LAS VEGAS RAILWAY EXPRESS, INC.
Form 10-Q
August 08, 2011

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

FORM 10-Q

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

For the quarterly period ended June 30, 2011
Commission file number: 333-144973

LAS VEGAS RAILWAY EXPRESS, INC.
(Exact name of Registrant as Specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	56-646797 (IRS Employer Identification Number)

6650 Via Austi Parkway, Suite 170
Las Vegas, NV 89119
(Address of principal executive offices)

(702) 583-6715
(Registrant's telephone number, including area code)

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

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $0.0001 Par Value
(Title of Class)

1

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes [ ] No [X]

Indicate by check mark whether the registrant (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 [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes [ ] No [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not 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-K or any amendment to this Form 10-K.
Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes [ ] No [X]

The aggregate market value of common stock held by shareholders based on the closing price of the registrant's common stock on the OTCBB on June 30, 2011 was $6,787,820.

Number of outstanding shares of common stock as of July 29, 2011 was 42,423,875.
Documents Incorporated by Reference: None.

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

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PART I FINANCIAL INFORMATION

LAS VEGAS RAILWAY EXPRESS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2011 (unaudited)	March 31, 2011
Assets:		
Current assets:		
Cash	$ 21,322	$ 16,313
Other current assets	29,739	-
	-	-
Total current assets	51,061	16,313
Property and equipment, net	-	-
Other assets		
Goodwill	843,697	843,697
Total other assets	843,697	843,697
Total Assets	$ 894,758	$ 860,010
Liabilities and Stockholders' Deficit		
Liabilities:		
Current liabilities:		
Short term notes payable	113,333	-
Accounts payable and accrued expenses	160,776	169,955
Stock subscription payable	640,000	640,000
Liabilities to be disposed of, current	978,053	999,122
Total current liabilities	1,892,162	1,809,076
Total Liabilities	1,892,162	1,809,076
Stockholders' deficit:		
Common stock subscribed	-	210,000
Common stock, par value $0.0001, 200,000,000 shares authorized, 42,423,875 and 39,201,498 shares issued and outstanding, as of June 30, 2011 and March 31, 2011, respectively	4,242	3,920
Additional paid-in capital	9,214,014	8,640,512
Accumulated earnings	(10,215,660)	(9,803,499)
Total stockholders' deficit	(997,404)	(949,066)
Total Liabilities and Stockholders’ Deficit	$ 894,758	$ 860.010

See accompanying notes to condensed consolidated financial statements.

LAS VEGAS RAILWAY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010
Revenues:	$ -	$ -
Cost of Sales	-	-
Gross Profit	-	-
Expenses:		
Salary, wages and payroll taxes	218,047	140,888
Selling, general and administrative	70,328	104,206
Professional fees	113,949	191,424
Depreciation expense	-	-
Total expenses	402,324	436,518
Loss from continuing operations	(402,324)	(436,518)
Other expense		
Interest expense	(9,837)	(84,672)
Total other expense	(9,837)	(84,672)
Net loss from continuing operations	(412,161)	(521,190)
Discontinued operations:		
Income from discontinued operations	-	4,164
Total discontinued operations	-	4,164
Net loss	$ (412,161)	$ (517,026)
Loss per share, from continuing operations	$ (0.01)	$ (0.02)
Earnings per share from discontinued operations	$ 0.00	$ (0.00)
Loss per share	$ (0.01)	$ (0.02)
Weighted average number of common shares shares outstanding, basic and diluted	41,427691	29,357,490

See accompanying notes to condensed consolidated financial statements.

LAS VEGAS RAILWAY EXPRESS, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010
Cash flows from operating activities:		
Net loss	$ (412,161)	$ (517,026)
Adjustments to reconcile net loss from operations to net cash used in operations:		
Depreciation and amortization	-	-
Amortization of debt discount	-	63,106
Stock issued for services	47,193	86,750
Stock based compensation	(3,500)	17,000
Stock based compensation, non-cash	20,131	15,888
Changes in operating assets and liabilities:		
	-	-
(Increase) decrease in other current assets	(29,739)	28,000
(Decrease) in liabilities of discontinued operations, net	(21,069)	(105,076)
Increase (decrease) in accounts payable and accrued expenses	(9,178)	25,676
Net cash (used in) operating activities	(408,323)	(385,682)
Cash flows from investing activities:		
Purchase of fixed assets	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities:		
Proceeds from sale of stock	300,000	625,000
Proceeds from notes payable	113,333	175,000
Payments for related notes payable	-	(20,725)
Net cash provided by financing activities	413,333	779,275
Net increase in cash and cash equivalents	5,010	393,593
Cash and cash equivalents, beginning of period	$ 16,313	$ 5,871
Cash and cash equivalents, end of period	$ 21,322	$ 399,464
Supplemental disclosure of cash flow information		
Interest paid	$ -	$ 19,377
Supplemental disclosure of non cash investing and financing transactions		
Stock issued from subscriptions	$ 210,000	$ 160,000
Warrants issued for debt discount	$ -	$ 300,000
Stock issued for reduction of debt from discontinued operations	$ -	$ 31,250

See accompanying notes to condensed consolidated financial statements.

LAS VEGAS RAILWAY EXPRESS, INC.
NOTES TO CONDENDED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and basis of presentation

Basis of Financial Statement Presentation

The accompanying Condensed Consolidated Financial Statements of Las Vegas Railways Express, Inc. (the "Company") should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended March 31, 2011. Significant accounting policies disclosed therein have not changed except as noted below. Operating results for the period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the year ending March 31, 2012. As used in these Notes to the Condensed Consolidated Financial Statements, the terms the "Company", "we", "us", "our" and similar terms refer to Las Vegas Railways Express, Inc. and, unless the context indicates otherwise its consolidated subsidiaries. Significant accounting policies disclosed therein have not changed except as noted below.

These financial statements have been presented in accordance with the rules governing a smaller reporting company for both periods of June 30, 2011 and 2010.

