

Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

RRUN VENTURES NETWORK INC  
Form 10QSB  
November 19, 2001

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the quarterly period ended September 30, 2001  
-----

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 000-27233  
-----

RRUN VENTURES NETWORK, INC.  
-----

(Exact name of Registrant as specified in its charter)

NEVADA 98-0204736  
-----  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

62 W. 8th Avenue, 4th Floor  
Vancouver, British Columbia, Canada V5Y 1M7  
-----  
(Address of principal executive (Zip Code)  
offices)

Issuer's telephone number, including (604) 682-6541  
area code: -----

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 ( ).

State the number of shares outstanding of each of the issuer's classes of common  
equity, as of the last practicable date.

Class	Outstanding as of September 30, 2001
-----	-----
\$0.0001 par value Common Stock	14,614,724

Transitional Small Business Disclosure Format (check one): Yes [ ] No [ X ]

# Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

## PART 1 - FINANCIAL INFORMATION

### Item 1. Financial Statements

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-QSB and Item 310 (b) of Regulation S-B, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of the results that can be expected for the year ending December 31, 2001.

2

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

#### CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

CONSOLIDATED BALANCE SHEET  
(Unaudited)  
(Stated in U.S. Dollars)

---

SEPTEMBER 30	DECEMBER 31
2001	2000

---

Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

ASSETS

Current		
Cash	\$ 22,591	\$ 10,794
Goods and Services Tax recoverable	358	-
Prepaid expense	8,306	500
	-----	-----
	31,255	11,294
Capital Assets	10,010	-
Investment (Note 4)	6,750	6,750
	-----	-----
	\$ 48,015	\$ 18,044
	=====	=====

LIABILITIES

Current		
Accounts payable . . . . .	\$ 495,374	\$ 32,114
Loans and advances payable (Note 6)	331,434	66,803
	-----	-----
	826,808	98,917
	-----	-----

STOCKHOLDERS' DEFICIENCY

Share Capital		
Authorized:		
100,000,000 common shares, par value \$0.0001 per share		
Issued and outstanding:		
14,614,724 common shares	1,461	6,109
Additional paid-in capital	109,744	4,622
Deficit	(889,999)	(91,604)
	-----	-----
	(778,793)	(80,873)
	-----	-----
	\$ 48,015	\$ 18,044
	=====	=====

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT  
(Unaudited)  
(Stated in U.S. Dollars)

-----			
	THREE	NINE	INCEPTION
	MONTHS	MONTHS	OCTOBER 12

Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

	ENDED SEPTEMBER 30 2001	ENDED SEPTEMBER 30 2001	2000 TO SEPTEMBER 30 2001
Revenue	\$ 4,000	\$ 4,000	\$ 4,000
Expenses			
Administrative services	35,629	105,273	135,437
Amortization	906	1,375	1,375
Consulting	163,371	577,403	590,012
Office and Sundry	14,877	39,266	49,236
Professional Fees	38,548	49,049	70,830
Travel	17,306	30,029	34,973
	270,637	802,395	881,863
Minority interest in loss Of subsidiary	-	-	(219)
	270,637	802,395	881,644
Net Loss For The Period	266,637	798,395	877,644
Net Loss Per Share	\$ 0.03	\$ 0.12	
Weighted Average Number Of Common Shares Outstanding	9,166,075	6,913,402	

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

CONSOLIDATED STATEMENT OF CASH FLOWS  
(Unaudited)  
(Stated in U.S. Dollars)

	THREE MONTHS ENDED SEPTEMBER 30 2001	NINE MONTHS ENDED SEPTEMBER 30 2001	INCEPTION OCTOBER 12 2000 TO SEPTEMBER 30 2001
Cash Flows From Operating Activities			
Net loss for the period	\$ (266,637)	\$ (798,395)	\$ (877,644)
Adjustments To Reconcile Net Loss To Net Cash Used By Operating Activities			
Amortization	906	1,375	1,375

Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

Issue of common stock for expenses	4,000	4,000	8,200
Minority interest in loss of subsidiary	-	-	(219)
Goods and Services Tax recoverable	(358)	(358)	(358)
Prepaid expense	(8,306)	(7,806)	(8,306)
Accounts payable	78,652	387,456	419,570
Loans and advances payable	79,789	305,969	372,772
	(111,954)	(107,759)	(84,610)
Cash Flows From Investing Activities			
Net asset deficiency of legal parent at date of reverse take-over transaction	-	-	(12,355)
Purchase of capital assets	(5,127)	(11,385)	(11,385)
	(5,127)	(11,385)	(23,740)
Cash Flows From Financing Activity			
Shares issued for cash	13,400	13,400	13,400
Increase (Decrease) In Cash	(103,681)	(105,744)	(94,950)
Cash Acquired On Acquisition Of Subsidiary	117,541	117,541	117,541
Cash, Beginning Of Period	8,731	10,794	-
Cash, End Of Period	\$ 22,591	\$ 22,591	\$ 22,591

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIENCY

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

	SHARES	AMOUNT	ADDITIONAL PAID-IN CAPITAL	DEFICIT	TOTAL
Shares issued for cash and services	4,200,000	\$ 4,200	\$ -	\$ -	\$ 4,200
Adjustment to number of shares issued and outstanding as a result of the acquisition of RAHX, Inc.					
RAHX, Inc.	(4,200,000)	(4,200)	-	-	(4,200)
RRUN Ventures Inc.	5,708,780	5,709	(1,509)		4,200
Adjustment to stated value of stockholders' equity to reflect minority interest in the net					

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

assets of RAHX, Inc. at the acquisition date	-	-	(219)	-	(219)
Net asset deficiency of legal parent at date of reverse take-over transaction	-	-	-	(12,355)	(12,355)
Shares issued to acquire investment in Kaph Data Engineering Inc.	400,000	400	6,350	-	6,750
Loss for the period	-	-	-	(79,249)	(79,249)
Balance, December 31, 2000	6,108,780	6,109	4,622	(91,604)	(80,873)
Adjustment to number of shares issued and outstanding as a result of the acquisition of RRUN Ventures, Inc.					
RRUN Ventures, Inc.	(6,108,780)	(6,109)	(4,622)	-	(10,731)
RRUN Ventures Network Inc.	288,420	288	10,443	-	10,731
Ascribed value of shares issued in connection with the acquisition of RRUN Ventures, Inc.	305,439	306	28,325	-	28,631
Increase in issued shares due to 20 for 1 stock split	11,283,321	594	(594)	-	-
Shares issued for debt	1,867,544	187	54,257	-	54,444
Shares issued for cash	670,000	67	13,333	-	13,400
Shares issued for services	200,000	20	3,980	-	4,000
Loss for the period	-	-	-	(798,395)	(798,395)
Balance, September 30, 2001	14,614,724	\$ 1,462	\$109,744	\$(889,999)	\$(778,793)

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS

a) Organization

The Company was incorporated in the State of Nevada, U.S.A., on October 12, 2000.

b) Development Stage Activities

The Company was organized to develop innovative technology based ventures with a current emphasis on building new technologies for the entertainment and content industry. The Company's initial venture is RAHX, a business concept focused on the growing Peer-To-Peer (P2P) file exchange industry. The first branded RAHX

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

product is Rahxware, a platform that uses P2P technologies to enable and enhance the distribution of digital media over the internet.

The Company is in the development stage, therefore, recovery of assets is dependent upon future events, the outcome of which is indeterminable. In addition, successful completion of the Company's development program and its transition, ultimately to the attainment of profitable operations, is dependent upon obtaining adequate financing to fulfill its development activities and achieve a level of sales to support its cost structure.

Management is of the opinion that sufficient short term funding will be obtained and that current negotiations with potential users of its products will be successful.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of consolidated financial statements for a period necessarily involves the use of estimates which have been made using careful judgment.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### a) Consolidation

These consolidated financial statements include the accounts of the Company, its 100% owned subsidiary, RRUN Ventures, Inc., and its 67% owned subsidiary, RAHX, Inc.

