ORIGIN INVESTMENT GROUP INC
Form 10-Q
May 22, 2001

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

FORM 10-Q

[x] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2001

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 No. ___________

ORIGIN INVESTMENT GROUP, INC.
(Exact name of registrant as specified in its charter)

Maryland	36-4286069
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1620 26th Street, Third Floor, Santa Monica, CA 90266
(Address of principal executive offices) (Zip Code)

(310) 255-8834
(Registrant's telephone number, including area code)

980 North Michigan Avenue, Suite 1400, Chicago, Illinois 60611
(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 and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant has been required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

The registrant has 5,353,216 shares of common stock outstanding as of May 9, 2001.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

ORIGIN INVESTMENT GROUP, INC.
(A Development Stage Company)

BALANCE SHEETS

March 31, 2001 (Unaudited) and December 31, 2000

ASSETS

	March 31, 2001	December 31, 2000
Cash and cash equivalents	$ 6,173	$ 66,458
Prepaid expenses	77,600	77,600
Interest receivable - Officer	--	9,791
Deferred financing costs	14,795	--
Total Current Assets	98,568	153,849
PROPERTY AND EQUIPMENT, Net	11,354	12,033
TOTAL ASSETS	$109,922	$165,882

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

ORIGIN INVESTMENT GROUP, INC.
(A Development Stage Company)

BALANCE SHEETS

March 31, 2001 (Unaudited) and December 31, 2000

LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY

	March 31, 2001	December 31, 2000
LIABILITIES		
Accounts payable and accrued expenses	$ 76,567	$ 28,550
Loans payable	35,000	--
		--
TOTAL CURRENT LIABILITIES	111,567	28,550
COMMITMENTS		
STOCKHOLDERS' (DEFICIENCY) EQUITY		
Preferred Stock $.001 par value, 5,000,000 shares authorized, none issued and outstanding	--	--
Common stock, $.001 par value, 50,000,000 shares authorized; 5,386,549 and 5,353,216 issued and outstanding	5,386	5,353
Paid-in-capital	1,641,620	1,609,770
Subscription receivable	--	(198,000)
Deficit accumulated during development stage	(1,648,651)	(1,279,791)
TOTAL STOCKHOLDERS' (DEFICIENCY) EQUITY	(1,645)	137,332
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY	$ 109,922	$ 165,882

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

ORIGIN INVESTMENT GROUP, INC.
(A Development Stage Company)

STATEMENTS OF OPERATIONS (UNAUDITED)

For the Three Months ended March 31, 2001 and 2000 and for the Period April 6, 1999 (Inception) Through March 31, 2001

	Three Months Ended March 31, 2001	Three Months Ended March 31, 2000
OPERATING EXPENSES		
Professional fees and consulting fees	$ 68,892	$ 104,151
Travel and entertainment	14,328	98,910
General and administrative expenses	25,661	71,412
Officers and directors compensation	252,945	47,369
TOTAL OPERATING EXPENSES	361,826	321,842
OTHER EXPENSES		
Interest expense (income), net	7,034	(111)
Break up fee	--	200,000
Other expenses, net	--	--
	--	--
TOTAL OTHER EXPENSES	7,034	199,889
NET LOSS	$(368,860)	$(521,731)
NET LOSS PER COMMON SHARE - BASIC AND DILUTED	(0.07)	(0.13)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	5,354,681	4,092,519

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

ORIGIN INVESTMENT GROUP, INC.

(A Development Stage Company)

STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Three Months Ended March 31, 2001 and 2000 and for the period April 6, 1999 (Inception) Through March 31, 2000

	Three Months Ended March 31,	
	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(368,860)	$(521
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	679	
Amortization of financing costs	7,088	
Officers and directors compensation	207,791	
Changes in operating assets and liabilities;	--	
Miscellaneous receivable	--	4
Advances to Officer	--	12
Interest receivable - Officer	--	
Prepaid expenses	--	33
Accounts payable and accrued expenses	48,017	40
TOTAL ADJUSTMENTS	263,575	90
NET CASH USED IN OPERATING ACTIVITIES	(105,285)	(430
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	-	
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Net proceeds from issuance of common stock	10,000	199
Proceeds from proposed sale of preferred stock.	--	243
Net proceeds from loans payable	35,000	
NET CASH PROVIDED BY FINANCING ACTIVITIES	45,000	443
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(60,285)	12
CASH AND CASH EQUIVALENTS - Beginning	66,458	
CASH AND CASH EQUIVALENTS - Ending	6,173	13

