PAID INC
Form 10KSB
April 04, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-KSB

ANNUAL REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2006

Commission File No. 0-28720

PAID, INC.

(Name of Small Business Issuer in its Charter)

Delaware	73-1479833
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

4 Brussels Street, Worcester, Massachusetts 01610

(Address of Principal Executive Offices)(Zip Code)

(508) 791-6710

(Issuer's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, $0.001 Par Value

(Title of Class)

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. |_|

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 |X| No |_|

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.|_|

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

Yes |_| No |X|

State Issuer's revenues for its most recent fiscal year: $8,048,854.

The aggregate market value of the voting and non-voting common equity held by non-affiliates on March 8, 2007 was approximately $58,730,659 based upon the closing price of $.32 per share on such date.*

* The issuer continues to meet the definition of a small business issuer because it has not had a public float of at least $25,000,000 for two consecutive fiscal years. The aggregate market value of the voting and non-voting common equity held by non-affiliates on December 1, 2006, a date which is 60 days prior to the end of the issuer's most recent fiscal year end, was approximately $34,871,328, based upon the closing price of $.19 per share on such date. The aggregate market value of the voting and non-voting common equity held by non-affiliates on December 1, 2005, a date which is 60 days prior to the end of the issuer's immediately prior most recent fiscal year end, was $21,984,114, based upon the closing price of $.12 per share on such date.

As of March 8, 2007, the issuer had outstanding 223,231,210 shares of its Common Stock, par value of $0.001, its only class of voting securities.

DOCUMENTS INCORPORATED BY REFERENCE

No documents are incorporated by reference into this Annual Report except those Exhibits so incorporated as set forth in the Exhibit Index.

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FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-KSB (including without limitation the Risk Factors included as Exhibit 99) may contain forward looking statements. We caution you to be aware of the speculative nature of "forward-looking statements". Statements that are not historical in nature, including the words "anticipate," "estimate," "should," "expect," "believe," "intend," and similar expressions, are intended to identify forward-looking statements. Although these statements reflect our good faith belief based on current expectations, estimates and projections about (among other things) the industry and the markets in which we operate, they are not guarantees of future performance.

Whether actual results will conform to our expectations and predictions is subject to a number of known and unknown risks and uncertainties, including the risks and uncertainties discussed in this Annual Report; general economic, market, or business conditions; the opportunities that may be presented to and pursued by us; competitive actions by other companies; changes in laws or regulations; and other circumstances, many of which are beyond our control. Consequently, all of the forward-looking statements made in this Annual Report are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us or our business or operations. Except as required by applicable laws, we do not intend to publish updates or revisions of any forward-looking statements we make to reflect new information, future events or otherwise. Readers are urged to carefully review and consider the various disclosures made by Paid, Inc. in this Annual Report, which attempts to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

PART I.

Item 1. Description of Business.

Paid, Inc. (the "Company") was incorporated in Delaware as Rose International Ltd. on August 9, 1995. The Company's main web address is located at www.paid.com, which offers updated information on various aspects of our operations, as well as access to www.ksportsent.com and www.paidcelebrity.com. The Company has one subsidiary, Rotman Collectibles, Inc. Information contained in the Company's websites shall not be deemed to be a part of this Annual Report. The Company's principal executive offices are located at 4 Brussels Street, Worcester, Massachusetts 01610, and the Company's telephone number is (508) 791-6710.

BUSINESS

Our Business

The Company's primary focus is to provide businesses and clients with marketing, management, merchandising, auction management, website hosting, and authentication and consignment services for the entertainment, sports and collectible industries. We provide business management tools for online retailers, through AuctionInc, which is home to our patent pending shipping calculator and automated auction checkout and order processing system. This system provides the fundamental structure for our celebrity web hosting and development services, and for individuals seeking a professional and interactive presence on the Internet. We also provide the merchandise and fulfillment services for these websites, using 20 years of experience from Rotman Auction, to maintain the best customer service and integrity for these celebrities. We continue to provide live and private autograph signings and support professional athletes' careers through the Rotman Auction brand and K Sports initiative.

In 2004 we added the services of the newly acquired K Sports brand which specializes in athlete agent services and marketing and promoting these celebrities. K Sports delivers personalized attention to each client for services that include contract negotiations, endorsements, public relations, or charitable activities. The merger of K Sports' experience and clientele with Paid's expertise in merchandising, website hosting, and auction management based services for fan clubs and tour and travel packages was intended to create a business that is unrivaled in the sports and entertainment industry.

For the years ended December 31, 2006 and 2005, there was a large shift in our revenues from being derived from Rotman Auction and the sale of collectibles to merchandising, fan club memberships, V.I.P. fan experiences, and ticketing for musical artists and sports and entertainment celebrities. All the sales for our celebrity and entertainment services are made through the artist's personal website and Paid's proprietary content managed system. A customer interested in a membership, merchandise, fan experience or ticketing would use our system to make purchases, and then depending on the sale, the Company either ships the merchandise, or delivers the fan experience at an event. The services offered by a client depend upon the client's desire and willingness to offer different initiatives. Not all artists and fan bases are the same and the Company works closely with its different clients to cater to their needs. Our services include ticketing, merchandising, video production, marketing, fan experiences, management, sponsorship, mobile marketing, and website development and management. We provide these services for artists such as Aerosmith, Rockapella, The New Cars, Keith Lockhart, Joey Kramer, DMC, and Patti LaBelle.

Other revenue in 2006 was derived primarily from sales of collectibles, and fees from buyers and sellers, through the Rotman Auction operations, and sports marketing revenues. The sale of collectibles and movie posters occurs in various different sales channels; retail, online auction, charity auction, direct sale, and wholesale distribution. Most of the online auctions take place through a person-to-person auction service. Our auctions consist of sports and non-sports cards, collectibles, Americana, autographed items, and movie memorabilia, among other types of collectibles from the 1800s to the present day. Rotman Auction also maintains a substantial inventory of memorabilia with popular and historical significance which allows customers to directly purchase the memorabilia without the competition from bidders in an auction format. Most of these sales are consummated through our website located at www.paidsports.com (formerly, www.rotmanauction.com). We acquire inventory in the ordinary course of our business from a number of companies and individuals. We also may acquire inventory through acquisition of companies that own collectibles, or through the acquisition of substantially all the assets of a company that holds collectibles.

We engage in autograph signing activities under the "Rotman Auction" name, at public and private autograph signing events. We contract and pay the celebrities for their services and for supplying products for the event. We hosted celebrities such as Adam Viniateri, Bronson Arroyo, Troy Brown, Johnny Damon, Jim Rice, Ty Law, Terry O'Reilly, Pete Rose, Ray Bourque, Paul Pierce, Trot Nixon, Corey Dillon, Derek Lowe, Carlton Fisk, Tedy Bruschi, and Alfonso Soriano. Our autograph signing events include the creation, development and maintenance of celebrity websites. We provide comprehensive content managed websites that include message boards, shopping, articles, statistics, biographical information and event schedules. We currently host such celebrities' websites as Jerry Rice, Doug Flutie, Chris Chambers, Willie McGinest, Tim Wakefield, Bronson Arroyo, and Lee Evans. Revenues are generated from sales of product produced by the celebrity. Full and part-time employees, as well as interns update the news and information on these sites. We receive payment in the form of autographs for maintaining and hosting the website. We also provide management services for order fulfillment and product distribution for the celebrities.

To assist with the inventory management and order processing Rotman Auction uses the AuctionInc platform for reducing order processing time, increasing sales and improving customer service. The AuctionInc system was originally designed to just assist and improve Rotman Auction's business, but management realized that there was a need for an order management system for individuals and businesses that sell on the Internet, specifically at auction. In 2000 the technology team focused its attention on the core fundamental piece of the system called the Shipping Calculator. The Company realized the potential importance of the calculator and filed for a patent before launching it to the public

in April of 2001. The product is modular based and continues to develop new tools and products for its customers.

AuctionInc Software. AuctionInc is a suite of online management tools assisting businesses with e-commerce storefronts, order processing, customer service, shipping solutions, inventory management, and auction processing. The application was designed originally to reduce overhead costs for Rotman Auction, but based on its marketability the Company began to offer the application to other sellers in 2003. A seller's use of the application reduces overhead and labor costs, and through its customer-friendly setup improves customer relations and increases sales.

AIship is a shipping calculator that automatically estimates the shipping, sales tax, and insurance on auction listings. This module automatically calculates shipping costs, carrier insurance fees, optional shipping services, and offers an adjustable shipping fee markup, and co-branded shipping calculator page. It pre-configures shipping rates with handling costs, and provides a multiple auctions tab to calculate shipping on numerous auctions. The Company receives a transaction fee for each auction listing that uses AIship.

AIseller is an auction management tool used to streamline a seller's order processing for improved customer service and higher sales. This module is designed for sellers who are selling more than 50 items per month at online auctions. It offers summary and detail order and sales reporting, auction/sales tracking, automated personalized e-mail notifications, auction re-listing reports, a complete integrated order management system, a customer checkout system, as well as automatic shipping rates and sales tax calculations for consolidating multiple auctions. The Company does not actively market this product, but would receive a transaction fee for each listing at auction that uses AIseller.

During 2005 we enhanced our new products that we launched the end of 2004 to provide more features and options for the new online user. These enhanced tools were focused on e-commerce and were therefore branded under the Paid name. These products ranged from a simple shipping calculator to be used anywhere on the internet to a complex integration into our software application.

PaidShipCalc is a shipping calculator that provides the most comprehensive shipping calculations available today. A customer can use this tool anywhere on the Internet, including its website, web store, or even classified listing. Shoppers can then choose from the shipping methods that the customer offers along with the ability to combine shipping, include your flexible handling charges, and calculate insurance and taxes if necessary.

PaidShopCart provides website and e-commerce store owners a fully functional shopping cart with shipping calculations from all the major carriers. We have designed the Paid ShopCart with a customer's needs in mind; an affordable, simple, easy to use cart that is feature heavy and an enhanced replacement for the carts being utilized today. This Paypal integrated shopping cart can be inserted into any web page by just pasting in just a few lines of HTML. It provides accurate rates for 25 domestic shipping services from USPS, UPS, FedEx, and DHL, and is configurable to match with a customer's web site design.

Paid Inc's Global Module is a direct plug into the PaidShopCart and PaidShipCalc. This module is used to add comparative international rate calculations to your PaidShopCart or PaidShipCalc products.

Interested clients may purchase any and all of our tools or applications for a flat quarterly fee and/or per-transaction fee depending on the module chosen. The Company may add more features and modules to the suite to enable it to grow with sellers and continue to provide them superior online selling tools.

Web Hosting and Development. The Company provides web hosting and development for various clients that pay monthly hosting fees and maintenance fees for updates. This service also uses the core AuctionInc platform for maintaining web portals and storefronts systems. The Company also maintains several corporate websites which it hopes to continue to expand and grow. Through improved customer

awareness and a larger customer base we hope these websites will continue to grow and offer a revenue source to the Company. These websites provide minimal revenue to the Company, but offer awareness and advertising opportunities for the Company's other products.