Business Overview

Las Vegas Railway Express, Inc. (formerly Liberty Capital Asset Management, Inc.) (the “Company”), a Delaware Corporation, is a business development company whose plan is to re-establish a conventional passenger train service between the Las Vegas and Los Angeles metropolitan areas. The development concept is to provide a Las Vegas style experience on the train, which would traverse the planned route in less than six hours. The Company is in a discussion with AMTRAK and Class 1 railroads seeking to secure rail services agreements. The Company has hired Transportation Management Services, Inc. for the procurement of 20 bi-level railcars and locomotives. The planned service is targeting a start date of late 2012. On January 21, 2010 the company completed a share exchange and asset purchase agreement with Las Vegas Railway Express, Inc., a Nevada Corporation, and subsequently changed its name from Liberty Capital Asset Management, Inc. to Las Vegas Railway Express, Inc.

The Company was formed on March 9, 2007 as Corporate Outfitters, a development stage company. On November 3, 2008 with a share exchange, asset purchase agreement the Company acquired Liberty Capital Asset Management, a Nevada corporation, formed in July of 2008 as a holding company for all the assets of CD Banc LLC in contemplation of the company going public via a reverse merger into a publicly trading corporation.

CD Banc LLC was formed in 2003 as a Nevada limited liability corporation with the purpose of acquiring real estate assets and holding them for long-term appreciation.

(2) Summary of Significant Accounting Policies:

Going Concern:

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As shown in the accompanying financial statements, the Company has net loss of $412,161 for the three months ended June 30, 2011 and an accumulative deficit of $10,215,660 through June 30, 2011. Although a substantial portion of the Company's cumulative net loss is attributable to discontinued operations, management believes that it will need additional equity or debt financing to implement the business plan. These matters raise substantial doubt about the Company's ability to continue as a going concern.

Management is attempting to raise additional equity and debt financing to sustain operations until it can market its services and achieves profitability. The successful outcome of future activities cannot be determined at this time and there are no assurances that, if achieved, the Company will have sufficient funds to execute its intended business plan or generate positive operating results.

The accompanying financial statements do not include any adjustments related to the recoverability and classification of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Intangible Assets:

Goodwill represents the excess of purchase price over tangible and other intangible assets acquired less liabilities assumed arising from business acquisitions. Goodwill is not amortized, but is reviewed for potential impairment on an annual basis at the reporting unit level. On March 31, 2011, as required by the Intangible topic of Financial Accounting Standards Board Accounting Standards Council ("FASB ASC"), the Company conducted an analysis of the goodwill determined on January 21, 2010 with the acquisition of LVRE, Nevada. For the fiscal year ending March 31, 2011, our valuation assessment for impairment found that due to the continued progress toward the measurement goals of the business plan that there is no impairment of Goodwill in the Company's financials. As of June 30, 2011 and March 31, 2011 the Company had recorded Goodwill of $843,697.

Basic and Diluted Loss Per Share:

In accordance with FASB ASC 260, , "Earnings Per Share," the basic loss per common share is computed by dividing net loss available to common stockholders after reducing net income by preferred stock dividend, by the weighted average common shares outstanding during the period. Diluted earnings per share reflect per share amounts that would have resulted if diluted potential common stock had been converted to common stock. Common stock equivalents have not been included in the earnings per share computation for the three months ended June 30, 2011 and 2010 as the amounts are anti-dilutive.

Stock Issued for Services:

FASB ASC 718 "Compensation - Stock Compensation" prescribes accounting and reporting standards for all stock-based payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. The Company should determine if a present obligation to settle the share-based payment transaction in cash or other assets exists. A present obligation to settle in cash or other assets exists if:

(a) the option to settle by issuing equity instruments lacks commercial substance or (b) the present obligation is implied because of an entity's past practices or stated policies. If a present obligation exists, the transaction should be recognized as a liability; otherwise, the transaction should be recognized as equity.

The Company accounts for stock-based compensation issued to non-employees and consultants in accordance with the provisions of FASB ASC 505-50 "Equity - Based Payments to Non-Employees." Measurement of share-based payment transactions with non-employees shall be based on the fair value of whichever is more reliably measurable: (a) the goods or services received; or (b) the equity instruments issued. The fair value of the share-based payment transaction should be determined at the earlier of performance commitment date or performance completion date.

New Accounting Pronouncements:

The Company has determined that the adoption of any proposed accounting pronouncements will not have an impact on the consolidated financial statements, as the Company does not currently have any such arrangements with its customers.

(3) Notes payable:

A summary of notes payable is as follows:

	June 30, 2011	March 31, 2011
Notes payable - discontinued operations		
Secured promissory notes, dated June 25, 2008, to two investors, bearing interest at 10% per annum, payable September 1, 2010.	$ 126,005	$ 126,005
Unsecured promissory notes payable dated October 1, 2009 bearing interest at 10% per annum, payable September 1, 2010	24,055	24,055
Notes included in liabilities from discontinued operations	$ 150,060	$ 150,060
Notes payable - current operations		
Unsecured promissory note, dated April 4, 2011, to an investor bearing interest at 8% per annum, payable on April 4, 2012	100,000	-
Secured promissory notes, dated May 17, 2011 through May 17, 2012 to an investor bearing interest at 8% per annum, payable on May 17, 2012	13,333	-
Notes payable	$ 113,333	$ -

The Company is in default on notes payable made to investors that are included in liabilities to be disposed of. As of June 30, 2011, there has been no demand made for repayment of the notes or accrued interest.

Short term financing included conversion provisions where at the option of the lender, all or any portion of the principal balance and accrued but unpaid interest into shares of the Company's common stock at a conversion price per share, security or unit, as applicable, equal to 80% of the price per share for which shares of Common stock or other securities are sold and issued to purchaser in an Equity Financing. For purposes of these notes, the Equity Financing means any sale by the Company of equity of convertible debt securities which yield at least $3 million in gross proceeds. Pursuant to the guidance of FASB ASC 470-20 Debt with Conversion and Other Options, the conversion price discount is a beneficial conversion feature. Following guidance on contingent beneficial conversion features in FASB ASC 470-20-35-3 the BCF is not recorded until the conversion actually occurs and that will determine the term of the amortization of the BCF. The note payable for $13,333 consisted of proceeds of $10,000 and debt financing fee of $3,333. The financing fee is included in other current assets and amortized as interest expense over the 12 month term of the loan. The Company included $402 of amortized debt financing fee in interest.

