

Edgar Filing: CARLATERAL, INC. - Form 10QSB

CARLATERAL, INC.
Form 10QSB
September 26, 2007

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended: August 31, 2007

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

For the transition period from _____ to _____

Commission File Number 000-52639

CARLATERAL, INC.

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

Nevada

20-4158835

(State or other jurisdiction
of incorporation or organization)

(IRS Employer
Identification No.)

112 North Currie Street
Carson City, Nevada, 89703

(Address of principal executive offices)

(775) 321-8243

(Issuers telephone number)

Check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act 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 is a shell company (as defined in rule 12b-2 of the Exchange Act).

Yes No

Edgar Filing: CARLATERAL, INC. - Form 10QSB

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 31, 2007, the registrant had 10,300,000 shares of common stock, \$0.001 par value, issued and outstanding.

Transitional Small Business Disclosure Format (check one). Yes [] No [X]

TABLE OF CONTENTS

	Page Number
PART I - FINANCIAL INFORMATION	
Item 1. Financial Statements - Unaudited	
Interim Balance Sheets as of August 31, 2007 and February 28, 2007.....	4
Interim Statements of Operations for the six months ended August 31, 2007; the six months ended August 31, 2006 and the period from inception (December 9, 2005) to August 31, 2007.....	5
Interim Statement of Stockholders Equity (Deficit) from inception (December 9, 2005) to August 31, 2007	6
Interim Statements of Cash Flows for the six months ended August 31, 2007; the six months ended August 31, 2006 and the period from inception (December 9, 2005) to August 31, 2007.....	7
Notes to Interim Financial Statements August 31, 2007.....	8
Item 2. Management's Discussion and Analysis and Plan of Operation.....	11
Item 3. Controls and Procedures.....	14
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings.....	14
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	14
Item 3. Defaults Upon Senior Securities	14
Item 4. Submission of Matters to a Vote of Security Holders	15
Item 5. Other Information	14
Item 6. Exhibits	15

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

INTERIM FINANCIAL STATEMENTS

AUGUST 31, 2007

INTERIM BALANCE SHEETS

INTERIM STATEMENTS OF OPERATIONS

INTERIM STATEMENT OF STOCKHOLDERS' EQUITY

INTERIM STATEMENTS OF CASH FLOWS

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

INTERIM BALANCE SHEET

August 31, 2007	February 28 2007 (Audited)
--------------------	----------------------------------

Edgar Filing: CARLATERAL, INC. - Form 10QSB

ASSET

CURRENT ASSET		
Cash	\$ 2,690	\$ 4,145
Loan Receivable	-	3,010
	2,690	7,155
=====		
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,441	\$ 6,358
Due to Shareholder (Note 6)	6,338	4,475
	10,799	10,833
STOCKHOLDERS' EQUITY (DEFICIT)		
Capital stock (Note 4)		
Authorized		
75,000,000 shares of common stock, \$0.001 par value,		
Issued and outstanding		
10,300,000 shares of common stock	10,300	10,300
Additional paid-in capital	13,200	13,200
Deficit accumulated during the development stage	(31,589)	(27,177)
	(8,089)	(3,677)
Total Equity (Deficit)		
	(8,089)	(3,677)
Total Liabilities & Equity	\$ 2,690	\$ 7,155
	2,690	7,155
=====		

The accompanying notes are an integral part of these financial statements

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

INTERIM STATEMENTS OF OPERATIONS

	Six months ended August 31, 2007	Six months ended August 31, 2006	Cumulative of operatio December 9, of incepti August 31
INCOME			

Edgar Filing: CARLATERAL, INC. - Form 10QSB

Loans revenue	-	-	
EXPENSES			
Office and general	\$ 3,412	\$ 2,050	\$ 8,
Professional fees	1,000	7,350	23,
NET LOSS	\$ (4,412)	\$ (9,400)	\$ (31,
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.00)	\$ (0.00)	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	10,300,000	10,300,000	

The accompanying notes are an integral part of these financial statements

5

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)

FROM INCEPTION (DECEMBER 9, 2005) TO AUGUST 31, 2007

	Common Stock		Additional Paid-in Capital	Share Subscription Receivable
	Number of shares	Amount		
Balance, December 9, 2005	-	\$ -	\$ -	\$ -
Common stock issued for cash at \$0.001 per share				
- December 15, 2005	7,000,000	7,000	-	-
Common stock issued for cash at \$0.005 per share				
- December 23, 2005	3,300,000	3,300	13,200	-
Net loss February 28, 2006	-	-	-	-
Balance February 28, 2007	10,300,000	10,300	13,200	-

Edgar Filing: CARLATERAL, INC. - Form 10QSB

Net loss August 31, 2007	-	-	-	-
=====				
Balance, August 31, 2007	10,300,000	\$10,300	\$ 13,200	\$ -
=====				

All share amounts have been restated to reflect the 10:1 forward split in February 2006. (Refer to Note 6)