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b) Development Stage Company

The Company is a development stage company as defined in the Statements of Financial Accounting Standards No. 7. The Company is devoting substantially all of its present efforts to establish a new business and none of its planned principal operations have commenced. All losses accumulated since inception have been considered as part of the Company's development stage activities.

#### c) Investments

Investments in companies owned less than 20% are recorded at the lower of cost or fair market value.

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

### d) Software Development Costs

The costs to develop new software products and enhancements to existing software products will be expensed as incurred until technological feasibility has been established. Once technological feasibility has been established, any additional costs will be capitalized.

### e) Income Taxes

The Company has adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes" (SFAS 109). This standard requires the use of an asset and liability approach for financial accounting and reporting on income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

### f) Amortization

Capital assets are being amortized on the declining balance basis at the following rates:

Computer equipment	30%
Computer software	100%
Office furniture and equipment	20%

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### g) Financial Instruments

The Company's financial instruments consist of cash, GST recoverable, prepaid expenses and accounts payable.

Unless otherwise noted, it is management's opinion that this Company is not exposed to significant interest or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### h) Net Loss Per Share

Net loss per share is calculated using the weighted average number of common shares outstanding during the period. Fully diluted loss per share is not presented as the impact of the exercise of options is anti-dilutive.

## 3. ACQUISITION OF SUBSIDIARY

a) Effective November 13, 2000, RRUN Ventures, Inc. acquired 67% of the issued and outstanding shares of RAHX, Inc. by issuing 2,814,000 common shares. Since the transaction resulted in the former shareholders of RAHX, Inc. owning



## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

the majority of the issued shares of RRUN Ventures, Inc., the transaction, which is referred to as a "reverse take-over", has been treated for accounting purposes as an acquisition by RAHX, Inc. of the net assets and liabilities of RRUN Ventures, Inc. Under this purchase method of accounting, the results of operations of RRUN Ventures, Inc. are included in these consolidated financial statements from November 13, 2000.

RRUN Ventures Inc. had a net asset deficiency at the acquisition date, therefore, the 2,814,000 common shares issued on acquisition were issued at an ascribed value of \$Nil with the net asset deficiency of \$12,355 charged to deficit. RAHX, Inc. is deemed to be the purchaser for accounting purposes. Accordingly, its net assets are included in the consolidated balance sheet at their previously recorded amounts.

The acquisition is summarized as follows:

Current Assets	\$	11,357
Current Liabilities		23,712
		-----
Net Asset Deficiency	\$	(12,355)
		=====

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

#### 3. ACQUISITION OF SUBSIDIARY (Continued)

b) Effective August 17, 2001, RRUN Ventures Network Inc. acquired 100% of the issued and outstanding shares of RRUN Ventures, Inc. by issuing 305,439 common shares. Since the transaction resulted in the former shareholders of RRUN Ventures, Inc. owning the majority of the issued shares of RRUN Ventures Network Inc., the transaction, which is referred to as a "reverse take-over", has been treated for accounting purposes as an acquisition by RRUN Ventures, Inc. of the net assets and liabilities of RRUN Ventures Network Inc. Under this purchase method of accounting, the results of operations of RRUN Ventures Network Inc. are included in these consolidated financial statements from August 17, 2001.

Control of the net assets of RRUN Ventures Network Inc. was acquired for consideration of \$28,631 representing the fair value of the assets of RRUN Ventures Network Inc. RRUN Ventures, Inc. is deemed to be the purchaser for accounting purposes. Accordingly, its net assets are included in the balance sheet at their previously recorded values.

The acquisition is summarized as follows:

Current Assets (cash)	\$117,541
Current Liabilities	(88,910)
	-----
	\$ 28,631
	=====

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

### 4. INVESTMENT

Kaph Data Engineering Inc. - 159  
common shares representing 15%  
of the Company's issued and  
outstanding common share capital                   \$ 6,750  
=====

### 5. STOCK OPTION PLAN

The Company has granted stock options for the purchase of up to 600,000 common shares at \$0.10 per share, and up to 518,000 common shares at \$0.25 per share. All expiring on December 1, 2003.

