

Edgar Filing: CONNECTIV CORP - Form 10QSB

CONNECTIV CORP
Form 10QSB
November 19, 2002

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

FORM 10-QSB

Quarterly Report Pursuant to Section 13 or 15(d)
Securities Exchange Act of 1934
for Quarterly Period Ended September 30, 2002

-OR-

Transition Report Pursuant to Section 13 or 15(d)
of the Securities And Exchange Act of 1934
for the transaction period from _____ to _____

Commission File Number 333-70663

CONNECTIVCORP
(formerly known as Spinrocket.com, Inc.)

(Exact name of registrant as specified in its charter)

Delaware

06-1529524

(State or other jurisdiction of (I.R.S. Employer Identification Number)
incorporation or organization)

750 Lexington Avenue, 24th Floor, New York, New York 10022

(Address of principal executive offices, Zip Code)

(212) 750-5858

(Registrant's telephone number, including area code)

Check whether the issuer (1) 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

The number of outstanding shares of the registrant's common stock, par value \$.001 as of November 19, 2002 is 10,786,966.

CONNECTIVCORP AND SUBSIDIARIES
FORM 10-QSB
NINE ANDTHREE MONTHS ENDED SEPTEMBER 30, 2002

Edgar Filing: CONNECTIV CORP - Form 10QSB

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION	PAGE

Item 1. Financial Statements (unaudited)	
Consolidated Balance Sheet	3
Consolidated Statements of Operations for the nine months ended September 30, 2002 and 2001	4
Consolidated Statements of Operations for the three months ended September 30, 2002 and 2001	5
Consolidated Statements of Cash Flows	6
Notes To Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10
Item 3. Controls and Procedures	12
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	13
Item 2. Changes in Securities and Use of Proceeds	13
Item 3. Defaults Upon Senior Securities	14
Item 4. Submission of Matters to a Vote of Security Holders	13
Item 5. Other Information	14
Item 6. Exhibits and Reports on Form 8-K	14

2

PART I -- FINANCIAL INFORMATION

ITEM 1 -- FINANCIAL STATEMENTS

CONNECTIVCORP CONSOLIDATED BALANCE SHEET (UNAUDITED)

	September 30, 2002

ASSETS	

CURRENT ASSETS:	
Cash and cash equivalents	\$ 4,731
Prepaid expenses	1,889

Total Assets	\$ 6,620
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 280,476

Total Current Liabilities	280,476

COMMITMENTS AND CONTINGENCIES	

Edgar Filing: CONNECTIV CORP - Form 10QSB

STOCKHOLDERS' EQUITY:

Preferred Stock, \$.001 par value		-
10,000,000 shares authorized, Series D, none issued		
Common Stock, \$.001 per value		
40,000,000 shares authorized, 10,786,966 issued and outstanding	10,787	
Additional paid in capital	19,593,116	
Stock subscription receivable	(50,000)	
Accumulated deficit	(19,827,759)	

Total Stockholders' Equity		(273,856)

Total Liabilities and Stockholders' Equity	\$	6,620
		=====

The accompanying notes are an integral part of these consolidated statements.

3

CONNECTIVCORP CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, (UNAUDITED)

2001

Revenues	\$	3,500	\$
General and administrative expenses		(759,929)	(2,4
		-----	-----
Operating loss		(756,429)	(2,4
		-----	-----
Interest income		635	
		=====	=====
Net loss	\$	(755,794)	\$ (2,4
		=====	=====
Net loss per common share- basic and diluted	\$	(0.09)	\$
		=====	=====
Weighted average shares outstanding: basic and diluted		8,366,710	2,1
		=====	=====

The accompanying notes are an integral part of these consolidated statements.

4

Edgar Filing: CONNECTIV CORP - Form 10QSB

CONNECTIVCORP
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(UNAUDITED)

	2002	2001
	-----	-----
Revenues	\$ -	\$ -
General and administrative expenses	(185,850)	(7,100)
Operating loss	(185,850)	(7,100)
Interest income	103	-
Net loss	\$ (185,747)	\$ (6,900)
Net loss per common share- basic and diluted	\$ (0.02)	\$ (0.03)
Weighted average shares outstanding: basic and diluted	10,618,487	2,100,000

The accompanying notes are an integral part of these consolidated statements.