Interest expense incurred under debt obligations amounted to $9,837 and $84,672, for the three months ended June 30, 2011 and 2010, including $63,106 in amortized debt discount in 2010.

(4) Derivative Instruments:

The Company accounts for debt with embedded conversion features and warrant issues in accordance with ASC 470: Debt. Conversion features determined to be beneficial to the holder are valued at fair value and recorded to additional paid in capital. The Company determines the fair value to be ascribed to the detachable warrants issued with the convertible debentures utilizing the Black-Scholes method. Any discount derived from determining the fair value to the debenture conversion features and warrants is amortized to financing cost over the life of the debenture. The unamortized discount, if any, upon the conversion of the debentures is expensed to financing cost on a pro rata basis.

Debt issue with the variable conversion features are considered to be embedded derivatives and are accountable in accordance with FASB 133; Accounting for Derivative Instruments and Hedging Activities . The fairs value of the embedded derivative is recorded to derivative liability. This liability is required to be marked each reporting period. The resulting discount on the debt is amortized to interest expense over the life of the related debt. For the six months ended June 30, 2011 and 2010, the Company had $20,130 and $15,888, respectively, associated with options and has recorded such expense on the Company's statement of operations in Selling, General and Administrative. The options were vested in calculating stock based compensation, 60% and 40% for the periods ended June 30, 2011 and 2010.

The Company had approximately $140,916 and 161,046 of total unrecognized compensation cost related to unvested stock options at June 30, 2011 and March 31, 2011. This cost is being recognized over a weighted-average period of approximately 3 years. No options were exercised during the periods ended June 30, 2011 and 2010.

(5) Equity:

Common Stock. The Company is authorized to issue 200,000,000 shares of common stock. There were 42,423,875 and 39,201,498 shares of common stock outstanding as of June 30, 2011 and March 31, 2011, respectively. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of stockholders and are not entitled to cumulate their votes in the election of directors. The holders of common stock are entitled to any dividends that may be declared by the Board of Directors out of funds legally available therefore subject to the prior rights of holders of any outstanding shares of preferred stock and any contractual restrictions we have against the payment of dividends on common stock. In the event of our liquidation or dissolution, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive or other subscription rights and no right to convert their common stock into any other securities.

During the three months ended June 30, 2011, the Company issued, in a private placement, 1,341,382 shares of its common stock, for a total of $200,000.

On May 15, 2011, the Company issued 1,111,111 shares of its common stock for $100,000

During the three months ended June 30, 2011, the Company issued 219,884 shares of its common stock for consulting services totaling $47,193 and issued the subscribed 600,000 shares of common stock for services totaling $210,000. The fair value of the consulting services was determined by the closing price of the stock on date of issuance.

On June 28, 2011, the Company issued 200,000 shares of its common stock as compensation to directors of $34,000. The fair value of the director services was determined by the closing price of the stock on date of issuance and board of director minutes authorizing the shares.

On May 31, 2011, the Company cancelled 250,000 restricted shares of common stock previously issued to a former officer of the Company. The officer received the restricted shares in March 2011 per an employment agreement. Upon resignation and termination of the employment agreement, the shares were returned to the treasury and cancelled.

The Company issued 4,000,000 shares of its common stock as part of its Asset Purchase Agreement in the acquisition of railway assets. Stock is issued upon the completion of certain agreements by and between the Company. Specific contracts had been agreed upon to allow issuance of the 4,000,000 shares of the Company's stock on April 23, 2010. The remaining shares, 16,000,000 are to be issued upon the completion of certain agreements, by and between the Company. These agreements are deemed necessary for the continued operation of the Company's proposed railway service.

(6) Stock Option Plan:

FASB ASC 718 "Compensation - Stock Compensation" prescribes accounting and reporting standards for all stock-based payments award to employees, including employee stock options, restricted stock, employee stock purchase plans and stock appreciation rights, may be classified as either equity or liabilities. ASC 718 requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. As of June 30, 2011 and 2010, the Company has 20,000,000 and 0 outstanding employee stock options, respectively.

In December 2009, the options were cancelled with the discontinuance of the mortgage loan pool operations. Effective January 1, 2010, the options were re-affirmed with the same rights and terms as originally issued. The re-affirmation was treated as a modification of the original options. As the terms and conditions remained the same, the recognition of expense was recorded in accordance with the original terms of the options.

We generally recognize compensation expense for grants of restricted stock units using the value of a share of our stock on the date of grant. We estimate the value of stock option grants using the Black-Scholes valuation model. Stock compensation is recognized straight line over the vesting period.

2011 Stock Option Plan provides for the grant of 20,000,000 incentive or non-statutory stock options to purchase common stock. Employees, who share the responsibility for the management growth or protection of the business of the Company and certain Non-Employee ("Selected Persons"), are eligible to receive options which are approved by a committee of the Board of Directors. These options vest over five years and are exercisable for a ten-year period from the date of the grant.

The fair value for these options was estimated at the date of grant, November 1, 2008 using a Black-Scholes option pricing model with the following weighted-average assumptions for an estimated 2.5 year term; risk free rate of 3.5%; no dividend yield; volatility factors of the expected market price of the Company's common stock of (51%), the market value of the Company's stock on grant date was $0.45.

At June 30, 2011, the Company had approximately $140,916 of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of approximately 2 years. No options were exercised during the quarters ended June 30, 2011 and 2010.