RRUN VENTURES NETWORK INC.  
(Formerly United Management, Inc.)  
(A Development Stage Company)

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001  
(Unaudited)  
(Stated in U.S. Dollars)

### 6. RELATED PARTY TRANSACTION

Loans and advances payable are due to related parties, are interest free, and have no specific terms of repayment.

### Item 2. Management's Discussion and Analysis or Plan of Operations

#### FORWARD LOOKING STATEMENTS

This report on Form 10-QSB contains certain forward-looking statements within the meaning of section 21(e) of the Securities Exchange Act of 1934, as amended, and other applicable securities laws. All statements other than statements of historical fact are "forward-looking statements" for purposes of these provisions, including any projections of earnings, revenues, or other financial items; any statements of the plans, strategies, and objectives of management for future operation; any statements concerning proposed new products, services, or developments, any statements regarding future economic conditions or performance, statements of belief, and any statement of assumptions underlying any of the foregoing. Such forward-looking statements are subject to inherent risks and uncertainties, and actual results could differ materially from those anticipated by the forward-looking statements.

#### Corporate History

In August 2001, RRUN Ventures, Inc. merged with United Management, Inc. In the process we changed our name to RRUN Ventures Network, Inc. Also acquired in the merger was a majority shareholder position in RAHX, Inc., a Nevada Corporation, which was incorporated in 2000. In September 2001, we co-founded AXXUS

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

Corporation and subsequently acquired a majority interest in AXXUS Corporation and RRUN founded RRUN Labs Incorporated and subsequently acquired 100% of the common stock of RRUN Labs Incorporated, a Delaware Corporation, which was incorporated in September 2001. At the end of September 2001, there was no activity in AXXUS Corporation and RRUN Labs Incorporated.

### General Overview

Our mission is to seek out and build a network of ventures specializing in various products and services in the digital technology industry. We will develop these new businesses through the use of our existing relationships with content owners, technology firms and our own staff knowledgeable in the areas of software development, technology, marketing and project management.

Our venture network currently consists of two technology-based business enabling networks and organizations, RAHX and AXXUS. These two companies combine to implement our initiatives: 1) the building of an advanced digital media network; and 2) the building of a new global marketplace that, interconnects consumers and businesses. The RAHX and AXXUS networks will be built on proprietary technology that utilizes Peer-2-Peer Distributed Architecture and

4

contain Digital Rights Management Systems and Advanced Integration and Personalization Software.

Until the Company raises additional capital, the Company's vision for RRUN Labs Incorporated cannot be fully realized. At the end of October, we were unable to raise additional capital for the operation of RRUN Labs. We decided to suspend the operations of RRUN Labs Incorporated until further notice. All RRUN Labs Incorporated employees have been given a temporary leave of absence. We incurred significant obligations with regard to our Virginia operations and certain debts remain outstanding. The Company cannot make any assurances that the personnel currently contracted by RRUN Labs will continue their contract in the future should the Company obtain funds necessary to continue the vision of RRUN Labs Incorporated.

### Marketing Plan

#### Key Objectives

Our marketing strategy will be a key factor in achieving success in its overall strategic plan. Effectively executing the marketing strategy will help the Company realize the following objectives:

1. Develop a RAHX.net brand awareness;
2. Build a strong RAHX customer base;
3. Develop RAHX awareness in the file exchange industry; and
4. Complete licensing agreements with P2P media services.

We will execute our marketing strategy for RAHX over three periods. The marketing strategy covers elements of distribution, promotion, and pricing. The marketing strategy spans across two years in accordance with the aforementioned implementation plan. (i.e. our initial implementation is planned over a period of two phases totaling twenty-four (24) months). During each phase and subsequent stages the marketing strategy evolves in accordance with development and distribution of RAHX.

