

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

Eco-Trade Corp.

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United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

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

Commissions file number **001-12000**

ECO-TRADE CORP. (f/k/a Yasheng Eco-Trade Corp.)
(Exact name of registrant - registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3696015

(I.R.S. Employer Identification No.)

1915 Eye Street, N.W.
Washington, D.C. 20006
(Address of principal executive offices)

(202) 536-5191
Issuer's telephone number

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of Exchange Act). Yes No

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

Common Stock, \$0.001 par value
(Class)

103,853,499
(Outstanding at April 24, 2012)

ECO-TRADE CORP. (F/K/A YASHENG ECO-TRADE CORP.)

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

ECO-TRADE CORP. and SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2012 <u>(unaudited)</u>	December 31, 2011 <u></u>
ASSETS		
Current assets		
Cash	\$ -	\$ -
Total current assets	-	-
Other assets		
	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Convertible notes payable, net of premiums of \$94,174 and \$94,174 at March 31, 2012 and December 31, 2011, respectively	\$ 457,794	\$ 445,082
Accounts payable	205,151	233,121
Accrued expenses	563,180	550,180
Accounts payable to related parties	25,000	31,000
Accrued expenses to related parties	82,979	53,979
Total current liabilities	<u>1,334,104</u>	<u>1,313,362</u>
Total liabilities	<u>1,334,104</u>	<u>1,313,362</u>
Commitments and contingencies (Note 4)		
Shareholders' equity (deficiency)		
Preferred stock, Series E convertible, \$0.001 par value, 300,000 shares authorized, issued, and outstanding (Liquidation value \$3,750,000)	300	300
Preferred stock, Series F convertible, \$0.001 par value, 10,000 shares authorized, issued, and outstanding	10	10
Common stock, \$0.001 par value, 400,000,000 shares authorized, 103,854,499 shares issued and 103,853,499 outstanding, at both March 31, 2012 and December 31, 2011	103,855	103,855
Additional paid-in capital	135,578,056	135,578,056
Accumulated deficit	(136,991,516)	(136,970,774)
Treasury stock, 10 shares of common stock at cost	(24,809)	(24,809)
Total shareholders' equity (deficiency)	<u>(1,334,104)</u>	<u>(1,313,362)</u>
Total liabilities and shareholders' equity (deficiency)	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to unaudited consolidated financial statements

ECO-TRADE CORP. and SUBSIDIARIES
Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended March 31	
	2012	2011
Sales	\$ -	\$ -
Cost of sales	-	-
Gross loss	-	-
Selling, general and administrative expenses	26,195	49,277
Loss from operations	(26,195)	(49,277)
Other income (expense)		
Interest expense	(12,713)	(67,644)
Gain on settlement of debt	18,166	-
Other	-	1,600
Total other income (expense), net	5,453	(66,044)
Net loss	(20,742)	(115,321)
Cumulative preferred stock dividends	(52,500)	(51,781)
Net loss allocable to common shareholders	\$ (73,242)	\$ (167,102)
Basic and diluted net loss per share allocable to common shareholders	\$ -	\$ (0.09)
Weighted average shares outstanding		
- basic and diluted	103,853,499	1,797,612

See accompanying notes to unaudited consolidated financial statements

ECO-TRADE CORP. and SUBSIDIARIES
Consolidated Statements of Cash Flows
(unaudited)

	For the Three Months Ended	
	March 31,	
	<u>2012</u>	<u>2011</u>
Cash flows used in operating activities:		
Net loss allocable to common shareholders	\$ (73,242)	\$ (167,102)
Adjustments to reconcile net loss to net cash used in operations:		
Cumulative preferred stock dividends	52,500	51,781
Gain on settlement of liability	(18,166)	-
Changes in operating assets and liabilities:		
Accounts payable	(15,805)	1,777
Accrued expenses	13,000	45,900
Accrued expenses - related parties	29,000	-
Accrued interest included in notes balances	12,713	67,644
Net cash used in continuing operations	-	-
Net cash provided by discontinued operations	-	-
Net cash used by operating activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	-	-
Cash at beginning of period	-	-
Cash at end of period	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>
Non-cash investing and financing activities:		
Accrued interest expense	\$ -	\$ 67,644

See accompanying notes to unaudited consolidated financial statements.

ECO-TRADE CORP.
(f/k/a Yasheng Eco-Trade Corp.)
Notes to Unaudited Consolidated Financial Statements
March 31, 2012
(unaudited)

NOTE 1 - Nature of Operations, Basis of Presentation, Summary of Significant Accounting Policies and Going Concern

Nature of operations – The Company is exploring new opportunities as of March 31, 2012 (see Note 6).

Basis of Presentation – The Company prepared the accompanying consolidated financial statements without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted as allowed by such rules and regulations. Management believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements include all of the adjustments that, in the opinion of management, are necessary for a fair presentation of financial position and results of operations. All such adjustments are of a normal and recurring nature. These financial statements should be read in conjunction with the audited financial statements at December 31, 2011 included in the Annual Report on Form 10-K. The results of operations for the periods presented are not necessarily indicative of the results we expect for the full year.

Principles of consolidation - The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities for which the Company is the primary beneficiary. When relevant, all intercompany balances and transactions have been eliminated upon consolidation. Control is determined based on ownership rights or, when applicable, whether the Company is considered the primary beneficiary of a variable interest entity.

Variable Interest Entities - The Company is required to consolidate variable interest entities (“VIE’s”), where it is the entity’s primary beneficiary. VIE’s are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE.

For the periods presented in the accompanying consolidated financial statements, the balance sheets and results of operations of Davy Crockett Gas Company, LLC (“DCG”), and Vortex Ocean One, LLC (“Vortex One”) are consolidated into these financial statements (these corporations have no activities).

Use of estimates - The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Significant estimates in the accompanying consolidated financial statements include valuation of stock issued in note settlements and the valuation allowance on deferred tax assets.

Fair value measurements - The Company adopted ASC Topic 820, Fair Value Measurements. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity’s own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

Fair value of financial instruments - The carrying values of notes and loans receivable, accounts payable, and accrued expenses approximate fair values due to the current maturity of these instruments.

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Treasury Stock - Treasury stock is recorded at cost. Issuance of treasury shares is accounted for on a first-in, first-out basis. Differences between the cost of treasury shares and the re-issuance proceeds are charged to additional paid-in capital.

Foreign currency translation - The Company considers the United States Dollar ("US Dollar" or "\$") to be the functional currency of the Company and its subsidiaries. The reporting currency of the Company is the US Dollar and accordingly, all amounts included in the consolidated financial statements have been presented or translated into US Dollars. In prior years for non-US subsidiaries that do not utilize the US Dollar as its functional currency, assets and liabilities are translated to US Dollars at period-end exchange rates, and income and expense items are translated at weighted-average rates of exchange prevailing during the period. Translation adjustments were recorded in "Accumulated other comprehensive income" within stockholders' equity. Foreign currency transaction gains and losses are included in the consolidated results of operations for the periods presented.