A summary of the Company's stock option activity follows:

	June 30, 2011			June 30, 2010		
	Options		Weighted Average Exercise Price	Options		Weighted Average Exercise Price
Outstanding - beginning of year	2,000,000	$	0.50	2,000,000	$	0.50
Granted	-		-	-		-
Exercised	-		-	-		-
Cancelled	-		-	-		-
Outstanding - June 30, 2011	2,000,000	$	0.50	2,000,000	$	0.50
Exercisable - June 30,2011	600,000	$	0.50	400,000	$	0.50

(7) Related-Party Transactions:

Michael A. Barron, our CEO and Chairman of the Board of Directors, is a 100% owner and President of Allegheny Nevada Holdings Corporation, "Allegheny". The Company is indebted to Allegheny by a certain promissory note, dated January 6, 2009, of which Allegheny loaned the Company funds for working capital needs.

Said Agreement was amended on October 1, 2009 and a portion was converted to 1,564,719 shares of the Company's common stock at $0.50 per share. As of January 15, 2011, the amendment was rescinded, returning the shares to the Company and restoring the note balance. No gain or loss was recognized in the amendment or rescission. As of June 30, 2011 and March 31, 2011 the balance of the note was $89,186 and $107,563, respectively.

On November 23, 2009, the Company entered into an Asset Purchase Agreement with Las Vegas Railway Express, a Nevada Corporation, of which Allegheny is owner of 28.6% and Mr. Barron is a 28.6% owner, independent of Allegheny. On January 21, 2010, by shareholder approval the Company acquired Las Vegas Railway Express for 20,000,000 shares of the Company's stock, of which 4,000,000 has been issued on April 23, 2010. The remaining shares, 16,000,000 are to be issued upon the completion of certain agreements, by and between the Company. These agreements are deemed necessary for the continued operation of the Company's proposed railway service.

As of June 30, 2011, Allegheny Nevada Holdings has a 4.67% beneficial ownership in the Company.

As of June 30, 2011, Mr. Barron has accrued wages of $63,383.

Joseph Cosio-Barron, Director of the Company is a 100% owner of CBS Consultants "CBS", a Nevada Corporation. CBS has 22.9% ownership of Las Vegas Railway Express at the time of acquisition.

On October 1, 2009, the Company entered into a promissory note with Mr. Cosio-Barron for $86,709. The Company converted 867,085 shares of the Company's stock at $0.50 per share. As of January 15, 2011 the conversion was rescinded, returning the shares to the Company and restoring the note balance. No gain or loss was recognized in the rescission. As of June 30, 2011 and March 31, 2011 the balance of the note was $47,102 and $57,198, respectively.

As of June 30, 2011, Mr. Cosio-Barron has accrued wages of $49,620.

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations .

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This Annual Report contains forward-looking statements about the Company's business, financial condition and prospects that reflect management's assumptions and beliefs based on information currently available. There can be no assurance that the expectations indicated by such forward-looking statements will be realized. If any of management's assumptions should prove incorrect, or if any of the risks and uncertainties underlying such expectations should materialize, Las Vegas Railway Express, Inc., actual results may differ materially from those indicated by the forward- looking statements.

The key factors that are not within the Company's control and that may have a direct bearing on operating results include, but are not limited to, acceptance of the Company's products and services, the Company's ability to expand its customer base, managements' ability to raise capital in the future, the retention of key employees and changes in the regulation of our industry.

There may be other risks and circumstances that management may be unable to predict. When used in this Report, words such as, "believes," "expects," "intends," "plans," "anticipates," "estimates" and similar expressions are intended to identify and qualify forward-looking statements, although there may be certain forward-looking statements not accompanied by such expressions. However, the forward-looking statements contained herein are not covered by the safe harbors created by Section 21E of the Securities Exchange Act of 1934. The mortgage banking industry is continually vulnerable to current events that occur in the financial services industry. These events include the current subprime market changes in economic indicators, government regulation, interest rates, price competition, geographic shifts, disposable income, housing prices, market liquidity, market anticipation, and customer perception, as well as others. The factors that affect the industry change rapidly and can be unforeseeable.

Description of Business

Las Vegas Railway Express, Inc., formerly Liberty Capital Asset Management, Inc, a publicly traded Delaware Corporation, is a business development company whose plan is to re-establish a conventional rail passenger train service between Las Vegas and Los Angeles. The development concept is to provide a Las Vegas style experience on the train, which would traverse the planned route in approximately 5:30 hours. The Company is in discussions with AMTRAK and the Class 1 railroads seeking to secure rail services agreements. The Company has hired Transportation Management Services, Inc. for the procurement of 20 bi-level railcars and locomotives. The planned service is targeting a start date of late 2011. On January 21, 2010, the Company completed a share exchange and asset purchase agreement with Las Vegas Railway Express, a Nevada Corporation, and subsequently changed its name from Las Vegas Railway Express, Inc. to Las Vegas Railway Express, Inc.

Las Vegas Railway Express, Inc. was formed in March 9, 2007 as Corporate Outfitters, a development stage company On November 3, 2008 with a share exchange, asset purchase agreement the Company acquired Liberty Capital Asset Management, a Nevada corporation, formed in July of 2008 as a holding company for all the assets of CD Banc LLC in contemplation of the company going public via a reverse merger into a publicly trading corporation.

CD Banc LLC was formed in 2003 as a Nevada limited liability corporation with the purpose of acquiring real estate assets and holding them for long-term appreciation.

Risk of Potential Competitors

Several competitors to the company's planned rail passenger service have created business plans which are competitive to ours. A Las Vegas-Los Angeles rail connection has been long-studied by a number of groups. In addition to this study, two other rail projects have been proposed to serve the Las Vegas to Los Angeles travel market.

These projects are the:

California-Nevada Super-Speed Train. For over twenty years, this project has proposed using Magnetic Levitation (Maglev) technology to carry passengers between Southern California and Las Vegas, traveling at speeds of up to 300 mph. The 269-mile alignment would largely follow the I-15 Freeway. Station stops tentatively include Anaheim, Ontario, Victorville, Barstow, Primm, and Las Vegas (2). Travel time between Anaheim and Las Vegas via this service is estimated to be less than 90 minutes. Work on this project has been suspended at this time, though scoping for a program-level EIR/EIS and project-specific EIS for the segment between Las Vegas and Primm have been completed. There is continuing Nevada interest in providing an initial segment between Las Vegas and Primm.

