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CLICKNSETTLE COM INC  
Form 10QSB  
February 14, 2003

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

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FORM 10-QSB

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

For the quarterly period ended December 31, 2002

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

Commission File Number: 0-21419

CLICKNSETTLE.COM, INC.  
(Exact name of small business issuer as specified in its charter)

Delaware 23-2753988  
(State or Other Jurisdiction (I.R.S. Employer  
of Incorporation or Organization) Identification No.)

1010 Northern Boulevard  
Great Neck, New York 11021  
(Address of Principal Executive Offices)

(516) 829-4343  
(Issuer's Telephone Number, Including Area Code)

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. As of February 11, 2003, 1,408,176 shares of common stock of the issuer were outstanding.

Transitional small business disclosure format (check one): Yes  No

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CLICKNSETTLE.COM, INC.  
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### clickNsettle.com, Inc. and Subsidiaries CONSOLIDATED BALANCE SHEETS

	December 31, 2002	June 20
	----- (unaudited)	----- (derived audited state
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,679,122	\$ 1,9
Marketable securities	280,922	3
Accounts receivable (net of allowance for doubtful accounts of \$140,000)	291,422	3
Prepaid expenses and other current assets (net of allowance for doubtful note receivable of \$20,500 and \$0, respectively)	104,505	-----
Total current assets	2,355,971	2,7
FURNITURE AND EQUIPMENT - AT COST, less accumulated depreciation	181,254	2
OTHER ASSETS	42,975	-----
	\$ 2,580,200	\$ 2,9
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 196,986	\$ 2

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Accrued liabilities	251,007	2
Accrued payroll and employee benefits	94,525	
Deferred revenues	271,674	3
	-----	-----
Total current liabilities	814,192	8
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock - \$.001 par value; 15,000,000 shares authorized; 1,450,259 shares issued; 1,408,176 shares outstanding	1,450	
Additional paid-in capital	10,111,577	10,1
Accumulated deficit	(8,238,440)	(7,9
Accumulated other comprehensive loss	(24,661)	(
Less common stock in treasury at cost, 42,083 shares	(83,918)	(
	-----	-----
Total stockholders' equity	1,766,008	2,0
	-----	-----
	\$ 2,580,200	\$ 2,9
	=====	=====

The accompanying notes are an integral part of these statements.

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clickNsettle.com, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended December 31, 2002	2001
	-----	-----
Net revenues	\$ 961,839	\$ 1,005,278
	-----	-----
Operating costs and expenses		
Cost of services	229,603	234,433
Sales and marketing expenses	278,563	401,639
General and administrative expenses	586,005	608,644
	-----	-----
	1,094,171	1,244,716
	-----	-----
Loss from operations	(132,332)	(239,438)
Other income (expenses)		
Investment income (loss)	15,835	(34,537)
Other income	2,128	3,545
	-----	-----
	17,963	(30,992)
	-----	-----

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Loss before income taxes	(114,369)	(270,430)
Income taxes	----- --	----- --
NET LOSS	=====	=====
	\$ (114,369)	\$ (270,430)
Net loss per common share - basic and diluted	=====	=====
	\$ (0.08)	\$ (0.19)
Weighted-average shares outstanding - basic and diluted	=====	=====
	1,408,176	1,408,859

The accompanying notes are an integral part of these statements.

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clickNsettle.com, Inc. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AND  
COMPREHENSIVE LOSS  
Six months ended December 31, 2002 and 2001 (unaudited)

	Common stock		Additional paid-in capital	Accum def
	Shares	Amount		
Balances at June 30, 2001	4,350,776	\$ 4,351	\$ 10,106,484	(\$6,68
One-for-three reverse stock split effectuated on August 20, 2001	(2,900,517)	(2,901)	2,901	
Compensation related to stock options	1,450,259	1,450	10,109,385	(6,68
Purchase of common shares for treasury			969	
Net loss				(74
Change in unrealized loss on marketable securities				
Comprehensive loss				
Balances at December 31, 2001	1,450,259	\$ 1,450	\$ 10,110,354	\$ (7,42
Balances at June 30, 2002	1,450,259	1,450	10,111,324	(7,91
Compensation related to stock options			253	
Net loss				(32
Change in unrealized loss on marketable securities				
Comprehensive loss				

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	1,450,259	\$ 1,450	\$ 10,111,577	\$ (8,23
	Accumulated other comprehensive loss	Common stock in treasury	Total stockholders' equity	Comp hens los
Balances at December 31, 2002				
Balances at June 30, 2001	(\$6,135)	(\$12,755)	\$3,404,691	
One-for-three reverse stock split effectuated on August 20, 2001				
Compensation related to stock options	(6,135)	(12,755)	3,404,691	
Purchase of common shares for treasury		(71,163)	969	
Net loss			(71,163)	\$ (741
Change in unrealized loss on marketable securities	5,242		(741,680)	5
Comprehensive loss			5,242	\$ (736
Balances at December 31, 2001	\$ (893)	\$ (83,918)	\$2,598,059	
Balances at June 30, 2002	(21,114)	(83,918)	2,093,006	
Compensation related to stock options			253	
Net loss			(323,704)	\$ (323
Change in unrealized loss on marketable securities	(3,547)		(3,547)	(3
Comprehensive loss				\$ (327
Balances at December 31, 2002	\$ (24,661)	\$ (83,918)	\$1,766,008	

The accompanying notes are an integral part of these statements.