Comprehensive income (loss) - Comprehensive income includes all changes in equity except those resulting from investments by and distributions to shareholders.

Cash and cash equivalents - Cash and cash equivalents include cash at bank and money market funds with maturities of three months or less at the date of acquisition by the Company.

Earnings (loss) per share - Basic earnings (loss) per share are computed by dividing income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect the effect of dilutive potential common shares issuable upon exercise of stock options and warrants and convertible preferred stock. There were convertible notes convertible into approximately 2,017,000 shares of common stock and convertible preferred shares convertible into 6,050,000 common shares at March 31, 2012 that were not included in diluted loss per share in 2012 since the effect would have been anti-dilutive. These shares, which may vary significantly in quantity based on the conversion formula, may dilute future earnings per share.

Income taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Deferred tax assets and liabilities, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Under ASC Topic 740, the evaluation of a tax position is a two-step process. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigation based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50% likelihood of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition.

Stock-based compensation - The Company follows ASC Topic 718, "Share-Based Payment". Under ASC Topic 718, the Company is required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The measured cost is recognized in the statement of operations over the period during which an employee is required to provide service in exchange for the award. Additionally, if an award of an equity instrument involves a performance condition, the related compensation cost is recognized only if it is probable that the performance condition will be achieved.

The Company estimates the fair value of each option award on the date of the grant using the Black-Scholes option valuation model. Expected volatilities are based on the historical volatility of the Company's common stock over a period commensurate with the options' expected term. The expected term represents the period of time that options granted are expected to be outstanding and is calculated in accordance with SEC guidance provided in the SAB 107, using a "simplified" method. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of the Company's stock options.

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Effect of Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained a net loss allocable to common shareholders of \$73,742 for the period ended March 31, 2012 and \$25,152,667 for the year ended December 31, 2011. The Company had a working capital deficiency, stockholders' deficiency and accumulated deficit of \$1,334,104, \$1,334,104 and \$136,991,516, respectively, at March 31, 2012. In addition, the Company has no revenues and is in default on two promissory notes. These factors raise substantial doubt about the ability of the Company's to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue receiving investment capital and loans from third parties to sustain its current level of operations. The Company is in the process of securing working capital from investors for common stock convertible notes payable, and/or strategic partnerships. No assurance can be given that the Company will be successful in these efforts.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 - Convertible Notes Payable

The convertible notes payable as of March 31, 2012 and December 31, 2011 were as follows:

Convertible Notes Payable

	March 31, 2012			December 31, 2011		
	Principal and Accrued Interest	Premium	Principal and Accrued Interest net of Premium	Principal and Accrued Interest	Premium	Principal and Accrued Interest net of Premium
Convertible Note D	\$ 191,999	\$ 49,726	\$ 241,725	\$ 185,287	\$ 49,726	\$ 235,013
Convertible Note C	171,621	44,448	216,069	165,621	44,448	210,069
Total	\$ 363,620	\$ 94,174	\$ 457,794	\$ 350,908	\$ 94,174	\$ 445,082

Defaults upon Convertible Notes - As of March 31, 2012 the Company is in default on its convertible notes C and D since payment is past the May 30, 2011 due dates. The Company applied the default rate (18% per annum) to those notes from the default date.

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Convertible Note C (Mr. Schaffer, a former Director) – On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$133,344 payable to holder (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Originally, said Note in the amount of \$133,344 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower. The Company determined that due to the conversion price being a fixed percentage of a future trading price, the debt is convertible at a fixed monetary amount and therefore meets the criteria of stock settled debt under ASC 480 "Distinguishing Liabilities from Equity. Accordingly, the Company recorded a \$44,448 premium to the promissory note liability to accrete it to the fixed monetary value of \$177,792 with a charge to interest expense in the year the note originated.

Convertible Note D (Mr. Reich, a former director) – On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$149,177 payable to holder (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Originally, said Note in the amount of \$149,177 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower. The Company determined that due to the conversion price being a fixed percentage of a future trading price, the debt is convertible at a fixed monetary amount and therefore meets the criteria of stock settled debt under ASC 480 "Distinguishing Liabilities from Equity. Accordingly, the Company recorded a \$49,726 premium to the promissory note liability to accrete it to the fixed monetary value of \$198,903 with a charge to interest expense in the year the note originated.

NOTE 3 - Stockholders' Equity

Preferred Stock:

Series E – Based on settlement agreement dated April 15, 2010 for monetary amounts of \$2,000,000 that were paid in cash and accumulative agreed balance of \$3,000,000, the parties agreed that the holder would convert its notes (at agreed amount of \$3,000,000) into a new class of Series E Preferred Stock ("E Preferred Stock").

Each share of E Preferred Stock is convertible, at any time at the option of the holder, into 20 shares of Common Stock. Holders of the E Preferred Stock are entitled to receive, when declared by the Company's board of directors, annual dividends of \$0.70 per share of Preferred Stock paid annually (equates to a 7% annualized return). Such dividends may be paid, at the election of the Company, either (i) in cash or (ii) in restricted shares of Common Stock. In the event that the Company elects to issue shares of Common Stock in connection with the dividend on the E Preferred Stock, such dividend shares shall be determined by dividing the dividend amount by 110% of the volume-weighted average price of the common stock for the 20 trading days immediately preceding the record date for

payment of such dividend (the "Dividend VWAP"); provided, however, if the Company is unable to determine the Dividend VWAP, then such dividend shall be determined by dividing the dividend amount by the average of the three highest closing bid prices during the 20 trading days immediately preceding the record date for payment of such dividend. As of March 31, 2012 and December 31, 2011 and 2010, no dividends have been accrued since the Board of Directors has declared no dividends. Cumulative dividends as of March 31, 2012 were \$347,075, or \$1.16 per share.

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In addition to any voting rights provided by law, holders of the E Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of E Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the E Preferred Stock may be converted on the record date for determining stockholders entitled to vote.

In the event of any liquidation or winding up of the Company, the holders of E Preferred Stock will be entitled to receive, in preference to holders of Common Stock, an amount equal to the original purchase price per share, plus interest of 15%.

Holder has contractually agreed to restrict its ability to convert the preferred stock and receive shares of Common Stock such that the number of shares of Common Stock held by them and their affiliates after such conversion or exercise does not exceed 9.99% of the Company's then issued and outstanding shares of common stock.

Series F

Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights.

In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

The Company entered into letter agreements with each of Jeffrey Sternberg, Gerry Weinstein, Andre Lauzier and William Lieberman, directors of the Company, whereby each of the directors agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock"). On October 25, 2010, Andre Lauzier, Jeffrey Sternberg, and Gerry Weinstein resigned from the Board of Directors, and agreed to surrender their Series F Preferred shares to the Company for cancellation. As a result of this event, Mr. Lieberman is the sole director of the Company, is the sole remaining holder of the 10,000 Series F Preferred shares still outstanding after the event, and no longer holds voting control of the Company.