5

CONNECTIVCORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30,
(UNAUDITED)

2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss	\$ (755,794)	\$ (2,400)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	-	700
Stock-based compensation	153,872	1,000
Shares issued for legal services	-	-
Changes in assets and liabilities:		
Prepaid expenses	(1,889)	-
Accounts payable and accrued expenses	221,181	(1,000)
Net cash used in operating activities	(382,630)	(1,500)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from issuance of common stock	297,500	-
Net cash provided by financing activities	297,500	-

Edgar Filing: CONNECTIV CORP - Form 10QSB

NET CHANGE IN CASH AND CASH EQUIVALENTS	(85,130)	(1,53
CASH AND CASH EQUIVALENTS, beginning of period	89,861	1,81
<hr style="border-top: 1px dashed black;"/>		
CASH AND CASH EQUIVALENTS, end of period	\$ 4,731	\$ 28
<hr style="border-top: 3px double black;"/>		
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Stock issued in satisfaction of accounts payable	\$ 42,292	\$ 9
<hr style="border-top: 3px double black;"/>		

The accompanying notes are an integral part of these consolidated statements.

6

CONNECTIVCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 2002

Note 1 - Basis of Presentation

As used in these financial statements, the term the "Company" refers to ConnectivCorp and its consolidated subsidiaries.

The accompanying unaudited consolidated financial statements of the Company have been prepared pursuant to the rules of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Form 10-KSB. In the opinion of management, the accompanying consolidated financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results for the periods presented.

The results of operations presented for the nine months and three months ended September 30, 2002, are not necessarily indicative of the results to be expected for the year ending December 31, 2002.

Note 2 - Net Loss Per Common Share

Basic net loss per common share ("Basic EPS") is computed by dividing net loss by the weighted average number of common shares outstanding. Diluted net income per common share ("Diluted EPS") is computed by dividing net income by the weighted average number of common shares and dilutive common share equivalents then outstanding.

Basic and Diluted EPS are the same for the nine months and three months ended September 30, 2002 and 2001, as Diluted EPS does not include the impact of stock options and warrants then outstanding, as the effect of their inclusion would be antidilutive.

The following table summarizes the equivalent number of common shares assuming the related options and warrants that were outstanding as of September 30, 2002 and 2001 had been converted. These were not included in the calculation of diluted loss per share, as such shares are antidilutive:

Edgar Filing: CONNECTIV CORP - Form 10QSB

2001

	-----	-----
Stock options	-	-
Warrants	146,608	146,608
	-----	-----
Common Stock Equivalents	146,608	146,608
	=====	=====

Options to purchase 10,333 and 485,935 shares of common stock, and warrants to purchase 5,000 and 387,911 shares of common stock for the nine months ended September 30, 2002 and 2001, respectively, were not included in the above table because the exercise price of those options and warrants were greater than the average market price of the common shares. The options and warrants were still outstanding at the end of the period.

7

CONNECTIVCORP AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
 SEPTEMBER 30, 2002

Note 3 - Common Stock

During the nine months ended September 30, 2002, the Company raised \$297,500 through the issuance of 2,975,000 shares of the Company's Common Stock at \$0.10 per share.

The Company issued 466,250 shares of Common Stock to suppliers, employees and consultants in exchange for any outstanding options and warrants and a release from any future claims against the Company. As a result of the issuance, the Company recognized \$7,971 of non-cash expenses.

On March 18, 2002, 1,205,000 shares of the Company's Common Stock was issued to officers and directors and recognized \$22,475 of compensation expense.

The Company issued 2,960,000 shares of Common Stock to consultants as compensation for services rendered in connection with the letter of intent to acquire Aqua Development Corp. and recognized consulting expense of \$58,922. Atlantis Equities, Inc. ("Atlantis") received 2 million shares of the 2,960,000 shares of Common Stock issued to consultants. Robert Ellin, Chairman of the Company, is a principal of Atlantis. West End Capital Partners, LLC ("WECP") received 760,000 shares of the 2,960,000 shares of Common Stock issued to consultants. Jeffery Kuhr, a director of the Company, is a principal in WECP.