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Cash flows from operating activities		
Net loss	\$ (323,704)	\$ (741,808)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	46,466	51,808
(Gains) losses on sales of marketable securities	(33,843)	8,566
Write-down of marketable securities	44,477	56,225
Advertising in exchange for common stock	18,285	
Compensation related to stock options	253	
Provision for write-down of note receivable	20,500	
Changes in operating assets and liabilities		
Decrease in accounts receivable	89,096	11,606
(Increase) in prepaid expenses and other current assets	(58,897)	(6,184)
(Decrease) in accounts payable and accrued liabilities	(80,854)	(1,400)
Increase in accrued payroll and employee benefits	57,294	4,000
(Decrease) increase in deferred revenues	(30,733)	4,000
Net cash used in operating activities	(251,660)	(447,808)
Cash flows from investing activities		
Purchases of marketable securities	(113,805)	(22,384)
Proceeds from sales of marketable securities	138,301	38,000
Purchases of furniture and equipment	(10,780)	(4,000)
Net cash provided by investing activities	13,716	11,616
Cash flows from financing activities		
Purchase of treasury stock at cost	--	(71,808)
Net cash used in financing activities	--	(71,808)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(237,944)	(506,808)
Cash and cash equivalents at beginning of period	1,917,066	2,558,000
Cash and cash equivalents at end of period	\$ 1,679,122	\$ 2,051,192

The accompanying notes are an integral part of these statements.

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CLICKNSETTLE.COM, INC. and SUBSIDIARIES

Notes to Consolidated Financial Statements  
Six months ended December 31, 2002  
(Unaudited)

1. The consolidated balance sheet as of December 31, 2002 and the related consolidated statements of operations for the three and six month periods ended December 31, 2002 and 2001 have been prepared by clickNsettle.com, Inc., including the accounts of its wholly-owned subsidiaries. In the opinion of management, all adjustments necessary to present fairly the financial position as of December 31, 2002 and for all periods presented, consisting of normal

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recurring adjustments, have been made. Results of operations for the three and six month periods ended December 31, 2002 are not necessarily indicative of the operating results expected for the full year.

These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended June 30, 2002 included in the Company's Annual Report on Form 10-KSB. The accounting policies used in preparing these consolidated financial statements are the same as those described in the June 30, 2002 consolidated financial statements.

2. Basic earnings per share are based on the weighted average number of common shares outstanding without consideration of potential common stock. Diluted earnings per share are based on the weighted-average number of common and potential common shares outstanding. The calculation takes into account the shares that may be issued upon exercise of stock options and warrants, reduced by the shares that may be repurchased with the funds received from the exercise, based on the average price during the period. Diluted earnings per share is the same as basic earnings per share as potential common shares of 643,270 and 478,939 at December 31, 2002 and 2001, respectively, would be antidilutive as the Company incurred net losses for the three and six month periods ended December 31, 2002 and 2001.

3. The cost of advertising is expensed when the advertising takes place. For advertising and external public relations costs, the Company incurred \$8,106 and \$132,079 for the quarters ended December 31, 2002 and 2001, respectively, and \$33,967 and \$261,510 for the six month periods ended December 31, 2002 and 2001, respectively. Of such totals, non-cash advertising charges comprise \$0 and \$117,587, respectively, for the second quarter of fiscal years 2003 and 2002 and \$18,285 and \$225,717, respectively, for the six-month periods ended December 31, 2002 and 2001. In accordance with the terms of the August 2000 advertising agreement with American Lawyer Media, Inc., the Company will purchase \$250,000 of advertising in the year subsequent to the initial two-year term. Such advertising is expected to take place during the fourth quarter of the 2003 fiscal year and through August 2003.

4. On September 25, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum market value of publicly held shares of \$1,000,000. As a result, the Company had been provided 90 calendar days, or until December 24, 2002, to regain compliance. The Company was not able to regain compliance. Additionally, on November 6, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive trading days. As a result, the Company has been provided 180 calendar days, or until May 5, 2003, to regain compliance. Further, on December 23, 2002, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the minimum \$2,500,000 stockholders' equity requirement for continued listing as set forth in Marketplace Rule 4310(c)(2)(B), and that its securities are, therefore,

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subject to delisting from The Nasdaq SmallCap Market. The Company met with The Nasdaq Listing Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market. Until a decision is made by The Nasdaq Listing Qualifications Panel, the delisting of the Company's common stock is stayed. There can be no assurance that The Nasdaq Listing Qualifications Panel will grant the Company's request for continued listing. In the event The Nasdaq Listing Qualifications Panel determines to delist the Company's securities, the Company's common stock will be listed on the OTC Bulletin Board.

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5. On March 14, 2002, the Company extended its March 1998 purchase plan (the "Plan"), pursuant to which the number of shares of common stock of the Company eligible for purchase under the Plan remained at an aggregate of 266,667 shares. The Plan shall expire on the earlier of all of the shares being purchased or March 14, 2003, provided, however, that the Plan may be discontinued at any time by the Company. The Plan may also be extended on a year-to-year basis. There were no purchases in the six-month period ended December 31, 2002, and, through December 31, 2002, the Company had purchased 42,083 shares under the Plan for an aggregate cost of \$83,918.

6. The components of comprehensive income (loss) are as follows:

	Three months ended December 31,	
	2002	2001
Net loss	\$ (114,369)	\$ (270,430)
Change in unrealized gain (loss) on marketable securities	53,186	122,000
	\$ (61,183)	\$ (148,430)
Comprehensive loss	\$ (61,183)	\$ (148,430)
	Six months ended December 31,	
	2002	2001
Net loss	\$ (323,704)	\$ (741,680)
Change in unrealized gain (loss) on marketable securities	(3,547)	5,242
	\$ (327,251)	\$ (736,438)
Comprehensive loss	\$ (327,251)	\$ (736,438)

7. In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The Company currently plans to continue to apply the intrinsic-value based method to account for stock options and will comply with the new disclosure requirements beginning with its fiscal year ending June 30, 2003. The Company will adopt the interim disclosures as of December 15, 2002.