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

ORIGIN INVESTMENT GROUP, INC.
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Description of Business

Origin Investment Group, Inc. (the "Company") was incorporated on April 6, 1999 and is in the business of venture capital, which is providing growth capital to emerging companies. The Company has elected to be regulated as a business development company under the Investment Company Act of 1940 and will operate as a nondiversified company. Since its inception, the Company's efforts have been devoted to raising capital and seeking out companies to invest in. Accordingly, through the date of these financial statements, the Company is considered to be in the development stage and the accompanying financial statements represent those of a development stage enterprise.

The Company has experienced losses since inception and has negative cash flows from operations and has a stockholders' deficiency. For the quarter ended March 31, 2001, the Company experienced a net loss of $368,860.

The Company's ability to continue as a going concern is contingent upon its ability to raise additional capital. In addition, the Company's ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which the Company operates.

Management is pursuing various sources to raise capital and has a purchase agreement in place to acquire a certain company, contingent on due diligence and the ability to raise capital when needed or obtain such on terms satisfactory to the Company, if at all. Failure to raise capital may result in the Company depleting its available funds and not being able to fund its investment pursuits.

NOTE 2 - Presentation

The accompanying balance sheet of the Company as of March 31, 2001, the related statement of operations and cash flow for the three months ended March 31, 2001 have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The condensed financial statements and these notes should be read in conjunction with the financial statements of the Company included in the Company's Annual Report of Form 10-K for the year ended December 31, 2000 as filed with the commission.

NOTE 2 - Presentation, continued

The information furnished herein reflects all adjustments consisting only of normal recurring accruals, which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim period. Results of operations for the three months ended March 31, 2001 are not necessarily indicative of results to be expected for the entire year.

NOTE 3 - Stock purchase agreements

On March 15, 2001, the Company entered into a letter of Intent and subsequently on April 30, 2001 entered into a share exchange agreement and investment and conversion agreement whereby the Company would acquire 100% of the outstanding stock of Vivocom, Inc ("Vivocom") in exchange for 2,000,000 shares of the Company's common stock, subject to and adjustment amount, and 1,000,000 shares of the Company's Series B Convertible preferred stock. The 1,000,000 shares of the Company's Series B Convertible preferred stock will be convertible into 18,000,000 shares of the Company's common stock provided that Vivocom meets certain target revenue amounts over a three year period starting at the closing date. The Company would also be required to invest a minimum of $3,250,000 within Vivocom during the first year from the closing date for development and marketing of which $250,000 would be paid at closing. This $250,000 will constitute the adjustment amount whereby the number of the Company's common shares due at closing will be reduced by dividing $250,000 by the bid price of the Company's common stock on the closing date. The closing of this acquisition is subject to due diligence by the Company and Vivocom and the ability of the Company to raise the required capital, among other things. There is no assurance that the acquisition will be completed by the Company and Vivocom.

NOTE 4 - Equity Transactions

On March 28, 2001 the Company sold 33,333 units to an investor for an aggregate of $10,000 or $.30 per share. Each unit is comprised of one share of common stock and one common stock warrant. Each warrant is redeemable for one share of common stock upon the payment of $.40.

NOTE 5 - Short Term Bridge Loan

During the quarter ended March 31, 2001, the Company received an aggregate of $35,000 in the form of two short term bridge loans from investors. The duration of these loans are two months and three months and carry interest rates of 12% per annum. Each bridge loan investor also received common stock warrants to purchase an aggregate of 52,500 shares of the Company's common stock exercisable at $.40 per share. As of the date of this quarterly report filing all Principal and interest has not been returned to the investors.

NOTE 6 - Forgiveness of Debt

On March 19, 2001 by consent of the Board of Directors and the advisory directors, all principal and interest in relation to the stock subscription receivable from the Chairman of the Board and the Chief Executive Officer in the amount of $207,791 was forgiven. This debt forgiveness was recognized as compensation expense during quarter ended March 31, 2001.

