SUREBET CASINOS INC
Form 10QSB
August 14, 2002

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

FORM 10-QSB

(Mark One)
[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended: June 30, 2002

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT
For the transition period from _______________ to ________________

Commission file number: 0-30263

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

UTAH	75-1878071
(State or other jurisdiction of incorporation or organization)	(IRS Employer (Identification No.)

1610 BARRANCAS AVENUE, PENSACOLA, FLORIDA 32501
(Address of principal executive offices)

(850) 438-9647
(Issuer's telephone number)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

7,889,169 SHARES OF COMMON STOCK, $.001 PAR VALUE, AS OF JUNE 30, 2002

Transitional Small Business Disclosure Format (check one): Yes _____ No __X__

SUREBET CASINOS, INC. AND SUBSIDIARY
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SUREBET CASINOS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
June 30, 2002 and March 31, 2002

ASSETS

	June 30, 2002 (Unaudited)	March 31, 20
Current assets:		
Cash	$ -	$ -
Receivables	-	-
Total current assets	-	-
Other assets:		
Deposit on claim (Note 3)	24,000	30,0
Deposit on Colorado casino lease	-	-
Total other assets	24,000	30,0
	$ 24,000	$ 30,0

LIABILITIES AND STOCKHOLDERS' DEFICIT

Current liabilities:		
Accounts payable and accrued liabilities	$ 646,124	$ 646,1
Due to shareholder (Note 4)	96,602	86,6
Due to CSL Development Corporation (Note 4)	29,014	27,1

Total current liabilities	771,740	759,8
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock, $.01 par value, 500,000 shares authorized, none issued and outstanding	-	-
Common stock, $.001 par value, 50,000,000 shares authorized, 7,889,169 shares issued and outstanding	7,889	7,8
Additional paid-in capital	5,569,866	5,569,8
Accumulated deficit	(6,325,495)	(6,307,5
Total stockholders' deficit	(747,740)	(729,8
	$ 24,000	$ 30,0

See notes to consolidated financial statements.

SUREBET CASINOS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
Three Months Ended June 30, 2002 and 2001
(Unaudited)

	2002	2001
Revenue:		
Casino revenue	$ -	$ -
Ticket sales	-	-
Food and beverage sales	-	-
Total revenue	-	-
Operating expenses:		
Cost of food and beverage sales	-	-
Casino operating costs	-	-
Casino vessel costs	-	-
Sales and marketing	-	-
General and administrative	11,913	402
Write-off of deposit (Note 5)	6,000	-
Legal settlement (Note 5)	-	-
Minority interest in losses	-	-
Total operating expenses	17,913	402
Net loss	$ (17,913)	$ (402)
Basic net loss per share	$ (0.00)	$ -

Weighted average common shares outstanding	7,889,169	7,889,169

See accompanying notes to consolidated financial statements.

SUREBET CASINOS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED JUNE 30, 2002 AND 2001
(UNAUDITED)

	2002	20
Cash flows from operating activities:		
Net loss	$ (17,913)	$
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	-	
Loss on disposition of assets	-	
Minority interest in losses	-	
Legal settlement	-	
Write-off of deposit	6,000	
Changes in operating assets and liabilities:		
Accounts receivable	-	
Inventory	-	
Other assets	-	
Accounts payable and accrued liabilities	-	
Net cash provided by operating activities	(11,913)	
Cash flows from financing activities:		
Net advances from shareholder	11,913	
Sale of shares of subsidiary to minority interests	-	
Sale of common shares	-	
Net cash used in financing activities	11,913	
Net decrease in cash and cash equivalents	-	
Cash at beginning of year	-	
Cash at end of year	$ -	$

Supplemental disclosure:		
Total interest paid	$ -	$

See accompanying notes to consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. UNAUDITED FINANCIAL INFORMATION

The accompanying unaudited condensed consolidated financial statements of sureBET Casinos Inc. and its majority-owned subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB of Regulation S-B of the U.S. Securities and Exchange Commission. They do not include all of the information and notes required by generally accepted accounting principles for complete corporate financial statements. However, except as disclosed herein, there has been no material change in the information disclosed in the notes to the financial statements for the year ended March 31, 2002 included in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission. The unaudited financial statements should be read in conjunction with these financial statements included in Form 10-KSB. In the opinion of management, all adjustments consisting only of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the three month period ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ending March 31, 2003.

