RAPTOR INVESTMENTS INC
Form 10QSB
June 18, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB

(MARK ONE)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2004.

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT FOR THE TRANSITION PERIOD FROM

COMMISSION FILE NUMBER 0-23026

RAPTOR INVESTMENTS, INC.
(EXACT NAME OF SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

FLORIDA	22-3261564
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

105 N.W. 13 AVENUE, POMPANO BEACH, FLORIDA 33069
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

954-346-5799
(ISSUER'S TELEPHONE NUMBER INCLUDING AREA-CODE)

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

STATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK AS OF THE LATEST PRACTICABLE DATE:

COMMON STOCK, $.01 PAR VALUE - 48,887,681 SHARES AS OF MARCH 31, 2004.

TRANSITIONAL SMALL BUSINESS DISCLOSURE FORMAT (CHECK ONE):

YES X NO

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AS OF MARCH 31, 2004

RAPTOR INVESTMENTS, INC.
AND SUBSIDIARIES

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RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2004
(UNAUDITED)

ASSETS	
CURRENT ASSETS	
Cash	$ 92,780
Investments, net	12,695
Accounts receivable, net	1,161,434
Inventories	247,923
Due from stockholder	16,470
Other current assets	2,775
Total Current Assets	1,534,077
PROPERTY AND EQUIPMENT - NET	1,995,380
OTHER ASSETS	
Deposits	6,000
Goodwill	1,111,077
Total Other Assets	1,117,077
TOTAL ASSETS	$ 4,646,534
LIABILITIES AND STOCKHOLDERS' DEFICIENCY	
CURRENT LIABILITIES	
Cash overdraft	$ 94,530
Accounts payable and accrued expenses	747,508
Due to factor	842,203
Line of credit	250,000
Loans payable - related parties	80,000
Capital lease - current	122,279
Total Current Liabilities	2,136,520
LONG-TERM LIABILITIES	
Capital lease - non-current	515,823
Line of credit	2,364,228
Note payable	800,000
Total Long-Term Liabilities	3,680,051
TOTAL LIABILITIES	5,816,571

STOCKHOLDERS' DEFICIENCY	
Preferred stock, $.01 par value,	
5,000,000 shares authorized,	
Class A, $.01 par value,	
15 shares issued and outstanding	1
Common stock, $.01 par value,	
100,000,000 shares authorized,	
48,887,681 shares issued and outstanding	488,878
Additional paid-in capital	9,652,520
Note receivable - stockholder	(1,580,404)
Treasury stock	(49,107)
Other comprehensive loss	(13,785)
Accumulated deficit	(9,489,440)
Stock subscription receivable	(178,700)
Total Stockholders' Deficiency	(1,170,037)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	$ 4,646,534

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For the Three Months Ended March 31, 2004	For the Three Months Ended March 31, 2003
REVENUE	$ 2,608,066	$ 2,664,208
COST OF GOODS SOLD	2,018,823	1,989,868
GROSS PROFIT	589,243	674,340
OPERATING EXPENSES		
Selling expenses	131,232	188,230
Settlement of vendor payables	--	(292,919)
Other general and administrative	811,105	567,542
Total Operating Expenses	942,337	462,853

INCOME (LOSS) FROM OPERATIONS	(353,094)	211,487
OTHER INCOME (EXPENSE)		
Interest income	--	95
Factor fee expense	(39,409)	--
Interest expense	(97,501)	(138,821)
Total Other Income (Expense)	(136,910)	(138,726)
NET INCOME (LOSS) BEFORE INCOME TAXES	(490,004)	72,761
PROVISION FOR INCOME TAXES	--	--
NET INCOME (LOSS)	$ (490,004)	$ 72,761
NET INCOME (LOSS) PER SHARE		
Net income (loss)	$ (490,004)	$ 72,761
Preferred stock dividends	(22,500)	(45,000)
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ (512,504)	$ 27,761
Net income (loss) per common share - basic and diluted	$ (0.01)	$ --
Weighted average number of common shares outstanding - basic and diluted	48,887,681	48,887,681