The Company issued 500,000 shares of Common Stock to satisfy \$42,292 of accounts payable outstanding at December 31, 2002.

On March 12, 2002, the Company effected a one-for-ten reverse split of its common stock. All references in the accompanying consolidated financial statements and notes thereto relating to common stock and additional paid-in capital, stock options and warrants, per share and share data have

Edgar Filing: CONNECTIV CORP - Form 10QSB

been retroactively adjusted to reflect the one-for-ten reverse stock split.

Note 4 - Contribution Agreement

On October 4, 2002, the Company executed a contribution agreement to acquire Aqua Development Corp., a California corporation ("Aqua"). The Company intends to acquire Aqua in exchange for 87.2% of the issued and outstanding common stock in the Company, as defined. The acquisition is contingent upon numerous factors, including the raising of additional financing by the parties. Immediately upon the acquisition, the Company will authorize its name to be changed to "d/b/a Aqua Development Corp."

At the closing of the Purchase Agreement, the Company shall provide a \$1.5 million bridge loan to Aqua in the form of convertible debt to be evidenced by a note bearing interest at 12% per annum, payable quarterly in arrears for the first four months and 15% per annum thereafter. The loan will have a maturity date on the second anniversary of issuance. The holders of the bridge loan will receive six million warrants for the purchase of common stock at an exercise price of \$0.10 per share. As soon as practicable after closing, the Company will make its best efforts to complete a private placement memorandum to raise \$5 million. In the event the private placement transaction is not consummated by the maturity of the bridge loan, each holder of the bridge loan may convert into common stock at a conversion price that is the lesser of a price per share based on a \$20 million valuation or a per share price based on the valuation of any public or private offering in which the net proceeds to the Company are not less than the \$5 million completed while the bridge loan is outstanding. The parties anticipate the closing shall occur during the fourth quarter of 2002.

8

CONNECTIVCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED AND UNREVIEWED)
SEPTEMBER 30, 2002

Note 5 - Commitments

Sublease

On January 1, 2002, the Company entered into a sublease for office space located at 750 Lexington Avenue, New York, New York. The lease term is for the period from January 1, 2002 through December 31, 2002, with a monthly rent of \$2,500. The office space is being leased from an entity in which the father of Robert Ellin, Chairman of the Company, is a partner.

Employment Agreements

The Company entered into an employment contract, on March 18, 2002 with Elliot Goldman for an initial term of one year. Mr. Goldman serves as President, Chief Executive Officer and as a Director of the Company at an annual salary of \$150,000. However, the compensation shall accrue and no more than \$200 per week shall be paid to Mr. Goldman until such time as the Company has received at least \$1 million in proceeds from new debt and/or equity investment subsequent the date of the agreement.

The Company entered into an employment contract, on March 18, 2002 with Robert Ellin for an initial term of one year. Mr. Ellin serves as Chairman of the Company at an annual salary of \$150,000. However, the compensation shall accrue and no more than \$200 per week shall be paid to Mr. Ellin until such time as the Company has received at least \$1 million in proceeds

Edgar Filing: CONNECTIV CORP - Form 10QSB

from new debt and/or equity investment subsequent the date of the agreement.

Consulting Agreement

The Company retained the services of Atlantis Equities, Inc. ("Atlantis"), a private merchant banking and advisory firm that primarily assists emerging growth companies, to act as its financial advisor pursuant to an Engagement letter dated March 21, 2002 for a term of one year from March 18, 2002 and ending on March 18, 2003. Robert Ellin, the current Chairman of the Company, is a principal in Atlantis. In consideration for the services to be provided by Atlantis, upon the consummation of the transactions contemplated by the letter of intent, dated as of March 21, 2002, by and between the Company and Aqua Development Corporation, the Company will issue shares of its common stock so that Atlantis will own that number of shares which constitutes up to 4.0% of the common stock then outstanding. In addition, Atlantis is to receive cash compensation of \$250,000.

9

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

The following discussion and analysis should be read in conjunction with the Company's Financial Statements and the notes thereto appearing elsewhere in this report. This report contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company cautions that forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from the statements that constitute forward-looking statements as a result of various factors.