2. DESCRIPTION OF BUSINESS

During the years ended March 31, 1999 and 1998, sureBET Casinos, Inc. ("the Company") had no operating assets and had been investigating the acquisition of an operating business. The Company changed its name on June 24, 1999 from Wexford Technology, Incorporated. In connection with an Agreement to Exchange Stock with U.S. Gaming and Leisure Corp. ("USG&L") (see below), the Company entered into an Asset Purchase Agreement (the "Agreement") on March 5, 1999 with its controlling shareholder, Imperial Petroleum, Inc. ("Imperial"). The Agreement provided that Imperial would acquire all the assets and liabilities of the Company. No consideration was exchanged in return for the sale of the net liabilities of the Company. As a result of the Agreement, the Company had no assets or liabilities as of March 31, 1999.

In connection with the Agreement to Exchange Common Stock with USG&L, dated May 12, 1999, which is contingent on a private placement which has not been completed, the Company will issue 6,000,000 new common shares to stockholders of USG&L for 100% of the outstanding shares of USG&L. As a result of the tax-free transaction, USG&L will become a wholly owned subsidiary of the Company. The owners of USG&L obtained effective control of the Company in July 1999 by obtaining control of the Board of Directors of the Company. The transaction will be accounted for as a reverse acquisition whereby USG&L will be the acquiring company for accounting purposes.

On June 7, 1999, there was a change in the Board of Directors of the Company. The new board changed the Company's business strategy and decided to enter into the casino business. On June 24, 1999, the Articles of Incorporation of the Company were amended to change the name of the Company to sureBET Casinos, Inc.

Under the direction of its new management, the Company intends to develop, acquire, joint venture, manage, and operate gaming establishments with an initial focus on water-based gaming, the emerging gaming markets, and the rehabilitation and reorganization of casinos that are underperforming financially.

On October 1, 1999, the Company entered into a Management Contract with Casino Padre Investment Company, LLC ("Casino Padre"), a Nevada limited liability company. Under the terms of the contract, the Company had an exclusive agreement to operate the gaming ship M/V Entertainer and the gaming operations located on the ship on behalf of and for the account of Casino Padre. On October 27, 1999, the Company acquired 50 membership units in Casino Padre in exchange for 5,000,000 shares of the common stock of the Company. Immediately following the transaction, the Company owned 83% of Casino Padre. The shares were acquired from Charles S. Liberis, the President of the Company. Casino Padre was formed on September 14, 1999 and at the time of the acquisition, was still in a developmental stage. Casino Padre commenced operations on November 18, 1999. As of June 30, 2002, the Company owned 74% of Casino Padre. Casino Padre ceased operations on November 6, 2000.

On December 20, 1999, the Company entered into an agreement with Black Hawk Hotel Corporation, an unaffiliated entity, to lease Lilly Belle's Casino, an existing casino facility located in Black Hawk, Colorado. Pursuant to the terms of the lease, the Company has an option to purchase the premises. The lease is contingent on the Company receiving approval for the transaction and issuance of regulatory licenses from the Colorado Gaming Commission. The Company's application with the Colorado Gaming Commission was withdrawn effective August 7, 2001.

The Company is currently considered a "public shell" corporation with nominal business operations and is in the process of searching for an operating business with which to negotiate a "reverse merger."

3. DEPOSIT ON CLAIM

In March 2000, Newpark Shipbuilding - Pasadena, Inc. ("Newpark") filed a lawsuit against the Company seeking approximately $140,000 for repair work on the M/V Casino Padre. The Company disputes the amount of the claim and has posted a bond in the amount of $140,000 and has counterclaimed against Newpark for deceptive trade practices, damages for improper workmanship and damages for delays caused by Newpark. The

Company is vigorously defending itself in this matter; however, the Company recognized $110,000 as settlement expense during the fiscal year ended March 31, 2002 and an additional $6,000 during the three months ended June 30, 2002. It anticipates that it will be refunded the remaining $24,000.

4. RELATED PARTY TRANSACTIONS

The payable to a principal shareholder included accrued interest at a rate of 12% annually. The Company also owed CSL Development Corporation for past due charter payments, payment of other operating expenses and for accrued interest at 12% annually. Mr. Liberis is also president of CSL Development Corporation.

5. GOING CONCERN

The Company's financial statements have been prepared on the basis that it is a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. At June 30, 2002, the Company had a working capital deficiency of $771,740 and an accumulated deficit of $6,325,495. The Company does not believe that it will be able to meet its normal operating costs and expenses from operations.

The cash requirements of funding the Company's operations and expansion have exceeded cash flow from operations. To date, the Company has satisfied its capital needs primarily through debt and equity financing. The Company continually explores raising additional capital through such means.

The Company believes that it will be able to raise additional capital through debt and equity financing which will be sufficient to meet the Company's current working capital needs for at least the next twelve months. However, there can be no assurance that the Company will not need to raise additional capital sooner, particularly to take advantage of any expansion opportunities, not currently anticipated that may become available. In such event, there can be no assurance that additional capital will be available at all, at an acceptable cost, or on a basis that is timely to allow the Company to finance any such opportunities.