The DesertXPress would be a steel-wheel on steel rail high-speed rail service that would operate between Victorville, California, and Las Vegas, Nevada. Project proponents suggest that the service could either run within the median of Interstate I-15, or adjacent to it. This project is in preliminary discussions and an initial environmental review process is beginning shortly.

Intellectual Property

None.

Employees

As of June 30, 2011 we had six full-time employees, of whom two were in administrative and four were in management.

Description of Property.

The company leases approximately 2,600 square feet of general office space in premises located at 6650 Via Austi Parkway, Suite 170, Las Vegas, Nevada. Our lease for this space expires in February 2013 and provides for monthly payments of $5,700.

Results of Operations

Discontinued Operations – Loan Portfolio

Prior to January 21, 2010, the Company had been actively engaged in acquiring underperforming mortgage loan portfolios and generating revenues from re-performing, sale of loans and fee revenue. As of January 21, 2010, the Company changed its primary business and abandoned the prior business. Accordingly, the assets and liabilities and results of operation related to this business have been classified as discontinued operations in the financial statements for all periods presented. As a result, the prior period comparative financial statements have been restated. Prior to this decision, the loan business represented substantially all of the Company's operating revenue.

Revenue for administrative services, for the quarter ended June 30, 2011, was $0 as compared to $4,814, for the quarter ended June 30, 2010, a decrease of $4,814, as part of discontinued operations.

Selling, general and administrative, (SG&A), expenses were $0, for the quarter ended June 30, 2011, as compared to $650 in continuing operations for the quarter ended June 30, 2010, an decrease of $650 or 100.0%. Salary and payroll taxes were $0 for the quarter ended June 30, 2011 as compared to $142,365 for the quarter ended June 30, 2010, decrease of $142,365 or 100%. Professional fees were $0 for the quarter ended June 30, 2011 compared to $80,233 for the quarter ended June 30, 2010, and decrease of $80,233 or 100%.

Income from operations was $0, for the quarter ended June 30, 2011, compared to a income of $4,184 for the quarter ended June 30, 2010, a decrease of $345,385.

Continuing Operations – Passenger Train Service

For the quarter ended, June 30, 2011, there were no revenues associated with the railcar operations. Salary wages and payroll taxes were $218,047 compared to $140,888 during the quarter ending June 30, 2010, primarily due to additional staff as the business plan implementation and director compensation. Selling, general and administrative expenses were $72,106 compared to $104,206, primarily from $20,750 reduction in contract labor. Professional fees were $113,949 compared to 191,424 with the reduction in legal fees and services compensated in shares in the initial implementation of the business plan. Interest expense was $9,837 compared to $84,672, resulting from the default and cancellation of debt in late 2010. The resulting net loss from operations was $412,162 compared to a loss of 521,190.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate funds to support asset growth, satisfy disbursement needs, maintain reserve requirements and otherwise operate on an ongoing basis. The company has maintained sufficient operating cash to maintain its operations and holds reserves to service its assets. These reserves have been generated from operating cash flow.

Passenger Train Service

The Company acquired Las Vegas Railway Express (LVRE) in January 2010 and began its operations as the primary business of the Company. The Company subsequently changed its name from Las Vegas Railway Express, to Las Vegas Railway Express, Inc. and is traded under the symbol OTC:BB:XTRN.

The Company has been pursuing contracts with AMTRAK, Class 1 railroads and potential site locations for station development. The Company has entered into a Memorandum of Understanding with AMTRAK for its train operations on January 13, 2011. This AMTRAK Agreement outlines the terms of the operations tasks which are the responsibilities of each party. The Company has negotiated the procurement of bi-level railcars needed for its train consists. The planned service is targeting a start date for late 2012. The Company has also entered into a feasibility and capacity planning agreement with Union Pacific Railroad. Burlington Northern Santa Fe has completed its feasibility and capacity planning study on behalf of the company. The Company has entered into a memorandum of understanding with the Plaza Hotel for use of a segment of their property as a passenger railway station in Las Vegas.

The Company Filed with the SEC Rule 506 of Regulation D for a private offering to raise capital. Under this registration statement, the Company raised $200,000 during the three months ended June 30, 2011. The Company also received an additional $100,000 from an issuance of 1,111,111 shares of common stock to an investor out of the private offering.

On May 3, 2011, the Company engaged Oppenheimer & Co, Inc. as exclusive agent in a proposed $30 million private placement offering, subject to satisfactory completion of a due diligence inquiry. However, we can give no assurance that these plans and efforts will be successful.

Cash Flows

Net cash used in operating activities for the quarter ended June 30, 2011 was $408,323 as compared to net cash used in operating activities for the quarter ended June 30, 2010 of $385,682. The primary sources of cash used in operating activities for the quarter ended June 30, 2011 was from net loss of $412,162, increase in prepaid expenses of $29,739, payments made on discontinued operations debt of $21,069, and a decrease in accounts payables and accrued liabilities of 9,178. The cash provided came from stock issued for services and compensation of $63,824. In 2010, the net loss of $517,026 was increased by payments made on discontinued operations debt of $105,076 offset by amortized debt discount of $63,106, stock issued for services and compensation of $119,638, decrease in prepaid expenses of $28,000 and increase in accounts payable and accrued liabilities of $25,676.

Net cash provided by financing activities for the quarter ended June 30, 2011 was $413,333 from proceeds of sale of common stock of $300,000 and proceeds from notes payable of $113,333. This compares to June 30, 2010 which had cash provided by financing activities of $779,275, consisting primarily of proceeds from sale of stock of $625,000 and proceeds of notes payable of $175,000, net of payments made on notes payable related party of $20,725.

