

Alto Group Holdings Inc.
Form 10-Q
October 20, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2011

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-53592

ALTO GROUP HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada

27-0686507

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

700 West Hillsboro Blvd., Building 3 Suite 207, Deerfield Beach, FL 33441

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(Address of principal executive offices) (Zip Code)

(954) 973-2133

(Registrant's telephone number, including area code)

245 Park Avenue, Suite 2431, New York, NY 10167

(212) 803-8187

(Former Address if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

Yes No

As of October 20, 2011 there were 604,613,332 shares of our common stock issued and outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements of the Company are prepared as of August 31, 2011.

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ALTO GROUP HOLDINGS INC.
(an exploration stage company)
CONSOLIDATED BALANCE SHEETS

ASSETS

	August 31, 2011 (Unaudited)	November 30, 2010
CURRENT ASSETS		
Cash and cash equivalents	\$2,939	\$2,142
Loans receivable	7,500	—
Total Current Assets	10,439	2,142
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$22,161 and \$-0-, respectively	208,891	—
OTHER ASSETS		
Mining assets	45,500	45,500
Other assets	1,104	—
Total Other Assets	46,604	45,500
TOTAL ASSETS	\$265,934	\$47,642

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$520,828	\$87,265
Due to related parties	30,000	148,500
Notes and loans payable	2,737,451	267,500
Proceeds from investors pursuant to Stock Purchase Agreements to be effective upon completion of reverse stock split	200,000	—
Total Current Liabilities	3,488,279	503,265
TOTAL LIABILITIES	3,488,279	503,265

STOCKHOLDERS' DEFICIT

Preferred stock, \$0.00001 par value; 100,000,000 shares authorized:		
Series A Preferred Stock, 20,000,000 shares designated, 14,000,000 and 14,000,000 shares issued and outstanding, respectively	140	140
Series B Preferred Stock, 100,000 and 100,000 shares issued and outstanding, respectively	1	1
Common stock, \$0.00001 par value; 750,000,000 shares		

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authorized, 604,613,332 and 120,013,332 shares issued and outstanding and to be issued, respectively	6,046	1,200
Additional paid-in capital	9,421,005	4,015,101
Deficit accumulated during the exploration stage	(12,649,537)	(4,472,065)
Total Stockholders' Deficit	(3,222,345)	(455,623)

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT \$265,934 \$47,642

The accompanying notes are an integral part of these financial statements

ALTO GROUP HOLDINGS INC.
(an exploration stage company)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended August 31,		For the Nine Months Ended August 31,		From Inception on September 21, 2007 Through August 31, 2011
	2011	2010	2011	2010	2011
NET REVENUES	\$—	\$—	\$—	\$—	\$—
OPERATING EXPENSES					
Exploration and carrying costs (including stock-based costs of \$-0-, \$-0-, \$123,000, \$-0-, and \$123,000, respectively)	87,867	9,750	548,663	9,750	575,638
Officers' and directors' compensation (including stock-based compensation of \$-0-, \$-0-, \$-0-, \$-0- and \$860,000, respectively)	53,000	—	154,000	—	1,166,000
Consulting fees (including stock-based compensation of \$257,400, \$-0-, \$306,600, \$2,300,000, and \$2,606,600, respectively)	413,200	46,000	922,190	2,954,000	3,276,490
Professional fees (including stock-based compensation of \$336,000, \$-0-, \$3,639,669, \$-0- and \$4,303,824, respectively)	458,865	51,001	3,985,815	234,081	4,832,633
General and administrative	374,894	1,118	1,158,881	8,957	1,324,249
Donated services	—	—	—	—	18,400
Impairment of mineral property acquisition costs	—	—	—	—	6,500
Total Operating Expenses	1,387,826	107,869	6,769,549	3,206,788	11,199,910
LOSS FROM OPERATIONS	(1,387,826)	(107,869)	(6,769,549)	(3,206,788)	(11,199,910)
OTHER INCOME (EXPENSES)					
Gain from forgiveness of amounts due to former related parties	—	—	—	—	28,539
Write off of goodwill	—	—	(431,713)	—	(431,713)
Interest expense (including amortization of debt discount of \$215,817, \$-0-, \$311,455, \$-0-, and \$350,391, respectively)	(292,339)	(8,117)	(458,140)	(8,189)	(528,383)
	(518,070)	—	(518,070)	—	(518,070)

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Loss on conversion of notes payable to investors to common stock					
Total Other Income (Expenses)	(810,409)	(8,117)	(1,407,923)	(8,189)	(1,449,627)
LOSS BEFORE INCOME TAXES	(2,198,235)	(115,986)	(8,177,472)	(3,214,977)	(12,649,537)
INCOME TAX EXPENSE	—	—	—	—	—
NET LOSS	\$(2,198,235)	\$(115,986)	\$(8,177,472)	\$(3,214,977)	\$(12,649,537)
BASIC AND FULLY DILUTED:					
Net loss per common share	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.04)	\$(0.10)
Weighted average shares outstanding	471,982,897	75,013,332	327,499,463	73,178,783	125,269,438
The accompanying notes are an integral part of these financial statements					

ALTO GROUP HOLDINGS INC.