The Company was incorporated in Delaware on May 8, 1998 under the name "SMD Group, Inc." In January 1999, the Company changed its name to "CDbeat.com, Inc." On April 19, 2000, the Company's name was changed to "Spinrocket.com, Inc." On September 11, 2000, the Company changed its name from Spinrocket.com, Inc. to "ConnectivCorp" because this new name better described the Company's then strategic direction. The Company's business model was to facilitate the online connection between targeted, profiled consumers and marketers desiring to reach those consumers. As its initial focus, the Company formed a new wholly-owned subsidiary, ConnectivHealth, in order to facilitate its connectivity model in the healthcare field.

UNCERTAINTY

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has a limited operating history, and since its inception in 1998 has incurred substantial losses. The Company's accumulated deficit as of September 30, 2002 is approximately \$19.8 million. To date, the Company has not generated any significant revenue from its proposed business model, which contemplated selling pharmaceutical and other healthcare companies access to the Company's aggregated users. The Company incurred a net loss of approximately \$756,000 and \$2.4 million for the nine months ended September

Edgar Filing: CONNECTIV CORP - Form 10QSB

30, 2002 and 2001, respectively, while cash and cash equivalents at September 30, 2002 totaled approximately \$5,000. These matters raise substantial doubt about the Company's ability to continue as a going concern. The Company's continued existence is dependent upon several factors including the Company's ability to raise additional equity or execute its business strategy.

The Company has made a decision to restructure its operations. Management has issued restricted common stock to satisfy existing trade payables and the Company is seeking appropriate merger or acquisition partners in the medical information or other unrelated fields. Management has agreed to provide or arrange for short term financing of \$250,000 in connection with this effort and has effected a one for ten reverse stock split of the Company's common stock as of March 12, 2002.

The Company's ability to operate as a going concern is dependent on its ability to execute its restructuring and/or raise additional equity. There can be no level of assurance that the Company will be able to achieve or sustain any level of profitability in the future. Future operating results will depend upon a number of factors, including the ability to raise additional capital, the execution of the Management's restructuring plans and prevailing economic conditions. While the Company has reduced its operating expenses, no assurance can be given that the Company can sustain these operating levels. Moreover, the Company has not yet generated any meaningful revenues, and no assurance can be given that it will do so in the future. There can be no assurance that the Company will generate sufficient revenues to ever achieve profitability or otherwise sustain its profitability in the future. While the Company is exploring appropriate merger or acquisition partners in the medical information or other unrelated fields, there can be no assurance that a transaction will be consummated.

CONTRIBUTION AGREEMENT

On October 4, 2002, the Company executed a contribution agreement to acquire Aqua Development Corp., a California corporation ("Aqua"). The Company intends

10

to acquire Aqua in exchange for 87.2% of the issued and outstanding common stock in the Company, as defined. The acquisition is contingent upon numerous factors, including the raising of additional financing by the parties. Immediately upon the acquisition, the Company will authorize its name to be changed to "d/b/a Aqua Development Corp."

At the closing of the Purchase Agreement, the Company shall provide a \$1.5 million bridge loan to Aqua in the form of convertible debt to be evidenced by a note bearing interest at 12% per annum, payable quarterly in arrears for the first four months and 15% per annum thereafter. The loan will have a maturity date on the second anniversary of issuance. The holders of the bridge loan will receive six million warrants for the purchase of common stock at an exercise price of \$0.10 per share. As soon as practicable after closing, the company will make its best efforts to complete a private placement memorandum to raise \$5 million. In the event the private placement transaction is not consummated by the maturity of the bridge loan, each holder of the bridge loan may convert into common stock at a conversion price that is the lesser of a price per share based on a \$20 million valuation or a per share price based on the valuation of any public or private offering in which the net proceeds to the Company are not less than \$5 million completed while the bridge loan is outstanding. The parties

Edgar Filing: CONNECTIV CORP - Form 10QSB

anticipate the closing shall occur during the fourth quarter of 2002.

The following discussion and analysis compares the results of the Company's continuing operations for the Nine and Three Months ended September 30, 2002 and September 30, 2001.

