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PRE SETTLEMENT FUNDING CORP
Form 10QSB
November 27, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED
SEPTEMBER 30, 2002

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: 333-56848

PRE-SETTLEMENT FUNDING CORPORATION
(Exact name of Company as specified in its charter)

Delaware 54-1965220
(State or jurisdiction of incorporation) (I.R.S. Employer
or organization Identification No.)

927 South Walter Reed Drive, Suite 5, Arlington, VA 22204
(Address of principal executive offices) (Zip Code)

Company's telephone number: (703) 892-4123

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

Securities registered pursuant to Section 12(g) of the Act: Common
Stock, \$0.001 Par Value

Indicate by check mark whether the Company (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 Company was required to file such reports),
and (2) been subject to such filing requirements for the past 90
days. Yes No

Indicate the number of shares outstanding of each of the issuer's
class of common stock. The Registrant had 5,368,000 shares of its
common stock outstanding as of November 11, 2002.

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September 30, 2002

Condensed Statements Of Cash Flows:
Nine Months Ended September 30, 2002 And 2001
For the Period October 14, 1999 (Date of Inception) to
September 30, 2002

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED).

PRE-SETTLEMENT FUNDING CORPORATION
(A Development Stage Company)
CONDENSED BALANCE SHEETS
(UNAUDITED)

| | September 30 2002 | December 31 2001 |
|----------------------------|-------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and equivalents | \$ 277 | \$ 1,003 |
| Loans receivable | 3,228 | 15,099 |
| Claims advances | 9,500 | 5,250 |
| Prepaid expenses and other | - | 1,038 |
| Total current assets | 13,005 | 22,390 |

LIABILITIES AND DEFICIENCY IN STOCKHOLDER'S EQUITY

| | | |
|--|---------|---------|
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | 819,433 | 533,093 |
| Advances from shareholder | 24,687 | 16,225 |
| Total current liabilities | 844,120 | 549,318 |

Commitments and Contingencies - -

Deficiency in Stockholders' Equity
Preferred stock, par

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| | | |
|---|-------------|-----------|
| value, \$.001 per share; 100,000 shares authorized; none issued and outstanding at September 30, 2002 and December 31, 2001 | - | - |
| Common stock, par value, \$.001 per share; 19,900,000 shares authorized; 5,368,000 shares issued and outstanding at September 30, 2002 and December 31, 2001 | 5,368 | 5,368 |
| Additional paid-in-capital | 183,652 | 183,652 |
| Deficit accumulated during development stage | (1,020,135) | (715,948) |
| Deficiency in stockholder's equity | (831,115) | (526,928) |
| | 13,005 | 22,390 |

See accompanying notes to unaudited condensed financial information

PRE-SETTLEMENT FUNDING CORPORATION
(A Development Stage Company)
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | For The Three Months Ended September 30 | | For the Nine Months Ended September 30 | | For the P October (Date o Incepti Septemb |
|--|---|-----------|--|-----------|---|
| | 2002 | 2001 | 2002 | 2001 | |
| Revenues: | \$ 4,375 | \$ 4,900 | \$ 8,102 | \$ 4,900 | \$ |
| Costs and Expenses: | | | | | |
| Selling, general and administrative | 99,610 | 175,519 | 312,301 | 418,392 | 1,0 |
| Total Cost and Expense | 99,610 | 175,519 | 312,301 | 418,392 | 1.0 |
| Other Income (Expenses): | | | | | |
| Interest and other | 0 | (1,000) | 12 | 2,924 | |
| Loss from operations | (95,235) | (171,619) | (304,187) | (410,568) | (1,0 |
| Income (taxes) benefit | - | - | - | - | |
| Net Loss | (95,235) | (171,619) | (304,187) | (410,568) | (1,0 |
| Loss per common share (basic and assuming dilution) | (0.02) | (0.03) | (0.06) | (0.08) | |
| Weighted average shares outstanding | | | | | |
| Basic and Diluted | 5,368,000 | 5,368,000 | 5,368,000 | 5,338,894 | 4,6 |

See accompanying notes to the unaudited condensed financial information

PRE-SETTLEMENT FUNDING CORPORATION
(A Development Stage Company)
CONDENSED STATEMENTS OF CASH FLOWS