NOTE 7 - Subsequent Events

Equity transactions

On April 4, 2001 the Company sold 100,000 units to an investor for an aggregate of $30,000 or $.30 per unit. Each unit is comprised of one share of common stock and one and one half common stock warrants or 150,000 common stock warrants. Each common stock warrant is redeemable for one share of common stock upon the payment of $.40 per warrant.

On May 9, 2001 the Company sold 50,000 units to an investor for an aggregate of $20,000 or $.40 per unit. Each unit is comprised of one share of common stock and one common stock warrant. Each common stock warrant is redeemable for one share of common stock upon the payment of $.40 per warrant.

Short term bridge loan

On May 15, 2001, the Company received $10,000 in the form of a short term bridge loan from an investors. The duration of this loan is one month and has an interest rate of 12% per annum. This investor also received common stock warrants to purchase an aggregate of 15,000 shares of the Company's common stock exercisable at $.51 per share.

Warrants

On May 17, 2001, the Company issued warrants to a consultant to purchase an aggregate of 12,500 shares of common stock at an exercise price of $.40 per share.

ORIGIN INVESTMENT GROUP, INC.

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

Except for historical information, the following discussion of our financial condition and results of operations contains forward looking statements based on current expectations that involve certain risks and uncertainties. Our actual results could differ materially from those set forth in these forward-looking statements as a result of a number of factors. Unless specified otherwise, the terms, "we", "us", "our", "the company", and "Origin" refer to Origin Investment Group, Inc.

Overview

We are a business development company incorporated in the State of Maryland on April 6, 1999. We are in the start up stage and we have not had any revenues to date and we have not made any investments. Since inception our operations have been limited to identifying, investigating and conducting due diligence upon private companies involved within the Information Technology industry for the purpose of investing in such companies. Our strategy is to identify several profitable IT service businesses, invest in such companies, consolidate their operations and technologies to create a profitable e-business solutions company.

Our financial statements are presented on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

We have experienced a loss since inception and have negative cash flows from operations and have a stockholder's equity deficiency. For the period ended March 31, 2001, we experienced a net loss of $368,860, as compared to a net loss of $521,731, for the period ending March 31, 2000.

Our ability to continue as a going concern is contingent upon our ability to raise additional capital. In addition, the ability to continue as a going concern must be considered in light of the problems, expenses and complications frequently encountered by entrance into established markets and the competitive environment in which we operate.

The report of the Company's Independent Certified Public Accountants' includes an explanatory paragraph expressing substantial doubt about the our ability to continue as a going concern. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from our possible inability to continue as a going concern. This quarterly report was not reviewed by our independent certified public accountants.

Liquidity and Capital Resources

Since our inception, we have funded our operations solely through payments received from the sale of our equity securities and from short term bridge loans received from certain accredited investors. Our current liquidity and capital resources are contingent on our ability to continue to fund our operations through the sale of our equity securities. If we are unsuccessful in continuing to raise capital through the sale of our securities, we will have difficulty in meeting our short term obligations and may cease to continue as a going concern. Our ability to sell our equity securities to fund operations and to make investments within identified eligible portfolio companies, in large part, is contingent upon the depth and liquidity of our secondary market of our common stock. Any failure to raise sufficient capital pursuant to the current or future Origin offerings could require us to substantially curtail our portfolio-investment acquisition efforts in general, and could require us to cease operations.

Our cash flow requirements have continuously exceeded our capital resources during the quarter, requiring us to issue additional equity securities for sale to meet our short term obligations. We anticipate operating at such a deficit for the next several months until we are able to secure additional working capital.

STOCK PURCHASE OF VIVOCOM, INC.

One April 30, 2001 we entered into a share exchange agreement ("Share Exchange Agreement") and an investment and conversion agreement ("Investment Agreement") with Vivocom, Inc., a San Jose, California based Internet software company which has developed and owns a proprietary and patent pending Internet routing technology known as the "Smart Internet Switch(TM)". The "Smart Internet Switch(TM)" or "SIS" is a technology which allows all forms of digital data: voice, video, remote control, remote application sharing and all other forms of data to be routed, queued and translated from one device to another, utilizing a single Internet Protocol (IP) channel. Pursuant to the Share Exchange Agreement, we have agreed to acquire one hundred percent of the issued and outstanding capital stock of Vivocom, in exchange for (a) $250,000 cash, (b) 2,000,000 shares of Origin common stock, subject to a downward adjustment ("Adjustment"), and (c) 1,000,000 Series B Convertible Preferred Stock of Origin ("Series B Stock"). Pursuant to the Investment Agreement, we have agreed to invest an aggregate of $3,250,000 cash within the operations of Vivocom during the first twelve months after the closing of the transaction. Also, in the event that Vivocom achieves certain revenue milestones from the sale and/or licensing of its SIS technology and related products, the Series B Stock will convert into additional Origin common stock. In addition, should Vivocom achieve a minimum of $5,000,000 in revenues during the first 12 months of operations after closing, as defined within the Investment Agreement, Origin agrees to invest an additional $10,000,000 during the twelve months beginning one year after the date of close of the transaction.