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS
OF COMPREHENSIVE INCOME (LOSS)
(UNAUDITED)

	For the Three Months Ended March 31, 2004	For the Three Months Ended March 31, 2003
Net income (loss)	$(490,004)	$ 72,761
Unrealized gain (loss) on available-for-sale securities	(890)	--
Comprehensive income (loss)	$(490,894)	$ 72,761

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Three Months Ended March 31, 2004	For the Three Months Ended March 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss)	$(490,004)	$ 72,761
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for services	--	167,150
Depreciation	26,250	22,958
Non-cash gain on settlement of vendor payables	--	(292,919)
Changes in operating assets and liabilities:		

(Increase) decrease in:		
Accounts receivable	161,447	23,939
Inventories	(82,903)	(94,854)
Other current assets	--	3,900
Deposits	--	(8,525)
Increase (decrease) in:		
Cash overdraft	94,530	56,659
Accounts payable	126,667	(26,767)
Net Cash Used In Operating Activities	(164,013)	(75,698)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	(9,200)	--
Purchases of property and equipment	--	(2,814)
Restricted cash	--	92,911
Net Cash Provided By (Used In) Investing Activities	(9,200)	90,097
CASH FLOWS FROM FINANCING ACTIVITIES:		
Due to factor	34,413	--
Payments on loan payable - related party	--	(48,683)
Payments on capital lease	(31,134)	(32,998)
Proceeds from notes payable	--	400,000
Dividend payment on preferred stock	(22,500)	--
Net Cash Provided By (Used In) Financing Activities	(19,221)	318,319
NET INCREASE (DECREASE) IN CASH	(192,434)	332,718
CASH - BEGINNING OF PERIOD	285,214	9,377
CASH - END OF PERIOD	$ 92,780	$ 342,095
SUPPLEMENTAL DISCLOSURE OF-CASH FLOW INFORMATION:		
Cash paid for interest expense	$ 97,501	$ 138,821
NON-CASH INVESTING AND FINANCING ACTIVITIES:		

The Company acquired $217,770 of property and equipment under capital leases during the period ended March 31, 2003.

The Company exercised its option to acquire a cold storage facility and reclassified its option price of $500,000 to property and equipment as of March 31, 2003.

See accompanying notes to condensed consolidated financial statements.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2004
(UNAUDITED)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in The United States of America and the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information necessary for a comprehensive presentation of financial position and results of operations.

It is management's opinion, however that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

For further information, refer to the financial statements and footnotes for the year ended December 31, 2003 included in the Company's Form 10-KSB.

(B) USE OF ESTIMATES

In preparing 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(C) PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of Raptor Investments, Inc. and its wholly owned subsidiaries LBI Properties, Inc., LBI Eweb Communities, Inc., 105 NW 13 Avenue Holding Corporation and J&B Wholesale Produce, Inc., (collectively, the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

NOTE 2 FACTORING AGREEMENT

During 2003, the Company entered into a factoring agreement to sell certain trade receivables, primarily without recourse. Under the agreement, the factor will advance 90% of the face value of the receivable to the Company. The Company will pay a percentage fee of 1.5% and the remaining 8.5% will be applied against the outstanding line of credit balance upon collection. The Company's accounts receivable are pledged as collateral under the agreement. As of March 31, 2004, the Company has received factor advances of $842,203 on approximately

$1,100,000 of factored accounts receivable and paid factor fees of $39,409.

RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2004
(UNAUDITED)

NOTE 3 INVENTORIES

Inventories consist of purchased produce, fruit and vegetables and is valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

NOTE 4 INVESTMENTS

The Company's marketable securities are comprised of equity securities, all classified as available-for-sale, which are carried at their fair value based upon quoted market pries of those investments as of March 31, 2004. Accordingly, unrealized gains and losses are included in stockholders' equity.