Treasury Stock

In June 2006, the Company's Board of Directors approved a program to repurchase, from time to time, at management's discretion, up to 7,000 shares of the Company's common stock in the open market or in private transactions commencing on June 20, 2006 and continuing through December 15, 2006 at prevailing market prices. Repurchases will be made under the program using our own cash resources and will be in accordance with Rule 10b-18 under the Securities Exchange Act of 1934 and other applicable laws, rules and regulations. A licensed Stock Broker Firm is acting as agent for our stock repurchase program. Pursuant to the unanimous consent of the Board of Directors in September 2006, the number of shares that may be purchased under the Repurchase Program was increased from 7,000 to 15,000 shares of common stock and the Repurchase Program was extended until October 1, 2007, or until the increased amount of shares is purchased.

As of March 31, 2012 and December 31, 2011, the Company has 10 treasury shares in its possession (which been purchased in the open market per the above program) scheduled to be cancelled.

Stock Option Plans

There are no common stock options outstanding at March 31, 2012 and December 31, 2011.

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NOTE 4 - Commitments and Contingencies

Employment Agreement:

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as a Director of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock").

Lease Agreements:

Effective May 6, 2011, the Company is operating only from its operational offices, on month-to-month basis, located in Washington, D.C.

Legal Proceedings:

From time to time, we may be party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings other than those detailed below that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Loss Contingencies

Transfer Agent – On or about May 2011 the Company notified American Stock Transfer & Trust Company, LLS ("AST") of the Company's intent to terminate their services as the Company Transfer Agent and subsequently appointing Fidelity Transfer Services Inc, ("Fidelity") as the company's new Transfer Agent. AST charged the Company with unacceptable amounts and only upon receipt of full payment will terminate services and forward all records pursuant to the Company's instructions. As the Company contest said charges, AST did not forward to Fidelity all records.

On September 15, 2011, Vintage Filings, LLC filed a suit, *Vintage Filings, LLC v. Yasheng Eco-Trade Corporation*, in the Superior Court of the State of California, County of Los Angeles, Beverly Hills Courthouse – West District. The company being sued is the predecessor to Eco-Trade for \$12,515 for services allegedly rendered and recorded on the Company's books. The Company was not properly served in this matter. A hearing was scheduled for March 22, 2012 and the Company did not attend, as the Company believes it was not properly served. The Company has recorded the liability accordingly.

Gain Contingencies

On February 14, 2007, the Company filed a complaint in the Superior Court of California, County of Los Angeles against, Mr. Hecht, a foreign attorney, alleging fraud and seeking the return of funds held in escrow, and sought damages in the amount of approximately 250,000 Euros (approximately \$316,000 as of the date of actual transferring the funds), plus interest, costs and fees. In April 2007, the foreign attorney returned \$92,694 (70,000 Euros on the date of transfer) to the Company, which netted \$72,694. In June 2007, the Company filed a claim seeking a default judgment against said foreign attorney. On October 25, 2007, the Company obtained a default judgment against the foreign attorney for the sum of \$249,340.65. On February 7, 2011, the Company retained domestic Israeli counsel to try to collect the aforementioned judgment amount.

In August 2010, the Company's Registered Agent was served with a complaint by a Mr. Sharp ("GS") against the Company for an alleged breach of contract. The complaint was filed with the Los Angeles County Superior Court. The company undertook an assertive defense and in the end was awarded \$10,000.00 damages payable by Mr. Sharp. As of March 31, 2012, Sharp is in default and the Company is weighing its options to pursue Sharp.

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March 31, 2012
(unaudited)

Yasheng Group, Inc. (“Yasheng”) - The Company entered into series of agreements with Yasheng. Yasheng failed to comply with the Company’s due diligence procedures, and as such terminated the definitive agreement with the Company in November 2009. Pursuant to the terms of the Exchange Agreement, it may be terminated by either party if the other party was in breach of the Agreement or if the closing conditions are not satisfied or by either party if the exchange is not closed by September 30, 2009 (the “Closing Date”). As part of the closing procedure, the Company requested that Yasheng-BVI, an affiliate of Yasheng, provide a current legal opinion from a reputable Chinese law firm attesting to the fact that no further regulatory approval from the Chinese government was required along with several other closing conditions. On November 3, 2009, the Company sent Yasheng and Yasheng-BVI a demand letter for these outstanding items. Neither party responded with requested items, and on November 9, 2009, Yasheng and Yasheng-BVI sent a termination notice to the Company advising that the Exchange Agreement had been terminated. On April 5, 2010, the Company issued a formal request to Yasheng demanding surrender and return of 500,000 shares which were issued to them in 2009, as well as reimbursement to the Company for expenses associated with the transaction in the amount of \$348,240. To date Yasheng has returned neither the funds nor the shares. As of March 31, 2012, the 500,000 shares have not been returned to the Company for cancellation.

Commitments

On November 6, 2011, the Company and The One Media Technology Corporation (“One Media”) executed a Letter of Intent (“One Media LOI”) with the intent to enter into a Share Purchase Agreement (“One Media SPA”). The One Media SPA would provide One Media 90% of the outstanding shares of the Company. The Company issued 100,000,000 shares of common stock as good faith consideration for the One Media LOI. There are effective clauses to the effect that absent a definitive acquisition agreement, these shares shall revert to the Company.

NOTE 5 - Related Party Transactions

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the “F Preferred Stock”).

At March 31, 2012, \$82,979 was included in accrued expenses to a related party due to our Chief Executive Officer for vendor payments he made on behalf of the Company. During the three months ended March 31, 2012, the Company’s Chief Executive Officer paid vendor bills on behalf of the Company totaling \$29,000.

At March 31, 2012, \$25,000 was due to David E. Price for legal services rendered to the Company.

NOTE 6 - Subsequent Events

As disclosed under Commitment and Contingencies, The Company filed motions to recover its expenses and legal fees against Sharp and was awarded \$10,000 by the court. As of March 31, 2012, Sharp has not paid the Company.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis summarizes the significant factors affecting our condensed consolidated results of operations, financial condition and liquidity position for the three months ended March 31, 2012. This discussion and analysis should be read in conjunction with our audited financial statements and notes thereto included in our Annual Report on Form 10-K for our year-ended December 31, 2011 and the condensed consolidated unaudited financial statements and related notes included elsewhere in this filing. The following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward looking statements, including without limitation, statements related to our plans, strategies, objectives, expectations, intentions and adequacy of resources. Investors are cautioned that such forward-looking statements involve risks and uncertainties including without limitation the following: (i) our plans, strategies, objectives, expectations and intentions are subject to change at any time at our discretion; (ii) our plans and results of operations will be affected by our ability to manage growth; and (iii) other risks and uncertainties indicated from time to time in our filings with the Securities and Exchange Commission.

In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expects,” “plans,” “intends,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” or “continue” or the negative of such terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We are under no duty to update any of the forward-looking statements after the date of this Report.