Current Series A Convertible Preferred Offering

On April 17, 2001 we filed an exempt offering pursuant to Rule 602 of Regulation E with the Securities and Exchange Commission. Pursuant to this filing, we are currently offering via private placement to accredited investors an offering of 150,000 units for $1,500,000 or $10.00 per Unit ("Unit Offering"). Each unit is comprised of one Series A Convertible Preferred Stock ("Series A Stock") and ten Class C common stock purchase warrants. Each Series A Stock converts into a certain number of common stock based on a conversion price calculated on the date of conversion, as described below. The Series A Stock will automatically convert on four conversion dates, converting one fourth or twenty five percent (25%) on each such date. The four conversion dates for the Series A Stock will occur every 90 days, beginning on the date this offering is closed. The conversion dates are 3, 6, 9, and 12 months after the close of this offering, which shall occur on the earlier of (1) subscriptions for $1,500,000 is received or (2) July 31, 2001. On each conversion date, 25% of Series A Stock held by each Series A Stock holder will convert into an amount of common stock equal to the following formula: Total common shares received on each conversion date by each holder of Series A Stock= 10*[25% of Total Shares of Series A Stock held of record by holder as of Close of Private Placement/Conversion Price]. The conversion price ("Conversion Price") will be calculated as 75% of the average closing bid price, as quoted by Bloomberg, L.P., for the ten days on which the Nasdaq Stock Market is open for regular trading immediately preceding the conversion date, subject to a minimum or "floor" or $0.40 and a maximum or "cap" of $5.00. For example, an investor who invests $10,000 will receive 1,000 Series A Stock and 10,000 Class C Warrants. On the first conversion date, assuming the conversion price as calculated is equal to $2.00, that investor will receive 10*[250/2.00] or 1,250 common shares and will receive a stock certificate for his/her 750 shares of Series A Stock remaining. At each conversion date, each Unit holder will be allowed to redeem 25% of his/her warrants upon payment of redemption price of $0.40 per Class C Warrant. Holders of Series A Stock will also be entitled to a dividend payment in the amount of $0.95 per Series A Stock which will be paid on the last conversion date in the form of cash or an amount of common stock at the Conversion Price, as calculated above, on the final conversion date, at the holder's election. We intend on utilizing the proceeds from this Unit Offering to meet our funding obligations pursuant to the Share Exchange Agreement and Investment Agreement with Vivocom and for working capital purposes. At the time of filing of this Form 10-Q, no subscriptions for Units pursuant to this Unit Offering have been received.

Results of Operations

Our operations have been limited to obtaining additional capital through the sale of our equity securities, obtaining short term bridge loans and negotiating with additional potential eligible portfolio companies for possible investment. To date we have had negative cash flows and anticipate continuing to do so in the near future. We anticipate that upon completion of an investment within an eligible portfolio company, our operational costs will increase substanially in light of the need to hire additional personnel, including a Chief Financial Officer and additional support staff.

Our strategy and plan for the remainder of this fiscal year is to raise additional capital through the sale of our stock and purchase controlling interests within one or more profitable private businesses involved in the Internet infrasturcture and services sector of the IT industry. Our investment strategy is to acquire controlling interests within two or more "core" profitable IT businesses involved in ASP, Systems Integration and Internet Services to create, on consolidation of such entities, a profitable e-business solutions company that provides its customers with web/e-commerce applications, IT consulting and solutions and other value added services and which utilizes ASP delivery and co-location hosting strategies on a cost effective basis to end users. We intend on creating such an eligible portfolio company by consolidating one or more systems integrators, value added resellers and a cutting edge e-business solutions companies that we have identified and may identify over the next several months. Our initial investments will be within these "core" businesses that have built and have executed profitable business models and therafter combine such core businesses with technology resources found within development stage Internet web design and e-commerce integration companies.