The composition of marketable equity securities as of March 31, 2004 is as follows:

	Basis	Unrealized Gain or (Loss)	Fair Value
Available-for-sale securities			
Common stock	$ 26,480	$(13,785)	$ 12,695

NOTE 5 LINE OF CREDIT

The Company entered into an agreement and signed a promissory note for a line of credit in the amount of $2,825,000, which shall cap at $2,000,000 when the principal balance is reduced to that amount. The note is due and payable on March 3, 2008. The note bears interest at the rate of LIBOR (1.1% at March 31, 2004) plus 10% per annum payable monthly. The note is secured by the assets of J&B Produce and a personal guarantee of the President.

During July 2003, the Company entered into a loan extension agreement with its lender. The extension waived minimum repayment requirement of $250,000 under the original loan agreement until July 2, 2004. The note balance at March 31, 2004 is $2,614,228.

NOTE 6 STOCKHOLDERS' EQUITY

During August 2003, the Company and the Preferred Class A stockholder agreed to amend the terms and conditions of the payment of dividends and

conversion of the Class A Preferred Stock. The Preferred Stockholder agreed to exchange the original 15 shares of Class A Preferred Stock and all accrued dividends for 15 shares of Class A Preferred Stock with the following attributes: annual dividends of $6,000 payable monthly and increasing to $7,992 annually following the first month the Company reaches sales over $15 million per annum and increasing to $9,984

annually for sales of $16 million and increasing to $11,976 per annum for all sales over $17 million. In addition, each share of Class A Preferred Stock is convertible into (0.75%) of the total issued and outstanding common shares up to a maximum conversion of 562,500 common shares. During the three months ended March 31, 2004, he Company paid preferred dividends of $22,500.

NOTE 7 SEGMENT INFORMATION

The Company operates in two business segments, Produce and Other. The Company operates the Produce segment through its wholly owned subsidiaries J&B Wholesale Produce, Inc. and 105 NW 13 Avenue Holdings Corporation ("J&B"). J&B receives its revenues from selling produce wholesale to restaurants and stores. Raptor Investments, Inc., LBI Properties, Inc. and LBI Eweb Communities, Inc. do not meet the quantitative thresholds for a reportable segment and are therefore included in the Other segment. The accounting policies of the segments are the same as described in the summary of significant accounting policies. The Company evaluates segment performance based on income from operations. All intercompany transactions between segments have been eliminated. As a result, the components of operating loss for one segment may not be comparable to another segment. The following is a summary of the Company's segment information for the period ended March 31:

2004	Produce	Other	Total
Revenues	$ 2,608,066	$ --	$ 2,608,066
Segment profit (loss)	(444,429)	(45,575)	(490,004)
Total assets	4,590,578	55,956	4,646,534
Additions to long-lived assets	--	--	--
Depreciation and amortization	25,714	536	26,250
			2003
Revenues	$ 2,664,208	$ --	$ 2,664,208
Segment profit (loss)	(5,948)	78,709	72,761
Total assets	3,845,051	675,694	4,520,745
Additions to long-lived assets	2,814	--	2,814
Depreciation and amortization	22,958	--	22,958

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RAPTOR INVESTMENTS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF MARCH 31, 2004
(UNAUDITED)

NOTE 8 GOING CONCERN

As shown in the accompanying condensed consolidated financial statements, the Company incurred a negative cash flow from operations of $164,013, has an accumulated deficit of $9,489,440 and a stockholders' deficiency of $1,170,037. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Management's plan for the Company in regard to these matters is to continue to grow the produce operations of the business through its J&B Produce subsidiary, which management believes will provide the necessary revenue and earnings to enhance shareholder value. Management intends to focus the business on profitable core customers and reduce marginal costs by expanding its product line and implementing stricter controls. The Company is also actively seeking to refinance its long-term debt on terms more favorable to the Company. Management believes that the actions presently taken to reduce operating costs, increase revenue and obtain refinancing provide for the Company to operate as a going concern.