This section of the report, should be read together with Notes of the Company consolidated financials especially - **Change in the Reporting Entity:** In accordance with Financial Accounting Standards, FAS 154, *Accounting Changes and Error Corrections*, now ASC Topic 250, when an accounting change results in financial statements that are, in effect, the statements of a different reporting entity, the change shall be retrospectively applied to the financial statements of all prior periods presented to show financial information for the new reporting entity for those periods. Previously issued interim financial information shall be presented on a retrospective basis. The consolidated statements of operations for the period ended March 31, 2012 and 2011 are compared (subject to the above description) in the sections below:

Results of Operations

Three Months Period Ended March 31, 2012 Compared to Three Months Period Ended March 31, 2011

Revenue. For the three months ended March 31, 2012, our revenue was \$0, compared to \$0 for the same period in 2011.

Gross Profit. For the three months ended March 31, 2011, our gross profit was \$0, compared to a gross profit of \$0 for the same period in 2011.

Selling, General and Administrative Expenses. For the three months ended March 31, 2012, selling, general and administrative expenses were \$26,195 compared to \$49,277 for the same period in 2011, a decrease of \$23,082, or 46.8%. This decrease was primarily caused by the change in the Company in regards to its operation due to the termination of its pending deals with Yasheng Group.

Net Loss. We generated net losses of \$20,742 for the three months ended March 31, 2012 compared to \$115,321 for the same period in 2011, a decrease of \$95,579, or 87.6%.

Liquidity and Capital Resources

General. At March 31, 2012, we had cash and cash equivalents of \$0. We have historically met our cash needs through a combination of cash flows from operating activities, proceeds from investors and financing groups of our securities and loans. Our cash requirements are generally for selling, general and administrative activities. We believe that our cash balance is not sufficient to finance our cash requirements for expected operational activities, capital improvements, and partial repayment of debt through the next 12 months.

Our operating activities generated a use of cash in operations of \$0 for the three months ended March 31, 2012, and we used cash in operations of \$0 during the same period in 2011.

Cash generated in our financing activities was \$0 for the three months ended March 31, 2012, compared to cash generated of \$0 during the comparable period in 2011.

As of March 31, 2012, current liabilities, \$1,334,104, exceeded current assets, \$0. Current assets were \$0 at December 31, 2011 and \$0 at March 31, 2012 whereas current liabilities increased from \$1,313,362 at December 31, 2011 to \$1,334,104 at March 31, 2012.

Going Concern

The accompanying unaudited consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company had sales of \$0 and net losses of \$20,742 for the three months ended March 31, 2012. The Company had a working capital deficit, stockholders' deficit, and accumulated deficit of \$1,334,104, \$1,334,104 and \$136,991,516, respectively, at March 31, 2012. These factors raise substantial doubt about the ability of the Company to continue as a going concern for a reasonable period of time. The Company is highly dependent on its ability to continue to obtain investment capital from future funding opportunities to fund the current and planned operating levels. The unaudited consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to bring in income generating activities and its ability to continue receiving investment capital from future funding opportunities. No assurance can be given that the Company will be successful in these efforts.

In the event the Company makes future acquisitions or investments, additional bank loans or fund raising may be used to finance such future acquisitions. The Company currently anticipates that its available cash resources will not be sufficient to meet its prior anticipated working capital requirements, though it will be sufficient manage the existing business of the Company without further development.

Plan of operation

The Company's core business is the development of a logistics center in Southern California. In addition to continuing to pursue its ongoing core business, the Company has identified a promising potential business combination to provide storage and distribution in the Gas and Oil industry, as well as logistics solution to clients.

The above efforts are subject to obtaining adequate financing on acceptable terms. The Company's present cash reserves and monetary assets are not sufficient to carry out its plan of operation without additional financing. The Company is currently attempting to arrange for financing through mezzanine arrangements, debt or equity that would enable it to proceed with its plan of investment operation. However, there is no guarantee that we will be able to close such financing transaction or, if financing is available, that the terms will be acceptable to the Company.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risks

Smaller reporting companies are not required to provide the information required by Item 305.

ITEM 4. Controls and Procedures

The term disclosure controls and procedures means controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act (15 U.S.C. 78a, *et seq.*) is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our chief executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of inherent limitations in all control systems, internal control over financial reporting may not prevent or detect misstatements, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the registrant have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Evaluation of Disclosure and Controls and Procedures. Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States. We carried out an evaluation, under the supervision and with the participation of our management, including our chief executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, our chief executive officer and principal financial officer concluded that our disclosure controls and procedures are currently not effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. As we develop new business or if we engage in an extraordinary transaction, we will review our disclosure controls and procedures and make sure that they remain adequate.

Changes in internal controls

There have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rule 13a-15 or 15d-15 under the Exchange Act that occurred during the quarter ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings other than those detailed below that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Loss Contingencies

Transfer Agent – On or about May 2011 the Company notified American Stock Transfer & Trust Company, LLS (“AST”) of the Company’s intent to terminate their services as the Company Transfer Agent and subsequently appointing Fidelity Transfer Services, Inc, (“Fidelity”) as the company’s new Transfer Agent. AST charged the Company with unacceptable amounts and only upon receipt of full payment will terminate servicers and forward all records pursuant to the Company’s instructions. As the Company contest said charges, AST did not forward to Fidelity all records.

On September 15, 2011, Vintage Filings, LLC filed a suit, *Vintage Filings, LLC v. Yasheng Eco-Trade Corporation*, in the Superior Court of the State of California, County of Los Angeles, Beverly Hills Courthouse – West District. The company being sued is the predecessor to Eco-Trade for \$12,515 for services allegedly rendered and recorded on the Company’s books. The Company was not properly served in this matter. A hearing was scheduled for March 22, 2012 and the Company did not attend, as the Company believes it was not properly served. The Company has recorded the liability accordingly.

Gain Contingencies

On February 14, 2007, the Company filed a complaint in the Superior Court of California, County of Los Angeles against, Mr. Hecht, a foreign attorney, alleging fraud and seeking the return of funds held in escrow, and sought damages in the amount of approximately 250,000 Euros (approximately \$316,000 as of the date of actual transferring the funds), plus interest, costs and fees. In April 2007, the foreign attorney returned \$92,694 (70,000 Euros on the date of transfer) to the Company, which netted \$72,694. In June 2007, the Company filed a claim seeking a default judgment against said foreign attorney. On October 25, 2007, the Company obtained a default judgment against the foreign attorney for the sum of \$249,340.65. On February 7, 2011, the Company retained domestic Israeli counsel to try to collect the aforementioned judgment amount.

In August 2010, the Company's Registered Agent was served with a complaint by a Mr. Sharp ("GS") against the Company for an alleged breach of contract. The complaint was filed with the Los Angeles County Superior Court. The company undertook an assertive defense and in the end was awarded \$10,000.00 damages payable by Mr. Sharp. As of March 31, 2012, Sharp is in default and the Company is weighing its options to pursue Sharp.