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(UNAUDITED)

| | For The Nine Months Ended September 30 | | For The Period Oct 14 1999 (Date of Inception to September 30 2002 |
|---|---|-------------|---|
| | 2002 | 2001 | |
| Net cash from operating activities | \$ (21,059) | \$ (60,321) | \$ (160,182) |
| Cash flows from investing activities | - | - | - |
| Net cash from financing activities | 20,333 | 41,485 | 160,459 |
| Net increase (decrease) in cash and equivalents | (726) | (18,836) | 277 |
| Cash and cash equivalents at beginning of period | 1,003 | 22,207 | - |
| Cash and cash equivalents at end of period | 277 | 3,371 | 277 |
| Supplemental Information: | | | |
| Cash paid during the period for interest | - | - | - |
| Cash paid during the period for taxes | - | - | - |
| Common Stock issued in exchange for capital notes | - | 87,000 | 139,000 |
| Common Stock issued to founders in exchange for services | - | 5,020 | 5,020 |
| Common Stock issued in exchange for Services | - | 45,000 | 45,000 |

See accompanying notes to unaudited condensed financial information

PRE-SETTLEMENT FUNDING CORPORATION
(A Development Stage Company)
NOTES TO CONDENSED FINANCIAL INFORMATION
SEPTEMBER 30, 2002
(UNAUDITED)

NOTE A - SUMMARY OF ACCOUNTING POLICIES

General

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-QSB, and therefore, do not include all the information necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002. The unaudited condensed financial statements should be read in conjunction with the consolidated December 31, 2001 financial statements and footnotes thereto included in the Company's SEC Form 10KSB filed with the Securities and Exchange Commission on April 16, 2002.

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Business and Basis of Presentation

Pre-Settlement Funding Corporation (the "Company") was formed on October 14, 1999 under the laws of the state of Delaware. The Company is a development stage enterprise, as defined by Statement of Financial Accounting Standards No. 7 ("SFAS No. 7") and is seeking to provide financing to plaintiffs who are involved in personal injury claims. From its inception through the date of these financial statements the Company has recognized limited revenues and has incurred significant operating expenses.

Reclassification

Certain reclassifications have been made to conform to prior periods' data to the current presentation. These reclassifications had no effect on reported losses.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS.

The following Management Discussion and Analysis should be read in conjunction with the un-audited financial statements and accompanying notes included in this Form 10-QSB and in the audited financial statements for the year ended December 31, 2001 included in our filing on Form 10-KSB filed with the Securities and Exchange Commission on April 16, 2002.

The following discussion contains forward-looking statements that are subject to significant risks and uncertainties about us, our current and planned products, our current and proposed marketing and sales, and our projected results of operations. There are several important factors that could cause actual results to differ materially from historical results and percentages and results anticipated by the forward-looking statements. We have sought to identify the most significant risks to its business, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurance that we have identified all possible risks that might arise. Investors should carefully consider all of such risks before making an investment decision with respect to our stock. The following discussion and analysis should be read in conjunction with the financial statements of our Company and notes thereto. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment from our Management.

Plan of Operation

Pre-settlement Funding Corp is still in the development stage and has earned only a small amount of revenue, approximately \$14,000, from operations. We have funded approximately 40 cases to date and we anticipate that after receiving an equity infusion, we can substantially increase the number of cases we fund. During the next twelve months we intend to develop our business of advancing cash to plaintiffs involved in personal injury claims, as well as to plaintiffs involved in other types of claims such as divorce cases. The further development of this business will include, but not be limited to, developing marketing materials, renting additional office space, and interviewing and hiring administrative, marketing and claims personnel. We may experience fluctuations in operating results

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in future periods due to a variety of factors including, but not limited to, market acceptance of our services, incomplete or inadequate underwriting of our cases, Our ability to obtain additional financing in a timely manner and on terms favorable to us, our ability to successfully integrate prospective asset acquisitions to its existing business operation, delays or errors in our ability to upgrade and develop our systems and infrastructure in a timely and effective manner, technical difficulties, system downtime or utility brownouts, our ability to attract customers at a steady rate and maintain customer satisfaction, seasonality of advertising sales, the amount and timing of operating costs and capital expenditures relating to the expansion of our business, operations and infrastructure and the implementation of marketing programs, key agreements and strategic alliances, the number of products offered by Pre-settlement Funding, and general economic conditions specific to the personal injury lawsuit industry.

For the period from our inception through September 30, 2002, we have:

- Formed our company and established our initial structure
- Researched the market for litigation funding services and the activities of our competitors
- Researched potential legal barriers to implementing our business plan
- Ran print ads in a local advertisement circular
- Developed our website which was completed in 2001
- Entered into consulting agreements with various service providers
- Reviewed and analyzed the cases of several potential clients
- Issued cash advances to 40 clients
- Settled and received proceeds with respect to 23 cases

Our website has generated minimum potential business activity to date. Our activities will continue to be limited unless and until we receive further financing, either through equity or debt financing. Without these proceeds, we will not have the capital resources or liquidity to:

- Implement the business plan;
- Commence operations through the advancement of cash to qualified customers; or
- Hire any additional employees.