Management currently believes that cash flows from equity investment and borrowings will be sufficient to meet the Company's current liquidity and capital needs at least through fiscal 2011.

Critical Accounting Policies

The preparation of our consolidated financial statements and notes thereto requires management to make estimates and assumptions that affect the amounts and disclosures reported within those financial statements. On an ongoing basis, management evaluates its estimates, including those related to revenue recognition, workers' compensation costs, collectibles of accounts receivable, and impairment of goodwill and intangible assets, contingencies, litigation and income taxes. Management bases its estimates and judgments on historical experiences and on various other factors believed to be reasonable under the circumstances. Actual results under circumstances and conditions different than those assumed could result in differences from the estimated amounts in the financial statements. There have been no material changes to these policies during the fiscal year.

Fair Value of Financial Instruments

Disclosure, pursuant to FASB ASC 825-10-50, is required of the fair value of financial instruments. However, since most of the Company's financial instruments turn over within a very short time period, management discloses that the net book value approximates fair value at the balance sheet date.

Intangible and Long-Lived Assets

We follow Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 360, "Property Plant and Equipment", which establishes a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Goodwill is accounted for in accordance with ASC Topic 350, "Intangibles – Goodwill and Other". We assess the impairment of long-lived assets, including goodwill and intangibles on an annual basis or whenever events or changes in circumstances indicate that the fair value is less than its carrying value. Factors that we consider important which could trigger an impairment review include poor economic performance relative to historical or projected future operating results, significant negative industry, economic or company specific trends, changes in the manner of our use of the assets or the plans for our business, market price of our common stock, and loss of key personnel. We have determined that there was no impairment of goodwill during 2011 or 2010.

Stock-Based Compensation

As required by the Stock-based Compensation Topic of FASB ASC, transactions in which the Company exchanges its equity instruments for goods or services is accounted for using authoritative guidance for stock based compensation. This guidance also addresses transactions in which the Company incurs liabilities in exchange for goods or services that are based on the fair value of the Company's equity instruments or that may be settled by the issuance of those equity instruments.

If the Company issues stock for services which are performed over a period of time, the Company capitalizes the value paid in the equity section of the Company's financial statements as it's a non-cash equity transaction. The Company accretes the expense to stock based compensation expense on a monthly basis for services rendered within the period.

We use the fair value method for equity instruments granted to non-employees and will use the Black-Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We do not hold any derivative instruments and do not engage in any hedging activities.

Changes in government policy could negatively impact demand for the Company's services, impair its ability to price its services or increase its costs or liability exposure.

Changes in United States and foreign government policies could change the economic environment and affect demand for the Company's services. . Developments and changes in laws and regulations as well as increased economic regulation of the rail industry through legislative action and revised rules and standards applied by the U.S. Surface Transportation Board in various areas, including rates, services and access to facilities could adversely impact the Company's ability to determine prices for rail services and significantly affect the revenues, costs and profitability of the Company's business. Additionally, because of the significant costs to maintain its rail network, an increase in expenditures related to the maintenance of the rails owned by the Class I railroads could hinder the Company's ability to maintain, improve or expand the rail network, facilities and equipment in order to accept or handle our Company's increased demand. Federal or state spending on infrastructure improvements or incentives that favor other modes of transportation could also adversely affect the Company's revenues.

The Company's success depends on its ability to continue to comply with the significant federal, state and local governmental regulations to which it is subject.

The Company is subject to a significant amount of governmental laws and regulation with respect to its and practices, taxes, railroad operations and a variety of health, safety, labor, environmental and other matters. Failure to comply with applicable laws and regulations could have a material adverse effect on the Company. Governments may change the legislative and/or regulatory framework within which the Company operates without providing the Company with any recourse for any adverse effects that the change may have on its business. Federal legislation enacted in 2008 mandates the implementation of positive train control technology by December 31, 2015, on certain mainline track where intercity and commuter passenger railroads operate and where toxic-by-inhalation hazardous materials are transported. This type of technology is new and deploying it across our host railroad's infrastructure may pose significant operating and implementation risks and could require significant capital expenditures.

As part of the Class I railroad operations, the Company will traverse rails that frequently transports chemicals and other hazardous materials, which could expose it to the risk of significant claims, losses and penalties.

The "host" or Class I railroads are required to transport these commodities to the extent of its common carrier obligation. An accidental release of these commodities could result in a significant loss of life and extensive property damage as well as environmental remediation obligations. The associated costs could have an adverse effect on the Company's operating results, financial condition or liquidity. In addition, insurance premiums charged for some or all of the coverage currently maintained by the Company could increase dramatically or certain coverage may not be available to the Company in the future if there is a catastrophic event related to rail transportation of these commodities.

Downturns in the economy could adversely affect demand for the Company's services.

Significant, extended negative changes in domestic and global economic conditions that impact the customers transported by the Company and may have an adverse effect on the Company's operating results, financial condition or liquidity. Declines in , economic growth and the United States travel industry all could result in reduced revenues in one or more business units.

Negative changes in general economic conditions could lead to disruptions in the credit markets, increase credit risks and could adversely affect the Company's financial condition or liquidity.

Challenging economic conditions may not only affect revenues due to reduced demand for many goods and services, but could result in payment delays, increased credit risk and possible bankruptcies of customers. Railroads are capital-intensive and may need to finance a portion of the building and maintenance of infrastructure as well as locomotives and other rail equipment. Economic slowdowns and related credit market disruptions may adversely affect the Company's cost structure, its timely access to capital to meet financing needs and costs of its financings. The Company could also face increased counterparty risk for its cash investments, its derivative arrangements and access to its credit facility. Adverse economic conditions could also affect the Company's costs for insurance or its ability to acquire and maintain adequate insurance coverage for risks associated with the railroad business if insurance companies experience credit downgrades or bankruptcies. Declines in the securities and credit markets could also affect the Company's pension fund and railroad retirement tax rates, which in turn could increase funding requirements.

The Company is subject to stringent environmental laws and regulations, which may impose significant costs on its business operations.