SPECIAL NOTICE REGARDING FORWARD LOOKING STATEMENTS

This Form 10-Q, the quarterly report, and certain information provided periodically in writing or orally by the Company's Officers or its agents contains statements which constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934. The words "expect," "believe," "plan," "intend," "estimate", "anticipate", "strategy", "goal" and similar expressions and variations thereof if used are intended to specifically identify forward-looking statements. Those statements may appear in a number of places in this Form 10-Q and in other places, particularly, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things:

(i) the successful completion of investment(s) within one or more eligible portfolio companies that we have identified, (ii) our liquidity and capital resources; and (iii) our future performance and operating results.

Investors and prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, the following:

(i) any adverse effect or limitations caused by any governmental regulations or actions; (ii) any increased competition in our business of providing venture capital to eligible portfolio companies; (iii) successfully identifying, negotiating, structuring and making investments within one or more eligible portfolio companies; (iv) our ability to raise necessary investment capital within the time frame agreed to between us and the principals of an eligible portfolio company in order to successfully invest in such eligible portfolio company; (v) the continued relationship with and success of the management and owners of an eligible portfolio company after our investment; and

(vi) the continued performance of our eligible portfolio companies with respect to their operations, including, but not limited to:

a. continued employment of key personnel, hiring of qualified additional personnel;
b. the eligible portfolio company's mitigation of excessive and extraordinary costs, and achieving projected profits and additional customers for their growth.
c. Any other factors which would otherwise impede our eligible portfolio company in achieving its performance goals upon which we based a

favorable return on our investment.

We undertake no obligation to publicly update or revise the forward looking statements made in this Form 10-Q or annual report to reflect events or circumstances after the date of this Form 10-Q and annual report or to reflect the occurrence of unanticipated events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have no securities that are subject to interest rate fluctuations, foreign currency risk, commodity price or any other relevant market risks during the period covered by this Quarterly Report. We have not entered into any hedging transactions or acquired any derivative instruments during the period covered by this Quarterly Report.

PART II - OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

Equity Transactions

On April 4, 2001, we sold 100,000 units to an investor for an aggregate of $30,000 or $.030 per Unit. Each unit is comprised of one share of common stock and one and one half common stock warrants, or 150,000 common stock warrants. Each common stock warrant is redeemable for one share of common stock upon payment of $.40 per warrant.

On May 9, 2001 we sold 50,000 units to an investor for an aggregate of $20,000, or $0.40 per unit. Each unit is comprised of one share of common stock and one common stock warrant, or 50,000 warrants. Each common stock warrant is redeemable for one share of common stock upon the payment of $0.40 per warrant.

Short Term Bridge Loans

On May 15, 2001, we received $10,000 in the form of a short term bridge loan from an investor. The duration of this loan is one month and has an interest rate of 12% per annum. This investor also received common stock warrants to purchase an aggregate of 15,000 shares of our common stock exercisable at $.51 per share.

Warrants

On May 17, 2001 we issued warrants to a non-affiliated consultant to purchase an aggregate of 12,500 shares of common stock at an exercise price of $0.40 per share.

Item 6. Exhibits and Reports on Form 8-K.

1. Exhibits

Exhibit	Description
3.1	Articles of Incorporation of Origin filed on April 6, 1999 (incorporated by reference to Exhibit 3(i) to Form 10 filed by Origin on August 16, 1999)
3.2	Bylaws of Origin. (Incorporated by reference to Exhibit 3(ii) to Form 10 filed by Origin on August 16, 1999)

4.1 Offering Circular of Unit Offering (Incorporated by reference to Form 1-E filed on April 17, 2001 in connection with Rule 602 Regulation E Unit Offering.)

10.1 Share Exchange Agreement between Origin Investment Group, Inc. and Cromerica Technologies, LLC re purchase of Vivocom, Inc.

10.2 Investment Agreement between Origin Investment Group, Inc. and Cromerica Technoligies, LLC re purchase of Vivocom, Inc.

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 on May 21, 2001 by the undersigned thereunto duly authorized.

ORIGIN INVESTMENT GROUP, INC.

/s/ OMAR A. RIZVI

Omar A. Rizvi
President, Chairman of the Board of Directors