Industry Background

Growth of the Internet and the Web

The Internet enables millions of people worldwide to share information, communicate and conduct business electronically. The growth in the number of Web users is being driven by the increasing importance of the Internet as a communications medium, an information resource, and a sales and distribution channel. The Internet has also evolved into a unique marketing channel. Unlike the traditional marketing channels, Internet retailers do not have many of the overhead costs borne by traditional retailers. The Internet offers the opportunity to create a large, geographically dispersed customer base more quickly than traditional retailers. The Internet also offers customers a broader selection of goods to purchase, provides sellers the opportunity to sell their goods more efficiently to a broader base of buyers and allows business transactions to occur at all hours.

State of Viral Communities on the Internet

The massive growth of online communities over the past decade has reached viral proportions. Internet communities are built revolving around ideas, music, individuals, artists, writers, or any tangible or intangible entity, and new content can be distributed within minutes of exposure. Viral communities and viral marketing are the next phenomenon that web users are embracing with vigor. As traffic and communities continue to grow, more services will be required to sustain the appetite of these users.

State of the Collectibles and Online Auction Industries

The online auction industry continues to be a strong and permanent player in e-commerce. Online auctions resolve the weaknesses of traditional auctions (i.e. limited geographical coverage, a dearth of product variety, high transaction costs and information inefficiency). The Internet overcomes these issues because it can handle large quantities of data and support an infinite number of products and services. It also allows buyers and sellers to trade on a global basis.

Business Strategy

During 2006 we experienced continued growth with our celebrity web-hosting and fan club and membership programs. We believe there will be an increase in online communities that will create an opportunity for more celebrity web-hosting and fan club services. It is our view that our services and programs will become more desirable as these communities grow. Our proprietary system was built to handle news, events, ticketing, fan experiences, e-commerce, authentication, charity auctions, chat, video editing, music streaming, mobile services, downloads and forums.

Our goal for our celebrity services is to build the best communication and quality services that provide unparalleled opportunities for viral communities, celebrities and their fans. This goal can be accomplished by implementing the following strategy:

- Increase the number of celebrity service clients and programs we offer to capitalize on internet communities. Provide high quality services and continued impeccable customer and fulfillment services building on our solid reputation.

- Expand into new services being offered that will generate larger partnerships and marketing opportunities for our clients.

- Shift to a quarterly billing system on AuctionInc, reducing the initial fee but increasing the number of renewal receivables.

- Increase the general awareness of our Shipping Calculators and continuing to offer cutting edge technology and services in the industry.

- Offer more authentication services increasing our distribution and partnerships and limited costs and overhead associated with this service.

- Increase our web hosting services, charging a one time set up fee plus monthly maintenance fees, and an hourly fee for any design or feature enhancements we make;

- As the number of visitors to our site increases, impose monthly/annual membership fees.

We expect the above plan will enable us to increase our celebrity services and offer a wider variety of management services providing more resources for a sales and a marketing campaign to promote the Company.

The business strategy described above is intended to enhance our opportunities in the online e-commerce market. However, there are a number of factors that may impact our plans and inhibit our success. See "Risk Factors" included as Exhibit 99. Therefore, we have no guarantees and can provide no assurances, that our plans will be successful.

Marketing and Sales

Successful branding of our corporate identity and services is the key to our success. We changed our name to Paid, Inc. at the end of 2003 and have consolidated our websites and brands under one internet presence.

In the past our marketing had been designed to position the Company as the premier collectibles site on the Internet, targeting both traditional collectors as well as the new online generation of collectors. We are continuing to market to collectors, but we have been shifting our focus to dealers, distributors and retail outlets to reduce the number of vendors and costs and increase sales.

Promoting and marketing Paid's celebrity services will be undertaken using various mediums of marketing; "adword" campaigns, traditional print methods, and industry trade shows. As our celebrity services continue to gain exposure, we will have substantial opportunity to grow our business through referrals. Networking and referral business is a large portion of sales and marketing for these types of services. As we market and promote our celebrity services, we also will be supporting our proprietary content management system and our shipping calculator products.

The Company will continue to market AuctionInc throughout 2007. In the past years, representatives of the Company attended trade shows, events and conferences to analyze the potential for AuctionInc and to narrow the Company's marketing base. Based on experience with existing partnerships that promote AuctionInc, the Company believes that creating partnerships is an effective marketing tool to promote and encourage new registrations. The Company will continue to seek new partnerships. The Company also intends to promote the AuctionInc product line in trade publications to reach small and midsize companies.

Although we believe that this marketing strategy, if successful, will lead to increased revenues, and attract more users to our site, we have no commitments that our marketing will be successful or our sales will increase. There are a number of factors that may impact our plans and inhibit our success. See "Risk Factors" described in Exhibit 99. Therefore, we have no guarantees and can provide no assurances that our plans will be successful.

Revenue Sources

In 2006, 90% of our revenues were derived from our celebrity services, fan club management, and ticketing and fan experiences, almost all of which is from one artist. We also generated retail revenues from the sale of autographed merchandise, collectibles and movie posters. Adding to these revenues were agent commissions, marketing opportunities for athletes and celebrity clients of K Sports.

As additional services, we currently provide web hosting and online appraisal services. To date, we have generated minimal revenues from these services, but if the awareness of the AuctionInc product line increases, we will be able to increase our advertising and marketing efforts, which we expect will generate revenue and may attract more visitors that will utilize these services on our site. In addition to web hosting, we expect to increase revenues through the development and design of third party websites. We also have an agreement with Krause Publications, pursuant to which Krause Publications prints Maloney's Antiques & Collectibles Resource Directory and we receive a percentage of the sales revenues from the book sales. We own "www.MaloneysOnline.com," a clearinghouse for hard to find information that contains the searchable Internet version of the resource directory.

Although we expect that this revenue model will generate increased revenue, if we are not successful in implementing this model, if the entertainment industry and fans are not accepting of the services we provide, if costs are higher than anticipated, or if revenues do not increase as rapidly as anticipated, we may not be able to continue positive cash flow. There are a number of factors that may impact our plans and inhibit our success. See "Risk Factors" included as Exhibit 99. Therefore, we have no guarantees and can provide no assurances, that our plans will be successful.

Competition

Electronic content management, fan club membership and fan experiences and ticketing services, are relatively new and growing industries. This industry has several hurdles for new companies; building a strong reputation, proficient operational skills in customer service and fulfillment, and gaining a client base. While these are big hurdles and present a strong barrier to entry, they are not insurmountable. There are several competitors in this industry like Music Today, UltraStar, and FanAsylum, each of whom offer unique solutions and services. There are other indirect competitors who deal in just merchandising or electronic memberships, but these companies serve a different customer base.

The electronic commerce market is relatively new, rapidly evolving and intensely competitive. Furthermore, we expect competition to intensify in the future. Barriers to entry are relatively low, and current and new competitors can launch new sites at relatively low cost using commercially available software. Our Rotman Auction operation competes with a variety of other companies depending on the type of merchandise and sales format offered to customers. These competitors include: (i) various Internet collectible companies, Collectors Universe, Shop at Home and Tri-Star Productions; (ii) a number of indirect competitors that specialize in electronic commerce or derive a substantial portion of their revenue from electronic commerce, including Internet Shopping Network and AOL, Shopping.com; and (iii) a variety of other companies that offer merchandise similar to that of our Company but through physical auctions.

In addition, several large companies sell specialty consumer products, including collectibles through interactive electronic media, including broadcast, cable and satellite television and, increasingly, the Internet. These companies include QVC, Home Shopping Network and Shop At Home. They generally have substantial financial resources and, while their current collectible offerings tend to be less focused than our collectible offerings, there can be no guarantee that they will not become significant competitors in the future.

There can be no assurance that we can maintain our competitive position against potential competitors, especially those with greater financial, marketing, customer support, technical and other resources than us. Increased competition is likely to result in reduced operating margins, loss of market share and a diminished brand franchise, any one of which could materially adversely affect the our business, results of operations and financial condition.

Intellectual Property

Our web hosting software program, AuctionInc software suite, is proprietary. We have filed one application for a patent related to AIShip. We do not have any patents for our designs or innovations and we may not be able to obtain copyright, patent or other protection for our proprietary technologies or for the processes developed by our employees. Legal standards relating to intellectual property rights in computer software are still developing and this area of the law is evolving with new technologies. Our intellectual property rights do not guarantee any competitive advantage and may not sufficiently protect us against competitors with similar technology. To protect our interest in our intellectual property, we restrict access by others to our proprietary software. In addition, we have federally registered the "Collecting Channel" and the "Paid" marks.

We believe that our products and other proprietary rights do not infringe on the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against us in the future with respect to current or future products or other works of ours. This assertion may require us to enter into royalty arrangements or result in costly litigation.

We also utilize free open-source technology in certain areas. Unlike proprietary software, open-source software has publicly available source code and can be copied, modified and distributed with minimal restrictions. Our principal web servers' software is Apache, a free web server software. We are using PHPShop for our e-commerce to provide highly customizable storefronts. In addition to PHPShop we develop a substantial portion of our websites with the language PHP.

Research and Development

Over the past 2 years the Company has not made additional investments in research and development.

Employees

The Company currently employs 17 personnel, 16 of whom are employed full time. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel.

Government Regulation

We are not currently subject to direct federal, state or local regulation, and laws or regulations applicable to access or commerce on the Internet, other than regulations applicable to businesses generally. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security.

Item 2. Description of Property.

Our corporate headquarters are located at 4 Brussels Street, Worcester, Massachusetts 01610. Currently, we are tenants-at-will, and pay $2,600 monthly in rent. We also have an office at 236 Huntington Avenue, Boston, 5th Floor, and pay $5,822 monthly under a 5-year lease. The condition of our offices is excellent. We do not invest in real estate or interests in real estate, real estate mortgages, or securities of or interests in persons primarily engaged in real estate activities, and we have no policies related to such investments.

Item 3. Legal Proceedings.

In Parshall v. Paid, Inc., Paul L. Parshall filed a lawsuit against the Company in the Court of Common Pleas of Franklin County, Ohio on October 3, 2006. Mr. Parshall claims to be the owner of 423,415 shares represented by Stock Certificate Number 01123. According to the Company's transfer agent, the Company's records show that Stock Certificate Number 01123 was cancelled on May 15, 1997. Mr. Parshall was affiliated with a previous transfer agent of the Company. The Company filed a motion to dismiss based on lack of personal jurisdiction through its Ohio counsel. Mr. Parshall requests damages equal to the market value of the shares and for any loss for not recognizing the shares. The Company disputes Mr. Parshall's claims.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

PART II.

Item 5. Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

Our common stock, par value $.001 per share, is presently traded on the Over-the-Counter Bulletin Board ("OTCBB") under the symbol, "PAYD".

The following table sets forth the high and low bid prices for our common stock as reported by OTCBB for the eight quarters ended December 31, 2006. The quotations from the OTCBB reflect inter-dealer prices without retail mark-up, mark-down, or commission and may not represent actual transactions.

2005	High	Low
Quarter ended March 31, 2005	$.35	$.15
Quarter ended June 30, 2005	$.36	$.17
Quarter ended September 30, 2005	$.29	$.165
Quarter ended December 31, 2005	$.235	$.115

2006	High	Low
Quarter ended March 31, 2006	$.22	$.14
Quarter ended June 30, 2006	$.71	$.12
Quarter ended September 30, 2006	$.575	$.24
Quarter ended December 31, 2006	$.38	$.18

As of March 8, 2007, there were approximately 2,066 holders of record of our common stock. Because many of the shares are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of individual stockholders represented by these holders of record.