The accompanying notes are an integral part of these financial statements

6

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

INTERIM STATEMENTS OF CASH FLOWS

	Six months ended August 31, 2007	Six months ended August 31, 2006	Cumulative net of operation inception (December 9, 2005) August 31,
=====			
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (4,412)	\$ (9,400)	\$ (31,400)
Adjustment to reconcile net loss to net cash used in operating activities			
Loans Receivable	3,010	(263)	
-accounts payable and accrued liabilities	(1,916)	3,000	4,747
NET CASH USED IN OPERATING ACTIVITIES	(3,318)	(6,663)	(27,653)
=====			
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of common stock	-	23,500	23,500
Advance from Shareholder (Note 6)	1,863	4,475	6,338
Retained Earnings		(6,122)	
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	17,378	29,738
NET INCREASE (DECREASE) IN CASH	(1,455)	15,190	2,085
CASH, BEGINNING OF PERIOD	4,145	-	
CASH, END OF PERIOD	\$ 2,690	\$ 15,190	\$ 2,085

Edgar Filing: CARLATERAL, INC. - Form 10QSB

Supplemental cash flow information and
noncash financing activities:

Cash paid for:

Interest	\$	-	\$	-	\$
Income taxes	\$	-	\$	-	\$

The accompanying notes are an integral part of these financial statements

7

CARLATERAL, INC.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO THE FINANCIAL STATEMENTS
(UNAUDITED)

AUGUST 31, 2007

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Carlateral, Inc. (the "Company") is in the initial development stage and has incurred losses since inception totaling \$31,589. The Company was incorporated on December 9, 2005 in the State of Nevada. The fiscal year end of the Company is February 28. The Company was organized to establish itself as a finance company, specializing in sub-prime title loans, primarily using automobiles as a form of loan collateral, but will also include boats, recreational vehicles, machinery and other equipment. Carlateral intends to open regional and branch offices in metropolitan areas throughout the United States and Canada. The target market is individuals needing short term loans.

On February 15, 2006 the Company completed a forward stock split of the Company's common stock by the issuance of 10 new shares for each 1 outstanding share of the Company's common stock.

The ability of the Company to continue as a going concern is dependent on raising capital to fund its business plan and ultimately to attain profitable operations. Accordingly, these factors raise substantial doubt as to the Company's ability to continue as a going concern. The Company is funding its initial operations by way of issuing Founders' shares and entering into a private placement offering for 4,000,000 shares at \$0.005 per share. As of August 31, 2007, the Company had sold 10,300,000 shares and had received \$23,500 in proceeds from the sale of the Company's common stock of which 7,000,000 Founders shares were issued at \$0.001 per share for net proceeds of \$7,000 and 3,300,000 shares were issued at \$0.005 per share for net proceeds of \$16,500 pursuant to the Private Placement Offering.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements have been prepared in accordance with the generally accepted accounting principals for interim

Edgar Filing: CARLATERAL, INC. - Form 10QSB

financial information and with the instructions to Form 10-QSB of the regulation S-B. They do not include all information and footnotes required by United States generally accepted accounting principles for complete financial statements. However, except as disclosed herein, there has not been any material changes in the information disclosed in the notes to the financial statements for the year ended August 31, 2006 included in the Company's Report on Form SB-2 filed with the Securities and Exchange Commission. The interim unaudited financial statements should be read in conjunction with those financial statements included in the Form SB-2. In the opinion of the management, all adjustments considered necessary for a fair presentation, consisting solely of normal recurring adjustments, have been made. Operating results for the nine months ended November 30, 2006 are not necessarily indicative of the results that August be expected for the year ended August 31, 2007.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These financial statements are presented in United States dollars and have been prepared in accordance with accounting principles generally accepted in the United States.

8

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES AND ASSUMPTIONS

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INCOME TAXES

The Company follows the liability method of accounting for income taxes in accordance with Statements of Financial Accounting Standards ("SFAS") No.109, "Accounting for Income Taxes." Under this 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 balances. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to the taxable income in the years in which those 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 date of enactment or substantive enactment.

NET LOSS PER SHARE

Basic loss per share includes no dilution and is computed by dividing loss available to common stockholders by the weighted average number of common shares outstanding for the period. Dilutive loss per share reflects the potential dilution of securities that could share in the losses of the Company. Because the Company does not have any potentially dilutive securities, the accompanying presentation is only of basic loss per share.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in United States dollars. In accordance with SFAS No. 52, "Foreign Currency Translation", foreign denominated monetary

Edgar Filing: CARLATERAL, INC. - Form 10QSB

assets and liabilities are translated to their United States dollar equivalents using foreign exchange rates which prevailed at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Revenue and expenses are translated at average rates of exchange during the period. Related translation adjustments are reported as a separate component of stockholders' equity (deficit), whereas gains or losses resulting from foreign currency transactions are included in results of operations.

STOCK-BASED COMPENSATION

The Company has not adopted a stock option plan and has not granted any stock options. Accordingly no stock-based compensation has been recorded to date.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 153, "Exchanges of Non-monetary Assets - An Amendment of APB Opinion No. 29". The guidance in APB Opinion No. 29, "Accounting for Non-monetary Transactions", is based on the principle that exchanges of non-monetary assets should be measured based on the fair value of the assets exchanged. The guidance in that opinion, however, included certain exceptions to that principle. SFAS No. 153 amends Opinion No. 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. A non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Early application is permitted and companies must apply the standard prospectively. The adoption of this standard is not expected to have a material effect on the Company's results of operations or financial position.