Yasheng Group, Inc. ("Yasheng") - The Company entered into series of agreements with Yasheng. Yasheng failed to comply with the Company's due diligence procedures, and as such terminated the definitive agreement with the Company in November 2009. Pursuant to the terms of the Exchange Agreement, it may be terminated by either party if the other party was in breach of the Agreement or if the closing conditions are not satisfied or by either party if the exchange is not closed by September 30, 2009 (the "Closing Date"). As part of the closing procedure, the Company requested that Yasheng-BVI, an affiliate of Yasheng provide a current legal opinion from a reputable Chinese law firm attesting to the fact that no further regulatory approval from the Chinese government was required along with several other closing conditions. On November 3, 2009, the Company sent Yasheng and Yasheng-BVI a demand letter for these outstanding items. Neither party responded with requested items and on November 9, 2009, Yasheng and Yasheng-BVI sent a termination notice to the Company advising that the Exchange Agreement had been terminated. On April 5, 2010, the Company issued a formal request to Yasheng demanding surrender and return of 500,000 shares which were issued to them in 2009, as well as reimbursement to the Company for expenses associated with the transaction in the amount of \$348,240. To date Yasheng has returned neither the funds nor the shares. As of March 31, 2012, the 500,000 shares have not been returned to the Company for cancellation.

Except as set forth above, there are no known significant legal proceedings that have been filed and are outstanding or pending against the Company.

ITEM 1A. RISK FACTORS.

As a smaller reporting company, we are not required to provide the information required by this item.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINING SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
3.1	Certificate of Incorporation filed November 9, 1992 (1)
3.2	Amendment to Certificate of Incorporation filed July 9, 1997 (2)
3.3	Bylaws(1)
3.4	Certificate of Designation of Preferences, Rights, and Limitations of Series A Preferred Stock (3)
3.5	Certificate of Designation of Preferences, Rights and Limitations of Series B Preferred Stock (4)
3.6	Restated Certificate of Incorporation (5)
3.7	Certificate of Amendment to the Restated Certificate of Incorporation, dated July 29, 2008 (6)
3.8	Certificate of Ownership of Emvelco Corp. and Vortex Resources Corp.(7)
3.9	Certificate of Amendment to the Certificate of Incorporation , dated February 24, 2009 (8)
3.10	Form of Common Stock Certificate (1)
3.11	Amendment No. 1 to the Series E Certificate (11)
3.12	Certificate of Designation – Series E Preferred Stock (9)
3.13	Certificate of Designation – Series F Preferred Stock (9)
10.1	Joint Venture Agreement by and between Yasheng Eco-Trade Corp. and CMARK International, Inc., dated June 30, 2010. (10)
10.2	Form of Agreement entered between Yasheng Eco Trade Corp. and each of the directors of the Company. (9)
10.3	Director Agreement by and between Eco-Trade Corp. and Alexander Smirnov (11)
31.1	Certification of the Chief Executive Officer and Principal Financial Officer of Eco-Trade Corp. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer and Principal Financial Officer of Eco-Trade Corp. Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

<u>Exhibit No.</u>	<u>Description</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to Registrant's Registration Statement on Form SB-2 dated May 12, 1993 (Registration No. 33-62672-NY, as amended)

(2) Incorporated by reference to the exhibit filed with the Registrant's Form 10-QSB for quarter ended June 30, 1998.

(3) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on June 17, 2008

(4) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on December 5, 2008

(5) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on March 9, 2004

(6) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on August 1, 2008

(7) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on September 4, 2008

(8) Incorporated by reference to the exhibit filed with the Registrant's Current Report on Form 8-K on February 25, 2009

(9) Incorporated by reference to the Form 8-K Current report filed with the Securities and Exchange Commission on August 11, 2010.

(10) Incorporated by reference to the Form 8-K Current report filed with the Securities and Exchange Commission on July 7, 2010.

(11) Incorporated by reference to the Form 8-K Current report filed with the Securities and Exchange Commission on May 5, 2011.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, New York, on April 30, 2012.

ECO-TRADE CORP.

By: /s/ William Lieberman

William Lieberman
Acting President (Principal Executive,
Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, William Lieberman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eco-Trade Corp.;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonable likely to adversely affect the registrant's ability to record, process, summarize and report financial information; 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 over financial reporting.

Date: April 30, 2012

/s/ William Lieberman

William Lieberman
Acting President (Principal Executive,
Financial and Accounting Officer)

Certification Pursuant to 18 U.S.C. Section 1350, As Adopted

Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

I, William Lieberman, Acting President of Eco-Trade Corp. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2012

/s/ William Lieberman

William Lieberman
Acting President (Principal Executive,
Financial and Accounting Officer)

NOTE 4 - Commitments and Contingencies

**3 Months Ended
Mar. 31, 2012**

[Commitments and Contingencies Disclosure](#)
[\[Text Block\]](#)

NOTE 4 - Commitments and Contingencies

Employment Agreement:

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as a Director of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock").

Lease Agreements:

Effective May 6, 2011, the Company is operating only from its operational offices, on month-to-month basis, located in Washington, D.C.

Legal Proceedings:

From time to time, we may be party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not involved currently in legal proceedings other than those detailed below that could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

Loss Contingencies

Transfer Agent – On or about May 2011 the Company notified American Stock Transfer & Trust Company, LLS ("AST") of the Company's intent to terminate their services as the Company Transfer Agent and subsequently appointing Fidelity Transfer Services Inc, ("Fidelity") as the company's new Transfer Agent. AST charged the Company with unacceptable amounts and only upon receipt of full payment will terminate servicers and forward all records pursuant to the Company's instructions. As the Company contest said charges, AST did not forward to Fidelity all records.

On September 15, 2011, Vintage Filings, LLC filed a suit, *Vintage Filings, LLC v. Yasheng Eco-Trade Corporation*, in the Superior Court of the State of California, County of Los Angeles, Beverly Hills Courthouse – West District. The company being sued is the predecessor to Eco-Trade for \$12,515 for services allegedly rendered and recorded on the Company's books. The Company was not properly served in this matter. A hearing was scheduled for March 22, 2012 and the Company did not attend, as the Company believes it was not properly served. The Company has recorded the liability accordingly.

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(approximately \$316,000 as of the date of actual transferring the funds), plus interest, costs and fees. In April 2007, the foreign attorney returned \$92,694 (70,000 Euros on the date of transfer) to the Company, which netted \$72,694. In June 2007, the Company filed a claim seeking a default judgment against said foreign attorney. On October 25, 2007, the Company obtained a default judgment against the foreign attorney for the sum of \$249,340.65. On February 7, 2011, the Company retained domestic Israeli counsel to try to collect the aforementioned judgment amount.

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**NOTE 3 - Stockholders'
Equity**

**3 Months Ended
Mar. 31, 2012**

[Stockholders' Equity Note
Disclosure \[Text Block\]](#)

NOTE 3 - Stockholders' Equity

Preferred Stock:

Series E – Based on settlement agreement dated April 15, 2010 for monetary amounts of \$2,000,000 that were paid in cash and accumulative agreed balance of \$3,000,000, the parties agreed that the holder would convert its notes (at agreed amount of \$3,000,000) into a new class of Series E Preferred Stock (“E Preferred Stock”).