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PART I ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS.

FORWARD LOOKING STATEMENTS

When used in this Quarterly Report, the words or phrases "will likely result",

"are expected to", "will continue", "is anticipated", "estimate", "projected", "intends to" or similar expressions are intended to identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company's forward-looking statements reflect the company's best judgment based on current information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, these statements. Readers are cautioned that they should not place undue reliance on any forward-looking statements because such statements speak only as of the date they are made.

This quarterly report should be read in light of the following factors which can be ascertained from our financial disclosure for the quarter ended March 31, 2004:

1. LIQUIDITY. Our financial situation deteriorated during the quarter and our resources are limited, and we must take, and have taken, affirmative steps to increase sales, improve our profit margins for the foodstuffs we sell, and reduce costs.

2. CAPITAL RESOURCES. Our company is highly leveraged and the lack of capital could foreseeable limit our ability to expand. To that end, we have been in discussion with our lenders concerning our cash needs, and have kept our lenders abreast of our situation on a daily basis. We have firm commitments from our lenders to support us, our management and Board, and to continue to support our efforts in the future.

3. LOAN OBLIGATIONS. We are not in default on any of our obligations to pay our lenders, or on our obligation to pay a fixed dividend on our preferred stock. We will meet our obligation contained within the loan agreement with our lenders to reduce our debt (principal) by $250,000 on or before July 2, 2004.

4. MARKET CONDITIONS. The economy and the markets for our products are changing daily. While fuel costs have stabilized, and in some cases abated, we are still paying more than 100% more for truck fuel than we paid for the similar period one year ago. We are paying approximately 400% of our year-ago costs for freight charges to bring bulk vegetables to our loading docks. We are trying to buy vegetables which require as short a distance for freight as possible.

MATERIAL CHANGES IN FINANCIAL CONDITION FROM MARCH 31, 2003 TO MARCH 31, 2004:

Revenues for the three month period ended March 31, 2004 were essentially static compared to the same time period for 2003. The cost of goods sold was also essentially the same, however dramatic increases in our operating expenses from $462,853 in 2003 to $942,337 in 2004 resulted in a deterioration in our results from a $211,487 net income from operations in 2003 to a net loss from operations of $353,094 in the like period for 2004. Net loss for the period was $490,004 compared with net income for the like period in 2003 of $72,761. Management considers this unacceptable and is taking the steps necessary to reverse this trend.

DESCRIPTION OF CAUSES FOR DECLINE IN BUSINESS:

The decline in our results of operations from the period March 31, 2003 are attributable to the following:

1. Increases in fuel costs.
2. Increases in freight costs.
3. Loss of customers.
4. Lengthened time periods for customer payments.
5. Price pressures from larger, better capitalized competitors.
6. Salary and office expense increases.

PLAN OF OPERATION

The Company's primary operations are centered in the J&B Wholesale Produce, Inc. wholly-owned subsidiary. J&B is a regional provider of produce to restaurants in Miami-Dade, Broward, Palm Beach, Martin and Monroe counties in southeast Florida. Management expects 2004 gross sales in the J&B unit of $14 million.

Management feels that liquidity, cash available for operations, and business conditions generally are favorable to the continued operations, and expansion, of the Company's J&B Wholesale Produce Operations. The material positive changes in the financial condition of the Company, from fiscal 2002, are attributable to the acquisition of and operations of J&B Wholesale Produce. The management of J&B continues to pursue more higher yielding produce customers, which should improve long-term liquidity. In addition, management has set minimum daily order amounts, and sought to limit the number of smaller, unprofitable or less profitable accounts which it services, to further expand the business and maximize profit while limiting the cost per delivery of the Company. Management continues to streamline the day-to-day operations of J&B, and has upgraded the computers of the Company.