We have not previously paid cash dividends on our common stock, and intend to utilize current resources to operate the business; thus, it is not anticipated that cash dividends will be paid on our common stock in the foreseeable future.

Equity Compensation Plan Information

	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Numb Rema For Unde Comp (Exc Refl (a)) (c)
Equity Compensation Plans Approved by Security Holders	25,000,000	$.041	5,00
Equity Compensation Plans Not Approved by Security Holders	136,054	$.044	6,32
Total	25,136,054	$.043	11,3

Refer to Note 7, Notes to Consolidated Financial Statements for the Years ended December 31, 2006 and 2005, incorporated by reference herein from Part II, Item 7, of this Annual Report, for a discussion of the material features of the stock options, warrants and related stock plans.

We compensate a number of employees and consultants through stock options grants under the Company's 2001 Non-Qualified Stock Option Plan. Eighty million shares were registered under that plan since its inception in 2001. Typically, shares are immediately exercised by the employee or consultant. In 2006, employees received options for 1,195,799 shares equal to $263,016 in compensation, and consultants and professionals received 6,744,876 shares equal to $1,009,319 in compensation.

Item 6. Management's Discussion and Analysis or Plan of Operation.

Overview

Our innovative products and services are utilized in celebrity services, ticketing, fan experiences, merchandising, online auctions and management, and web site development. Our celebrity services proprietary content management system provides an opportunity for our clients to offer more information, merchandise and experiences to their customers and communities. This proprietary system uses the AuctionInc. shipping calculator tools to provide improved customer service and fulfillment services. The technology is based on our patent-pending process that streamlines back-office and shipping processes for online auctions and e-commerce. Our celebrity services offer athletes and entertainers official web sites and fan-club services including e-commerce storefronts, articles, polls, message boards, contests, biographies and custom features to attract thousands of visitors daily. Our autograph signing events, working in conjunction with our sports agent marketing services, have created more services and opportunities for our sports clientele.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 3 to our financial statements. However, certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant judgment by our management; as a result, they are subject to an inherent degree of uncertainty. In applying these policies, our management makes estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. Those estimates and judgments are based upon our historical experience, the terms of existing contracts, our observance of trends in the industry, information that we obtain from our customers and outside sources, and on various other assumptions that we believe to be reasonable and appropriate under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Our critical accounting policies include:

Inventories: Inventories are stated at the lower of average cost or market on a first-in, first-out method. On a periodic basis we review inventories on hand to ascertain if any is slow moving or obsolete. In connection with this review, we establish reserves based upon management's experience and assessment of current product demand.

Property and Equipment: Property and equipment are stated at cost. Depreciation and amortization are computed over estimated useful lives that are reviewed periodically. In connection with this review we consider changes in the economic environment, technological advances, and management's assessment of future revenue potential and a review of the estimated useful lives of the various assets.

Results of Operations

The following discussion compares the Company's results of operations for the year ended December 31, 2006 with those for the year ended December 31, 2005. The Company's financial statements and notes thereto included elsewhere in this annual report contain detailed information that should be referred to in conjunction with the following discussion.

Revenues. For the year ended December 31, 2006, revenues were $8,049,000, 90% of which was attributable to sales of fan club memberships, merchandise, and fan experiences related to tours of performing artists. Sales of the Company's own product and fees from buyers and sellers through the Rotman Auction operations represented 6% of revenues, and sports marketing revenues represented 3% of revenues. Gross sales of the Company's own product were $473,000. Fan experience, fan club membership and related merchandise sales revenues were $7,278,000, and sports marketing revenues were $247,300. Other revenues were $50,600, 1% of gross revenues, during the year ended December 31, 2006. Management anticipates increases from fan club memberships, merchandise, and fan experiences from tours, products and services related to several other performing artists during 2007.

The Company's 2006 revenues represent an increase of approximately $3,129,000 or 64%, over 2005, in which revenues were $4,920,000. For the year ended December 31, 2005, sales of the Company's product were $1,301,000, or 26% of gross sales, fan club membership and related merchandise sales revenues were $3,228,000, 66% of gross revenues, sports marketing revenues were $357,200, or 7% of gross revenues, and other revenues were $33,900, or 1% of gross revenues.

The reason for the increase in revenues was a $4,049,000 increase related to the tours of performing artists, offset by lower revenues related to sports marketing services of $110,000 and lower sales of Company owned product of approximately $828,000 from the same period in 2005. Gross profit from Company owned product sales for the year ended December 31, 2006 was approximately $26,300, $281,000 less than in 2005. Since gross margin percentages on Company owned product were lower (5.6% versus 23.6%) in 2006 and sales of Company owned product were $828,000 lower during the year ended December 31, 2006, the Company produced $281,000 fewer gross margin dollars in 2006. The decrease in sales and gross profit margin is attributable to a management decision late in 2005 to streamline sales channels for Company owned product and, in turn, terminating sales on eBAY, in an effort to reduce related overhead, and an increase in the reserve against inventories.

Operating Expenses. Total operating expenses for the year ended December 31, 2006 were $4,185,000 compared to $4,561,000 in 2005, a decrease of $376,000.

Sales, general and administrative ("SG&A") expenses for the year ended December 31, 2006 were $3,665,000, compared to $4,016,000 for the year ended December 31, 2005. The decrease of $350,000 in SG&A costs includes decreases in payroll and related costs of $17,000, depreciation and amortization of $703,000 as certain assets became fully depreciated during 2006 and 2005, and credit card commissions of $17,000, offset by increases in professional fees of $227,000, travel of $11,000, postage and shipping costs of $80,000, and rents of $30,000. The travel and postage and shipping increases are all principally attributable to tours of performing artists.

Costs associated with planning, maintaining and operating our web sites for the year ended December 31, 2006 decreased by $26,000 from 2005. This decrease is due primarily to a decrease in consulting costs of $255,000, offset by increases in depreciation and amortization of $46,000, and computer costs of $48,000. The Company also capitalized $134,000 fewer web site development costs in 2006 than in 2005.

Interest Expense. For the year ended December 31, 2006, the Company incurred approximately $18,000 of interest charges compared to interest charges of $295,000 in 2005, a decrease of $277,000. $60,000 of the decrease is attributable to a settlement with Augustine Fund with respect to amounts owed, $104,000 to lower amortization of beneficial conversion features, and the balance to lower balances of interest-bearing debt in 2006.

Net Loss. The Company realized a net loss for the year ended December 31, 2006 of $1,704,000 compared to a net loss of $3,498,000 for the year ended December 31, 2005. The 2006 loss represented $.01 per share, while the 2005 loss represented $.02 per share.

Inflation. The Company believes that inflation has not had a material effect on its results of operations.

Assets

At December 31, 2006, total assets of the Company were $1,681,000 compared to $3,929,000 at December 31, 2005. The decrease was primarily due to lower cash and deferred expenses of $1,921,000 as performing artists completed tours in December 2006, and depreciation and amortization of $148,000. Sales of fan experiences for 2007 tours did not begin until after year end. The Company also reports no related liability to customers, in the form of deferred revenues at December 31, 2006. At December 31, 2005 this liability was $2,305,000.

Operating Cash Flows

A summarized reconciliation of the Company's net losses to cash provided by (used in) operating activities for the years ended December 31, 2006 compared to December 31, 2005, is as follows:

	2006	2005
Net loss	$(1,704,100)	$(3,498,200)
Depreciation and amortization	148,400	805,800
Amortization of beneficial conversion		
Discount and debt discount	--	103,900
Common stock issued in payment of services	1,282,300	1,632,500
Common stock issued in payment of interest	137,800	137,200
Net current assets and liabilities associated with advance ticketing	(1,749,000)	1,749,000
Changes in current assets and liabilities	232,200	485,900
Net cash provided by (used in) operating activities	($1,652,400)	$ 1,416,100

Working Capital and Liquidity

The Company had cash and cash equivalents of $138,000 at December 31, 2006, compared to $1,503,000 at December 31, 2005. The Company had $67,800 of working capital at December 31, 2006 compared to a working capital deficiency of $148,300 at December 31, 2005. At December 31, 2006 current liabilities were $1,409,000 compared to $3,787,700 at December 31, 2005. Current liabilities decreased at December 31, 2006 compared to December 31, 2005 primarily due to deferred revenues of $2,305,000 associated with events scheduled during the first quarter of 2006. As discussed in greater detail in Note 9 to the Financial Statements, included in Part I of this annual report and incorporated by reference herein, the Company had a convertible note outstanding held by Augustine Fund, L.P. at December 31, 2005 with an outstanding principal amount of $1,150,000.

The Company's registered public accounting firm has issued a going concern opinion on the Company's consolidated financial statements for the year ended December 31, 2006. The Company may need an infusion of additional capital to fund anticipated operating costs over the next 12 months. Management anticipates growth in revenues and gross profits in 2007 from its celebrity services products and websites, and similar services to other entities; including memberships, fan experiences and ticketing, appearances, website development and hosting, and merchandise sales from both existing and new clients. In addition, "AuctionInc" which hosts a suite of management tools and enhanced shipping calculator solutions for small e-commerce enterprises, sales of movie posters, both from inventory and on

consignment, and web hosting are expected to increase revenues and result in higher total gross profit. Subject to the discussion below, management believes that the Company has sufficient cash commitments to fund operations during the next 12 months. These commitments include call options, expiring on May 9, 2007, for approximately 825,000 shares of common stock, which, once assigned by the Company, can generate between $130,000 and $355,000 (based solely upon the 52 week high and low closing prices of the Company's common stock) of cash. However, there can be no assurance that assignment of the call options can be concluded on reasonably acceptable terms. If assignments are not made, management may need to seek alternative sources of capital to support operations.

Forward Looking Statements

This Annual Report on Form 10-KSB contains certain forward-looking statements (within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934) regarding the Company and its business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements in this report. Additionally, statements concerning future matters such as the development of new services, technology enhancements, purchase of equipment, credit arrangements, possible changes in legislation and other statements regarding matters that are not historical are forward-looking statements.

Although forward-looking statements in this annual report reflect the good faith judgment of the Company's management, such statements can only be based on facts and factors currently known by the Company. Consequently, forward-looking statements are inherently subject to risks, contingencies and uncertainties, and actual results and outcomes may differ materially from results and outcomes discussed in this report. Although the Company believes that its plans, intentions and expectations reflected in these forward-looking statements are reasonable, the Company can give no assurance that its plans, intentions or expectations will be achieved. For a more complete discussion of these risk factors, see Exhibit 99, "Risk Factors", in the Company's Form 10-KSB for the fiscal year ended December 31, 2006.

For example, the Company's ability to achieve positive cash flow and to become profitable may be adversely affected as a result of a number of factors that could thwart its efforts. These factors include the Company's inability to successfully implement the Company's business and revenue model, tour or event cancellations, higher costs than anticipated, the Company's inability to sell its products and services to a sufficient number of customers, the introduction of competing products by others, the Company's failure to attract sufficient interest in and traffic to its sites, the Company's inability to complete development of its sites, the failure of the Company's operating systems, and the Company's inability to increase its revenues as rapidly as anticipated. If the Company is not profitable in the future, it will not be able to continue its business operations.