#### Distribution Strategy

The objectives of the distribution strategy are:

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

- 1) To most efficiently execute a rapid and widespread deployment of:
  - The RAHX digital file exchange executable software for consumers
  - The RAHX platform for licensees
- 2) To produce and launch the RAHX.com and RAHX.net websites to serve as the distribution location for the RAHXWARE software product

5

- 3) To achieve a significant distribution reach through RAHX licensee customers that would integrate the RAHX plug-in with their browser, and distribute RAHX to their users through system wide dynamic upgrades.
  - Launch of RAHX.com
  - Launch of beta version of direct to consumer RAHXWARE software
  - Launch of RAHXWARE licensing product
  - Continued distribution effort through sales of RAHXWARE licensing program

### Promotion Strategy

The objective of the promotion strategy is to effectively invest promotion and advertising dollars to attain a critical mass of RAHX users and RAHX enabled licensees. Within the first year we hope to:

- Develop RAHX brand awareness
- Build a base of loyal RAHX users
- Develop relationships with digital music companies and P2P media services
- Develop relationships with leading companies in the content industries, i.e., music, movies, publishing, etc.

The Promotion Strategy is as follows:

- Launch of marketing promotional strategy for RAHX.com
- Launch of marketing promotional strategy for RAHXWARE
- Continued marketing promotional strategy for RAHXWARE and RAHX.com
- Launch of marketing promotional strategy for RAHXWARE licensing sales program
- Continued marketing promotional strategy for RAHXWARE and RAHX.com
- Continued marketing promotional strategy for RAHXWARE licensing program

### RESULTS OF OPERATIONS

We did not earn any revenues during the period ending September 30, 2001. We do not anticipate earning revenues until such time as the development of our web site is completed and we commence sales of advertising and RAHXWARE software subscription fees or per unit music charges. We are presently in the development stage and we can provide no assurance that we will be successful in completing development of our software or earning revenues from our software, web site and related products once development is complete.

6

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

We incurred operating expenses in the amount of \$270,637 for the three months ended September 30, 2001. These operating expenses were comprised primarily of professional and consulting fees in the amount of \$201,919. We also incurred office and related expenses in the amount of \$14,877 during this period. We incurred a loss of \$266,637 for the three months ended September 30, 2001. Our net loss was attributable entirely to our operating expenses.

### FINANCIAL CONDITION

#### Liquidity and Financial Condition

We had cash of \$22,591 as of September 30, 2001. Management is of the opinion that sufficient short term funding will be obtained and that current negotiations with potential users of its products will be successful. If the short term funding is not realized, the company will be required to scale back its operating activities.

### PART II - OTHER INFORMATION

#### Item 1. Legal Proceedings

None

#### Item 2. Changes in Securities

##### Recent Sales of Unregistered Securities

-----

In August 2001, we acquired all of RRUN Ventures, Inc. issued and outstanding shares in exchange for 305,439 common shares of our common stock. Also in August 2001, our former President, Christine Cerisse, acting as an agent on behalf of various shareholders of our Company, executed a cancellation agreement in which 500,000 common shares which had been previously issued to these shareholders were cancelled.

During September of 2001, we issued 1,845,000 shares of its previously authorized, but unissued common stock. The shares were issued to officers and directors in exchange for the cancellation of debt. The transactions were valued at \$0.02 per share. The transactions were isolated transactions with persons having a close affiliation with us and were exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act.

During September of 2001, we issued 670,000 shares of its previously authorized, but unissued common stock. The shares were issued to three persons in exchange for cash. The transactions were valued at \$0.02 per share. The transactions were isolated transactions with persons having a close affiliation with us and were exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act because of not being part of a public

7

offering. The offering was for a limited purpose and did not use the machinery of public distribution.

During September of 2001, we issued 200,000 shares of its previously authorized, but unissued common stock. The shares were issued to one unrelated company in exchange for consulting services. The transaction was valued at \$0.02 per share. The transaction was an isolated transaction with a person having a

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

close affiliation with us and was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act because of not being part of a public offering. The offering was for a limited purpose and did not use the machinery of public distribution.