Operating Data

The table below provides a summary of the key operating metrics we use to assess our operational performance

Nine Months Ending

Year Ended

Annualize

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| | September 30 2002 | 2001 | % | Dec 31 2001 | % |
|-------------------------------------|----------------------|-------|---------|----------------|--------|
| | | | Change | | Change |
| Operating data | | | | | |
| Cases outstanding | 17 | 8 | 113% | 10 | 127% |
| Cases settled in period | 14 | 4 | 250% | 9 | 107% |
| Advances in period | 21 | 12 | 75% | 19 | 47% |
| Value of advances | 14,500 | 8,200 | 77% | 11,950 | 62% |
| Value of settlements | 18,351 | 6,900 | 166% | 12,750 | 92% |
| Value of advances for cases settled | 10,250 | 1,000 | 925% | 6,700 | 104% |
| Margin on cases settled (a) | 8,101 | 3,200 | 62% | 6,050 | 79% |
| % Margin on cases settled | 44.1% | 46.4% | (13.3)% | 47.5% | (3.4)% |
| Average revenue per customer (b) | 798 | 800 | 0 | 318 | 151% |
| Employees | 2 | 2 | 0% | 2 | 0% |

We define certain business metrics used above as follows:

- (a) Margin on cases settled is equivalent to the revenue reported on the income statement
- (b) Average revenue per customer is defined as net revenue per income statement divided by the number of cases settled in period

Comparison of Financial Results

Three Months and Nine Months Ended September 30, 2002 versus Three Months and Nine Months Ended September 30, 2001

Revenues

Revenue represents the net proceeds to Pre-settlement Funding from the settlement of cases. We have generated modest revenues from operations from inception of our business. During the quarter ended September 30, 2002, we have generated \$4,375 in revenues from monetary settlements, as compared to \$4,900 in revenues for the quarter ended September 30, 2001. For the nine months ended September 30, 2002, we generated \$8,102 in revenues relative to \$4,900 for the nine months ended September 30, 2001. We began advancing funds to personal injury plaintiffs in February 2001. We recognized revenue from the settlement of our first case advance, in the second quarter of 2001. In the quarter ended September 30, 2002, we advanced a further \$3,500, bringing the total funds advanced for the year to September 30, 2002 to \$14,500 with regard to 21 new cases. We have settled 14 cases with a value of \$18,351. In the first nine months of 2001, we had advanced 12 cases at a value of \$8,200 with 4 settlements valuing a total of \$6,900. The margin achieved on net settlements has deteriorated slightly from that achieved for the year ended December 31, 2001, falling from 46.4% to 44.1%. However, the volume of cases settled has increased by 250% over the first 9 months of 2001, and on a pro-rata basis by 107% over the year ended December 31, 2001.

Our ability to increase the rate of advances in future periods, and hence the growth in our revenue may be limited by the availability of funding. If we are funded with proceeds from our offering of equity, we believe Pre-settlement Funding will begin earning additional revenues from operations within the next twelve months as it transitions from a development stage company to that of an active growth stage company.

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Costs and Expenses

From our inception through September 30, 2002, we have incurred expenses of \$1,036,781 during this period. These expenses were associated principally with stock issuances to our founders, legal, consulting and accounting fees and costs in connection with the development of our business plan, market research, and the preparation of our registration statement. Expenses in the quarter ended September 30, 2002 were \$99,610, compared to \$175,519 in the quarter ended September 30, 2001. Expenses for the nine months ended September 30, 2002 were \$312,301 compared to \$418,392 for the nine months ended September 30, 2001. Based on our review of costs, 8% of the costs incurred in the nine months ended September 30, 2002 were related to our stock issuance, funding and development of business plan expenses, compared to 16% in the nine months ended September 30, 2001. Cost were over 33% higher in the nine months ended September, 2001, compared to the current nine months, primarily due to \$25,000 in consulting fees associated with developing the business plan, and higher costs for accounting fees associated with the issuance of equity, cancellation of notes and registration statement preparation.

Liquidity and Capital Resources

As of September 30, 2002, we had a working capital deficit of \$831,115. As a result of our operating losses from our inception through September 30, 2002, we generated a cash flow deficit of \$160,182 from operating activities. We met our cash requirements during the nine months ended September 30, 2002 through \$20,333 advances and loan repayments from our principal shareholders. Our accounts payable and accrued liabilities, which is composed predominantly of liabilities to our accountants and lawyers in connection with our registration statement, stands at \$227,058 at September 30, 2002. Accrued payroll, representing liabilities to our two employees, stands at \$592,375 at September 30, 2002.