Management has taken steps to streamline the customer order process, to reduce errors and to prevent theft and employee pilfering. Substantial improvements to the product delivery line have greatly increased efficiency, reduced errors and missed deliveries, and reduced product spoilage.

Three additional refrigerated trucks have been leased and added to the Company's fleet in order to service new customers.

The Company has released all under-performing salespersons and is constantly seeking and hiring new sales professionals, particularly in the fast-growing northern and western suburbs of the service area. All employees have been placed on a time clock and salaried employees have been changed over to hourly. The Company no longer pays any employees in cash.

The Company is subject to market conditions in the fresh produce industry taken as a whole. Fresh produce is subject to tremendous variations in quality and consistency, as well as availability, and is the most highly perishable agricultural commodity. On a daily basis, company employees have to visually inspect hundreds of different products for size, shape, consistency, and visual defects. The public is increasingly concerned with the use of pesticides, herbicides, and genetically engineered foodstuffs. While cosmetically imperfect produce is acceptable to enter the processed foods stream, it is not acceptable to the fresh produce stream, and especially to the restaurants served by the company. The Company's buyers have to make daily decisions on where to source each item based on quality, availability, price and location. These factors can change daily for each type of produce. Weather conditions or other factors can effect the price of a major volume product, such as lettuce, potatoes, onions, or tomatoes and have a significant impact on the company for the period. The successful acquisition of produce at a competitive price and of the highest quality will insure the continued success, and growth, of the company.

The Company operates primarily in Miami-Dade, Broward and Palm Beach counties in southeast Florida. Many of the restaurants and other foodservice establishments which the company serves are seasonal in nature. While few of these establishments actually close during the summer months, many have a reduced

order volume in the range of up to 40%. The company is attempting to limit the impact of the seasonal nature of the vacation industry in the region by concentrating on restaurants in areas where year-round residents live, particularly in the western suburbs of Miami, Fort Lauderdale and West Palm Beach. Seasonal volume changes are much less pronounced in these "bedroom communities". The entire tourism industry in Southeast Florida is dependant upon favorable travel conditions for continued success. Terrorism, or a decline in economic conditions, have a negative impact on tourism and could lead to reduced sales both for the company and the restaurants it serves.

The Company has entered into a factoring arrangement with it's lender, American Millennium Investment Corporation. Commencing on October 6, 2003, the company has received a line of credit against pledged receivables in the total amount of $1,100,000. As of March 31, 2004 the company had drawn down $ 905,000. under the factoring agreement. Gelpid Associates LLC, the company's principal lender, agreed to subordinate it's first perfected lien position on the company's receivables in order to make the factoring arrangement possible. Gelpid Associates LLC and American Millennium Investment Corporation are related entities.

Management believes that the factoring arrangement will allow the Company to expand at a faster rate, and more broadly, than would have been possible without factoring. The factoring arrangement has allowed the company to compete for larger, national chain restaurant accounts which frequently require terms as long as sixty days for payment. Also, the company can pursue large accounts such as cruise lines and tourist facilities which would otherwise be out of the reach of the company.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2004, the Company had a stockholder's deficiency of $1,170,037. As of March 31, 2004 the Company incurred a loss of $512,504. Almost all of the company's revenues for the quarter ended March 31, 2004 is attributable to the continued operations of the wholesale produce segment, specifically the result of operations of the J&B Wholesale Produce, Inc. subsidiary. The Company plans to generate revenue in the future by retaining business consulting clients in the private and public sector for its Business consulting segment. In addition, the Company plans to seek the acquisition of additional income producing assets such as J&B Wholesale Produce, Inc. and to continue to grow that subsidiary company.