Each share of E Preferred Stock is convertible, at any time at the option of the holder, into 20 shares of Common Stock. Holders of the E Preferred Stock are entitled to receive, when declared by the Company's board of directors, annual dividends of \$0.70 per share of Preferred Stock paid annually (equates to a 7% annualized return). Such dividends may be paid, at the election of the Company, either (i) in cash or (ii) in restricted shares of Common Stock. In the event that the Company elects to issue shares of Common Stock in connection with the dividend on the E Preferred Stock, such dividend shares shall be determined by dividing the dividend amount by 110% of the volume-weighted average price of the common stock for the 20 trading days immediately preceding the record date for payment of such dividend (the "Dividend VWAP"); provided, however, if the Company is unable to determine the Dividend VWAP, then such dividend shall be determined by dividing the dividend amount by the average of the three highest closing bid prices during the 20 trading days immediately preceding the record date for payment of such dividend. As of March 31, 2012 and December 31, 2011 and 2010, no dividends have been accrued since the Board of Directors has declared no dividends. Cumulative dividends as of March 31, 2012 were \$347,075, or \$1.16 per share.

In addition to any voting rights provided by law, holders of the E Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of E Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the E Preferred Stock may be converted on the record date for determining stockholders entitled to vote.

In the event of any liquidation or winding up of the Company, the holders of E Preferred Stock will be entitled to receive, in preference to holders of Common Stock, an amount equal to the original purchase price per share, plus interest of 15%.

Holder has contractually agreed to restrict its ability to convert the preferred stock and receive shares of Common Stock such that the number of shares of Common Stock held by them and their affiliates after such conversion or exercise does not exceed 9.99% of the Company's then issued and outstanding shares of common stock.

Series F

Each share of F Preferred Stock is convertible, at any time at the option of the holder, into 5 shares of Common Stock. Holders of the F Preferred Stock are not entitled to receive dividends and do not have liquidation rights.

In addition to any voting rights provided by law, holders of the F Preferred Stock will have the right to vote together with holders of Common Stock and other series of preferred stock as a single class on all matters upon which stockholders are entitled to vote, including election of the members of the Company's Board of Directors. Each share of F Preferred Stock will have the number of votes corresponding to the number of shares of Common Stock into which the F Preferred Stock may be converted on the record date for determining stockholders entitled to vote multiplied by 10.

The Company entered into letter agreements with each of Jeffrey Sternberg, Gerry Weinstein, Andre Lauzier and William Lieberman, directors of the Company, whereby each of the directors agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock"). On October 25, 2010, Andre Lauzier, Jeffrey Sternberg, and Gerry Weinstein resigned from the Board of Directors, and agreed to surrender their Series F Preferred shares to the Company for cancellation. As a result of this event, Mr. Lieberman is the sole director of the Company, is the sole remaining holder of the 10,000 Series F Preferred shares still outstanding after the event, and no longer holds voting control of the Company.

Treasury Stock

In June 2006, the Company's Board of Directors approved a program to repurchase, from time to time, at management's discretion, up to 7,000 shares of the Company's common stock in the open market or in private transactions commencing on June 20, 2006 and continuing through December 15, 2006 at prevailing market prices. Repurchases will be made under the program using our own cash resources and will be in accordance with Rule 10b-18 under the Securities Exchange Act of 1934 and other applicable laws, rules and regulations. A licensed Stock Broker Firm is acting as agent for our stock repurchase program. Pursuant to the unanimous consent of the Board of Directors in September 2006, the number of shares that may be purchased under the Repurchase Program was increased from 7,000 to 15,000 shares of common stock and the Repurchase Program was extended until October 1, 2007, or until the increased amount of shares is purchased.

As of March 31, 2012 and December 31, 2011, the Company has 10 treasury shares in its possession (which been purchased in the open market per the above program) scheduled to be cancelled.

Stock Option Plans

There are no common stock options outstanding at March 31, 2012 and December 31, 2011.

Consolidated Balance Sheets
(USD \$)

Mar. 31,
2012 **Dec. 31, 2011**

Current assets

Cash

Total current assets

Other assets

Total assets

Current liabilities

Convertible notes payable, net of premiums of \$94,174 and \$94,174 at March 31, 2012 and December 31, 2011, respectively

457,794 445,082

Accounts payable

205,151 233,121

Accrued expenses

563,180 550,180

Accounts payable to related parties

25,000 31,000

Accrued expenses to related parties

82,979 53,979

Total current liabilities

1,334,104 1,313,362

Total liabilities

1,334,104 1,313,362

Commitments and contingencies (Note 4)

Shareholders' equity (deficiency)

Common stock, \$0.001 par value, 400,000,000 shares authorized, 103,854,499 shares issued and 103,853,499 outstanding, at both March 31, 2012 and December 31, 2011

103,855 103,855

Additional paid-in capital

135,578,056 135,578,056

Accumulated deficit

(136,991,516) (136,970,774)

Treasury stock, 10 shares of common stock at cost

(24,809) (24,809)

Total shareholders' equity (deficiency)

(1,334,104) (1,313,362)

Total liabilities and shareholders' equity (deficiency)

Series E Preferred Stock [Member]

Shareholders' equity (deficiency)

Preferred stock

300 300

Series F Preferred Stock [Member]

Shareholders' equity (deficiency)

Preferred stock

\$ 10 \$ 10

**NOTE 1 -Nature of
Operations, Basis of
Presentation, Summary of
Significant Accounting
Policies and Going Concern**

3 Months Ended

Mar. 31, 2012

[Basis of Presentation and
Significant Accounting
Policies \[Text Block\]](#)

**NOTE 1 - Nature of Operations, Basis of Presentation, Summary of Significant Accounting
Policies and Going Concern**

Nature of operations – The Company is exploring new opportunities as of March 31, 2012 (see Note 6).

Basis of Presentation – The Company prepared the accompanying consolidated financial statements without audit pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with generally accepted accounting principles may have been condensed or omitted as allowed by such rules and regulations. Management believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements include all of the adjustments that, in the opinion of management, are necessary for a fair presentation of financial position and results of operations. All such adjustments are of a normal and recurring nature. These financial statements should be read in conjunction with the audited financial statements at December 31, 2011 included in the Annual Report on Form 10-K. The results of operations for the periods presented are not necessarily indicative of the results we expect for the full year.

Principles of consolidation - The consolidated financial statements include the accounts of the Company, its majority-owned subsidiaries and all variable interest entities for which the Company is the primary beneficiary. When relevant, all intercompany balances and transactions have been eliminated upon consolidation. Control is determined based on ownership rights or, when applicable, whether the Company is considered the primary beneficiary of a variable interest entity.

Variable Interest Entities - The Company is required to consolidate variable interest entities (“VIE's”), where it is the entity’s primary beneficiary. VIE's are entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The primary beneficiary is the party that has exposure to a majority of the expected losses and/or expected residual returns of the VIE.

For the periods presented in the accompanying consolidated financial statements, the balance sheets and results of operations of Davy Crockett Gas Company, LLC (“DCG”), and Vortex Ocean One, LLC (“Vortex One”) are consolidated into these financial statements (these corporations have no activities).

Use of estimates - The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ

from those estimates. Significant estimates in the accompanying consolidated financial statements include valuation of stock issued in note settlements and the valuation allowance on deferred tax assets.

Fair value measurements - The Company adopted ASC Topic 820, Fair Value Measurements. ASC Topic 820 clarifies the definition of fair value, prescribes methods for measuring fair value, and establishes a fair value hierarchy to classify the inputs used in measuring fair value as follows:

- Level 1-Inputs are unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement date.
- Level 2-Inputs are unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.
- Level 3-Inputs are unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

Fair value of financial instruments - The carrying values of notes and loans receivable, accounts payable, and accrued expenses approximate fair values due to the current maturity of these instruments.

Treasury Stock - Treasury stock is recorded at cost. Issuance of treasury shares is accounted for on a first-in, first-out basis. Differences between the cost of treasury shares and the re-issuance proceeds are charged to additional paid-in capital.

Foreign currency translation - The Company considers the United States Dollar ("US Dollar" or "\$") to be the functional currency of the Company and its subsidiaries. The reporting currency of the Company is the US Dollar and accordingly, all amounts included in the consolidated financial statements have been presented or translated into US Dollars. In prior years for non-US subsidiaries that do not utilize the US Dollar as its functional currency, assets and liabilities are translated to US Dollars at period-end exchange rates, and income and expense items are translated at weighted-average rates of exchange prevailing during the period. Translation adjustments were recorded in "Accumulated other comprehensive income" within stockholders' equity. Foreign currency transaction gains and losses are included in the consolidated results of operations for the periods presented.

Comprehensive income (loss) - Comprehensive income includes all changes in equity except those resulting from investments by and distributions to shareholders.

Cash and cash equivalents - Cash and cash equivalents include cash at bank and money market funds with maturities of three months or less at the date of acquisition by the Company.

Earnings (loss) per share - Basic earnings (loss) per share are computed by dividing income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect the effect of dilutive potential common shares issuable upon exercise of stock options and warrants and convertible preferred stock. There were convertible notes convertible into approximately 2,017,000 shares of common stock and convertible preferred shares convertible into 6,050,000 common shares at March 31,

2012 that were not included in diluted loss per share in 2012 since the effect would have been anti-dilutive. These shares, which may vary significantly in quantity based on the conversion formula, may dilute future earnings per share.

Income taxes - Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets are reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized. Deferred tax assets and liabilities, are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Under ASC Topic 740, the evaluation of a tax position is a two-step process. The first step is to determine whether it is more likely than not that a tax position will be sustained upon examination, including the resolution of any related appeals or litigation based on the technical merits of that position. The second step is to measure a tax position that meets the more-likely-than-not threshold to determine the amount of benefit to be recognized in the financial statements. A tax position is measured at the largest amount of benefit that is greater than 50% likelihood of being realized upon ultimate settlement. Tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent period in which the threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not criteria should be de-recognized in the first subsequent financial reporting period in which the threshold is no longer met. ASC Topic 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition.

Stock-based compensation - The Company follows ASC Topic 718, “Share-Based Payment”. Under ASC Topic 718, the Company is required to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The measured cost is recognized in the statement of operations over the period during which an employee is required to provide service in exchange for the award. Additionally, if an award of an equity instrument involves a performance condition, the related compensation cost is recognized only if it is probable that the performance condition will be achieved.

The Company estimates the fair value of each option award on the date of the grant using the Black-Scholes option valuation model. Expected volatilities are based on the historical volatility of the Company’s common stock over a period commensurate with the options’ expected term. The expected term represents the period of time that options granted are expected to be outstanding and is calculated in accordance with SEC guidance provided in the SAB 107, using a “simplified” method. The risk-free interest rate assumption is based upon observed interest rates appropriate for the expected term of the Company’s stock options.

Effect of Recent Accounting Pronouncements

Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company sustained a net loss allocable to common shareholders of \$73,742 for the period ended March 31, 2012 and \$25,152,667 for the year ended December 31, 2011.

The Company had a working capital deficiency, stockholders' deficiency and accumulated deficit of \$1,334,104, \$1,334,104 and \$136,991,516, respectively, at March 31, 2012. In addition, the Company has no revenues and is in default on two promissory notes. These factors raise substantial doubt about the ability of the Company's to continue as a going concern for a reasonable period of time. The Company's continuation as a going concern is dependent upon its ability to generate revenues and its ability to continue receiving investment capital and loans from third parties to sustain its current level of operations. The Company is in the process of securing working capital from investors for common stock convertible notes payable, and/or strategic partnerships. No assurance can be given that the Company will be successful in these efforts.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**NOTE 2 - Convertible Notes
Payable**

**3 Months Ended
Mar. 31, 2012**

[Debt Disclosure \[Text Block\]](#) **NOTE 2 - Convertible Notes Payable**

The convertible notes payable as of March 31, 2012 and December 31, 2011 were as follows:

**Convertible
Notes Payable**

	<u>March 31, 2012</u>			<u>December 31, 2011</u>		
	<u>Principal and Accrued Interest</u>	<u>Premium</u>	<u>Principal and Accrued Interest net of Premium</u>	<u>Principal and Accrued Interest</u>	<u>Premium</u>	<u>Principal and Accrued Interest net of Premium</u>
Convertible Note D	\$ 191,999	\$ 49,726	\$ 241,725	\$ 185,287	\$ 49,726	\$ 235,013
Convertible Note C	171,621	44,448	216,069	165,621	44,448	210,069
Total	\$ 363,620	\$ 94,174	\$ 457,794	\$ 350,908	\$ 94,174	\$ 445,082

Defaults upon Convertible Notes - As of March 31, 2012 the Company is in default on its convertible notes C and D since payment is past the May 30, 2011 due dates. The Company applied the default rate (18% per annum) to those notes from the default date.

Convertible Note C (Mr. Schaffer, a former Director) – On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$133,344 payable to holder (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Originally, said Note in the amount of \$133,344 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower. The Company determined that due to the conversion price being a fixed percentage of a future trading price, the debt is convertible at a fixed monetary amount and therefore meets the criteria of stock settled debt under ASC 480 "Distinguishing Liabilities from Equity. Accordingly, the Company recorded a \$44,448 premium to the promissory note liability to accrete it to the fixed monetary value of \$177,792 with a charge to interest expense in the year the note originated.