While we have raised the capital necessary to meet our working capital and financing needs in the past, additional financing is required in order to meet our current and projected cash flow deficits from operations and development. We are seeking financing in the form of equity in order to provide the necessary working capital. Current market conditions, however, make it more difficult to raise equity through a public offering. The current focus of our efforts is to seek an equity infusion from a private investor that will meet our requirements. We currently do not have any commitments for financing. There are no assurances we will be successful in raising the funds required.

We believe that it may be necessary to raise up to One Million Dollars to implement our business plan over the course of the next twelve months, though we plan to use our existing capital resources and these resources may be sufficient to fund our current level of operating activities, capital expenditures, debt and other obligations through the next 12 months.

If during that period or thereafter, we are not successful in generating sufficient liquidity from operations or in raising sufficient capital resources, on terms acceptable to us, this could have a material adverse effect on our business, results of operations liquidity and financial condition.

We believe that if the minimum proceeds are raised from a private equity or debt source, sufficient capital will exist to fund our operations, capital expenditures, debt, and other obligations for the

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next twelve months. Operations will be adjusted to this level of capitalization. Although we are dependent upon our success in securing a private investor to carry out our business plan, if we are unsuccessful, we will seek to obtain financing through other sources.

Our independent certified public accountants have stated in their report included in our December 31, 2001 Form 10-KSB, that we have incurred operating losses since its inception, and that we are dependent upon management's ability to develop profitable operations. These factors among others may raise substantial doubt about our ability to continue as a going concern.

Product Research and Development

We do not anticipate performing research and development for any products during the next twelve months.

Acquisition or Disposition of Plant and Equipment

We do not anticipate the sale of any significant property, plant or equipment during the next twelve months. We do not anticipate the acquisition of any significant property, plant or equipment during the next 12 months, other than computer equipment and peripherals used in our day-to-day operations. We believe we have sufficient resources available to meet these acquisition needs.

Number of Employees

As of September 30, 2002, we have two employees. In order for us to attract and retain quality personnel, we anticipate we will have to offer competitive salaries to future employees. We anticipate increasing our employment base to four (4) to six (6) full and/or part-time employees during the next 12 months. This projected increase in personnel is dependent upon the generating revenues and obtaining sources of financing. As we continue to expand, we will incur additional costs for personnel. There are no assurances we will be successful in raising the funds required or generating revenues sufficient to fund the projected increase in the number of employees.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to its business as discussed in "Risk Factors" above, but cannot predict whether or to what extent any of such risks may be realized nor can there be any assurances that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our stock.

Limited operating history; anticipated losses; uncertainty of future results

We have only a limited operating history upon which an evaluation of our business and its prospects can be based. Our prospects must be evaluated with a view to the risks encountered by a company in an early stage of development, particularly in light of the uncertainties relating to the litigation funding which we intend to market and the acceptance of our business model. We will be incurring costs to develop, introduce and enhance our litigation funding services and products, to develop and market an interactive website, to establish marketing relationships, to acquire and develop products that will complement each other, and to build an administrative organization. To the extent that such expenses are not subsequently followed by

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commensurate revenues, our business, results of operations and financial condition will be materially adversely affected. There can be no assurance that we will be able to generate sufficient revenues from the sale of our services and other product candidates. We expect negative cash flow from operations to continue for the next 12 months as we continue to develop and market our products. If cash generated by operations is insufficient to satisfy our liquidity requirements, we may be required to sell additional equity or debt securities. The sale of additional equity or convertible debt securities would result in additional dilution to our shareholders.

Potential fluctuations in quarterly operating results

Our quarterly operating results may fluctuate significantly in the future as a result of a variety of factors, most of which are outside our control, including: the level of public acceptance of our litigation support services and products, the demand for our litigation support services and products; seasonal trends in demand; the amount and timing of capital expenditures and other costs relating to the expansion of our operations; the introduction of new services and products by Pre-settlement Funding or its competitors; price competition or pricing changes in the industry; technical difficulties; general economic conditions, and economic conditions specific to the litigation funding market. Our quarterly results may also be significantly affected by the impact of the accounting treatment of acquisitions, financing transactions or other matters. Particularly at our early stage of development, such accounting treatment can have a material impact on the results for any quarter. Due to the foregoing factors, among others, it is likely that our operating results will fall below our expectations or investors' expectations in some future quarter.

