/2013	1/11/2013	$	20,500	$	20,500
1/25/2013	1/25/2013	$	20,000	$	20,000
2/1/2013	2/1/2013	$	17,500	$	17,500
2/12/2013	2/12/2013	$	18,500	$	18,500
2/19/2013	2/19/2013	$	8,000	$	8,000
3/4/2013	3/4/2013	$	23,000	$	23,000
3/7/2013	3/7/2013	$	15,000	$	15,000

3/13/2013	3/13/2013	$	9,500	$	9,500

Going Concern

We have not attained profitable operations and are dependent upon obtaining financing to pursue any extensive exploration activities. For these reasons our auditors stated in their report that they have substantial doubt we will be able to continue as a going concern.

Accounting and Audit Plan

In the next twelve months, we anticipate spending approximately $20,000 - $30,000 to pay for our accounting and audit requirements.

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Off-balance sheet arrangements

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Critical Accounting Policies

Our financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. A complete summary of these policies is included in Note 2 of the notes to our historical financial statements. We have identified below the accounting policies that are of particular importance in the presentation of our financial position, results of operations and cash flows and which require the application of significant judgment by management.

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material change in the market risks discussed in Item 7A of The Graystone Company's Form 10-K for the fiscal year ended December 31, 2011.

ITEM 4 – CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our principal executive and principal financial officers have evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a – 15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods required under the SEC’s rules and forms and that the information is gathered and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

This annual report does not include an attestation report of the Company’s independent registered public accounting firm regarding internal control over financial reporting. Management’s report was not subject to attestation by our registered public accounting firm pursuant to Rule 308(b) of Regulation S-K, which permits the Company to provide only management’s report in this Annual Report.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

1.

Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;

2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with the authorization of our management and directors; and

3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2011. Based on this assessment, management concluded that the Company did not maintain effective internal controls over financial reporting as a result of the identified material weakness in our internal control over financial reporting described below. In making this assessment, management used the framework set forth in the report entitled Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. The COSO framework summarizes each of the components of a company's internal control system, including (i) the control environment, (ii) risk assessment, (iii) control activities, (iv) information and communication, and (v) monitoring.

Identified Material Weakness

A material weakness in our internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Management identified the following material weakness during its assessment of internal controls over financial reporting as of March 31, 2012:

Resources: As of March 31, 2012, we had one part-time employee in general management and no full-time employees with the requisite expertise in the key functional areas of finance and accounting. As a result, there is a lack of proper segregation of duties necessary to insure that all transactions are accounted for accurately and in a timely manner.

Written Policies & Procedures: We need to prepare written policies and procedures for accounting and financial reporting to establish a formal process to close our books monthly on an accrual basis and account for all transactions, including equity transactions, and prepare, review and submit SEC filings in a timely manner.

Management’s Remediation Initiatives

As our resources allow, we will add financial personnel to our management team. We plan to prepare written policies and procedures for accounting and financial reporting to establish a formal process to close our books monthly on an accrual basis and account for all transactions, including equity transactions. We will also create an audit committee made up of our independent directors.

(b) Changes In Internal Control Over Financial Reporting

We need to prepare written policies and procedures for accounting and financial reporting to establish a formal process to close our books monthly on an accrual basis and account for all transactions, including equity transactions, and prepare, review and submit SEC filings in a timely manner

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PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

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

The above statement notwithstanding, shareholders and prospective investors should be aware that certain risks exist with respect to the Company and its business, including those risk factors contained in our most recent Registration Statements on Form S-1 and Form 10, as amended. These risks include, among others: limited assets, lack of significant revenues and only losses since inception, industry risks, dependence on third party manufacturers/suppliers and the need for additional capital. The Company's management is aware of these risks and has established the minimum controls and procedures to insure adequate risk assessment and execution to reduce loss exposure.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES AND USE OF PROCEEDS

On March 2, 2012, the Company issued 1,000,000 shares of its Class A Common Stock for services rendered for its mining operations in Peru. The Company expensed $140,000 in connection with the issuance.

On March 27, 2012, the Company issued 850,000 shares of its Class A Common Stock for services rendered for its mining operations in Peru. The Company expensed $17,000 in connection with the issuance.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

The shareholder voted on March 27, 2012 to approve a reverse split of 400:1 for all shares outstanding and issued as of March 27, 2012.

ITEM 5. OTHER INFORMATION

There was no other information during the quarter ended March 31, 2012 that was not previously disclosed in our filings during that period.

ITEM 6. EXHIBITS

31.1	Certifications pursuant to Section 302 of Sarbanes Oxley Act of 2002
31.2	Certifications pursuant to Section 302 of Sarbanes Oxley Act of 2002
32.1	Certifications pursuant to Section 906 of Sarbanes Oxley Act of 2002
32.2	Certifications pursuant to Section 906 of Sarbanes Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase

101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURES

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

THE GRAYSTONE COMPANY, INC.

Date: May 14, 2013

By: /s/ Paul Howarth
Paul Howarth
Chief Executive Officer

Date: May 14, 2013

By: /s/ Joseph Mezey
Joseph Mezey
Chief Financial and Accounting Officer

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Explanation of Responses: