

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10KSB

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]

Filing Date: **2005-05-02** | Period of Report: **2004-12-31**  
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### FILER

#### INVESTORS FINANCE INC

CIK: **52268** | IRS No.: **990112763** | State of Incorporation: **HI** | Fiscal Year End: **1231**  
Type: **10KSB** | Act: **34** | File No.: **000-02664** | Film No.: **05788054**  
SIC: **6141** Personal credit institutions

Mailing Address  
*820 MILILANI STREET  
3RD FLOOR  
HONOLULU HI 96813*

Business Address  
*820 MILILANI STREET  
3RD FLOOR  
HONOLULU HI 96813  
8085337437*

12/31/04

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

FORM 10-KSB

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year beginning January 1, 2004 and ending December 31, 2004

Commission file number: 0-2664

INVESTORS FINANCE, INC.

(Exact name of small business issuer as specified in its charter)

HAWAII  
(State or other jurisdiction of  
incorporation or organization)

99-0112763  
(I.R.S. Employer  
Identification No.)

820 Mililani STREET, 3rd Floor, HONOLULU, HAWAII 96813  
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (808) 533-7437

Securities registered under Section 12(b) of the Exchange Act:

None

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, no par value  
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or for  
such shorter period that the registrant was required to file such reports),  
and (2) has been subject to such filing requirements for the past 90 days.

Yes [ ] No [ x ]

Check if there is no disclosure of delinquent filers in response to Item 405  
of Regulation S-B contained in this form, and no disclosure will be contained,  
to the best of registrant's knowledge, in definitive proxy or information  
statements incorporated by reference in Part III of this Form 10-KSB or any  
amendment to this Form 10-KSB. [ x ]

Issuer's revenues for its most recent fiscal year: (\$3,157,756.00)

Aggregate market value of the issuer's common stock held by non-affiliates as of December 31, 2004: \$0

Number of shares outstanding of the issuer's common stock as of December 31, 2004: 6,000,000. However, the number of authorized shares of common stock was increased during September, 2003 to 9,000,000, although these additional shares were not issued at the close of the period ending.

DOCUMENTS INCORPORATED BY REFERENCE: None

Transitional Small Business Disclosure Format (check one):

Yes [  ] No [  ]

## PART I

Item 1. Description of Business

### General

Registrant (Invesors Finance, Inc.) timely filed its Annual Report as of December 31, 2004 on a Form 10QSB by a technical error and hereby corrects its Annual Report as of December 31, 2004 on Form 10KSB.

Investors Finance, Inc. ("IFI" or "Company") is a Hawaii corporation, licensed under the Hawaii Code of Financial Institutions to operate as a non-depository financial services loan company for the purposes of originating, selling, brokering and servicing of loans and extensions of credit.

The Company's corporate offices are located at 820 Mililani Street, 3rd Floor, Honolulu, Hawaii 96813. The Company's phone number is 808-533-7437.

The financial statements and other financial information included in this Annual Report, are believed to fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this Annual Report. Management has retained the services of a certified public accountant to prepare a compilation of its books and records and to the best of our knowledge and belief, this report correctly reflects the financial condition of the Company as of December 31, 2004. While the financial statements have not been audited, the Company anticipates having audited financial statements prepared when it is financially able to do so.

### Development of Business

The Company was organized under the laws of the State of Hawaii on November 1, 1960.

On May 9, 2002, new executive management reestablished the Company and initiated limited backroom activities preparatory to reentering the mortgage lending marketplace as an originator and broker of first and second residential mortgage loans. In 2003, IFI began offering mortgage loan

origination and brokerage services to the public. IFI began operations in Hawaii and expanded its operations to California.

## Business

The Company operates as a licensed financial services loan company primarily as an originator and broker of first and second residential mortgage loans. IFI continues to examine other types of mortgage and consumer lending business to determine if those activities will benefit IFI and fit within its business plan.

The Company is headquartered in the State of Hawaii with its corporate office located at 820 Mililani Street, 3rd Floor, Honolulu, Hawaii 96813. During the time period of this report, the Company continued to deliver its principal services of the lending, loan originating, brokering and servicing of nonprime residential mortgages from its office in Hawaii at 820 Mililani St., 3rd Floor, Honolulu, Hawaii 96813. In May of 2004, the Company formed a wholly owned subsidiary San Diego Home Loans, Inc., a California corporation located at 10080 Carroll Canyon Road, San Diego, California 92131. The new subsidiary San Diego Home Loans took over control of the California operations of Investors Finance, Inc., doing business as Ohana Finance. The Company in July of 2004 caused to be filed Articles of Organization for IFI Capital Mortgage Fund, a Hawaii Limited Liability Company as a co-managed member. The Companies CEO Michael Monaco will also act as a co-managing member of the IFI Capital Mortgage Fund, LLC.