During September of 2001, we issued 2,544 shares of its previously authorized, but unissued common stock. The shares were issued to one person in exchange for the cancellation of debt. The transaction was valued at \$1.00 per share. The transaction was an isolated transaction with a person having a close affiliation with us and was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act because of not being part of a public offering. The offering was for a limited purpose and did not use the machinery of public distribution.

During September of 2001, we issued 20,000 shares of its previously authorized, but unissued common stock. The shares were issued to one person in exchange for the cancellation of debt. The transactions were valued at \$0.75 per share. The transaction was an isolated transaction with a person having a close affiliation with us and was exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) of the Act because of not being part of a public offering. The offering was for a limited purpose and did not use the machinery of public distribution.

We also issued incentive stock options to the following officers, directors and consultants.

Optionee -----	Options Granted -----
Ray Hawkins	100,000
Pavel Bains	100,000
Edwin Kwong	100,000
Saya Kyvrikosaios	100,000
Emanuel Koseos	100,000
Other Consultants and employees	781,500
	-----
Total # of Options Granted	1,281,500

None of these options has been exercised as of September 30, 2001.

8

These options were issued at various exercise prices between \$0.10/share and \$0.75/share.

Seven Hundred and Eighty One Thousand, Five Hundred (781,500) of these options were awarded to 21 employees and consultants working for RRUN, and Five Hundred Thousand (500,000) options were awarded to 5 Officers and Directors of RRUN.

We also issued warrants to purchase common stock to consultants and advisors. The warrants issued as of September 30, 2001 allowed the holders to purchase 1,719,650 shares of our common stock at exercise prices ranging from \$0.10 to \$3.00 per share. None of these warrants have been exercised as of September 30, 2001. No warrants were issued to our directors or officers. No warrant holder received an issuance of warrants to make such warrant holder a 5% or greater stockholder of the Company.

Item 3. Defaults upon Senior Securities

## Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

None

Item 4. Submission of Matters to a Vote of Security Holders  
The Board of Directors of United called a special meeting of United Management, Inc. shareholders on August 17, 2001 to vote to approve the merger and the merger agreement between United and RRUN Ventures, Inc. There were 788,420 shares outstanding and entitled to vote at the meeting. 464,920 votes were cast in favor of adoption of the merger and zero votes were cast against adoption. During such meeting, the Company resolved to change its name from United Management, Inc. to RRUN Ventures Network, Inc. 415,420 shares were cast in favor of the adoption of this resolution and zero votes were cast against adoption. The Company resolved to increase the number of its Directors. Previously, the Company's Bylaws provided that the Board of Directors shall consist of between one and five members. The Company resolved that the Board may consist of a number from one to twelve Directors, as determined, from time to time by then existing Board of Directors. 415,420 votes were cast in favor of adoption of this resolution and zero votes were cast against adoption.

Item 5. Other Information

None

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

(a) Exhibits

-----

9

10.1 Cancellation Agreement  
21. Subsidiaries of the Registrant  
99.1 Risk Factors

(b) Reports on Form 8-K

-----

On August 20, 2001 RRUN filed Form 8-K to report the following events occurring on August 17, 2001: Acquisition of Assets in relation to the merger between United Management and RRUN, Resignation of Director, Change in Certifying Accountants, Change in Fiscal Year to December 31 and Change in Corporate Name. Financial Statements of Business Acquired and Pro forma financial information were filed with this report.

On September 17, 2001 RRUN filed Form 8-K/A to amend its earlier report to describe in Item 4 the changes in RRUN's certifying accountant and to attach to this report a copy of the response from its predecessor accountant.

10

### SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Edgar Filing: RRUN VENTURES NETWORK INC - Form 10QSB

RRUN Ventures Network, Inc.

Date: November 16, 2001

By: /s/ Ray Hawkins

-----  
Ray Hawkins, President