

PayMeOn, Inc.  
Form 10-Q  
May 20, 2014

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

**FORM 10-Q**

**☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the quarterly period ended: **March 31, 2014**

Or

**☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

For the transition period from: \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number: 000-53574**

**PayMeOn, Inc.**

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*(Exact name of registrant as specified in its charter)*

**Nevada**

*(State or other jurisdiction  
of incorporation or organization)*

**20-4959207**

*(I.R.S. Employer  
Identification No.)*

**1040 Seminole Drive, #763, Fort Lauderdale, Florida 33304**

*(Address of Principal Executive Office) (Zip Code)*

**(800) 991-4534**

*(Registrant's telephone number, including area code)*

**2400 E. Commercial Blvd., Suite 612, Ft. Lauderdale, Florida 33308**

*(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)*

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  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 (§ 232.405 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer

Non-accelerated filer

*(Do not check if a smaller  
reporting company)*

Accelerated filer

Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

<b>Class</b>	<b>Shares Outstanding as of May 18, 2014</b>
Common Stock, \$0.001 Par Value Per Share	5,572,688

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**PAYMEON, INC. AND SUBSIDIARIES**

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**PART I. FINANCIAL INFORMATION****ITEM 1.****CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****PAYMEON, INC AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>March 31, 2014 (Unaudited)</b>	<b>December 31, 2013</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,149	\$ 3,061
<b>TOTAL CURRENT ASSETS</b>	<b>1,149</b>	<b>3,061</b>
<b>COMPUTER EQUIPMENT AND WEBSITE COSTS, NET</b>	<b>2,311</b>	<b>2,616</b>
<b>OTHER ASSETS</b>		
Deposits		31,407
<b>TOTAL ASSETS</b>	<b>\$ 3,460</b>	<b>\$ 37,084</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 213,259	\$ 188,021
Accrued expenses	782,443	422,891
Due to related parties		6,100
Note payable	2,000	2,000
Notes Payable related party- convertible (net of discount of \$141,984 and \$292,243, respectively)	892,508	668,118
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,890,210</b>	<b>1,287,130</b>
<b>COMMITMENTS AND CONTINGENCIES (SEE NOTE 5)</b>		

**STOCKHOLDERS DEFICIT**

Preferred stock, \$0.001 par value, 5,000,000 shares authorized, none issued and outstanding, respectively

Common stock, \$0.001 par value, 1,000,000,000 shares authorized, 5,572,688 and 5,572,688 shares issued and outstanding, respectively as of March 31, 2014 and December 31, 2013

	5,573	5,573
Additional paid in capital	4,663,732	4,653,851
Accumulated deficit	(6,556,055)	(5,909,470)
<b>TOTAL STOCKHOLDERS'S DEFICIT</b>	<b>(1,886,750)</b>	<b>(1,250,046)</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	<b>\$</b>	<b>3,460</b>	<b>\$</b>	<b>37,084</b>
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See accompanying notes to unaudited condensed consolidated financial statements.

**PAYMEON, INC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(UNAUDITED)**

	<b>For the Three Months Ended</b>	
	<b>2014</b>	<b>March 31, 2013</b>
<b>Revenue</b>		
Service Revenue, net	\$ 2,448	\$ 5,885
<b>OPERATING EXPENSES</b>		
Professional fees	6,351	46,940
Web development and hosting	11,247	9,002
Payroll and payroll taxes	79,847	206,694
Consulting	8,088	76,251
Travel and entertainment	3,305	7,185
General and administrative	370,877	35,839
Total Operating Expenses	479,715	381,911
<b>NET LOSS FROM OPERATIONS</b>	<b>(477,267)</b>	<b>(376,026)</b>
<b>OTHER EXPENSES</b>		
Interest expense	169,318	54,747
Total other expenses	169,318	54,747
Net loss before provision for income taxes	(646,585)	(430,773)
Provision for Income Taxes		
<b>NET LOSS</b>	<b>\$ (646,585)</b>	<b>\$ (430,773)</b>
Net loss per share - basic and diluted	\$ (0.12)	\$ (0.39)
Weighted average number of shares outstanding during the period - basic and diluted	5,572,688	1,099,314

See accompanying notes to unaudited condensed consolidated financial statements.