Management feels that liquidity, cash available for operations, and business conditions generally are favorable to the continued operations, and expansion, of the company's J&B Wholesale Produce Operations. The material positive changes in the financial condition of the company, from the like period in fiscal 2003, and from the fourth fiscal quarter of 2003 to the first fiscal quarter of 2004, are attributable to the acquisition of and operations of J&B Wholesale Produce. The management of J&B continues to pursue more higher yielding produce customers, which should improve long-term liquidity. In addition, management has set minimum daily order amounts, and sought to limit the number of smaller, unprofitable or less profitable accounts which it services, to further expand the business and maximize profit while limiting the cost per delivery of the company. Management continues to streamline the day-to-day operations of J&B, has moved most back-office activities away from the produce warehouse facility, and has upgraded the computers of the company.

The company is subject to market conditions in the fresh produce industry taken as a whole. Fresh produce is subject to tremendous variations in quality and consistency, as well as availability, and is the most highly perishable agricultural commodity. On a daily basis, company employees have to visually inspect hundreds of different products for size, shape, consistency, and visual defects. The public is increasingly concerned with the use of pesticides, herbicides, and genetically engineered foodstuffs. While cosmetically imperfect produce is acceptable to enter the processed foods stream, it is not acceptable to the fresh produce stream, and especially to the restaurants served by the

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The company operates primarily in Miami-Dade, Broward and Palm Beach counties in southeast Florida. Many of the restaurants and other foodservice establishments which the company serves are seasonal in nature. While few of these establishments actually close during the summer months, many have a reduced order volume in the range of up to 40%. The company is attempting to limit the impact of the seasonal nature of the vacation industry in the region by concentrating on restaurants in areas where year-round residents live, particularly in the western suburbs of Miami, Fort Lauderdale and West Palm Beach. Seasonal volume changes are much less pronounced in these "bedroom communities". The entire tourism industry in Southeast Florida is dependant upon favorable travel conditions for continued success. Terrorism, or a decline in economic conditions, have a negative impact on tourism and could lead to reduced sales both for the company and the restaurants it serves.

The company has entered into a factoring arrangement with it's lender, American Millennium Investment Corporation. Commencing on October 6, 2003, the company has received a line of credit against pledged receivables in the total amount of $1,100,000. As of March 31, 2004 the company had drawn down $ 905,000. Under the factoring agreement. Gelpid Associates LLC, the company's principal lender, agreed to subordinate it's first perfected lien position on the company's receivables in order to make the factoring arrangement possible. Gelpid Associates LLC and American Millennium Investment Corporation are related entities.

Management believes that the factoring arrangement will allow the company to expand at a faster rate, and more broadly, than would have been possible without factoring. The factoring arrangement has allowed the company to compete for larger, national chain restaurant accounts which frequently require terms as long as sixty days for payment. Also, the company can pursue large accounts such as cruise lines and tourist facilities which would otherwise be out of the reach of the company.

FINANCIAL DISCLOSURE AND CONTROLS

Management feels that the company has adequate disclosure controls and procedures in place to insure the accurate and timely reporting of the financial condition of the company to it's auditors, and to the public. Specifically, regular, routine meetings are held between and among management, it's attorney, and it's accountants to resolve financial issues and insure the timely, accurate

reporting of the financial condition of the company.

Paul F. Lovito, Jr., our Chief Executive Officer, and Matthew Lovito, our Chief Financial Officer, performed an evaluation of the Company's disclosure controls

and procedures as of March 31, 2004. Based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that communications occur with promptness sufficient to assure the inclusion of the information in the then-current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which Mr. Paul Lovito and Mr. Matthew Lovito made their evaluation.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The company included a full report of all litigation pending in it's annual report for the period ending December 31, 2003. That report is incorporated herein and made a part hereof by reference. Everything contained within this quarterly report is subject to the information contained within that annual report. In the opinion of management there are no outstanding litigation issues which threaten the viability of the company as an ongoing concern. There is no litigation against the company or any of it's subsidiaries which management considers of a material nature to the company.