(an exploration stage company)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

For the period from Inception (September 21, 2007) to August 31, 2011

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional Paid-in Capital	Subscription Receivable	Deficit Accumulated During the Exploration Stage	Total
	Shares	Par	Shares	Par	Shares	Par				
Balance at Inception on September 21, 2007	—	\$—	—	\$—	—	\$—	\$—	\$—	\$—	\$—
Common shares sold for cash at \$0.000125 per share	—	—	—	—	48,000,000	480	5,520	—	—	6,000
Common shares sold for cash at \$0.00125 per share	—	—	—	—	31,680,000	317	39,283	(4,500)	—	35,100
Donated services and expenses	—	—	—	—	—	—	2,400	—	—	2,400
Net loss for the year ended November 30, 2007	—	—	—	—	—	—	—	—	(5,772)	(5,772)
Balance, November 30, 2007	—	—	—	—	79,680,000	797	47,203	(4,500)	(5,772)	37,728
Common stock subscriptions collected	—	—	—	—	—	—	—	4,500	—	4,500
	—	—	—	—	—	—	9,600	—	—	9,600

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Donated services and expenses										
Net loss for the year ended										
November 30, 2008	—	—	—	—	—	—	—	(64,689)	(64,689
Balance, November 30, 2008	—	—	—	—	79,680,000	797	56,803	—	(70,461) (12,861
Donated services and expenses	—	—	—	—	—	—	6,400	—	—	6,400
Forgiveness of due to related party by then majority stockholder on										
September 15, 2009	—	—	—	—	—	—	28,006	—	—	28,006
Net loss for the year ended										
November 30, 2009	—	—	—	—	—	—	—	—	(58,395) (58,395
Balance, November 30, 2009	—	—	—	—	79,680,000	797	91,209	—	(128,856) (36,850
Conversion of common stock to Series A preferred stock on March 3, 2010	14,000,000	140	—	—	(48,000,000)	(480)	360,340	—	—	360,000
Common stock issued for										

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acquisition of mining assets on March 12, 2010	—	—	—	—	10,000,000	100	45,400	—	—	45,500
Common stock issued for services	—	—	—	—	33,333,332	333	2,599,667	—	—	2,600,000
Intrinsic value of beneficial conversion feature relating to issuance of \$50,000 prommissory note on July 14, 2010	—	—	—	—	—	—	38,936	—	—	38,936
Series B preferred stock issued to chief executive officer for services on October 15, 2010	—	—	100,000	1	—	—	199,999	—	—	200,000
Conversion of notes payable and accrued interest into common stock, including \$664,155 excess of fair value of common stock issued over amount of debt and accrued interest settled										

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(charged to professional fees in the statement of operations)	—	—	—	—	45,000,000	450	679,550	—	—	680,000
Net loss for the year ended										
November 30, 2010	—	—	—	—	—	—	—	—	(4,343,209)	(4,343,209)
Balance, November 30, 2010	14,000,000	140	100,000	1	120,013,332	1,200	4,015,101	—	(4,472,065)	(455,623)
Unaudited: Common stock issued for acquisition of Liberty American, LLC on January 24, 2011	—	—	—	—	10,000,000	100	144,900	—	—	145,000
Common stock issued for services on March 2, 2011	—	—	—	—	4,000,000	40	49,160	—	—	49,200
Common stock issued for joint venture agreement on March 2, 2011	—	—	—	—	10,000,000	100	122,900	—	—	123,000
Intrinsic value of beneficial conversion feature relating to issuance of \$1,452,500 convertible	—	—	—	—	—	—	435,750	—	—	435,750

notes

Common
stock issued
for

services on June 20, 2011	—	—	—	—	33,000,000	330	257,070	—	—	257,400
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Common
stock issued
for accrued

liabilities on June 20, 2011	—	—	—	—	13,600,000	136	135,864	—	—	136,000
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Conversion
of notes
payable and
accrued
interest into
common
stock,
including
\$4,157,739
excess of fair
value of
common
stock issued
over
amount of
debt and
accrued
interest
settled
(\$3,639,669
charged to
professional
fees and
\$518,070
charged to
loss on
conversion
of notes
payable to
investors
in the
statement of
operations)

—	—	—	—	—	414,000,000	4,140	4,260,260	—	—	4,264,400
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Net loss for
the nine
months ended

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August 31, 2011	—	—	—	—	—	—	—	—	(8,177,472)	(8,177,472)
Balance, August 31, 2011	14,000,000	\$140	100,000	\$1	604,613,332	\$6,046	\$9,421,005	\$—	\$(12,649,537)	\$(3,222,344)