ACCOUNTING POLICIES

The following accounting policies are important to an understanding of the operating results and financial condition of the Company and should be considered as an integral part of the financial review. For additional accounting policies, see note 1 to the consolidated financial statements, "Significant Accounting Policies."

Estimates and Assumptions

In preparing the financial information, the Company used some estimates and assumptions that may affect reported amounts and disclosures. Estimates are used when accounting for depreciation, amortization, impairment of assets and asset valuation allowances. We are also subject to risks and uncertainties that may cause actual results to differ from estimated results, such as legislation, regulation and the ability to obtain financing. Certain of these risks and uncertainties are discussed elsewhere in Management's Discussion and Analysis.

NINE MONTHS ENDED SEPTEMBER 30, 2002

The Company generated \$3,500 in revenues from operations during the nine months ended September 30, 2002. The Company did not generate revenues from operations during the nine months ended September 30, 2001.

For the nine months ended September 30, 2002 and 2001, the Company reported the following:

Net loss	\$ (755,794)	\$ (2,413,194)
	=====	=====
Net loss per common share- basic and diluted	\$ (0.09)	\$ (1.12)
	=====	=====

For the nine months ended September 30, 2002, the Company reported a net loss of \$755,794. General and administrative expenses include expenses of approximately \$77,000 for professional fees; \$226,000 for salary and related expenses, \$176,000 for consultants, \$77,000 of insurance, \$22,500 for rent and \$64,000 for compensation costs recognized in connection with stock options.

11

For the nine months ended September 30, 2001, the Company reported a loss from continuing operations of \$2,413,194. General and administrative expenses include expenses of approximately \$257,000 for professional fees; \$323,000 for salary and related expenses, \$449,000 for consultants, \$749,000 for amortization of acquired software, magazines and goodwill, \$169,000 for the maintenance and content for the web site and \$154,000 for compensation costs recognized in connection with stock options.

THREE MONTHS ENDED SEPTEMBER 30, 2002

Edgar Filing: CONNECTIV CORP - Form 10QSB

The Company did not generate revenues from operations during the three months ended September 30, 2002 and 2001.

For the three months ended September 30, 2002 and 2001, the Company reported the following:

Net loss	\$ (185,747)	\$ (694,348)
	=====	=====
Net loss per common share- basic and diluted	\$ (0.02)	\$ (0.32)
	=====	=====

For the three months ended September 30, 2002, the Company reported a loss from continuing operations of \$185,747. General and administrative expenses include expenses of which approximately, \$76,000 for salary and related expenses, \$6,000 for legal and professional, \$7,500 for rent and \$67,000 for consultants.

The Company reported a loss from continuing operations of \$694,348 for the three months ended September 30, 2001. General and administrative expenses include expenses of approximately \$113,000 for professional fees; \$83,000 for salary and related expenses, \$64,000 for compensation costs recognized in connection with stock options, \$248,000 for amortization of acquired software, magazines and goodwill.

Liquidity and Capital Resources

In the nine months ended September 30, 2002, \$382,630 of cash was used in operating activities. Funds were used to pay the Company's operating expenses. \$297,500 of cash was generated through the issuance of 2,975,000 shares of common stock.

ITEM 3 - CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the 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 the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design

and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial

Edgar Filing: CONNECTIV CORP - Form 10QSB

Officer concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

PART II -- OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

None

ITEM 2 - CHANGES IN SECURITIES

The issuance of the shares of Common Stock during the nine months ended September 30, 2002 did not involve a public offering and was based on Section 4(2) of the Securities Act of 1993, as amended.

During the nine months ended September 30, 2002, the Company raised \$297,500 through the issuance of 2,975,000 shares of the Company's Common Stock at \$0.10 per share to four existing shareholders and consultants.

The Company issued 466,250 shares of Common Stock to suppliers, employees and consultants in exchange for any outstanding options and warrants and a release from any future claims against the Company. As a result of the issuance, the Company recognized \$7,971 of non-cash expenses.

On March 18, 2002, 1,205,000 shares of the Company's Common Stock was issued to officers and directors and recognized \$22,475 of compensation expense.

