

Opteum Inc.
Form 10-Q
August 14, 2007

**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 June 30, 2007

**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: 001-32171

Opteum Inc.
(Exact name of registrant as specified in its charter)

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

72-1571637
**(I.R.S. Employer
Identification No.)**

3305 Flamingo Drive, Vero Beach, Florida 32963
(Address of principal executive offices) (Zip Code)

(772) 231-1400
(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES " NO b

As of August 13, 2007, the number of shares outstanding of the registrant's Class A Common Stock, \$0.001 par value, was 24,665,993; the number of shares outstanding of the registrant's Class B Common Stock, \$0.001 par value, was 319,388; and the number of shares outstanding of the registrant's Class C Common Stock, \$0.001 par value, was 319,388.

OPTEUM INC.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.

OPTEUM INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS	June 30, 2007	December 31, 2006
MORTGAGE-BACKED SECURITIES:		
Pledged to counterparties, at fair value	\$ 1,818,234,441	\$ 2,803,019,180
Unpledged, at fair value	401,568	5,714,860
TOTAL MORTGAGE BACKED SECURITIES	1,818,636,009	2,808,734,040
Cash and cash equivalents	41,902,854	82,751,795
Principal payments receivable	10,016,176	12,209,825
Accrued interest receivable	9,835,614	14,072,078
Property and equipment, net	4,253,272	4,372,997
Prepays and other assets	5,696,687	6,168,736
Assets held for sale	218,317,915	1,009,324,465
TOTAL ASSETS	\$ 2,108,658,527	\$ 3,937,633,936
LIABILITIES AND STOCKHOLDERS'		
EQUITY		
LIABILITIES:		
Repurchase agreements	\$ 1,783,331,466	\$ 2,741,679,650
Junior subordinated notes due to Bimini Capital Trust I & II	103,097,000	103,097,000
Accrued interest payable	10,303,971	17,776,464
Dividends payable	-	1,266,937
Accounts payable, accrued expenses and other	2,239,480	692,469
Minority interest in consolidated subsidiary	-	770,563
Liabilities related to assets held for sale	180,917,866	879,916,024
TOTAL LIABILITIES	2,079,889,783	3,745,199,107
STOCKHOLDERS' EQUITY:		
Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; designated 1,800,000 Class A Redeemable and 2,000,000 Class B Redeemable; no shares issued and outstanding as of June 30, 2007 and December 31, 2006	-	-
Class A Common Stock, \$0.001 par value; 98,000,000 shares designated: 24,603,560 shares issued and outstanding as of June 30, 2007 and 24,515,717 shares issued and outstanding as of December 31, 2006	24,603	24,516
Class B Common Stock, \$0.001 par value; 1,000,000 shares designated, 319,388 shares issued and outstanding as of June 30, 2007 and December 31, 2006	319	319

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Class C Common Stock, \$0.001 par value;
 1,000,000 shares designated, 319,388 shares
 issued and outstanding as of June 30, 2007 and
 December 31, 2006

	319	319
Additional paid-in capital	337,011,764	335,646,460
Accumulated other comprehensive loss	-	(76,773,610)
Accumulated deficit	(308,268,261)	(66,463,175)
TOTAL STOCKHOLDERS' EQUITY	28,768,744	192,434,829
TOTAL LIABILITIES AND STOCKHOLDERS'		
EQUITY	\$ 2,108,658,527	\$ 3,937,633,936

See notes to consolidated financial statements.

OPTEUM INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Six Months Ended		Three Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
Interest income, net of amortization of premium and discount	\$ 71,419,602	\$ 98,869,734	\$ 29,563,192	\$ 57,041,544
Interest expense	(75,323,440)	(82,702,101)	(35,680,803)	(43,822,078)
NET INTEREST INCOME (EXPENSE)	(3,903,838)	16,167,633	(6,117,611)	13,219,466
REALIZED LOSS ON SALE OF MORTGAGE-BACKED SECURITIES	(19,388,377)	-	(18,568,106)	-
OTHER INCOME	-	70,566	-	70,566
OTHER-THAN-TEMPORARY LOSS ON MORTGAGE-BACKED SECURITIES	(55,250,278)	-	(55,250,278)	-
TOTAL NET REVENUES (DEFICIENCY OF REVENUES)	(78,542,493)	16,238,199	(79,935,995)	13,290,032
DIRECT REIT OPERATING EXPENSES	451,702	545,823	223,455	226,573
GENERAL AND ADMINISTRATIVE EXPENSES:				
Compensation and related benefits	2,343,830	3,570,516	1,151,445	2,159,429
Directors' fees and liability insurance	388,536	420,034	188,573	210,140
Audit, legal and other professional fees	681,226	676,301	338,830	391,720
Other administrative expenses	328,614	490,503	183,310	266,355
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	3,742,206	5,157,354	1,862,158	3,027,644
TOTAL EXPENSES	4,193,908	5,703,177	2,085,613	3,254,217
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	(82,736,401)	10,535,022	(82,021,608)	10,035,815
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARY	770,563	-	-	-
INCOME (LOSS) FROM CONTINUING OPERATIONS				