The Company's operations are subject to extensive federal, state and local environmental laws and regulations concerning, among other things, emissions to the air; discharges to waters; the generation, handling, storage, transportation and disposal of waste and hazardous materials; and the cleanup of hazardous material or petroleum releases. Changes to or limits on carbon dioxide emissions could result in significant capital expenditures to comply with these regulations with respect to the Company's diesel locomotives, equipment, vehicles and machinery and its maintenance yards. Emission regulations could also adversely affect fuel efficiency and increase operating costs. Further, local concerns on emissions and other forms of pollution could inhibit the Company's ability to build facilities in strategic locations to facilitate growth and efficient operations. In addition, many land holdings are and have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. Environmental liability can extend to previously owned or operated properties, leased properties and properties owned by third parties, as well as to properties currently owned and used by the Company. Environmental liabilities have arisen and may continue to arise from claims asserted by adjacent landowners or other third parties in toxic tort litigation. The Company's subsidiaries have been and may continue to be subject to allegations or findings to the effect that they have violated, or are strictly liable under, these laws or regulations. The Company's operating results, financial condition or liquidity could be adversely affected as a result of any of the foregoing, and it may be required to incur significant expenses to investigate and remediate environmental contamination.

Fuel supply availability and fuel prices may adversely affect the Company's results of operations, financial condition or liquidity.

Fuel supply availability could be impacted as a result of limitations in refining capacity, disruptions to the supply chain, rising global demand and international political and economic factors. A significant reduction in fuel availability could impact the Company's ability to provide transportation services at current levels, increase fuel costs and impact the economy. Each of these factors could have an adverse effect on the Company's operating results, financial condition or liquidity. If the price of fuel increases substantially, the Company expects to be able to offset a significant portion of these higher fuel costs through a fuel surcharge program or increase in ticket prices. However, to the extent that the Company is unable to maintain, expand and ultimately collect under its existing fuel surcharge program, increases in fuel prices could have an adverse effect on the Company's operating results, financial condition or liquidity.

Severe weather and natural disasters could disrupt normal business operations, which would result in increased costs and liabilities and decreases in revenues.

The Company's success is dependent on its ability to operate its railroad system efficiently. Severe weather and natural disasters, such as tornados, flooding and earthquakes, could cause significant business interruptions and result in increased costs and liabilities and decreased revenues. In addition, damages to or loss of use of significant aspects of the Company's infrastructure due to natural or man-made disruptions could have an adverse effect on the Company's operating results, financial condition or liquidity for an extended period of time until repairs or replacements could be made. Additionally, during natural disasters, the Company's workforce may be unavailable, which could result in further delays. Extreme swings in weather could also negatively affect the performance of locomotives and rolling stock.

The Company's operational dependencies may adversely affect results of operations, financial condition or liquidity.

Due to the integrated nature of the United States' freight transportation infrastructure, the Company's operations may be negatively affected by service disruptions of other entities such as ports and other railroads which interchange with the Company and its Class I railroad partners. A significant prolonged service disruption of one or more of these entities could have an adverse effect on the Company's results of operations, financial condition or liquidity.

Acts of terrorism or war, as well as the threat of war, may cause significant disruptions in the Company's business operations.

Terrorist attacks and any government response to those types of attacks and war or risk of war may adversely affect the Company's results of operations, financial condition or liquidity. The Company's use of the Class I railroad rail lines and facilities could be direct targets or indirect casualties of an act or acts of terror, which could cause significant business interruption and result in increased costs and liabilities and decreased revenues, which could have an adverse effect on operating results and financial condition. Such effects could be magnified if releases of hazardous materials are involved. Any act of terror, retaliatory strike, sustained military campaign or war or risk of war may have an adverse impact on the Company's operating results and financial condition by causing unpredictable operating or financial conditions, including disruptions of our host railroads or connecting rail lines, loss of critical customers or partners, volatility or sustained increase of fuel prices, fuel shortages, general economic decline and instability or weakness of financial markets. In addition, insurance premiums charged for some or all of the coverage currently maintained by the Company could increase dramatically, the coverage available may not adequately compensate it for certain types of incidents and certain coverage's may not be available to the Company in the future.

The Company depends on the stability and availability of its information technology systems.

The Company relies on information technology in all aspects of its business. A significant disruption or failure of its information technology systems could result in service interruptions, revenue collections, safety failures, security violations, regulatory compliance failures and the inability to protect corporate information assets against intruders or other operational difficulties. Although the Company has taken steps to mitigate these risks, a significant disruption could adversely affect the Company's results of operations, financial condition or liquidity. Additionally, if the Company is unable to acquire or implement new technology, it may suffer a competitive disadvantage, which could also have an adverse effect on the Company's results of operations, financial condition or liquidity.

The Company is subject to various claims and lawsuits, and increases in the amount or severity of these claims and lawsuits could adversely affect the Company's operating results, financial condition and liquidity.

As part of its railroad operations, the Company's Class I railroad partners are exposed to various claims and litigation related to commercial disputes, personal injury, property damage, environmental liability and other matters. Personal injury claims by our employees and those of the host railroads are subject to the Federal Employees' Liability Act (FELA), rather than state workers' compensation laws. The Company believes that the FELA system, which includes unscheduled awards and a reliance on the jury system, can contribute to increased expenses. Other proceedings include claims by third parties for punitive as well as compensatory damages, and a few proceedings purport to be class actions. Developments in legislative and judicial standards, material changes to litigation trends, or a catastrophic rail accident or series of accidents involving any or all of property damage, personal injury, and environmental liability could have a material adverse effect on the Company's operating results, financial condition and liquidity.

Most of the Company's host railroad employees are represented by unions, and failure to negotiate reasonable collective bargaining agreements may result in strikes, work stoppages or substantially higher ongoing labor costs.

A significant majority of the Class I railroads employees are union-represented. These union employees work under collective bargaining agreements with various labor organizations.