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

From time to time, including in this quarterly report on Form  
10-QSB, clickNsettle.com, Inc. (formerly NAM Corporation) (the Company or we)



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may publish forward-looking statements relating to such matters as anticipated financial performance, business prospects, future operations, new products, research and development activities and similar matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results to differ materially from the anticipated results or other expectations expressed in our forward-looking statements. The risks and uncertainties that may affect the operations, performance, development and results of our business include, without limitation, the following: changes in the insurance and legal industries; our inability to retain current or new hearing officers; changes in the public court systems; and the degree and timing of the market's acceptance of our arbitration and mediation programs and electronic oversight applications and other risks that are set forth herein.

### RISK FACTORS

Our business faces risks. These risks include those described below and may include additional risks of which we are not currently aware or which we currently do not believe are material. If any of the events or circumstances described in the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. These risks should be read in conjunction with the other information set forth in this report.

#### We have Recent and, Anticipate, Continuing Losses

We have incurred operating losses during the last six years and through December 31, 2002. Going forward, we may continue to incur operating losses and make capital expenditures and, as a result, we will need to generate higher revenues to achieve and maintain profitability and provide working capital needed to fund losses. We cannot assure you that we can achieve or sustain profitability in the future. If revenues grow slower than we anticipate, or if operating expenses exceed our current expectations and cannot be adjusted accordingly, our business, the results of our operations and our financial condition may be materially and adversely affected.

#### We Depend On Insurance-Related Disputes

The majority of our alternative dispute resolution services, or ADR services, involve claims that are usually covered by insurance. We resolve many of these disputes in a matter of hours. Since our revenues are derived primarily from certain administrative and hourly fees, a high volume of these cases is required in order for us to generate revenues sufficient to maintain our operations. Although self-insured and employment initiatives represent a growing percentage of our revenues, there can be no assurance that we will be able to continue to expand our insurance and non-insurance-related dispute business, or maintain or increase our current level of cases. In addition, we cannot assure you that changes in the insurance industry will not affect our business.

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#### Possible Improvements in the Public Court System, Including Use of ADR Services, May Affect Our Business

The ADR industry, in general, furnishes an alternative to public dispute mechanisms, principally the local, state and federal court systems. Our marketing efforts have been based on our belief that there exists a high degree of dissatisfaction among litigants and their counsel with the public court system. If the public courts, in the markets we are currently serving or seek to

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serve, reduce case backlogs and provide effective settlement mechanisms at no, or substantially reduced cost to litigants, our business opportunities in such markets may be significantly reduced. Several public court systems, both on the federal and state level, including certain federal and state courts located in New York State, have instituted court coordinated ADR programs. Similar programs are under consideration in a number of states and may be adopted at any time. The success of such ADR programs could have a material adverse effect on our business by diminishing the demand for private ADR services.

### The Private ADR Services Business is Highly Competitive

The private ADR business is highly competitive, both on a national and regional level. Barriers to entry in the ADR business are relatively low, and new competitors can begin doing business relatively quickly. There are two types of competitors, not-for-profit and for-profit entities:

- o We believe that our largest not-for-profit competitor is the American Arbitration Association as it has significant market share in complex commercial cases.
- o We believe that our largest for-profit competitor is JAMS.

At this time, we believe that numerous other private ADR firms are competing with us in the regions we currently serve. Increased competition could decrease the fees we are able to charge for our services and limit our ability to obtain qualified hearing officers. This could have a material adverse effect on our ability to be profitable in the future. Certain competitors may have greater financial or other capabilities than us. Accordingly, there is no assurance that we can successfully compete in the present or future marketplace for ADR services.

### We Depend Upon Our Key Personnel

Our success will be largely dependent on the personal efforts of Roy Israel, our Chief Executive Officer, President and Chairman of the Board of Directors. Although we have entered into an employment agreement with Mr. Israel, which expires in 2007, the loss of his services could have a material adverse effect on our business and prospects. We have obtained "key-man" life insurance on the life of Mr. Israel. The Company is the sole beneficiary in the amount of \$1 million. Our success is also dependent upon our ability to hire and retain qualified marketing and other personnel in our offices. We may not be able to hire or retain such necessary personnel.

### We Do Not Have Written Contracts with the Majority of Our Clients

We currently rely on our marketing efforts and relationships with insurance companies, law firms, corporations and municipalities to obtain cases. We do not have written agreements with the majority of our clients, but we have instituted the process of obtaining written agreements with our existing clients and with new clients. We also rely on case referrals from our current clients. We may

not continue to receive our current level of, or an adequate level of, referrals of cases. If we do not maintain such levels, there could be a material adverse effect on our business.

### We Depend Upon Qualified Hearing Officers

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The market for our services depends on a perception by our clients that our hearing officers are impartial, qualified, and experienced. Our ability to retain qualified hearing officers in the event that competition increases would be uncertain. For our fiscal year ended June 30, 2002, 64% of the number of our cases were heard by exclusive hearing officers. Accordingly, at any time, the remaining hearing officers who are not under contract with us can refuse to continue to provide their services to us and are free to render services independently or through competing ADR services. If qualified hearing officers are unwilling or unable to continue to provide their services through us for any reason, including possible agreements to provide their services to our competitors on an exclusive basis, our business and operations could be materially and adversely affected.