From time to time, the Company is involved as plaintiff or defendant in various legal proceedings arising in the normal course of its business. While the ultimate outcome of these various legal proceedings cannot be predicted with certainty, it is the opinion of management that the resolution of these legal actions should not have a material effect on the Company's financial position, results of operations or liquidity.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On June 27, 2002 the Company issued fifteen (15) shares of Preferred Stock, Class A, to Mr. Christian T. Chiari in exchange for certain financial consulting services provided to the Company by Mr. Chiari, including the acquisition by Mr. Chiari of funding from Gelpid Associates, LLC in order that the Company could close on it's acquisition of J&B Wholesale Produce, Inc. The acquisition of J&B Wholesale Produce, Inc., and a description of the transaction between the Company and Gelpid Associates LLC is contained within the 8-K filing of the Company which is incorporated herein and made a part hereof by reference.

The Preferred Stock, Class A, had an annual dividend of $12,000 per share, payable in equal quarterly installments beginning with the date of issue. The Preferred Stock, Class A was convertible, in whole, but not in part, into so many shares of the Common Stock of the Company as equals one half of one percent (0.5%) of the total number of shares of issued and outstanding Common Stock of

the Company on the date of conversion. However, no shares of Preferred Stock, Class A, were convertible into more than 375,000 Common shares.

On August 1, 2003, the company, in agreement with the holder thereof, altered the terms of payment on the Class A Preferred Stock. Each share of Class A Preferred Stock, par value $0.01 features an annual dividend of $6000.00 per share, payable in equal monthly installments beginning August 1, 2003; said dividend ($7500.00 per month in total) to increase by a total of $2500.00 per month beginning in the first full calendar month after the company reaches $15 million per annum in gross revenues, and thereafter by a total of $2500.00 per month for each $1 million in additional gross revenues, up to a maximum of $17 million in gross revenues, and each share of the Class A Preferred stock is convertible into shares of the Common Capital stock of the Corporation using the following ratio:

Each Class A Preferred share shall be convertible, in whole, but not in part, to so many shares of the common capital stock of the Corporation as equals three quarters of one percent (0.75%) of the total number of issued and outstanding common capital shares of the company as exist on the date of conversion. Provided, however, that no Class A Preferred shares is convertible into more than 562,500 common capital shares. Upon conversion, the common capital stock issued for the conversion shall enjoy all of the rights, including voting rights, and dividends, as all of the common capital stock of the Corporation.

On July 15, 2003 the company entered into a loan extension agreement with it's lender, Gelpid Associates LLC. Under the express terms of the 2002 loan to the company in the amount of $2,825,000, the company was obligated to make a minimum payment to reduce the principal balance of the loan of $250,000 by July 1, 2003. Under the express terms of the loan extension agreement, the lender waived the requirement of payment of the unpaid sums due for principal reduction under the 2002 loan until July 2, 2004.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

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

Not Applicable

ITEM 5. OTHER INFORMATION

Paul Lovito, our Chief Executive Officer, and Matthew Lovito, our Chief Financial Officer, performed an evaluation of the Company's disclosure controls and procedures within 90 days prior to the filing date of this report based on their evaluation, they concluded that the controls and procedures in place are sufficient to assure that material information concerning the Company which could affect the disclosures in the Company's quarterly and annual reports is made known to them by the other officers and employees of the Company, and that the communications occur with promptness sufficient to assure the inclusion of the information in the then current report.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect those controls subsequent to the date on which they performed their evaluation.

ITEM 6. EXHIBITS

(a) EXHIBITS.

The following exhibits are filed herewith.

EXHIBIT NUMBER	DESCRIPTION
(a)	Financial Data Schedule

SIGNATURES

Pursuant to 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 hereto duly authorized.

RAPTOR INVESTMENTS, INC.

DATED: June 4, 2004

BY: /S/ PAUL LOVITO
PAUL LOVITO,
CHAIRMAN, PRESIDENT AND
CHIEF EXECUTIVE OFFICER

BY: /S/ MATTEW LOVITO
MATTHEW LOVITO,
TREASURER AND CHIEF FINANCIAL OFFICER
(PRINCIPAL ACCOUNTING OFFICER)

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