**PAYMEON, INC AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

	<b>For the Three Months Ended</b>	
	<b>2014</b>	<b>March 31, 2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (646,585)	\$ (430,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	305	2,369
Amortization of debt discount	152,052	49,447
Warrants issued for services	8,088	76,251
Changes in operating assets and liabilities:		
Decrease in deposit	31,407	
Increase in accounts payable and accrued expenses	384,790	52,596
Decrease in deferred revenue		(3,767)
Net Cash Used In Operating Activities	(69,943)	(253,877)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayments to related party	(6,100)	
Proceeds from notes payable related party - convertible	74,131	270,000
Net Cash Provided By Financing Activities	68,031	270,000
<b>NET (DECREASE) / INCREASE IN CASH</b>	<b>(1,912)</b>	<b>16,123</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,061</b>	<b>20,711</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 1,149</b>	<b>\$ 36,834</b>
<b>Supplemental disclosure of non cash investing &amp; financing activities:</b>		
Cash paid for income taxes	\$	\$
Cash paid for interest expense	\$	\$

See accompanying notes to unaudited condensed consolidated financial statements.



**PAYMEON, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2014**

**(UNAUDITED)**

**NOTE 1 ORGANIZATION, NATURE OF BUSINESS AND GOING CONCERN**

*(A) Organization*

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information necessary for a comprehensive presentation of financial position and results of operations. The interim results for the period ended March 31, 2014 are not necessarily indicative of results for the full fiscal year. It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation.

On March 16, 2011 PayMeOn, Inc. (formerly known as MMAX Media, Inc.) ( **PAYM** or the **Company** ) completed its agreement and plan of merger (the **Merger Agreement** ) to acquire Hyperlocal Marketing, LLC, a Florida limited liability company ( **Hyperlocal** ), pursuant to which Hyperlocal merged with and into HLM PayMeOn, Inc., a Florida corporation and wholly owned subsidiary of **PAYM**. Under the terms of the **Merger Agreement**, the Hyperlocal members received 301,296 shares of **PAYM** common stock, which equals approximately 50.1% of the total shares of **PAYM** issued and outstanding following the merger on a fully diluted basis. In accordance with ASC Topic 360-10-45-15, the transaction is accounted for as a reverse acquisition. Hyperlocal is considered the accounting acquirer and the acquiree is **PAYM** since the members of Hyperlocal obtained voting and management control of **PAYM** and the transaction has been accounted for as a reverse merger and recapitalization.

Hyperlocal Marketing, LLC was originally organized in the State of Florida on January 22, 2010. The Company has focused its efforts on organizational activities, raising capital, software development and evaluating operational opportunities.

PayMeOn owns and operates products aimed at the location-based marketing industry. PayMeOn develops and markets products that provide merchants and consumers with mobile marketing services and offers, including but not limited to, mobile coupons, mobile business cards, mobile websites, advertising inclusion with mobile referrals, use of SMS short codes and contest management. PayMeOn (formerly Hyperlocal) has had nominal revenues since its inception. PayMeOn's mobile application product is designed to offer members using the application income potential when they allow PayMeOn's merchant customer information to be included with their mobile recommendations and referrals.

PayMeOn Inc. and its wholly owned subsidiaries are herein referred to as the Company.

Effective April 1, 2013, the Company amended its articles of incorporation to increase its authorized common stock from 195,000,000 shares to 1,000,000,000 shares, eliminate the class of preferred stock known as Callable and Convertible Preferred Stock, and create a class of preferred stock consisting of 5,000,000 shares, the designations and attributes of which are left for future determination by the Company's board of directors.

On April 25, 2013 the Company approved a 1:69 reverse stock split effective May 17, 2013. As per ASC 505-10-S99, the historical financial statements have been adjusted to show the effect of the stock split as of May 15, 2013. In addition the Company approved the name change to PayMeOn, Inc.

***(B) Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of PayMeOn, Inc. and its wholly owned subsidiaries, Hyperlocal Marketing, LLC and HLM PayMeOn, Inc. All intercompany accounts have been eliminated in the consolidation.

**PAYMEON, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2014**

**(UNAUDITED)**

***(C) Going Concern***

Since inception, the Company has incurred net operating losses and used cash in operations. As of March 31, 2014, the Company has an accumulated deficit of \$6,556,055, a working capital deficiency of \$1,889,061 and used cash in operations of \$69,943. Losses have principally occurred as a result of the substantial resources required for research and development and marketing of the Company's products which included the general and administrative expenses associated with its organization and product development.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the outcome of these uncertainties. Management believes that the actions presently being taken to obtain additional funding and implement its strategic plan provides the opportunity for the Company to continue as a going concern.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***(A) Cash and Cash Equivalents***

The Company considers all highly liquid temporary cash instruments with a maturity of three months or less to be cash equivalents.

***(B) Use of Estimates in Financial Statements***