Item 7. Financial Statements.

The consolidated financial statements and supplementary data required by this item appear on Page F-1 immediately following the signature page, and are incorporated by reference herein.

Item 8. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 8A. Controls and Procedures.

The Company's management, including the President of the Company and the Chief Financial Officer of the Company, has evaluated the effectiveness of the Company's "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon this evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective for the purpose of ensuring that the information required to be disclosed in the reports that the Company files or submits under the Exchange Act with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time period specified by the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to the Company's management, including its principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 8B. Other Information.

None.

Part III.

Item 9. Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance with Section 16(a) of the Exchange Act.

Directors and Executive Officers

The following table sets forth certain information regarding the directors and executive officers of Paid, Inc.:

Name	Age	Position
Gregory Rotman*	41	Director, Chief Executive Officer & President
Richard Rotman*	36	Director, Chief Financial Officer, Vice Presiden Secretary
Andrew Pilaro	37	Director

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* Gregory Rotman and Richard Rotman are brothers.

Each of the directors was elected as of September 19, 2000, for a term expiring at the 2001 Annual Meeting of Stockholders and until their successors are elected and qualified. The Company has not held an annual meeting or elected directors since September 19, 2000. Under the Delaware General Corporation Law, each director holds office until such director's successor is elected and qualified or until such director's earlier resignation or removal. The following is a description of the current occupation and business experience for at least five years for each director and executive officer.

Gregory Rotman has served as a Director and the Chief Executive Officer and President of Paid, Inc. since February 1999. From 1995 to 1998, he served as a Partner of Teamworks, LLC, which was responsible for the design, financing and build-out of MCI National Sports Gallery.

Richard Rotman has served as a Director and the Chief Financial Officer, Vice President, Treasurer and Secretary of Paid, Inc. since February 1999. Prior to joining Paid, Inc., he was involved in the management and day-to-day operations of Rotman Auction, which he formed in February 1997. From 1995 until February 1997, Mr. Rotman worked for the family business, Rotman Collectibles, where he focused on sale and distribution of collectibles, including through auctions and on the Internet.

Andrew Pilaro has served as a Director of Paid, Inc. since September 2000. Since August, 1996, he has served as the Assistant to the Chairman of CAP Advisors Limited, an investment management company, with responsibility for asset management.

Other Significant Persons

Keith Garde, age 54, is President of the celebrity services group. Mr. Garde has more than 25 years of management and production experience in the entertainment industry. In 1995, Mr. Garde founded PKA Management, a Boston-based firm that manages national talent, manages video production and provides consulting services. Mr. Garde was one of the early pioneers in leveraging the Internet for entertainment entities, utilizing it for the digital distribution of artists' content and intellectual property. Mr. Garde has collaborated on special projects for MTV, VH1, A&E, ESPN, NFL, Disney, Paramount Pictures, Daimler-Chrysler, multiple record labels and many other major corporations and artists. He also serves as special projects manager for the artist Aerosmith.

Audit Committee/Code of Ethics

The Securities and Exchange Commission has adopted rules to implement certain requirements of the Sarbanes-Oxley Act of 2002 pertaining to public company audit committees. One of the rules requires a company to disclose whether it has an "audit committee financial expert" serving on its audit committee. Based on its review of the criteria of an audit committee financial expert under the rule adopted by the SEC, the Board of Directors does not believe that any member of the Board of Directors' Audit Committee would be described as an audit committee financial expert. At this time, the Board of Directors believes it would be desirable for the Audit Committee to have an audit committee financial expert serving on the committee. While from time to time informal discussions as to potential candidates have occurred, no formal search process has commenced.

The Company has adopted a Code of Ethics that applies to all of its directors, officers, and employees, including its principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions. A written copy of the Company's Code of Ethics will be provided to anyone, free of charge, upon request to: Richard Rotman, CFO, Paid, Inc., 4 Brussels Street, Worcester, Massachusetts 01610.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of the Company's outstanding Common Stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of Common Stock. These persons are required by SEC regulation to furnish the Company with copies of all such reports they file. To the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company and representations that no other reports were required, all Section 16(a) filing requirements applicable to its officers and directors and beneficial owners of more than 10% of the Company's stock, have been complied with for the period which this Form 10-KSB relates, except that Augustine Fund, L.P. filed a late report on Form 4 with respect to three of the five reported transactions, as reported on June 6, 2006. In addition, Augustine Fund, L.P. initially reported 100,000 fewer shares being beneficially owned by it in its original timely Form 3 filing and amended its filing on June 6, 2006, or two days later than the time required for the original filing.

Item 10. Executive Compensation.

The following table sets forth the compensation of the Company's chief executive officer, the chief financial officer, and each officer whose total cash compensation exceeded $100,000, for the last two fiscal years ended December 31, 2006 and 2005.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (1)	Total
Gregory Rotman	2006	$100,000	$100,000
President and Chief Executive Officer	2005	$ 84,871	$ 84,871
Richard Rotman	2006	$ 88,461	$ 88,461
Chief Financial Officer, Vice President, Treasurer and Secretary	2005	$ 86,794	$ 86,794

(1) In 2006, with respect to Richard Rotman only, and in 2005, with respect to both Richard Rotman and Gregory Rotman, the Company paid the amount shown as compensation, but has accrued the difference between these amounts per annum for both Gregory Rotman and Richard Rotman and $100,000.

No options were granted to the named executive officers during the last fiscal year. On October 11, 2002, both Gregory Rotman and Richard Rotman were granted options to purchase 10,000,000 shares of common stock at an exercise price of $.041, under the Company's 2002 Stock Option Plan, pursuant to the following vesting schedule: options to purchase 4,000,000 shares of common stock vested on April 11, 2003; options to purchase 3,000,000 shares of common stock vested on October 11, 2003, and options to purchase 3,000,000 shares vested on October 11, 2004.

The following table sets forth certain information related to equity than awards as of December 31, 2006 for Gregory Rotman and Richard Rotman. Other the option awards described in the table below, there were no other equity or stock awards.

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OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercis Price ($)
Gregory Rotman, President and CEO	10,000,000	0	0	$.041
Richard Rotman, CFO, Vice President and Secretary	10,000,000	0	0	$.041

None of the Company's directors received any separate compensation from the Company for serving as directors in 2006. However, on October 11, 2002, Andrew Pilaro received options to purchase 2,000,000 shares of common stock at an exercise price of $.041, pursuant to the 2002 Stock Option Plan, subject to the following vesting schedule: options to purchase 800,000 shares of common stock vested immediately; options to purchase an additional 600,000 shares of common stock vested on October 11, 2003, and options to purchase 600,000 shares of common stock vested on October 11, 2004.

Item 11. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

To the knowledge of the management of the Company the following table sets forth the beneficial ownership of our common stock as of March 8, 2007 of each of our directors and executive officers, and all of our directors and executive officers as a group.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	% of Class (4)
Gregory Rotman	17,684,005 (2)	7.21%
Richard Rotman	19,471,451 (2)	7.94%
Andrew Pilaro	2,068,700 (3)	.84%
All directors and executive officers as a group (3 individuals)	39,224,156	15.99%

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(1) The address of each person named is the address of the Company.

(2) Includes options to purchase 10,000,000 shares of the Company's common stock at an exercise price of $.041, 4,000,000 of which vested on April 1, 2003, 3,000,000 of which vested on October 11, 2003, and 3,000,000 of which vested on October 11, 2004.

(3) Includes 17,200 shares held indirectly as custodian for Mr. Pilaro's minor sons and options to purchase 2,000,000 shares of the Company's common stock at an exercise price of $.041, 800,000 of which vested on October 11, 2002, 600,000 of which vested on October 11, 2003, and 600,000 of which vested on October 11, 2004.

(4) Percentages are calculated on the basis of the amount of outstanding securities plus for such person or group, any securities that person or group has the right to acquire within 60 days.

To the knowledge of the management of the Company the following table sets forth the beneficial ownership of our common stock as of March 8, 2007 of each beneficial owner of more than five percent of any class of the Company's Common Stock, other than as held by our directors and executive officers.

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned	% of Class
Augustine Fund, L.P. 141 W. Jackson Blvd., Suite 2182 Chicago, IL 60604	22,473,741	10.06%

The information regarding the Company's "Equity Compensation Plan Information" is incorporated herein by reference in Part II, Item 5 of this Annual Report on Form 10-KSB.

Item 12. Certain Relationships and Related Transactions, and Director Independence.

Steven Rotman is the father, and Leslie Rotman is the mother, of Gregory

Rotman, President of the Company, and Richard Rotman, CFO/Vice President/Secretary of the Company. The Company entered into a number of transactions over the past two years with both Steven Rotman and Leslie Rotman. Management believes that these transactions are fair and reasonable to the Company and no less favorable than could have been obtained by an unaffiliated third party.

In December 2001, the Company engaged Steven Rotman to provide consulting services to the Company. Steven Rotman did not provide any consulting services in 2005. However, during 2005, for consulting fees owed and for consulting services provided prior to 2005, including $160,000 in fees and services provided in 2004, the Company paid Steven Rotman $251,659 in the form of options to purchase 1,264,630 shares of common stock of the Company pursuant to the Company's 2001 Non-Qualified Stock Option Plan. During 2006, the Company incurred $86,154 of consulting fees paid to Steven Rotman. Under the 2001 Non-Qualified Stock Option Plan, employees and consultants may elect to receive their gross compensation in the form of options to acquire the number of shares of the Company's common stock equal to their gross compensation divided by the fair value of the stock on the date of grant.

In 2002, the Company obtained private financing from Mr. Steven Rotman in the aggregate amount of $115,000 at an 8% interest rate, and borrowed an additional $15,000 in 2003, all of which was outstanding in 2004. In 2005, the Company repaid $50,000, but continues to owe Steven Rotman $80,000 in principal, and $40,322 in interest, including $6,489 in interest which accrued in 2006.

On May 9, 2005, the Company entered into a Settlement Agreement and Mutual Release with Leslie Rotman ("Seller") to settle all outstanding disputes regarding the value paid and the value received in the 2001 transaction in which Seller, Rotman Collectibles, Inc., and the Company entered into an Agreement and Plan of Merger, pursuant to which Rotman Collectibles, Inc., a Massachusetts corporation, was merged into the Company's Delaware subsidiary, now named Rotman Collectibles, Inc. To settle any possible differences or disputes between the value paid and the value received, Seller delivered 2,000,000 shares of the Company's common stock into escrow (as set forth in the Settlement Agreement

and Mutual Release) and granted the Company an option to purchase the shares for $.001 per share. The option is assignable by the Company and now expires two years from the date of grant. During 2006 the Company assigned options to purchase 800,000 shares of stock from Leslie Rotman to certain individuals in exchange for $331,848.

On September 8, 2005, the Company purchased approximately $1,010,000 of memorabilia for sale from Leslie Rotman, the mother of Richard and Greg Rotman, in exchange for 6,433,121 shares of restricted common stock valued at $.157.

In August 2006 the Company began paying rent, as a tenant at will, to a company in which Steven Rotman, the father of Greg and Richard Rotman, is a shareholder. Monthly payments under this arrangement of $2,600 began on August 1, 2006. The Company had previously occupied the premises rent-free.