Convertible Note D (Mr. Reich, a former director) – On May 31, 2010 as consideration for accrued Directors Fees, which were not paid, the Company signed a Note Payable for \$149,177 payable to holder (who resigned from the Board on June 11, 2010) due on May 30, 2011 at 12% per annum. Originally, said Note in the amount of \$149,177 is convertible to 150,000 common shares of the Company, which per an adjustment mechanism may increase the amount of shares to be issued, if converted. The Note's adjustment mechanism states that the number of Conversion Shares issuable to the Lender shall be adjusted such that the aggregate number of Exchange Shares issuable to the Holder is equal to (a) 150,000 plus the actual legal fees and costs incurred by the Lender and the Lender's successors, designees and assigns, divided by (b) 75% of the volume-weighted average price for the 20 trading days following delivery of the Conversion Shares, calculated by dividing the aggregate value of Common Stock traded on its trading market (price multiplied by number of shares traded) by the total volume (number of shares) of Common Stock traded on the trading market for such trading day. If this adjustment requires the issuance of additional Conversion Shares to the Lender (i.e. if a total issuance of more than 150,000 shares is required), such additional Conversion Shares shall be issued to the Lender or its designee within one business day. If this adjustment requires the return of Conversion Shares to the Borrower (i.e. if an aggregate issuance of less than 150,000 shares is required), such Conversion Shares shall be promptly returned to the Borrower. The Company determined that due to the conversion price being a fixed percentage of a future trading price, the debt is convertible at a fixed monetary amount and therefore meets the criteria of stock settled debt under ASC 480 "Distinguishing Liabilities from Equity. Accordingly, the Company recorded a \$49,726 premium to the promissory note liability to accrete it to the fixed monetary value of \$198,903 with a charge to interest expense in the year the note originated.

Consolidated Balance Sheets
(Parentheticals) (USD \$)

Mar. 31, 2012 Dec. 31, 2011

<u>Premium on convertible notes payable (in Dollars)</u>	\$ 94,174	\$ 94,174
<u>Preferred stock liquidation value (in Dollars)</u>	\$ 3,750,000	\$ 3,750,000
<u>Common stock par value (in Dollars per share)</u>	\$ 0.001	\$ 0.001
<u>Common stock shares authorized</u>	400,000,000	400,000,000
<u>Common stock shares issued</u>	103,854,499	103,853,499
<u>Common stock shares outstanding</u>	103,854,499	103,853,499
<u>Treasury stock shares</u>	10	10
Series E Preferred Stock [Member]		
<u>Preferred stock, par value (in Dollars per share)</u>	\$ 0.001	\$ 0.001
<u>Preferred stock, shares authorized</u>	300,000	300,000
<u>Preferred stock, shares issued</u>	300,000	300,000
<u>Preferred stock, shares outstanding</u>	300,000	300,000
Series F Preferred Stock [Member]		
<u>Preferred stock, par value (in Dollars per share)</u>	\$ 0.001	\$ 0.001
<u>Preferred stock, shares authorized</u>	10,000	10,000
<u>Preferred stock, shares issued</u>	10,000	10,000
<u>Preferred stock, shares outstanding</u>	10,000	10,000

**Document And Entity
Information (USD \$)**

**3 Months Ended
Mar. 31, 2012**

Apr. 24, 2012 Dec. 31, 2011

Document and Entity Information [Abstract]

<u>Entity Registrant Name</u>	Eco-Trade Corp.		
<u>Document Type</u>	10-Q		
<u>Current Fiscal Year End Date</u>	--12-31		
<u>Entity Common Stock, Shares Outstanding</u>		103,853,499	
<u>Entity Public Float</u>			\$ 0
<u>Amendment Flag</u>	false		
<u>Entity Central Index Key</u>	0000905428		
<u>Entity Current Reporting Status</u>	Yes		
<u>Entity Voluntary Filers</u>	No		
<u>Entity Filer Category</u>	Smaller Reporting Company		
<u>Entity Well-known Seasoned Issuer</u>	No		
<u>Document Period End Date</u>	Mar. 31, 2012		
<u>Document Fiscal Year Focus</u>	2012		
<u>Document Fiscal Period Focus</u>	Q1		

**Consolidated Statements of
Operations (USD \$)**

**3 Months Ended
Mar. 31, Mar. 31,
2012 2011**

Sales		
Cost of sales		
Gross loss		
Selling, general and administrative expenses	26,195	49,277
Loss from operations	(26,195)	(49,277)
Other income (expense)		
Interest expense	(12,713)	(67,644)
Gain on settlement of debt	18,166	
Other		1,600
Total other income (expense), net	5,453	(66,044)
Net loss	(20,742)	(115,321)
Cumulative preferred stock dividends	(52,500)	(51,781)
Net loss allocable to common shareholders	\$ (73,242)	\$ (167,102)
Basic and diluted net loss per share allocable to common shareholders (in Dollars per share)		\$ (0.09)
Weighted average shares outstanding - basic and diluted (in Shares)	103,853,499	1,797,612

**NOTE 6 - Subsequent
Events**

**3 Months Ended
Mar. 31, 2012**

[Subsequent Events \[Text
Block\]](#)

NOTE 6 - Subsequent Events

As disclosed under Commitment and Contingencies, The Company filed motions to recover its expenses and legal fees against Sharp and was awarded \$10,000 by the court. As of March 31, 2012, Sharp has not paid the Company.

**Consolidated Statements of
Cash Flows (USD \$)**

**3 Months Ended
Mar. 31, 2012 Mar. 31, 2011**

Cash flows used in operating activities:

<u>Net loss allocable to common shareholders</u>	\$ (73,242)	\$ (167,102)
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Adjustments to reconcile net loss to net cash used in operations:

<u>Cumulative preferred stock dividends</u>	52,500	51,781
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<u>Gain on settlement of liability</u>	(18,166)	
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Changes in operating assets and liabilities:

<u>Accounts payable</u>	(15,805)	1,777
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<u>Accrued expenses</u>	13,000	45,900
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<u>Accrued expenses - related parties</u>	29,000	
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<u>Accrued interest included in notes balances</u>	12,713	67,644
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Net cash used in continuing operations

Net cash provided by discontinued operations

Net cash used by operating activities

Net increase (decrease) in cash

Cash at beginning of period

Cash at end of period

Supplemental disclosure of cash flow information:

Cash paid for interest

Cash paid for taxes

Non-cash investing and financing activities:

<u>Accrued interest expense</u>		\$ 67,644
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**NOTE 5 - Related Party
Transactions**

**3 Months Ended
Mar. 31, 2012**

[Related Party Transactions
Disclosure \[Text Block\]](#)

NOTE 5 - Related Party Transactions

On or about June 2010, the Company entered into letter agreements with William Lieberman, director of the Company, whereby he agreed to serve as directors of the Company in consideration of 10,000 shares of Series F Preferred Stock (the "F Preferred Stock").

At March 31, 2012, \$82,979 was included in accrued expenses to a related party due to our Chief Executive Officer for vendor payments he made on behalf of the Company. During the three months ended March 31, 2012, the Company's Chief Executive Officer paid vendor bills on behalf of the Company totaling \$29,000.

At March 31, 2012, \$25,000 was due to David E. Price for legal services rendered to the Company.