### Our Current Stockholders Have the Ability to Exert Significant Control

Our executive officers, directors, and their affiliates beneficially own 630,507 shares or approximately 44.8% of the common stock outstanding based on 1,408,176 shares of common stock outstanding as of December 31, 2002. Of that number, Mr. Israel beneficially owns 401,713 shares or approximately 28.5% of the common stock. As a result, these stockholders acting in concert may have significant influence on votes to elect or remove any or all of our directors and to control substantially all corporate activities in which we are involved, including tender offers, mergers, proxy contests or other purchases of common stock that could give our stockholders the opportunity to realize a premium over the then prevailing market price for their shares of common stock.

### We May Be Unable to Protect Our Proprietary Technology and We May Be Sued for Infringing on the Rights of Others

Our success depends, in part, upon our ability to protect our proprietary software technology and operate without infringing upon the rights of others. We rely on a combination of methods to protect our proprietary intellectual property, technology and know-how, such as:

trade secret laws	copyright law
trademark law	patent law
contractual provisions	confidentiality agreements
certain technology and security measures	

The steps we have taken regarding our proprietary technology, however, may be insufficient to deter misappropriation.

In the systems and software industries, it is common that companies receive notices from time to time alleging infringement of patents, copyrights or other intellectual property rights of others. We may from time to time be notified of claims that we may be infringing upon patents, copyrights or other intellectual property rights owned by third parties. Companies may pursue claims against us with respect to the alleged infringement of patents, copyrights or other intellectual property rights owned by third parties. Although we believe we have not violated or infringed upon any intellectual property patents and have taken measures to protect our own rights, there is no assurance that we will avoid litigation. Litigation may be necessary to protect our intellectual property rights and trade secrets, to determine the validity of and scope of the proprietary rights of others or to defend

against third party claims of invalidity. Any litigation could result in substantial costs and diversion of resources away from the day-to-day operation

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of our business.

Existing copyright, trademark, patent and trade secret laws afford only limited protection. Existing laws, in combination with the steps we have taken to protect our proprietary rights may be inadequate to prevent misappropriation of our technology or other proprietary rights. Also, such protections do not preclude competitors from independently developing products with functionality or features similar or superior to our products and technologies.

### We Have Issues With Our Continued Listing on The Nasdaq SmallCap Market

Although our securities are currently quoted on The Nasdaq SmallCap Market, we cannot assure you that a trading market will be maintained. In addition, we cannot assure you that we will meet the maintenance criteria for continued quotation of the securities on The Nasdaq SmallCap Market. The maintenance criteria for The Nasdaq SmallCap Market include, among other things:

- o \$2,500,000 in net stockholders equity; or \$35,000,000 in market capitalization; or \$500,000 Net Income (in the latest fiscal year or two of the last three fiscal years). As of December 31, 2002, our net stockholders' equity was \$1,766,008. On December 23, 2002, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the minimum \$2,500,000 stockholders' equity requirement for continued listing as set forth in Marketplace Rule 4310(c)(2)(B), and that its securities are, therefore, subject to delisting from The Nasdaq SmallCap Market. The Company met with The Nasdaq Listing Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market. Until a decision is made by The Nasdaq Listing Qualifications Panel, the delisting of the Company's common stock is stayed. There can be no assurance that the Panel will grant the Company's request for continued listing;
- o a public float of 500,000 shares with a market value equal to \$1,000,000. On September 25, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum market value of publicly held shares of \$1,000,000. As a result, the Company had been provided 90 calendar days, or until December 24, 2002, to regain compliance. The Company was not able to regain compliance;
- o two market makers;
- o a minimum bid price of \$1.00 per share of common stock. On November 6, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive trading days. As a result, the Company has been provided 180 calendar days, or until May 5, 2003, to regain compliance; and
- o 300 shareholders (round lot holders).

If we were removed from The Nasdaq SmallCap Market, trading, if any, in our securities would thereafter have to be conducted in the over-the-counter market in the NASD's OTC Electronic Bulletin Board, if eligible. As a result, an investor may find it more difficult to purchase, dispose of and to obtain accurate quotations as to the value of our securities.

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In addition, if our common stock is delisted from trading on The Nasdaq SmallCap Market and the trading price of the common stock is less than \$5.00 per share, trading in the common stock would also be subject to the requirements of Rule 15g-9 under the Securities Exchange Act of 1934. Under that rule, broker/dealers who recommend such low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including (a) a requirement that they make an individualized written suitability determination for the purchaser and (b) receive the purchaser's written consent prior to the transaction.

The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosure in connection with any trades involving a stock defined as a penny stock (generally, any equity security not traded on an exchange or quoted on The Nasdaq SmallCap Market that has a market price of less than \$5.00 per share), including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated therewith. Such requirements could severely limit the market liquidity of our securities and the ability of stockholders to sell their securities in the secondary market. We cannot assure you that our securities will not be delisted or treated as a penny stock.

### GENERAL

We provide alternative dispute resolution services, or ADR services, to insurance companies, law firms, corporations and municipalities. We focus the majority of our marketing efforts on developing and expanding relationships with these entities, which we believe are some of the largest consumers of ADR services. Furthermore, we believe that there is greater market acceptance and a positive trend relating to the utilization of ADR services as opposed to the traditional litigation process. The variety, complexity and volume of cases being submitted for ADR are illustrative and, we believe, accurate barometers of the integration of ADR into the legal landscape. Further, we see this trend continuing. We believe that with our global roster of qualified hearing officers, administrative capabilities, electronic oversight applications, knowledge of dispute resolution and reputation within the corporate and legal communities, we are uniquely positioned to provide a comprehensive total solution to disputing parties worldwide.

We currently operate from locations in New York and Massachusetts.