Item 13. Exhibits.

Exhibits are numbered in accordance with Item 601 of Regulation S-B.

Exhibit No.	Description of Exhibits

3.1	Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to Form 8-K, filed on November 25, 2003)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K, filed on December 8, 2004)
4.1	Specimen of certificate for Common Stock (incorporated by reference to Exhibit 4.1 to Form SB-2/A filed on December 1, 2000)
4.2	Convertible Promissory Note dated March 23, 2000 issued to Augustine Fund, LP pursuant to Securities Purchase Agreement (incorporated by reference to Exhibit 10.3 to Form 10-KSB filed on April 14, 2000)
4.3	Convertible Promissory Note, dated November 7, 2001, issued to Augustine Fund, L.P., pursuant to Loan Agreement (incorporated by reference from Exhibit 4.2 to Form 8-K filed on November 21, 2001)
4.4	Modification Agreement dated September 19, 2000 between the Company and Augustine Fund, L.P. (incorporated by reference to Exhibit 4.7 to Form S-3 filed on October 25, 2000).
4.5	Amended Modification Agreement dated July 15, 2001, between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form SB-2/A filed on August 8, 2001)
4.6	Second Amended Modification Agreement dated August 30, 2001 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.11 to Form SB-2 filed on August 31, 2001)
4.7	Third Amended Modification Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.1 to Form 10-QSB/A filed on August 14, 2002)
4.8	Modification Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.2 to Form 10-QSB/A filed on August 14, 2002)
4.9	Second Modification Agreement dated October 31, 2003 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form 10-KSB filed on March 30, 2004)

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4.10	Third Modification Agreement dated October 15, 2005 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form 10-KSB filed on March 31, 2006)
4.11	Warrant issued by the Registrant to Delano Group Securities, LLC (expired March 2005) (incorporated by reference to Exhibit

10.7 to Form 10-KSB filed on April 14, 2000).

4.12 Warrant dated March 23, 2000 issued to Augustine Fund, LP pursuant to Securities Purchase Agreement (expired March 2005) (incorporated by reference to Exhibit 10.4 to Form 10-KSB filed on April 14, 2000)

10.1 1999 Stock Option Plan (incorporated by reference to Exhibit 10.2 to Form SB-2/A filed on December 1, 2000)

10.2 1999 Omnibus Share Plan (incorporated by reference to Exhibit 10.3 to Form SB-2/A filed on December 1, 2000)

10.3 2001 Non-Qualified Stock Option Plan, as amended (incorporated by reference from Exhibit 99.1 to Form S-8 filed on September 5, 2003)

10.4 2002 Stock Option Plan (incorporated by reference from Exhibit 10.17 to Form 10-KSB filed on March 31, 2003)

10.5 Securities Purchase Agreement dated March 23, 2000 between the Company and Augustine Fund, LP. (incorporated by reference to Exhibit 10.2 to Form 10-KSB filed on April 14, 2000)

10.6 Loan Agreement, dated November 7, 2001, by and between Augustine Fund, L.P. and the Company (incorporated by reference from Exhibit 10.1 to Form 8-K filed on November 21, 2001)

10.7 Loan Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 10.1 to Form 10-QSB/A filed on August 14, 2002)

10.8 Agreement and Plan of Merger between the Company, Rotman Collectibles, Inc. and Leslie Rotman dated October 23, 2001 (incorporated by reference from Exhibit 2.1 to Form 8-K filed on November 21, 2001)

10.9 Asset Purchase Agreement dated September 8, 2005 between the Company and Leslie Rotman (incorporated by reference from Exhibit 10 to Form 10-QSB filed on November 14, 2005)

10.10 Settlement Agreement and Mutual Release dated May 9, 2005 between the Company and Leslie Rotman (incorporated by reference to Exhibit 10.1 to Form 10-QSB filed on May 13, 2005)

10.11 Escrow Agreement dated May 9, 2005 between the Company, Leslie Rotman, and Escrow Agent (incorporated by reference to Exhibit 10.2 to Form 10-QSB filed on May 13, 2005)

21 Subsidiaries of the Registrant (included in Item I)*

23 Consent of Carlin, Charron & Rosen, LLP*

31.1 CEO Certification required under Section 302 of Sarbanes-Oxley Act of 2002*

31.2 CFO Certification required under Section 302 of Sarbanes-Oxley Act of 2002*

32 CEO and CFO Certification required under Section 906 of

Sarbanes-Oxley Act of 2002*

99 Risk Factors*

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* filed herewith

Item 14. Principal Accountant Fees and Services.

Audit Fees. The aggregate fees billed by Carlin, Charron & Rosen, LLP for the audit of the Company's annual consolidated financial statements for the fiscal year ended December 31, 2006 and 2005, and the reviews of the consolidated financial statements included in the Corporation's Forms 10-QSB for fiscal years 2006 and 2005, were $55,200 and $52,500, respectively.

Audit Related Fees. There were no fees billed to the Company by Carlin, Charron & Rosen, LLP in either of the past two fiscal years for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.

Tax Fees. There were no fees billed to the Company by Carlin, Charron & Rosen, LLP in either of the past two fiscal years for professional services for tax compliance, tax advice, and tax planning.

All Other Fees. There were no fees billed to the Company by Carlin, Charron & Rosen, LLP for any other services for the past two fiscal years.

The Audit Committee approves all audit and audit-related fees. The Audit Committee is required to pre-approve all non-audit services to be performed by the auditor. The percentage of hours expended on the principal accountant's engagement to audit the Company's financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PAID, INC.

/s/ Gregory Rotman

By: _______________________________
Gregory Rotman, President
Date: April 3, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Gregory Rotman

Gregory Rotman, President and Director
Date: April 3, 2007

/s/ Richard Rotman

Richard Rotman, Vice President, Treasurer,
Secretary and Director
Date: April 3, 2007

/s/ Andrew Pilaro

Andrew Pilaro, Director
Date: April 3, 2007

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PAID, INC. AND SUBSIDIARY

DECEMBER 31, 2006 AND 2005

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

F-1

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of Paid, Inc.

We have audited the accompanying consolidated balance sheets of Paid, Inc. and subsidiary (the Company) as of December 31, 2006 and 2005, and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Paid, Inc. and subsidiary as of December 31, 2006 and 2005, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred recurring losses. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 14, the consolidated financial statements for the year ended December 31, 2005 have been restated to reflect the correction of the Company's accounting for a settlement and mutual release agreement entered into on May 9, 2005. Note 14 also discusses the restatement effect on the quarterly results previously reported for 2005 and 2006.

/s/ Carlin, Charron & Rosen LLP

Westborough, Massachusetts
April 3, 2007

PAID, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31,

ASSETS	2006	
Current assets:		
Cash and cash equivalents	$ 138,326	$
Accounts receivable	34,731	
Inventories, net	1,181,361	
Deferred expenses	--	
Prepaid expenses	80,975	
Due from employees	32,803	
Other current assets	9,073	

Total current assets	1,477,269
Property and equipment, net	191,518
Other intangible assets, net	11,768
Total assets	$ 1,680,555

LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)

Current liabilities:	
Notes and loans payable	$ 98,000
Accounts payable	396,257
Accrued expenses	915,176
Deferred revenues	--
Total current liabilities	1,409,433
Long term liabilities:	
Convertible debt	--
Shareholders' equity (deficit):	
Common stock, $.001 par value, 350,000,000 shares authorized; 218,329,910 and 200,405,555 shares issued and outstanding at December 31, 2006 and 2005, respectively	218,330
Additional paid-in capital	28,638,897
Accumulated deficit	(28,586,105)
Total shareholders' equity (deficit)	271,122
Total liabilities and shareholders' equity (deficit)	$ 1,680,555

See accompanying notes to consolidated financial statements

F-3

PAID, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31,

	2006	2005 (Restated)
Revenues	$ 8,048,854	$ 4,920,123
Cost of revenues	5,556,635	3,562,073

Gross profit	2,492,219	1,358,050
Operating expenses:		
Selling, general, and administrative expenses	3,665,846	4,016,219
Website development costs	519,096	545,171
Total operating expenses	4,184,942	4,561,390
Loss from operations	(1,692,723)	(3,203,340)
Other income (expense):		
Interest expense	(17,877)	(294,822)
Other income	6,492	0
Total other income (expense), net	(11,385)	(294,822)
Loss before income taxes	(1,704,108)	(3,498,162)
Provision for income taxes	--	--
Net loss	$ (1,704,108)	$ (3,498,162)
Loss per share (basic and diluted)	$ (0.01)	$ (0.02)
Weighted average shares	210,364,212	184,008,727

See accompanying notes to consolidated financial statements

F-4

PAID, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	Common stock		Additional	
	Shares	Amount	Paid-in Capital	Accumulat Deficit
Balance, December 31, 2004	173,320,731	$ 173,321	$ 21,166,334	$ (23,383,8
Common stock issued pursuant to exercise of stock options granted to employees for services	1,561,315	1,561	310,119	

Common stock issued in payment of professional and consulting fees	7,064,926	7,065	1,278,765	
Common stock issued in payment of interest	1,057,966	1,058	136,103	
Common stock issued in payment of note payable	761,905	762	159,238	
Stock options exercised	536,364	536	--	
Common stock issued for payment of convertible debt	9,469,227	9,470	1,342,422	
Issuance of common stock	200,000	200	29,800	
Amortization of unearned compensation	--	--	--	
Common stock issued for inventory	6,433,121	6,433	1,003,567	
Proceeds from sale of warrants	--	--	50,000	
Proceeds from assignment of call options	--	--	196,496	
Net loss	--	--	--	(3,498,1
Balance, December 31, 2005 (Restated)	200,405,555	200,406	25,672,844	(26,881,9
Issuance of common stock pursuant to exercise of stock options granted to employees for services	1,195,799	1,196	261,820	
Issuance of common stock pursuant to exercise of stock options granted to professionals and consultants	6,769,876	6,770	1,012,549	
Common stock issued in payment of interest on note payable	838,450	838	136,956	
Common stock issued for payment of convertible debt	9,020,230	9,020	1,140,980	
Common stock issued in connection with acquisition of assets of K-sports & Entertainment, LLC	100,000	100	31,900	
Proceeds from assignment of call options	--	--	331,848	
Proceeds from sale of warrants	--	--	50,000	
Net loss	--	--	--	(1,704,1
Balance, December 31, 2006	218,329,910	$ 218,330	$ 28,638,897	$ (28,586,1

See accompanying notes to consolidated financial statements

F-5

PAID, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2006
Operating activities:	
Net loss	$(1,704,108
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Depreciation and amortization	148,366
Bad debt expense	6,762
Inventory Reserve	150,000
Amortization of unearned compensation	--
Beneficial conversion feature	--
Common stock issued in payment of professional and consulting fees	1,019,319
Issuance of common stock pursuant to exercise of stock options granted to employees for services	263,016
Common stock issued in payment of interest	137,794
Changes in assets and liabilities:	
Accounts receivable	30,824
Inventories	32,887
Deferred expenses	556,250
Prepaid expense and other current assets	20,761
Accounts payable	120,921
Accrued expenses	(129,905
Deferred revenue	(2,305,278
Net cash provided by (used in) operating activities	(1,652,391
Investing activities:	
Property and equipment additions	(62,118
Net cash used in investing activities	(62,118
Financing activities:	
Net payments of notes and loans payable	(32,000
Proceeds from sale of warrants	50,000
Proceeds from sale of common stock	--
Proceeds from assignment of call options	331,848
Proceeds from exercise of stock options	--
Net cash provided by financing activities	349,848
Net increase (decrease) in cash and cash equivalents	(1,364,661
Cash and cash equivalents, beginning	1,502,987

Cash and cash equivalents, ending	$ 138,326

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the period for:	
Income taxes	$ --
Interest	$ 8,371

See accompanying notes to consolidated financial statements

PAID, INC. AND SUBSIDIARY
DECEMBER 31, 2006 AND 2005
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization

Paid, Inc. and subsidiary (the "Company") provides businesses and clients with marketing, management, merchandising, auction management, website hosting, and authentication and consignment services for the entertainment, sports and collectibles industries. The Company also provides other services for celebrities and sports personalities including autograph signings, appearances, marketing opportunities and event ticketing. The Company continues to sell sports collectibles and merchandise through a variety of outlets, including online auctions and wholesale and distribution outlets.