On August 30, 2004, the Company acquired all the shareholder interest of an independent mortgage company based on the Island of Maui in the State of Hawaii which operated under a similar name Ohana Finance & Mortgage, Inc. The acquisition of Ohana Mortgage solidifies the name OHANA (the word Ohana means Family in Hawaiian) for IFI as a trade name.

On October 1, 2004, the Company also formed a new wholly owned subsidiary Sub 500 Mortgage, Inc., a California corporation located at 10080 Carroll Canyon Road, San Diego, California 92131. Sub 500 Mortgage, Inc., was formed to originate and fund mortgage loans in the States of Hawaii and California for the purpose of assisting credit impacted borrowers who are unable to acquire mortgage loans in today's marketplace. Management of the Company believes that these opportunities will enhance the Company's position as an acting parent corporation.

## Principal Products and Services

The principal services of the Company are the origination, brokerage and servicing of first and second residential mortgage loans. However, IFI may conduct other activities as it explores the profitable opportunity to conduct other activities authorized for a non-depository financial services loan company under Hawaii Law and Statute or the applicable State and Federal Law affecting the operation of its wholly owned subsidiaries.

## Competition

The financial services industry, including the Hawaiian and California markets in which the Company primarily operates, is highly competitive. Competition is based on the type of loan, interest rates, and service. Traditional competitors in the financial services industry include commercial

banks, credit unions, thrift institutions, credit card issuers, consumer and commercial finance companies, and leasing companies, many of which have considerably greater financial and marketing resources than the Company. Moreover, major brokerage firms, insurance companies, retailers and bank holding companies have formed substantial national financial services networks. The Company believes that it has experienced executive management and an operating record from 2002 to present necessary to compete effectively in its markets by providing competitive services.

Consistent with the remarks made above, the mortgage originating business in the States of Hawaii and California is very competitive. The Company faces significant competition in connection with its services, principally from national companies that focus their efforts on making mortgage loans to borrowers. Many of these competitors have considerably greater financial and marketing resources than the Company. Although these large national companies compete in the mortgage loan industry, this industry, as a whole, is highly fragmented and no one company has a significant share of the total mortgage loan market.

#### Government Approvals and Regulations

IFI is a Hawaii corporation conducting business as a licensed supervised lender under Chapter 412, Article 9, Part II of the Hawaiian Revised Statutes. As such the Company's brokerage operations and such lending operations as it may engage in are subject to extensive local, state and federal regulations including, but not limited to, the following federal statutes and regulations promulgated thereunder: Title 1 of the Consumer Credit Protection Act of 1968, as amended (including certain provisions thereof commonly known as the "Truth-in-Lending Act" or "TILA"), the Equal Credit Opportunity Act of 1974, as amended ("ECOA"), the Home Mortgage Disclosure Act, the Fair Credit Reporting Act of 1970, as amended ("FCRA"), the Fair Debt Collection Practices Act, as amended, the Real Estate Settlement Procedures Act ("RESPA") and the National Housing Act, as amended. In addition, the Company is subject to state laws and regulations, including those with respect to the amount of interest and other charges that lenders can collect on loans (e.g., usury laws).

Mortgage lending laws place limitations on the amount, duration and charges for various categories of loans, require adequate disclosure of certain contract terms and place limitations on certain collection practices and creditor remedies. Many states, including Hawaii, have usury laws that limit interest rates, although the limits generally are considerably higher than current interest rates charged by the Company. State regulatory authorities may conduct audits of the books, records and practices of the Company's operations. The Company is licensed to do business in each state in which it does business and in which such licensing is required and believes it is in compliance in all material respects with these regulations.

The Company's mortgage loan origination activities are subject to TILA. TILA contains disclosure requirements designed to provide consumers with uniform, understandable information with respect to the terms and conditions of mortgage loans and credit transactions in order to give them the ability to compare credit terms. TILA also guarantees consumers a three-day right to cancel certain credit transactions, including any refinanced mortgage loan

or junior Mortgage Loan on a consumer's primary residence. The Company believes that it is in substantial compliance in all material respects with TILA.

The Company is also required to comply with the ECOA, which, in part, prohibits creditors from discriminating against applicants on the basis of race, religion, national origin, sex, age or marital status. ECOA restricts creditors from obtaining certain types of information from loan applicants. It also requires certain disclosures by the lender regarding consumer rights and requires lenders to advise applicants who are turned down for credit of the reasons therefor. In instances where a loan applicant is denied credit, or the rate or charge for a loan is increased as a result of information obtained from a consumer credit agency, another statute, the FCRA, requires the lender to supply the applicant with the name, address and phone number of the reporting agency. RESPA was enacted to provide consumers with more effective advance disclosures about the nature and costs of the settlement process, and to eliminate kickbacks or referral fees that raised the costs of settlement services. RESPA applies to virtually all mortgages on residential real property that is designed principally for occupancy of one to four families. Specific disclosures mandated by RESPA include, without limitation, estimates of closing costs, transfers of servicing, affiliated business arrangements and other settlement information.