Our objective is to become the leading global provider of dispute resolution services by providing services and software/web-enabled tools designed to enhance and streamline the traditional and often time-consuming and expensive legal process. We believe we are uniquely positioned to offer customized solutions built upon our sophisticated technology platform. We have a patent pending on our dispute resolution processing and oversight system and, depending upon market acceptance, we will review the needs of our current and prospective customers and offer those solutions that we believe will be of most value to our clients and to our Company. We believe that our marketing efforts going forward will best be directed towards large-scale applications that benefit from our proprietary electronic infrastructure. As such, our marketing emphasis will be driven by our unique capabilities as an administrator. Additionally, the staff presently dedicated to our existing transactional client base will be charged with growing our business and exploiting our inherent market advantages. Therefore, our plan is as follows: (1) exploit potential revenue streams driven by our technological innovations in software, systems and intellectual property such as (i) the administration of high-volume, customized dispute resolution programs for large corporations, governmental bodies, law firms and agencies and (ii) the licensing and/or sale of dispute resolution-related software; (2) build brand recognition of NAM (National Arbitration and Mediation) as the premier provider of dispute

resolution solutions through our advertising campaign; (3) attract and retain the services of highly talented, former top-tier judges and attorneys; and (4) broaden the type and complexity of the dispute resolution cases we administer.

With the recent string of corporate failures and scandals, it is likely that individuals and groups will seek retribution via a legal outlet. At the same time, a greater emphasis has been placed on the protection of investors, employees and other groups as evidenced by many new proposed and adopted corrective actions and laws. The confluence of the above in conjunction with the current economic slowdown creates a fertile environment for our services, particularly those related to oversight applications that can uniquely address and facilitate many of these areas of concern. Our oversight applications/web-based services enhance business practices by enabling our clients to better manage their operations through data driven features and, at the same time, produce cost savings given the tremendous expense related to traditional litigation versus our quicker, more efficient dispute resolution solutions.

We have and may continue to incur net losses in the future as a result of (a) continuing enhancements and other costs associated with our software-based products and (b) the remainder of our advertising campaign which is to be fulfilled by August 2003. Our present advertising campaign commenced in August 2000 when we signed an agreement with American Lawyer Media, Inc., the nation's leading legal journalism and information company, to provide \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period in exchange for 61,474 shares of our common stock (as adjusted for the 1-for-3 reverse stock split effectuated on August 20, 2001). At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement with American Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising during the one-year period ending August 2003. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted.

Second Quarter Ended December 31, 2002 Compared to Second Quarter Ended December 31, 2001

Revenues. Revenues decreased 4.3% to \$961,839 for the second quarter ended December 31, 2002 from \$1,005,278 for the comparable prior period. The decrease in revenues is primarily attributable to a lower number of cases heard in the current period offset by a rise in the average dollars earned per hearing. We believe our revenue has been adversely affected in the short term by the consolidation and turmoil in the insurance industry, which represents a major portion of our clientele. The immediate effect of such is a slow down in the number of cases being referred to us. However, in a broader sense, we believe that lawsuits continue to be commenced and that our oversight dispute resolution software should prove to be vital to insurers in their ability to address a growing caseload with reduced costs and increased efficiency. We believe our product will benefit clients as they seek to optimize efficiencies in the litigation process in order to improve their own financial outlook as, due to low interest rates, insurers cannot rely on investment income to offset operational and indemnity expenses. Additionally, plaintiffs benefit from a speedier resolution of their claims which is of greater importance in difficult economic times.

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As we continue to recruit an exclusive pool of former, top-tier hearing officers, we believe this will enable us to attract a higher volume and diversity of cases, the nature of which demands the talented and well-respected hearing officers that we have to offer. As a result, we believe the average dollars earned per hearing will continue to be favorably impacted.

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**Cost of Services.** Cost of services decreased 2.1% to \$229,603 for the second quarter ended December 31, 2002 from \$234,433 for the second quarter ended December 31, 2001. Additionally, the cost of services as a percentage of revenues increased slightly to approximately 23.9% in the second quarter of fiscal year 2003 from 23.3% in the second quarter of fiscal year 2002. The ratio of cost of services to revenues will fluctuate based on the number of hours per case and our ability (or inability) to take advantage of volume arrangements with hearing officers which usually lower the cost per case.

**Sales and Marketing.** Sales and marketing costs decreased 30.6% to \$278,563 for the second quarter ended December 31, 2002 from \$401,639 for the second quarter ended December 31, 2001. Sales and marketing costs as a percentage of revenues decreased to 29% in the second quarter of fiscal year 2003 from 40% in the second quarter of fiscal year 2002. Most of the decrease (approximately \$123,973) relates to advertising costs. Our initial agreement with American Lawyer Media, Inc., which provided us with \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period, ended in August 2002. The related non-cash amount expensed for the quarters ended December 31, 2002 and 2001 was \$0 and \$117,587, respectively. At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement with American Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising during the one-year period ending August 2003. Currently, we expect to utilize this advertising beginning in the fourth quarter of this fiscal year. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted.

**General and Administrative.** General and administrative costs decreased 3.7% to \$586,005 for the second quarter ended December 31, 2002 from \$608,644 for the second quarter ended December 31, 2001. A portion of the decrease (approximately \$46,200) relates to legal and professional fees incurred to apply for international patents and trademarks for our web-enabled dispute resolution management and operational system and mergers and acquisitions activity in the prior year period that did not recur in the current year period. Additionally, we reduced expenditures by approximately \$24,800 with respect to auto expenses and real estate taxes. Offsetting these decreases was an increase in employee costs and related items (including benefits, payroll taxes and outside services) amounting to approximately \$16,725, as well as increases in market fees, printing and an allowance for a doubtful note receivable amounting to \$32,300. General and administrative costs as a percentage of revenues remained stable at 61% for the second quarter of fiscal years 2003 and 2002.