Wages, health and welfare benefits, work rules and other issues have traditionally been addressed through industry-wide negotiations. These negotiations have generally taken place over an extended period of time and have previously not resulted in any extended work stoppages. The existing agreements have remained in effect and will continue to remain in effect until new agreements are reached or the Railway Labor Act's procedures (which include mediation, cooling-off periods and the possibility of presidential intervention) are exhausted. While the negotiations have not yet resulted in any extended work stoppages, if the Company or our Class I railroad partners are unable to negotiate acceptable new agreements, it could result in strikes by the affected workers, loss of business and increased operating costs as a result of higher wages or benefits paid to union members, any of which could have an adverse effect on the Company's operating results, financial condition or liquidity.

The unavailability of qualified personnel could adversely affect the Company's operations.

Changes in demographics, training requirements and the unavailability of qualified personnel, particularly engineers and trainmen, could negatively impact the Company's ability to meet demand for rail service. Recruiting and retaining qualified personnel, particularly those with expertise in the railroad industry, are vital to operations. Although the Company has adequate personnel for the current business environment, unpredictable increases in demand for rail services may exacerbate the risk of not having sufficient numbers of trained personnel, which could have a negative impact on operational efficiency and otherwise have a material adverse effect on the Company's operating results, financial condition or liquidity.

We do not anticipate paying dividends.

We have never paid any cash dividends on our common stock since our inception, and we do not anticipate paying cash dividends in the foreseeable future. Any dividends, which we may pay in the future, will be at the discretion of our Board of Directors and will depend on our future earnings, any applicable regulatory considerations, our financial requirements and other similarly unpredictable factors. For the foreseeable future, we anticipate that earnings, if any, will be retained for the operation and expansion of our business.

Possible conflicts of interest exist in related party transactions.

Our Board of Directors consists of Michael A. Barron, Joseph A. Cosio-Barron and Justin W. Yorke. Michael A. Barron and Joseph Cosio-Barron are executive officers and principal shareholders of the Company. Our Manager of Station development is the spouse of our CEO. Thus, there has in the past existed the potential for conflicts of interest in transactions between the Company and such individuals or entities in which such individuals have an interest. We have attempted to ensure that any such transactions were entered into on terms that were no less favorable than could have been obtained in transactions with unrelated third parties.

Forward looking Statements:

Some of the statements contained in this Annual Report that are not historical facts are “forward-looking statements” which can be identified by the use of terminology such as “estimates”, “projects,” “plans,” “believes,” “expects,” “anticipa “intends,” or the negative or other variations, or by discussions of strategy that involve risks and uncertainties. We urge you to be cautious of the forward-looking statements that such statements, which are contained in this Annual Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors affecting our operations, market growth, services, and products. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of the risks we face, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, our performance of achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include without limitation:

- General conditions in the economy and capital markets; and
- Our results of operations, financial condition and business

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting

Our management, with the participation of our chief executive officer and chief financial officer, 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”) as of December 31, 2007. In designing and evaluating our disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applied its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of September 30, 2009, our disclosure controls and procedures were (1) effective in that they were designed to ensure that material information relating to us is made known to our chief executive officer and chief financial officer by others within the Company, as appropriate to allow timely decisions regarding required disclosures, and (2) effective in that they provide that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms.

Management’s Responsibility for Financial Statements

Our management is responsible for the integrity and objectivity of all information presented in this Quarterly Report on Form 10-Q. The consolidated financial statements were prepared in conformity with accounting principles generally accepted in the United States of America and include amounts based on management’s best estimates and judgments. Management believes the consolidated financial statements fairly reflect the form and substance of transactions and that the financial statements fairly represent the Company’s financial position and results of operations.

Management’s Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal controls over financial reporting. The Company's internal control system over financial reporting is a process designed under the supervision of the Company's Chief

Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

The Company's management, including its principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in "Internal Control-Integrated Framework", the Company's management concluded that the Company's internal control over financial reporting was effective as of June 30, 2011.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

This quarterly report does not include an attestation report of the company's registered public accounting firm regarding internal control over financial reporting.

Management's report was not subject to attestation by the company's registered public accounting firm pursuant to temporary rules of the SEC that permit the company to provide only management's report in this quarterly report.

Changes in Internal Control Over Financial Reporting

There were no changes during the quarter ended June 30, 2011 in our internal control over financial reporting or in other factors that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of business, the Company may be or has been involved in legal proceedings from time to time. As of the date of this quarterly report on Form 10-Q, there have been no material changes to any legal proceedings relating to the Company which previously were not reported.

The Company has filed a civil lawsuit in District Court Clark County, Nevada on April 23, 2010, whereby Las Vegas Railway Express, Inc. is the Plaintiff and Romm Doulton, Elaine Doulton, J Bruce Richardson, D2 Holdings, LLC and D2 Entertainment, LLC are the Defendants. The court granted on June 2, 2010 an injunction against the Defendants. The case was filed because defamatory and false remarks were made by the Defendants about the Plaintiff and certain executives employed by the plaintiff. At this time a trial date has not been set by the court.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the 3 months ended June 30, 2011, the Company issued shares of its common stock to the following:

2,452,493 shares issued to three investors for a bridge loans for a total value of $300,000

250,000 shares cancelled to one employee as stock award for a total value of $37,500

219,884 shares issued to five consultants/contractors for a total value of $47,193

200,000 shares issued to directors of the Company's board for a compensation for a total value of $34,000

600,000 shares issued to from subscribed shares valued at $210,000

Item 3. Default Upon Senior Securities

None

Item 4. [REMOVED AND RESERVED]

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit No.	Description
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002.
31.2	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act Of 2002.
32.	

	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002.
101.INS	XBRL Instance.
101.SCH	XBRL Schema.
101.CAL	XBRL Calculation.
101.DEF	XBRL Definition.
101.LAB	XBRL Label.
101.PRE	XBRL Presentation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 8, 2011	Las Vegas Railway Express, Inc.
	By: /s/ Michael A. Barron Chief Executive Officer