Note 2. Management's Plans

The Company has continued to incur significant losses. For the years ended December 31, 2006 and 2005 the Company reported losses of approximately $1,704,000 and $3,500,000, respectively. These conditions raise substantial doubt about the Company's ability to grow as a going concern.

To date the Company has met its cash needs from the proceeds of convertible debt and the assignment of call options discussed in Note 7.

Management anticipates growth in revenues and gross profits in 2007 from its celebrity services products and websites; including memberships, fan experiences and ticketing, appearances, and merchandise sales. In addition, "AuctionInc" which hosts a suite of management tools and enhanced shipping calculator solutions for small e-commerce enterprises, sales of movie posters, both from inventory and on consignment, and web hosting are expected to increase revenues and result in higher total gross profit.

A 2005 Settlement Agreement provided the Company with call options for approximately 2 million shares of the Company's common stock. As of December 31, 2006 the Company still held call options for 825,000 shares of common stock, which currently expire on May 9, 2007. Assignment of these call options may generate between $130,000 and $355,000 based solely upon 52 week high and low closing prices of the Company's common stock.

Although there can be no assurances, the Company believes that the above anticipated additional revenues, and additional financing will be sufficient to meet the Company's working capital requirements through the end of 2007.

Note 3. Summary Of Significant Accounting Policies

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Paid, Inc. and its wholly-owned subsidiary, Rotman Collectibles, Inc. All inter-company balances and transactions have been eliminated.

Cash and cash equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories consist of collectible merchandise for sale and are stated at the lower of average cost or market on a first-in, first-out (FIFO) method. When a purchase contains multiple copies of the same item, they are stated at average cost.

On a periodic basis management reviews inventories on hand to ascertain if any is slow moving or obsolete. In connection with this review, at December 31, 2006 and 2005 the Company provided for reserves totaling $200,000 and $50,000, respectively.

Website Development Costs

The Company accounts for website development costs in accordance with the provisions of EITF 00-2, "Accounting for Web Site Development Costs", which requires that costs incurred in planning, maintaining, and operating stages that do not add functionality to the site be charged to operations as incurred. External costs incurred in the site application and infrastructure development stage and graphic development are capitalized. Such capitalized costs are included in "Property and equipment." During the years ended December 31, 2006 and 2005 the Company capitalized approximately $49,500 and $200,000, respectively, of website development costs.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight line and double declining balance method over the estimated useful lives of 3 to 5 years.

Intangible Assets

Intangible assets are being amortized on a straight-line basis over estimated useful lives of two to seventeen years.

The Company accounts for intangible assets in accordance with Financial Accounting Standards Board Statement No. 142 "Goodwill and Other Intangible Assets" (SFAS No. 142). SFAS No. 142 addresses the initial recognition and measurement of intangible assets acquired outside of a business combination and the accounting for goodwill and other intangible assets subsequent to acquisition. SFAS No. 142 provides that intangible assets with finite lives be amortized and that goodwill and intangible assets with indefinite lives not be amortized, but rather be tested at least annually for impairment.

Revenue Recognition

The Company generates revenue from sales of fan experiences, from fan club membership fees, from sales of its purchased inventories, from web hosting services, from appraisal services and from advertising and promotional services.

Fan experiences sales include tickets and related experiences at concerts and other events conducted by performing artists. Revenues associated with these fan experiences are generally reported gross, rather than net,

following the criteria of EITF 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent", and are deferred until the related event has been concluded, at which time the revenues and related direct costs are recognized.

Fan club membership fees are recognized when the member joins and all direct costs associated with the membership have been incurred.

For sales of merchandise owned and warehoused by the Company, the Company is responsible for conducting the sale, billing the customer, shipping the merchandise to the customer, processing customer returns and collecting accounts receivable. The Company recognizes revenue upon verification of the credit card transaction and shipment of the merchandise, discharging all obligations of the Company with respect to the transaction.

The Company provides web hosting services under two types of arrangements. Revenue is recognized on a monthly basis as the services are provided for those where payment is to be received in cash. Professional athletes' web sites are hosted under arrangements that are settled by the athlete providing a certain number of autographs on merchandise to be sold by the Company. Revenue related to player websites is recognized upon sale of the autographed merchandise.

Appraisal revenues are recognized when the appraisal is delivered to the customer.

Advertising revenues are recognized at the time the advertisement is initially displayed on the Company's web site. Sponsorship revenues are recognized at the time that the related event is conducted.

Shipping and Handling fees and costs

All amounts billed to customers in sales transactions related to shipping and handling represent revenues earned and are reported as revenues. Costs incurred by the Company for shipping and handling are reported as an expense.

Advertising Costs

Advertising costs totaling approximately $42,500 in 2006 and $85,700 in 2005, are charged to expense when incurred.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, accounts payable and accrued expenses - The carrying amount of these financial instruments approximates fair value because of the short-term nature of these instruments.

Notes payable - The carrying amount of these financial instruments approximates fair value as the interest rate approximates market rates.

Convertible debt - The carrying amount of these financial instruments approximates fair value as the interest rates approximate market rates.

Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash and cash equivalents - The Company places its cash and cash equivalents with high credit quality institutions.

Accounts receivable - The Company maintains receivable balances with certain of its customers and typically does not require collateral. The Company reviews a customer's credit history before extending credit and establishes an allowance for doubtful accounts based upon periodic reviews of the credit risk of specific customers and other information, if necessary. Based on experience to date, potential credit losses are considered minimal.

Income Taxes

Income taxes are accounted for under the liability method. Under this method, deferred income taxes are provided for temporary differences between the financial reporting and the tax bases of assets and liabilities and are measured using enacted laws and rates that will be in effect when the differences are expected to reverse. A valuation allowance is provided when management believes it is more likely than not that some or all of the deferred tax assets will not be realized.

Use of Estimates

In preparing consolidated financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheets and reported amounts of revenue and expenses during the reporting periods. Material estimates that are particularly susceptible to significant change in the near term relate to inventories and deferred tax asset valuation. Although these estimates are based on management's knowledge of current events and actions, they may ultimately differ from actual results.

Share Based Compensation

Effective January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) 123(R), Share-Based Payment, which establishes accounting for equity instruments exchanged for employee services. Under the provisions of SFAS 123(R), share-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period (generally the vesting period of the equity grant). Prior to January 1, 2006, the Company accounted for share-based compensation to employees in accordance with Accounting Principles Board (APB) Opinion No. 25, Accounting for stock issued to Employees, and related interpretations. The Company also followed the disclosure requirements of SFAS 123, Accounting for Stock-Based Compensation. The Company elected to adopt the modified prospective transition method as provided by SFAS 123(R) and, accordingly, financial statement amounts for the prior periods presented in the Form 10-KSB have not been restated to reflect the fair value method of expensing share-based compensation.

The Company estimates the fair value of stock options using the Black-Scholes valuation model. Key input assumptions used to estimate the fair value of stock options include the exercise price of the award, the expected option term, the expected volatility of the Company's stock over the option's expected term, the risk-free interest rate over the option's expected term, and the Company's expected annual dividend yield. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company's stock options. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards.

At the date of adoption, there were no unvested options outstanding and no options were granted during the year ended December 31, 2006. Consequently, there was no share-based compensation expense recorded during the year ended December 31, 2006.

Earnings Per Common Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflects additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to convertible debt and outstanding stock options and warrants. The number of common shares that would have been issued upon conversion of the convertible debt would have been 8,518,519 as of December 31, 2005. The number of common shares that would be included in the calculation of outstanding options and warrants is determined using the treasury stock method. The assumed conversion of outstanding dilutive stock options and warrants would increase the shares outstanding but would not require an adjustment of income as a result of the conversion. Stock options and warrants applicable to 27,136,054 shares and 27,165,054 shares at December 31, 2006 and 2005, respectively, have been excluded from the computation of diluted earnings per share, as have the common shares that would be issued upon conversion of the convertible debt at December 31, 2005, because they were antidilutive. Diluted earnings per share have not been presented as a result of the Company's net loss for each year.

Asset Impairment

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", long lived assets to be held and used by the Company are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. For long-lived assets to be held and used, the Company bases its evaluation on such indicators as the economic benefits of the assets, any historical or future profitability measurements, a review of estimated useful lives, as well as other external market conditions or factors that may be present. If such impairment indicators are present or other factors exist that indicate that the carrying amount of the asset may not be recoverable, the Company determines whether an impairment has occurred through the use of an undiscounted cash flow analysis of assets at the lowest level for which identifiable cash flow exist. If impairment has occurred, the Company recognizes a loss for the difference between the carrying amount and the estimated value of the asset. The fair value of the asset is measured using an estimate of discounted cash flow analysis.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") which is an interpretation of FASB Statement 109, "Accounting for Income Taxes." FIN 48 requires management to perform a two-step evaluation of all tax positions, ensuring that these tax return positions meet the "more-likely than not" recognition threshold and can be measured with sufficient precision to determine the benefit recognized in the financial statements. These evaluations provide management with a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements certain tax positions that the Company has taken or expects to take on income tax returns. The Company does not believe the adoption of FIN 48 will have a material impact on its financial position or results of operations. FIN 48 is effective for the Company's interim reporting period beginning January 1, 2007.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108 ("SAB 108"). SAB 108 addresses how the effects of prior year uncorrected misstatements should be considered when quantifying misstatements in current year financial statements. SAB 108 requires companies to quantify misstatements using a balance sheet and income statement approach and to evaluate whether either approach results in quantifying an error that is material in light of relevant quantitative and qualitative factors. When the effect of initial adoption is material, companies will record the effect as a cumulative effect adjustment to beginning of year retained earnings. The provisions of SAB 108 are effective for the Company's interim reporting period beginning January 1, 2007. The Company does not believe the adoption of SAB 108 will have a material impact on its financial position or results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company does not believe the adoption of SFAS 157 will have a material impact on its financial condition or results of operations. SFAS 157 is effective for the Company's interim reporting period beginning January 1, 2008.