**Other Income (Expenses).** Other income (expenses) changed by \$48,955, from other expenses of (\$30,992) for the second quarter ended December 31, 2001 to other income of \$17,963 for the second quarter ended December 31, 2002. Other income (expenses) is composed primarily of investment income and realized gains (losses) generated from investments. Realized gains (losses) (which includes

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write-downs for other than temporary declines in the value of marketable securities) approximated (\$46,500) in the second quarter of fiscal year 2002 versus \$9,500 in the second quarter of fiscal year 2003, an improvement of \$56,000. Also, net interest income generated primarily from investments in money market funds declined by \$5,612 from \$11,962 in the prior year period due to lower invested balances and a decline in the prevailing interest rates between the two periods. At December 31, 2002, approximately 85% of cash equivalents and marketable securities were invested in money market funds whose rate of return will fluctuate based on prevailing interest rates.

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**Income Taxes.** Tax benefits resulting from net losses incurred for the periods ended December 31, 2002 and 2001 were not recognized as we recorded a full valuation allowance against the net operating loss carryforwards during the periods.

**Net Loss.** For the three months ended December 31, 2002, we had a net loss of \$114,369 as compared to a net loss of \$270,430 for the three months ended December 31, 2001. The loss declined principally due to reduced advertising and administrative expenses and an improvement in realized gains (losses) on marketable securities during the periods, offset by a decline in revenues.

Six months Ended December 31, 2002 Compared to Six months Ended December 31, 2001

**Revenues.** Revenues increased 7.0% to \$1,955,198 for the six months ended December 31, 2002 from \$1,827,897 for the comparable prior period. The increase in revenues is primarily attributable to a rise in the average dollars earned per hearing, offset by a decline in cases heard during the six-month period. We believe our revenue has been adversely affected in the short term by the consolidation and turmoil in the insurance industry, which represents a major portion of our clientele. The immediate effect of such is a slow down in the number of cases being referred to us. However, in a broader sense, we believe that lawsuits continue to be commenced and that our oversight dispute resolution software should prove to be vital to insurers in their ability to address a growing caseload with reduced costs and increased efficiency. We believe our product will benefit clients as they seek to optimize efficiencies in the litigation process in order to improve their own financial outlook as, due to low interest rates, insurers cannot rely on investment income to offset operational and indemnity expenses. Additionally, plaintiffs benefit from a speedier resolution of their claims which is of greater importance in difficult economic times.

As we continue to recruit an exclusive pool of former, top-tier hearing officers, we believe this will enable us to attract a higher volume and diversity of cases, the nature of which demands the talented and well-respected hearing officers that we have to offer. As a result, we believe the average dollars earned per hearing will continue to be favorably impacted.

**Cost of Services.** Cost of services increased 4.4% to \$458,529 for the six months ended December 31, 2002 from \$439,295 for the six months ended December 31, 2001. Additionally, the cost of services as a percentage of revenues decreased to approximately 23.5% in the first six months of fiscal year 2003 from 24.0% in the first six months of fiscal year 2002. The improvement in the ratio is attributed to the increase in average dollars earned per hearing. The ratio of cost of services to revenues will fluctuate based on the number of hours per case and our ability (or inability) to take advantage of volume arrangements with hearing officers which usually lower the cost per case.



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Sales and Marketing. Sales and marketing costs decreased 27.9% to \$587,530 for the six months ended December 31, 2002 from \$814,338 for the six months ended December 31, 2001. Sales and marketing costs as a percentage of revenues decreased to 30% in the first six months of fiscal year 2003 from 45% in the first six months of fiscal year 2002. Most of the decrease (approximately \$227,543) relates to advertising costs. Our initial agreement with American Lawyer Media, Inc., which provided us with \$1,000,000 of advertising and promotional opportunities in their national and regional publications over a two-year period, ended in August 2002. The related non-cash amount expensed for the six months ended December 31, 2002 and 2001 was \$18,285 and \$225,717, respectively. At the time this advertising was contracted for, we were promoting our new corporate name, clickNsettle.com, as well as continuing to promote our established brand name, NAM (National Arbitration and Mediation). We believe the NAM brand name is well-known in our unique niche of the business-to-business market and is a premier brand name in the ADR industry. As part of our agreement with American

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Lawyer Media, Inc., we will additionally purchase \$250,000 of advertising during the one-year period ending August 2003. Currently, we expect to utilize this advertising beginning in the fourth quarter of this fiscal year. However, we do not anticipate maintaining the same level of advertising expense going forward after this period and we believe our revenues will not be adversely impacted.

General and Administrative. General and administrative costs decreased 4.0% to \$1,239,805 for the six months ended December 31, 2002 from \$1,291,677 for the six months ended December 31, 2001. There was a large decrease (approximately \$116,700) in legal and professional fees which, in the prior year period, primarily related to fees incurred to apply for international patents and trademarks for our web-enabled dispute resolution management and operational system and mergers and acquisitions activity that did not recur in the current year period. Additionally, we reduced expenditures by approximately \$57,000 with respect to taxes, market fees and internet services. Offsetting these decreases was an increase in employee costs and related items (including benefits, payroll taxes and outside services) amounting to approximately \$95,800, as well as increases in printing and an allowance for a doubtful note receivable amounting to \$25,700. The increase in employee costs was largely due to increases in staff for computer programmers in our information technology department and for other administrative functions, including temporary help, to support and develop our dispute resolution processing and oversight software. General and administrative costs as a percentage of revenues decreased to 63% for the first six months of fiscal year 2003 from 71% for the first six months of fiscal year 2002.