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

The following Management's Discussion and Analysis or Plan of Operation contains forward-looking statements about our plans and business. Actual events and results may differ materially from those anticipated in these forward-looking statements. The ability to achieve our projections and business objectives is dependent on a variety of factors, many of which are outside of our control. Some of the most significant factors, alone or in combination would be our failure to obtain additional equity financing to fund development activities and projected losses from operations and/or the inability to grow the revenues and improve the financial performance of the company. Accordingly, there can be no assurances that we will achieve our business objectives.

RESULTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2002 COMPARED TO THREE MONTHS ENDED JUNE 30, 2001

The sole source of revenue for the Company had been derived from the operation of Casino Padre. On November 6, 2000, the Casino Padre operation was shut down. Accordingly, there were no revenues for the three months ended June 30, 2002 and for the same period of last year.

During the three months ended June 30, 2002, the Company incurred only $17,913 of operating expenses, as compared to $402 of operating expenses for same period for the year 2001.

The above resulted in a net loss of $17,913 for the three months ended June 30, 2002, as compared to a net loss of $402 for the three months ended June 30, 2001.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2002, the Company had a working capital deficiency of $771,740, as compared to a deficiency of $759,827 at March 31, 2002. The Company does not believe that it will be able to meet its normal operating costs and expenses from management fees and cash flow as the Company does not presently have any operations.

The Company has been dependent upon loans from its principal shareholder and President, Charles Liberis. The loans are not evidenced by promissory notes and there is no fixed date for repayment. At June 30, 2002, $96,602 was owed to Mr. Liberis.

In addition, at June 30, 2002, $29,014 was owed to CSL Development Corporation for past due charter payments and accrued interest thereon. Mr. Liberis is also the President of CSL Development Corporation.

The report of the Company's independent auditors on the financial statements for the year ended March 31, 2002, included an explanatory paragraph relating to the uncertainty of the Company's ability to continue as a going concern due to the loss incurred for the year ended March 31, 2002 and the working capital deficit and stockholders' deficit existing as of March 31, 2002. The Company must raise additional capital, incur debt, or obtain financing in order to fund operations.

The Company believes that it will be able to raise additional capital through debt and equity financing which, along with additional loans from its principal shareholders, will be sufficient to meet the Company's current working capital needs for at least the next twelve months. However, there can be no assurance that the Company will be able to raise additional capital or to take advantage of any expansion opportunities that may become available. There can be no assurance that additional capital will be available at all, at an acceptable cost, or on a basis that is timely to allow the Company to finance any further business opportunities.

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, the matters discussed in this report, in particular, statements that use the words "believes", "intends", "anticipates", or "expects", are intended to identify forward looking statements that are subject to risks and uncertainties including, but not limited to, inclement weather, mechanical failures, increased competition, financing, governmental action, environmental opposition, legal actions, and other unforeseen factors.

The development of the Black Hawk, Colorado project, in particular, is subject to additional risks and uncertainties, including, but not limited to, risks relating to permitting, financing, the activities of environmental groups, the outcome of litigation and the actions of federal, state, or local governments and agencies. The results of financial operations reported herein are not necessarily an indication of future prospects of the Company. Future results may differ materially.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

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

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The following exhibits are included with this report.

EXHIBIT NUMBER	DOCUMENT
2.1	Agreement to Exchange Common Stock with U.S. Gaming & Leisure Corp. (1)
3.1	Articles of Incorporation, as amended (1)
3.2	Bylaws, as amended (1)
10.1	Asset Purchase Agreement with Imperial Petroleum, Inc. (1)
10.2	Management Contract with Casino Padre Investment Company, LLC (1)
10.3	Lilly Belle lease (1)
10.4	South Padre Island Sublease and Dockage Agreement (1)
10.5	Charter Agreement with CSL Development Corporation (1)
21	Subsidiaries of the Registrant (1)

EXHIBIT NUMBER	DOCUMENT
99	Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 Of The Sarbanes-Oxley Act Of 2002

(1) Previously filed as an exhibit to the Company's Registration Statement on Form 10-SB (File No. 0-30263) and incorporated by reference herein.

(b) Reports on Form 8-K

None.

SIGNATURES

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

sureBET Casinos, Inc.
(Registrant)

Date: August 14, 2002

By: /s/ CHARLES S. LIBERIS

Charles S. Liberis

Chairman of the Board, Chief
Executive Officer and President
(Principal Executive, Financial, and
Accounting Officer)