Management of Growth

We expect to experience significant growth in the number of employees relative to its current levels of employment and the scope of its operations. In particular, we intend to hire claims adjustors, sales, marketing, and administrative personnel. Additionally, acquisitions could result in an increase in employee headcount and business activity. Such activities could result in increased responsibilities for management. We believe that our ability to increase our customer support capability and to attract, train, and retain qualified technical, sales, marketing, and management personnel, will be a critical factor to our future success. In particular, the availability of qualified sales, insurance claims, and management personnel is quite limited, and competition among companies to attract and retain such personnel is intense. During strong business cycles, we expects to experience difficulty in filling its needs for qualified sales, claims adjustors, and other personnel.

Our future success will be highly dependent upon our ability to successfully manage the expansion of our operations. Our ability to manage and support our growth effectively will be substantially dependent on our ability to implement adequate financial and management controls, reporting systems, and other procedures and hire sufficient numbers of financial, accounting, administrative, and management personnel. We are in the process of establishing and upgrading its financial accounting and procedures. There can be no assurance that we will be able to identify, attract, and retain experienced accounting and financial personnel. Our future operating results will depend on the ability of our management and other key employees to implement and improve our systems for operations,

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financial control, and information management, and to recruit, train, and manage its employee base. There can be no assurance that we will be able to achieve or manage any such growth successfully or to implement and maintain adequate financial and management controls and procedures, and any inability to do so would have a material adverse effect on our business, results of operations, and financial condition.

Our future success depends upon our ability to address potential market opportunities while managing our expenses to match our ability to finance our operations. This need to manage our expenses will place a significant strain on our management and operational resources. If we are unable to manage our expenses effectively, our business, results of operations, and financial condition will be materially adversely affected.

Risks associated with acquisitions

Although we do not presently intend to do so, as part of our business strategy in the future, we could acquire assets and businesses relating to or complementary to our operations. Any acquisitions by Pre-settlement Funding would involve risks commonly encountered in acquisitions of companies. These risks would include, among other things, the following: we could be exposed to unknown liabilities of the acquired companies; we could incur acquisition costs and expenses higher than it anticipated; fluctuations in our quarterly and annual operating results could occur due to the costs and expenses of acquiring and integrating new businesses or technologies; we could experience difficulties and expenses in assimilating the operations and personnel of the acquired businesses; our ongoing business could be disrupted and its management's time and attention diverted; we could be unable to integrate successfully.

Item 3. Controls and Procedures

(a) On September 30, 2002, we made an evaluation of our disclosure controls and procedures. In our opinion, the disclosure controls and procedures are adequate because the systems of controls and procedures are designed to assure, among other items, that 1) recorded transactions are valid; 2) valid transactions are recorded; and 3) transactions are recorded in the proper period in a timely manner to produce financial statements which present fairly the financial condition, results of operations and cash flows for the respective periods being presented. Moreover, the evaluation did not reveal any significant deficiencies or material weaknesses in our disclosure controls and procedures.

(b) There have been no significant changes in our internal controls or in other factors that could significantly affect these controls since the last evaluation.

PART II.

ITEM 1. LEGAL PROCEEDINGS.

Other than as set forth below, the Company is not a party to any material pending legal proceedings and, to the best of its knowledge, no such action by or against the Company has been threatened.

The Company is subject to other legal proceedings and claims that arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters will not have material adverse

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effect on its financial position, results of operations or liquidity.

ITEM 2. CHANGES IN SECURITIES.

Sales of Unregistered Securities.

The Registrant had no sales of unregistered securities during the nine-month period ending September 30, 2002.

Use of Proceeds.

Not Applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not Applicable.

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

There were not any matters submitted requiring a vote of security holders during the nine-month period ending September 30, 2002.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Reports on Form 8-K. No reports on Form 8-K were filed during the three-month period covered in this Form 10-QSB.

(b) Exhibits. There have not been any documents that are to be attached as Exhibits entered into during the three-month period covered in this Form 10-QSB, unless listed below, and therefore, all Exhibits have been previously filed by the Company.

| No. | Description |
|------|--|
| 99.1 | Certification of Darryl Reed Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 99.2 | Certification of Joel Sens Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith). |

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Pre-Settlement Funding Corp.

Dated: November 15, 2002

By: /s/ Darryl Reed
Darryl Reed, President

CERTIFICATIONS

I, Darryl Reed, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Pre-Settlement Funding Corp.

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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 the 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.

Date: November 15, 2002

/s/ Darryl Reed
Darryl Reed
President

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CERTIFICATIONS

I, Joel Sens, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Pre-Settlement Funding Corp.
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 the 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.

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Date: November 15, 2002

/s/ Joel Sens
Joel Sens
Treasurer