Other Income (Expenses). Other income (expenses) changed by \$31,229, from other expenses of (\$24,267) for the six months ended December 31, 2001 to other income of \$6,962 for the six months ended December 31, 2002. Other income (expenses) is composed primarily of investment income and realized gains (losses) generated from investments. Realized gains (losses) (which includes write-downs for other than temporary declines in the value of marketable securities) approximated (\$65,280) in the first six months of fiscal year 2002 versus (\$10,634) in the first six months of fiscal year 2003, an improvement of \$54,646. As an offset, net interest income generated primarily from investments in money market funds declined by approximately \$18,877 from \$32,990 in the prior year period due to lower invested balances and a decline in the prevailing interest rates between the two periods. At December 31, 2002, approximately 85% of cash equivalents and marketable securities were invested in money market funds whose rate of return will fluctuate based on prevailing interest rates.

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Income Taxes. Tax benefits resulting from net losses incurred for the six-month periods ended December 31, 2002 and 2001 were not recognized as we recorded a full valuation allowance against the net operating loss carryforwards during the periods.

Net Loss. For the six months ended December 31, 2002, we had a net loss of \$323,704 as compared to a net loss of \$741,680 for the six months ended December 31, 2001. The loss declined as we secured higher fees for services rendered to our clients as a result of an increase in the type and diversity of cases heard, as well as reduced advertising expenses and achieved operating efficiencies.

### Liquidity and Capital Resources

At December 31, 2002, the Company had a working capital surplus of \$1,541,779 compared to \$1,833,092 at June 30, 2002. The decrease in working capital occurred primarily as a result of the loss from operations.

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Net cash used in operating activities was \$251,660 for the six months ended December 31, 2002 versus \$447,033 in the prior comparable period. Cash used in operating activities principally declined due to a reduction in the loss from operations which was partially offset by a decrease in non-cash charges for advertising.

Net cash provided by investing activities was \$13,716 for the six months ended December 31, 2002 versus \$11,436 in the comparable prior period. The change in cash from investing activities was primarily due to a higher level of net sales of marketable securities offset by an increase in purchases of furniture and equipment in the current period.

Net cash used in financing activities was \$0 for the six months ended December 31, 2002 versus \$71,163 in the prior comparable period. In the prior period, we purchased 36,500 shares of our common stock for an aggregate cost of \$71,163.

We have incurred net losses and had negative cash flow from operations during the last six years and through December 31, 2002. Cash and cash equivalents arising principally from equity transactions have provided sufficient working capital to fund losses incurred and capital expenditures, as well as to provide cash to redeem preferred stock outstanding and to purchase treasury stock. As of December 31, 2002, we had \$1,679,122 in aggregate cash and cash equivalents. We believe that, through the proper use of these existing funds, from revenue generated from existing and new services and from expense reductions achieved by streamlining operations through the use of an enhanced processing system, we will have sufficient cash to meet our needs over the next twelve months.

### Nasdaq Listing

On September 25, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum market value of publicly held shares of \$1,000,000. As a result, the Company had been provided 90 calendar days, or until December 24, 2002, to regain compliance. The Company was not able to regain compliance. Additionally, on November 6, 2002, the Company received a letter from The Nasdaq SmallCap Market that its common stock had failed to maintain a minimum bid price of \$1.00 over the previous 30 consecutive trading days. As a result, the Company has been provided 180

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calendar days, or until May 5, 2003, to regain compliance. Further, on December 23, 2002, the Company received a Nasdaq Staff Determination indicating that the Company failed to comply with the minimum \$2,500,000 stockholders' equity requirement for continued listing set forth in Marketplace Rule 4310(c)(2)(B), and that its securities are, therefore, subject to delisting from The Nasdaq SmallCap Market. The Company met with The Nasdaq Listing Qualifications Panel on January 30, 2003 to consider its request for continued listing of the Company's common stock on The Nasdaq SmallCap Market. Until a decision is made by The Nasdaq Listing Qualifications Panel, the delisting of the Company's common stock is stayed. There can be no assurance that The Nasdaq Listing Qualifications Panel will grant the Company's request for continued listing. In the event The Nasdaq Listing Qualifications Panel determines to delist the Company's securities, the Company's common stock will be listed on the OTC Bulletin Board.

### Recent Accounting Pronouncements

In December 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." SFAS No. 148 amends SFAS No.

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123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002 and the interim disclosure provisions are effective for interim periods beginning after December 15, 2002. The Company currently plans to continue to apply the intrinsic-value based method to account for stock options and will comply with the new disclosure requirements beginning with its fiscal year ending June 30, 2003. The Company will adopt the interim disclosures as of December 15, 2002.

### Controls and Procedures

Our disclosure controls and procedures are designed to ensure that material information relating to the Company are made known to our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and others in the Company involved in the preparation of this quarterly report, by others within the Company. Our CEO and CFO have reviewed our disclosure controls and procedures within 90 days prior to the filing of this quarterly report and have concluded that they are effective. There were no significant changes in our internal controls or other factors that could significantly affect our internal controls subsequent to the last date they were reviewed by our CEO and CFO.

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## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings.

We are a party to legal matters arising in the general conduct of business. The ultimate outcome of such matters is not expected to have a material adverse effect on the results of operations or

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financial position.

Item 2. Changes in Securities and Use of Proceeds.

Not applicable.

Item 3. Defaults upon Senior Securities.

Not applicable.

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

On December 13, 2002, we held our annual meeting of shareholders. At the meeting, the shareholders voted on three proposals. The following represents the results of the voting, both in person and by proxy:

1. Election of Directors:

Roy Israel	1,041,866, votes for; 0 votes against; 98,481 votes withheld.
Anthony J. Mercorella	1,041,949 votes for; 0 votes against; 98,398 votes withheld.
Kenneth G. Geraghty	1,041,916 votes for; 0 votes against; 98,431 votes withheld.
Robert M. Silverson, Jr.	1,041,916 votes for; 0 votes against; 98,431 votes withheld.
Willem F. Specht	1,041,949 votes for; 0 votes against; 98,398 votes withheld.
Corey J. Gottlieb	1,041,949 votes for; 0 votes against; 98,398 votes withheld.
Randy Gerstenblatt	1,041,949 votes for; 0 votes against; 98,398 votes withheld.