Note 4. Property and Equipment

At December 31, property and equipment consisted of the following:

	2006	2005
Computer equipment and software	$ 164,790	$ 905,179
Office furniture	2,850	61,927
Video and article archives	418,983	418,983
Video equipment	--	158,513
Website development cost	636,390	908,996
Purchased software	--	70,000
	1,223,013	2,523,598
Accumulated depreciation	(1,031,495)	(2,267,354)
	$ 191,518	$ 256,244

Depreciation expense of property and equipment for the years ended December 31, 2006 and 2005 amounted to $126,800 and $150,200, respectively.

Note 5. Intangible Assets

At December 31, intangible assets are comprised of the following:

	2006	2005
Software licenses	$ 2,882,660	$ 2,882,660
Patent pending	16,000	16,000
Domain names	57,025	77,025
Acquired web sites	762,301	762,301
Customer and user lists	327,157	327,157
Assigned contracts	54,900	54,900
Other	30,763	30,763
	4,130,806	4,150,806
Accumulated amortization	(4,119,038)	(4,117,516)
	$ 11,768	$ 33,290

Amortization expense for intangible assets for the years ended December 31, 2006 and 2005 amounted to $21,500 and $655,600, respectively.

Estimated future annual amortization expense is $1,000 for each year through 2019.

Note 6. Accrued Expenses

At December 31, accrued expense are comprised of the following:

	2006	2005
Interest	$ 44,201	$ 172,490
Payroll and related costs	268,702	204,280
Professional and consulting fees	115,111	134,411
Consignments - related party	172,782	172,782
Due to K Sports	30,500	62,500
Commissions	266,246	300,000
Other	17,634	30,618
	$ 915,176	$1,077,081

Note 7. Common Stock

Call Option Agreements

In connection with a settlement agreement with CSEI, the Company was granted call options for 2,283,565 unregistered common shares held by CSEI at an exercise price of $.001 per share.

During 2004 the Company assigned options to purchase 1,889,000 shares of stock from CSEI to certain individuals in exchange for $573,000. During January 2005 the remaining 394,565 options were assigned in exchange for approximately $100,000. The proceeds from the assignment of these options were added to the paid in capital of the Company.

On May 9, 2005, the Company entered into a Settlement Agreement and Mutual Release with Leslie Rotman ("Seller") to settle all outstanding disputes regarding the value paid and the value received in the 2001 transaction in which Seller, Rotman Collectibles, Inc., and the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which Rotman Collectibles, Inc., a Massachusetts corporation, was merged into the Company's Delaware subsidiary, now named Rotman Collectibles, Inc. Seller is the mother of Gregory Rotman, President of the Company, and Richard Rotman, CFO/Vice President/Secretary of the Company. To settle any possible differences or disputes between the value paid and the value received, Seller delivered 2,000,000 shares of the Company's common stock into escrow, on May 6, 2005 (as set forth in the Settlement Agreement and Mutual Release) and granted the Company an option to purchase the shares for $.001 per share. The option is assignable by the Company and, as most recently amended, expires on May 9, 2007. During 2006 and 2005 the Company assigned options to purchase 800,000 and 375,000 shares, respectively, of stock from Leslie Rotman to certain individuals in exchange for $331,848 and $96,885. The proceeds from the assignments of these options were added to the paid in capital of the Company. At December 31, 2006, 825,000 call options remain outstanding.

Warrants

During the year ended December 31, 2005, the Company entered into an Agreement and sold a warrant to purchase common stock ("Warrant") to an investor. The investor paid the Company $50,000 as a deposit ("Deposit") for the right to acquire up to 2,000,000 shares of unregistered common stock at any time within one year of the Agreement at $.15 per share. During 2006 the expiration date of the Warrant was extended pending receipt of an additional $50,000 payment. If exercised, $100,000 will be applied as partial payment of the exercise price. If the Warrants are not exercised by June 1, 2008 the deposits will be forfeited. The deposits have been recorded as an addition to Paid in Capital.

Share-based Incentive Plan

At December 31, 2006, the Company had stock option plans that include both incentive and non-qualified options to be granted to certain eligible employees, non-employee directors, or consultants of the company. The maximum number of shares currently reserved for issuance is 31,000,000 shares. The options granted have ten-year contractual terms and vest either immediately or annually over a five-year term.

At December 31, 2006, there were 5,463,000 shares available for future grants under the above stock option plans. The weighted average exercise price of options outstanding was $0.043 at December 31, 2006.

In October 2004, the Company granted options to an employee and a consultant to purchase 635,418 shares of unrestricted common stock at $.001 per share. 468,750 of these options, valued at $150,000, were immediately vested while 166,668 vested over a nine-month period. The Company recorded unearned compensation of $45,000, based on the difference between the fair value of the common stock at the grant date and the exercise price of the options that did not immediately vest. The unearned compensation was amortized over the option's vesting period with $35,000 being charged to expense during 2005.

Information with respect to stock options granted under the above plans is as follows:

	Number of shares	Weighted average exercise price per share
Options outstanding at December 31, 2005	25,165,054	$ .045
Granted	--	--
Exercised	--	--
Canceled	(29,000)	(1.373)
Options outstanding at December 31, 2006	25,136,054	$ .043

All options outstanding at December 31, 2006 are fully vested and exercisable. Information pertaining to options outstanding at December 31, 2006 is as follows:

Options Outstanding

Exercise Prices	Number of shares	Weighted Average Remaining Contractual Life	Intrinsic Value
$1.62	37,000	2	--
.001	99,054	8	$ 34,570
.041	25,000,000	6	7,725,000
	25,136,054		

During July 1999, the Company's Board of Directors adopted, subject to stockholders' approval, the 1999 Omnibus Share Plan (the "Omnibus Plan") that provides for both incentive and non-qualified stock options, stock appreciation rights and other awards to directors, officers, and employees of the Company to purchase or receive up to 1,000,000 shares of the Company's stock. A committee of the Board of Directors ("Committee") establishes the option price at the time each option is granted, which price may, in the discretion of the Committee, be less than 100% of the fair market value of the shares on the date of the grant. Any options granted will have a maximum term of ten years and will be exercisable during a period as specified by the Committee. No options have ever been granted under the Omnibus Plan.

On February 1, 2001 the Company adopted the 2001 Non-Qualified Stock Option Plan (the "2001 Plan") and has filed Registration Statements on Form S-8 to register 80,000,000 shares of its common stock. Under the 2001 Plan, employees and consultants may elect to receive their gross compensation in the form of options, exercisable at $.001 per share, to acquire the number of shares of the Company's common stock equal to their gross compensation divided by the fair value of the stock on the date of grant.

During the year ended December 31, 2006 the Company granted options for 7,940,675 shares at various dates aggregating $1,273,335 under this plan. During the year ended December 31, 2005 the Company granted options for 8,302,602 shares at various dates aggregating $1,580,216 under this plan. All options except 99,054 shares granted under this plan were exercised.

The Company did not recognize compensation expense for employee stock option grants for the year ended December 31, 2005, since the Company had previously adopted the provisions of SFAS 123 through disclosure only. The following illustrates the effects on net income and earnings per share for the year ended December 31, 2005 as if the Company had applied the fair value recognition provisions of SFAS 123 to share-based employee awards.

	Amount	Basic loss per share
Net loss		
As reported	$(3,498,162)	$ (.02)
Stock based compensation cost, as reported (net of tax)	35,000	--
Stock based compensation cost that would have been included in the determination of net income had the fair value method been applied (net of tax)	(35,000)	--
Pro forma	$(3,498,162)	$ (.02)

Note 8. Income Taxes

There was no provision for income taxes for the years ended December 31, 2006 and 2005 due to the Company's net operating loss and its valuation reserve against deferred income taxes.

The difference between the provision for income taxes using amounts computed by applying the statutory federal income tax rate of 34% and the Company's effective tax rate is due primarily to the net operating loss incurred by the Company and the valuation reserve against the Company's deferred tax asset.

The tax effects of temporary differences and carry forwards that give rise to deferred taxes are as follows:

	2006	2005
Federal net operating loss carry forwards	$ 7,189,000	$ 6,758,000
State net operating loss carry forwards	1,615,000	1,492,000
	8,804,000	8,250,000
Valuation reserve	(8,804,000)	(8,250,000)
Net deferred tax asset	$ --	$ --

The valuation reserve applicable to net deferred tax asset for the years ended December 31, 2006 and 2005 is due to the likelihood of the deferred tax not to be utilized.

At December 31, 2006, the Company has federal and state net operating loss carry forwards of approximately $21,100,000 and $17,000,000, respectively, available to offset future taxable income. The state carry-forwards will expire intermittently through 2011, while the federal carry forwards will expire intermittently through 2026.

Note 9. Convertible Debt Financing

As of December 31, 2006 the Company has no convertible debt outstanding.

As of December 31, 2005 the Company had $1,150,000 of convertible debt outstanding.

On March 23, 2000, the Company entered into a Securities Purchase Agreement (the "Agreement"), whereby the Company sold an 8% convertible note in the amount of $3,000,000 (the "Series A Note"), due in shares of common stock on March 31, 2002 to Augustine Fund, L.P. ("Buyer"). As of December 31, 2005 this note has been paid in full through a series of conversions to common stock. During 2005 the Company received conversion requests for the remaining $251,892 balance into 1,412,942 common shares at prices ranging from $.149 to $.213 per share. During prior years $2,748,108, had been converted into 25,314,096 shares of the Company's common stock at conversion prices ranging from $.028 to $.375 per share.

The Company entered into a second Loan Agreement, most recently modified in October 2005, whereby it issued an 8% convertible note in the amount of $2,250,000, due November 7, 2006 (the "Series B Note") to Buyer. In accordance with EITF 00-27, the intrinsic value of the beneficial conversion feature was charged to interest expense over the original two year term of the related note. The beneficial conversion feature that was charged to interest expense during the year ended December 31, 2005 totaled $103,871. During the years ended December 31, 2006 and 2005 the Company received conversion requests for $1,150,000 and $1,100,000 into 9,020,230 and 8,056,285 shares of the Company's common stock at conversion prices ranging from $.115 to $.157 per share.

Note 10. Notes and Loans Payable

At December 31, 2006, the Company was obligated on short-term demand notes payable totaling $80,000 to a related party. The notes bear interest at 8%. Interest expense charged to operations in connection with related party notes totaled $6,489 in 2006. In addition, included in notes and loans payable is an $18,000 non interest bearing loan.

At December 31, 2005 the Company was obligated on short-term notes payable totaling $130,000, of which $80,000 was to a related party. The related party notes bear interest at 8%, while the remainder bear interest at 10%. The related party debt is due on demand while the remainder was due on May 31, 2006. Interest expense charged to operations in connection with the related party notes totaled $10,266 in 2005.

Note 11. Related party transactions

Steven Rotman is the father, and Leslie Rotman is the mother, of Gregory Rotman, President of the Company, and Richard Rotman, CFO/Vice President/Secretary of the Company. The Company entered into a number of transactions over the past two years with both Steven Rotman and Leslie Rotman. Management believes that these transactions are fair and reasonable to the Company and no less favorable than could have been obtained by an unaffiliated third party.