In the opinion of management, existing statutes and regulations have not had a materially adverse effect on the business done by the Company. However, it is not possible to forecast the nature of future legislation, regulations, judicial decisions, orders or interpretations, nor their impact upon the future business, financial condition or prospects of the Company.

The Company believes that it is in compliance with state and federal laws and regulations governing its lending activities. However, there can be no assurance that the Company will not inadvertently violate one or more of such laws and regulations. Such violations may result in actions for damages, claims for refunds of payments made, certain fines and penalties, injunctions against certain practices, and the potential forfeiture of rights to repayment of loans. Further adverse changes in the laws or regulations to which the Company's business is subject, or in the interpretation thereof, could have a material adverse effect on the Company's business.

#### Employees

As of December 31, 2004, the Company employed a total of 50 full-time equivalent employees.

#### Directors, Executive officers and Significant Employees

As of December 31, 2004, the directors and officers were as follows:

NAME	AGE	POSITION
Michael S. Monaco	40	Chief Executive Officer, Chief Financial Officer, and Director
Wade Richardson	63	President and Director

### Item 3. Legal Proceedings

Currently the Company is engaged in no litigation and to the best of its knowledge has no pending or threatened litigation. However, from time to time, the Company is involved in litigation in the ordinary course of its business. As a result of legal defenses and insurance arrangements, the Company does not believe that any such litigation, if decided unfavorably to the Company, would have a material adverse effect on its business or assets.

Further, to the knowledge of management, no director, officer, affiliate or holder of record or beneficial owner of more than 5% of the common voting stock of the Company is a party adverse to the Company or has a material adverse interest in any proceeding.

### Item 4. Submission of Matters to a Vote of Security Holders.

None

## PART II

### Market Price and Dividends on the Company's Equity and other Shareholder Matters.

#### Item 5. Market Information

There has been no secondary market trading activity in the Company's common stock during the year 2004 nor any trading activity that the company is aware of. IFI does not have a market maker currently and no trades were executed during 2004.

At December 31, 2004, the number of shareholders of record was approximately 1,021.

The Company has not paid dividends with respect to its common stock, and does not intend to pay dividends in the foreseeable future. It is the present intention of management to utilize all available funds for the development of the Company's business.

#### Item 6. Plan of Operations

The Company plans to continue to deliver its current principal services of The origination, brokerage and servicing of residential and commercial mortgages. In addition, the Company may conduct other activities as it explores the profitable opportunity to operate using its license as a non-depository financial services loan company under Hawaii Law.

#### Item 7. Financial Statements

The Company has retained the services of an independent certified public accountant for the purposes of preparing a compilation of the Company's books and records and anticipates having audited financial statements pre-

pared when financially able to do so. The following figures were provided by management to the independent certified public accountant for the preparation of a compilation.

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#### Item 8. Changes in and Disagreements with Accountants

The Company did not change nor have any disagreements with its principal accountants.

Part III



Item 9.

Item 10. Executive Compensation

Michael S. Monaco:  
Chief Executive Officer, Chief Financial Officer and Director \$250,000.00

Wade Richardson:  
President and Director \$0

Mr. Monaco has an Employment Agreement (the "Agreement") with the Company that entitles him to a base annual salary as well as such bonus as may be determined at the discretion of the Board of Directors.

The Company has no indirect compensation plans nor does it provide other employee benefits at this time.

Item 11. Beneficial Ownership of Directors and Officers

Michael S. Monaco: 1,000,000 shares

Wade Richardson: 166,387 shares

Item 12 Certain Relationships and Related Transactions

There are no certain relationships or related transactions to report.

Item 13. Reports on 8-K

Changes in Control of Registrant

There were no significant changes in control of the registrant during 2004. There were no directors that were added or terminated during 2004. The prior Chief Financial Officer, James Hestor voluntarily resigned in Mid 2004 to change employment. Mr. Monaco then assumed sole responsibility as Chief Financial Officer for the Company at that time.

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

Investors Finance, Inc.  
(Registrant)

By /s/ Michael S. Monaco

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Michael S. Monaco  
Chief Executive Officer  
Chief Financial Officer

December 31, 2004

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Michael S. Monaco

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Michael S. Monaco  
Chief Executive Officer  
Chief Financial Officer

#### CCERTIFICATION

I, Michael S. Monaco, the Chief Executive Officer, Chief Financial Officer, and Chairman of Board of Investors Finance, Inc. certify as follows:

1. I have reviewed this annual report on Form 10-KSB of Investors Finance, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the period presented in this annual report. Management retained the services of a certified public accountant to prepare a compilation of its books and records and to the best of our knowledge and belief, this report correctly reflects the financial condition of the Company as of December 31, 2004. While the financial statements have not been audited, the Company anticipates having audited financial statements prepared when it is financially able to do so.

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could have significantly affected internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Michael S. Monaco

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Michael S. Monaco  
Chief Executive Officer  
Chief Financial Officer