2. For ratification of appointment of Grant Thornton LLP as our independent accountants for fiscal year 2003:

1,135,948 votes for;  
3,066 votes against; 1,333 abstentions

3. For approval of the amendment to the Amended and Restated 1996 Incentive and Nonqualified Stock Option Plan to increase the number of options granted annually to each

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non-employee director from options to purchase 833 shares to options to purchase 2,500 shares:

1,027,263 votes for;  
111,385 votes against; 1,699 abstentions

Item 5. Other information.

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Not applicable.

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

(a) Exhibits.

Exhibit Number -----	Description of Document -----
3.1	Certificate of Incorporation, as amended (1)
3.1(b)	Certificate of Designation of Series A Exchangeable Preferred Stock (5)
3.1(c)	Certificate of Correction of Certificate of Designation of Series A Exchangeable Preferred Stock (6)
3.1(d)	Certificate of Amendment of Certificate of Incorporation (8)
3.1(e)	Certificate of Amendment of Certificate of Incorporation, as amended (11)
3.2	By-Laws of the Company, as amended (3)
4.1	Stock Purchase Agreement dated May 10, 2000 (7)
4.2	Stock Purchase Warrant dated May 10, 2000 (7)
10.1	1996 Stock Option Plan, amended and restated (3)
10.2	Employment Agreement between Company and Roy Israel effective July 1, 2002(12)
10.5	Employment Agreement between Company and Patricia Giuliani-Rheaume (2)
10.7	Lease Agreement for Great Neck, New York facility (1)
10.7.1	Amendment to Lease Agreement for Great Neck, New York facility (4)
10.7.2	Second Amendment to Lease Agreement for Great Neck, New York facility (10)
10.8	Exchangeable Preferred Stock and Warrants Purchase Agreement (5)
10.9	Preferred Stock Registration Rights Agreement (5)
10.11	Private Equity Line of Credit Agreement between Moldbury Holdings and Company (5)
10.12	Private Equity Line of Credit Registration Rights Agreement (5)
10.13	Stock Purchase Warrant for Moldbury Holdings Limited (5)
10.14	Advertising Agreement dated August 11, 2000 (9)
99.1	Statement of CEO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
99.2	Statement of CFO pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

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- (1) Incorporated herein in its entirety by reference to the Company's Registration Statement on Form SB-2, Registration No. 333-9493, as filed with the Securities and Exchange Commission on August 2, 1996.
- (2) Incorporated herein in its entirety by reference to the Company's 1997 Annual Report on Form 10-KSB.

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- (3) Incorporated herein in its entirety by reference to the Company's 1998 Annual Report on Form 10-KSB.
- (4) Incorporated herein in its entirety by reference to the Company's 1999 Annual Report on Form 10-KSB.
- (5) Incorporated herein in its entirety by reference to the Company's SB-2 filed on March 28, 2000.
- (6) Incorporated herein in its entirety by reference to the Company's SB-2A filed on April 21, 2000.
- (7) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on May 17, 2000.
- (8) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on June 21, 2000.
- (9) Incorporated herein in its entirety by reference to the Company's Form 8-K filed on August 24, 2000.
- (10) Incorporated herein in its entirety by reference to the Company's 2000 Annual Report on Form 10-KSB.
- (11) Incorporated herein in its entirety by reference to the Company's 2001 Annual Report on Form 10-KSB.
- (12) Incorporated herein in its entirety by reference to the Company's 2002 Annual Report on Form 10-KSB.

\*\* Filed herewith.

(b) Reports on Form 8-K.

Form 8-K was filed on November 8, 2002 to announce that the Company had received notification from Nasdaq Listing Qualifications that its common stock had not maintained a minimum bid price of \$1.00 over the previous 30 consecutive trading days as required by Nasdaq Listing Qualifications.

Form 8-K was filed on November 21, 2002 to announce that the Company had received notification from Nasdaq Listing Qualifications that the Company was not in compliance with Marketplace Rule 4310(c)(2)(B), which requires the Company to have a minimum of \$2,500,000 in stockholders' equity or a market value of listed securities of \$35,000,000 or \$500,000 of net income from continuing operations for the most recently completed fiscal year or two of the three most recently completed fiscal years.

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Form 8-K was filed on December 27, 2002 to announce that the Company received a Nasdaq Staff Determination that its securities are subject to delisting from The Nasdaq SmallCap Market. The Company requested a hearing before a Nasdaq Listing Qualifications Panel to review the Nasdaq Staff determination.

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### SIGNATURES

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

CLICKNSETTLE.COM, INC.

Date: February 11, 2003

By: /s/ Roy Israel

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Roy Israel, President and CEO

Date: February 11, 2003

By: /s/ Patricia A. Giuliani-Rheaume

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Patricia A. Giuliani-Rheaume, Vice  
President, Treasurer and CFO

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### CERTIFICATION

I, Roy Israel, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of clickNsettle.com, Inc. (the "registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

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- b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
- c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Roy Israel

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Roy Israel - Chairman of the Board, CEO and President

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CERTIFICATION

I, Patricia Giuliani-Rheaume, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of clickNsettle.com, Inc. (the "registrant");
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;



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4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
- a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Patricia Giuliani-Rheaume

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Patricia Giuliani-Rheaume - Vice President, Chief Financial Officer and  
Treasurer

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