The Company issued 2,960,000 shares of Common Stock to consultants as compensation for services rendered in connection with the letter of intent to acquire Aqua Development Corp. and recognized consulting expense of \$58,922. Atlantis Equities, Inc. ("Atlantis") received 2 million shares of the 2,960,000 shares of Common Stock issued to consultants. Robert Ellin, Chairman of the Company, is a principal of Atlantis. West End Capital Partners, LLC ("WECP") received 760,000 shares of the 2,960,000 shares of Common Stock issued to consultants. Jeffery Kuhr, a director of the Company, is a principal in WECP.

The Company issued 500,000 shares of Common Stock to satisfy \$42,292 of accounts payable outstanding at December 31, 2002.

On March 12, 2002, the Company effected a one-for-ten reverse split of its common stock. All references in the accompanying consolidated financial statements and notes thereto relating to common stock and additional paid-in capital, stock options and warrants, per share and share data have been retroactively adjusted to reflect the one-for-ten reverse stock split.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None

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

Not applicable

Edgar Filing: CONNECTIV CORP - Form 10QSB

ITEM 5 - OTHER INFORMATION

Sublease

On January 1, 2002, the Company entered into a sublease for office space located at 750 Lexington Avenue, New York, New York. The lease term is for the period from January 1, 2002 through December 31, 2002, with a monthly rent of \$2,500. The office space is being leased from an entity in which the father of Robert Ellin, chairman of the Company, is a partner.

Employment Agreements

The Company entered into an employment contract, on March 18, 2002 with Elliot Goldman for an initial term of one year. Mr. Goldman serves as President, Chief Executive Officer and as a Director of the Company at an annual salary of \$150,000. However, the compensation shall accrue and no more than \$200 per week shall be paid to Mr. Goldman until such time as the Company has received at least \$1 million in proceeds from new debt and/or equity investment subsequent the date of the agreement.

The Company entered into an employment contract, on March 18, 2002 with Robert Ellin for an initial term of one year. Mr. Ellin serves as Chairman of the Company at an annual salary of \$150,000. However, the compensation shall accrue and no more than \$200 per week shall be paid to Mr. Ellin until such time as the Company has received at least \$1 million in proceeds from new debt and/or equity investment subsequent the date of the agreement.

Consulting Agreement

The Company retained the services of Atlantis Equities, Inc. ("Atlantis"), a private merchant banking and advisory firm that primarily assists emerging growth companies, to act as its financial advisor pursuant to an Engagement letter dated March 21, 2002 for a term of one year from March 18, 2002 and ending on March 18, 2003. Robert Ellin, the current Chairman of the Company, is a principal in Atlantis. In consideration for the services to be provided by Atlantis, upon the consummation of the transactions contemplated by the letter of intent, dated as of March 21, 2002, by and between the Company and Aqua Development Corporation, the Company will issue shares of the common stock so that Atlantis will own that number of shares which constitutes up to 4.0% of the common stock then outstanding, and in addition, cash compensation of \$250,000.

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

- (a) Not applicable
 - (b) Reports on Form 8-K
- None

14

CERTIFICATION AND SIGNATURE

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 thereunto duly authorized.

Edgar Filing: CONNECTIV CORP - Form 10QSB

CONNECTIVCORP

Dated: November 19, 2002 by: /s/ Elliot Goldman

Elliot Goldman
President and Chief Executive Officer
(Principal Financial Officer)

Dated: November 19, 2002 by: /s/ Robert Ellin

Robert Ellin
Chairman of the Board
(Principal Executive Officer)

15

CERTIFICATION

I, Robert Ellin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ConnectivCorp;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
 - (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

Edgar Filing: CONNECTIV CORP - Form 10QSB

- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 19, 2002

/s/ Robert Ellin

Date

Robert Ellin

Chairman of the Board
(Principal Executive Officer)
16

CERTIFICATION

I, Elliot Goldman, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of ConnectivCorp;
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
- 5. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
 - (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

Edgar Filing: CONNECTIV CORP - Form 10QSB

- (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and
6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

November 19, 2002

/s/ Elliot Goldman

Date

Elliot Goldman
President and Chief Executive Officer
(Principal Financial Officer)