In December 2001, the Company engaged Steven Rotman to provide consulting services to the Company. Steven Rotman did not provide any consulting services in 2005. However, during 2005, for consulting fees owed and for consulting services provided prior to 2005, including $160,000 in fees and services provided in 2004, the Company paid Steven Rotman $251,659 in the form of options to purchase 1,264,630 shares of common stock of the Company pursuant to the Company's 2001 Non-Qualified Stock Option Plan. During 2006, the Company incurred $86,154 of consulting fees paid to Steven Rotman. Under the 2001 Non-Qualified Stock Option Plan, employees and consultants may elect to receive their gross compensation in the form of options to acquire the number of shares of the Company's common stock equal to their gross compensation divided by the fair value of the stock on the date of grant.

In 2002, the Company obtained private financing from Mr. Steven Rotman in the aggregate amount of $115,000 at an 8% interest rate, and borrowed an additional $15,000 in 2003, all of which was outstanding in 2004. In 2005, the Company repaid $50,000, but continues to owe Steven Rotman $80,000 in principal, and $40,322 in interest, including $6,489 in interest which accrued in 2006.

On May 9, 2005, the Company entered into a Settlement Agreement and Mutual Release with Leslie Rotman ("Seller") to settle all outstanding disputes regarding the value paid and the value received in the 2001 transaction in which Seller, Rotman Collectibles, Inc., and the Company entered into an Agreement and Plan of Merger, pursuant to which Rotman Collectibles, Inc., a Massachusetts corporation, was merged into the Company's Delaware subsidiary, now named Rotman Collectibles, Inc. To settle any possible differences or disputes between the value paid and the value received, Seller delivered 2,000,000 shares of the Company's common stock into escrow (as set forth in the Settlement Agreement and Mutual Release) and granted the Company an option to purchase the shares for $.001 per share. The option is assignable by the Company and now expires two years from the date of grant.

On September 8, 2005, the Company purchased approximately $1,010,000 of memorabilia for sale from Leslie Rotman, the mother of Richard and Greg Rotman, in exchange for 6,433,121 shares of restricted common stock valued at $.157.

In August 2006 the Company began paying rent, as a tenant at will, to a company in which Steven Rotman, the father of Greg and Richard Rotman, is a shareholder. Monthly payments under this arrangement of $2,600 began on August 1, 2006. The Company had previously occupied the premises rent-free.

Note 12. Issuance of Common Stock

During 2005 the Company purchased $1,010,000 of memorabilia for sale from Leslie Rotman, the mother of Gregory and Richard Rotman in exchange for 6,433,121 shares of restricted stock valued at $.157.

During 2006 and 2005 the Company issued 838,450 and 1,019,871 shares of common stock in connection with the payment of $137,794 and $129,161 of interest due on its convertible debt.

Note 13. Commitments

The Company leases office facilities in Boston Massachusetts under a five year lease beginning May 2006 requiring monthly payments of approximately $5,800, plus increases in real estate taxes and operating expenses, through April 2011.

In August 2006 the Company began paying rent, as a tenant at will, to a company in which Stephen Rotman, the father of Gregory and Richard Rotman, is a shareholder. Monthly payments under this arrangement of $2,600 began on August 1, 2006.

Note 14. RESTATEMENT

During a detailed review of its accounting treatment for the Settlement Agreement and Mutual Release (see Note 7) entered into on May 9, 2005, the Company determined it had incorrectly accounted for the call options that were issued in connection with this agreement. The Company determined that the cash received from the sale price of the call options of $96,885 should be recorded as an increase to additional paid-in capital. As a result, the Company restated its statement of operations for the year ended December 31, 2005 to increase its net loss by $397,510, which is the net of increasing cost of revenues by $129,450; decreasing loss on call options by $202,490; and decreasing other income by $470,550. In addition, the Companys assets decreased by $300,625 and additional paid-in capital increased by $96,885 in connection with the restatement. These changes did not result in any change to the basic and diluted loss per share for the year ended December 31, 2005.

The accompanying financial statements and notes reflect the restated amounts for the year ended December 31, 2005. The following tables detail the effect of the restatement on each of the quarters in 2005 and as previously reported for the quarters in 2006. The amounts indicated "as previously reported" are prior to any adjustments to correct the accounting treatment of the agreement described above.

	As Previously Reported	Adjustments	As Restated
Quarter ended March 31, 2006			
Net sales	$ 2,806,841		$ 2,806,841
Loss from operations	(225,284)	--	(225,284)
Other income (expense)	(51,055)	24,375	(26,680)
Net loss	(276,339)	24,375	(251,964)
Basic and diluted weighted average shares outstanding	198,844,439		198,844,439
Basic and diluted net loss per share	$ (0.00)		$ (0.00)
Quarter ended June 30, 2006			
Net sales	$ 604,388		$ 604,388
Loss from operations	(568,672)	--	(568,672)
Other income (expense)	617,555	(599,625)	17,930
Net income (loss)	48,883	(599,625)	(550,742)
Basic weighted average shares outstanding	206,913,261		206,913,261
Diluted weighted average shares outstanding	231,580,941		206,913,261
Basic net income (loss) per share	$ 0.00		$ (0.00)
Diluted net income (loss) per share	$ 0.00		$ (0.00)
Quarter ended September 30, 2006			

Net sales	$ 1,499,154		$ 1,499,154
Loss from operations	(646,080)	--	(646,080)
Other income (expense)	(267,526)	266,250	(1,276)
Net loss	(913,606)	266,250	(647,356)
Basic and diluted weighted average shares outstanding	215,893,397		215,893,397
Basic and diluted net loss per share	$ (0.00)		$ (0.00)

	As Previously Reported	Adjustments	As Restated
Quarter ended June 30, 2005			
Net sales	$ 633,356		$ 633,356
Loss from operations	(708,580)	(129,450)	(838,030)
Other income (expense)	246,524	(325,050)	(78,526)
Net loss	(462,056)	(454,500)	(916,556)
Basic and diluted weighted average shares outstanding	178,777,729		178,777,729
Basic and diluted net loss per share	$ (0.00)		$ (0.01)
Quarter ended September 30, 2005			
Net sales	$ 492,367		$ 492,367
Loss from operations	(970,283)	--	(970,283)
Other income (expense)	(47,996)	(32,385)	(80,381)
Net loss	(1,018,279)	(32,385)	(1,050,664)
Basic and diluted weighted average shares outstanding	183,403,606		183,403,606
Basic and diluted net loss per share	$ (0.01)		$ (0.01)
Quarter ended December 31, 2005			
Net sales	$ 2,934,747		$ 2,934,747
Loss from operations	(509,880)	--	(509,880)
Other income (expense)	(131,502)	89,375	(42,127)
Net loss	(641,382)	89,375	(552,007)
Basic and diluted weighted average shares outstanding	199,300,877		199,300,877
Basic and diluted net loss per share	$ (0.00)		$ (0.00)

EXHIBIT INDEX

Exhibit No.	Description of Exhibits
3.1	Certificate of Incorporation, as amended (incorporated by reference to Exhibit 3.1 to Form 8-K, filed on November 25,

2003)

3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to Form 8-K, filed on December 8, 2004)
4.1	Specimen of certificate for Common Stock (incorporated by reference to Exhibit 4.1 to Form SB-2/A filed on December 1, 2000)
4.2	Convertible Promissory Note dated March 23, 2000 issued to Augustine Fund, LP pursuant to Securities Purchase Agreement (incorporated by reference to Exhibit 10.3 to Form 10-KSB filed on April 14, 2000)
4.3	Convertible Promissory Note, dated November 7, 2001, issued to Augustine Fund, L.P., pursuant to Loan Agreement (incorporated by reference from Exhibit 4.2 to Form 8-K filed on November 21, 2001)
4.4	Modification Agreement dated September 19, 2000 between the Company and Augustine Fund, L.P. (incorporated by reference to Exhibit 4.7 to Form S-3 filed on October 25, 2000).
4.5	Amended Modification Agreement dated July 15, 2001, between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form SB-2/A filed on August 8, 2001)
4.6	Second Amended Modification Agreement dated August 30, 2001 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.11 to Form SB-2 filed on August 31, 2001)
4.7	Third Amended Modification Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.1 to Form 10-QSB/A filed on August 14, 2002)
4.8	Modification Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.2 to Form 10-QSB/A filed on August 14, 2002)
4.9	Second Modification Agreement dated October 31, 2003 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form 10-KSB filed on March 30, 2004)
4.10	Third Modification Agreement dated October 15, 2005 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 4.10 to Form 10-KSB filed on March 31, 2006)
4.11	Warrant issued by the Registrant to Delano Group Securities, LLC (expired March 2005) (incorporated by reference to Exhibit 10.7 to Form 10-KSB filed on April 14, 2000).
4.12	Warrant dated March 23, 2000 issued to Augustine Fund, LP pursuant to Securities Purchase Agreement (expired March 2005) (incorporated by reference to Exhibit 10.4 to Form 10-KSB filed on April 14, 2000)
10.1	1999 Stock Option Plan (incorporated by reference to Exhibit

	10.2 to Form SB-2/A filed on December 1, 2000)
10.2	1999 Omnibus Share Plan (incorporated by reference to Exhibit 10.3 to Form SB-2/A filed on December 1, 2000)
10.3	2001 Non-Qualified Stock Option Plan, as amended (incorporated by reference from Exhibit 99.1 to Form S-8 filed on September 5, 2003)
10.4	2002 Stock Option Plan (incorporated by reference from Exhibit 10.17 to Form 10-KSB filed on March 31, 2003)
10.5	Securities Purchase Agreement dated March 23, 2000 between the Company and Augustine Fund, LP. (incorporated by reference to Exhibit 10.2 to Form 10-KSB filed on April 14, 2000)
10.6	Loan Agreement, dated November 7, 2001, by and between Augustine Fund, L.P. and the Company (incorporated by reference from Exhibit 10.1 to Form 8-K filed on November 21, 2001)
10.7	Loan Agreement dated May 21, 2002 between the Company and Augustine Fund, L.P. (incorporated by reference from Exhibit 10.1 to Form 10-QSB/A filed on August 14, 2002)
10.8	Agreement and Plan of Merger between the Company, Rotman Collectibles, Inc. and Leslie Rotman dated October 23, 2001 (incorporated by reference from Exhibit 2.1 to Form 8-K filed on November 21, 2001)
10.9	Asset Purchase Agreement dated September 8, 2005 between the Company and Leslie Rotman (incorporated by reference from Exhibit 10 to Form 10-QSB filed on November 14, 2005)
10.10	Settlement Agreement and Mutual Release dated May 9, 2005 between the Company and Leslie Rotman (incorporated by reference to Exhibit 10.1 to Form 10-QSB filed on May 13, 2005)
10.11	Escrow Agreement dated May 9, 2005 between the Company, Leslie Rotman, and Escrow Agent (incorporated by reference to Exhibit 10.2 to Form 10-QSB filed on May 13, 2005)
21	Subsidiaries of the Registrant (included in Item I)*
23	Consent of Carlin, Charron & Rosen, LLP*
31.1	CEO Certification required under Section 302 of Sarbanes-Oxley Act of 2002*
31.2	CFO Certification required under Section 302 of Sarbanes-Oxley Act of 2002*
32	CEO and CFO Certification required under Section 906 of Sarbanes-Oxley Act of 2002*
99	Risk Factors*

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* filed herewith