9

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "SHARE-BASED PAYMENT." SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that August be settled by the issuance of those equity instruments. SFAS No. 123R focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123R requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. Public entities that file as small business issuers will be required to apply SFAS No. 123R in the first interim or annual reporting period that begins after December 15, 2005. Management is currently evaluating the impact of the adoption of this standard on our results of operations and financial position.

In March 2005, the SEC staff issued Staff Accounting Bulletin ("SAB") No. 107, "SHARE-BASED PAYMENT," to give guidance on the implementation of SFAS No. 123R. Management will consider SAB No. 107 during the implementation of SFAS No. 123R.

Edgar Filing: CARLATERAL, INC. - Form 10QSB

In August 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections." This Statement replaces APB Opinion No. 20, "Accounting Changes," and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements," and changes the requirements for the accounting for and reporting of a change in accounting principle. This Statement applies to all voluntary changes in accounting principle. Management believes this Statement will have no impact on the financial statements of the Company.

In March 2005, the FASB issued FASB Interpretation ("FIN") No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143." Asset retirement obligations (AROs) are legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal operation of a long-lived asset, except for certain obligations of lessees. FIN No.47 clarifies that liabilities associated with asset retirement obligations whose timing or settlement method are conditional on future events should be recorded at fair value as soon as fair value is reasonably estimable. FIN No.47 also provides guidance on the information required to reasonably estimate the fair value of the liability. FIN No.47 is intended to result in more consistent recognition of liabilities relating to AROs among companies, more information about expected future cash outflows associated with those obligations stemming from the retirement of the asset(s) and more information about investments in long-lived assets because additional asset retirement costs will be recognized by increasing the carrying amounts of the assets identified to be retired. FIN No.47 is effective for fiscal years ending after December 15, 2005. Management believes this Statement will have no impact on the financial statements of the Company.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with the requirements of SFAS No. 107 and SFAS No. 157, the Company has determined the estimated fair value of financial instruments using available market information and appropriate valuation methodologies. The fair value of financial instruments classified as current assets or liabilities approximate their carrying value due to the short-term maturity of the instruments.

10

NOTE 4 - CAPITAL STOCK

The Company's capitalization is 75,000,000 common shares with a par value of \$0.001 per share. No preferred shares have been authorized or issued.

As of August 31, 2007, the Company has not granted any stock options and has not recorded any stock-based compensation.

As of August 31, 2007, the sole Director had purchased 7,000,000 shares of the common stock in the Company at \$0.001 per share with the proceeds of the Company totalling \$7,000.

PRIVATE PLACEMENT

On December 23, 2005, the Company authorized a Private Placement Offering of up to 4,000,000 shares of common stock at a price of \$0.005 per share. The total amount to be raised in this financing is \$20,000. As of November 30, 2006 the Company had issued 3,300,000 common shares and had received \$16,500 in proceeds

Edgar Filing: CARLATERAL, INC. - Form 10QSB

from the sale of its stock.

On February 15, 2006, the majority shareholder and the director of the Company approved a special resolution to undertake a forward split of the common stock of the Company on a 10 new shares for 1 old share basis.

All references in these financial statements to number of shares, price per share and weighted average number of common shares outstanding prior to the forward split have been adjusted to record the effect of the forward split on a retroactive basis.

NOTE 5 - INCOME TAXES

As of August 31, 2007 the Company had net operating loss carry forwards of approximately \$31,589 that August be available to reduce future years' taxable income and will expire commencing in 2025. Availability of loss usage is subject to change of ownership limitations under Internal Revenue Code 382. Future tax benefits which August arise as a result of these losses have not been recognized in these financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a full valuation allowance for the deferred tax asset relating to these tax loss carryforwards.

NOTE 6 - RELATED PARTY TRANSACTION

As of August 31, 2007, the Company received advances from a director of the Company in the amount of \$6,338. The amount due to the related party is unsecured and non-interest bearing with no set terms of repayment.

11

ITEM 2: MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Overview

Carlateral, Inc. ("Carlateral" the "Company," "we," "us") is a development stage company, incorporated on December 9, 2005, in the State of Nevada, to establish itself as a finance company specializing in sub prime title loans secured primarily by automobiles (but also boats, recreational vehicles, machinery and other equipment) as collateral.

The Company did not generate any revenue during the quarter ended August 31, 2007.

Total expenses for the quarter ending August 31, 2007 were \$4,412 resulting in an operating loss for the fiscal quarter of \$4,412. The operating loss for the period is a result of professional, office and general expenses. Professional, office and general expenses for the same period in 2006 were \$9,400

Accounts payable for the quarter ended August 31, 2007 are \$4,441 and were \$3,000 for the quarter ended August 31, 2006.

As of August 31, 2007 the Director of the Company has advanced \$6,338 to maintain the company's operations. This amount is unsecured, non-interest bearing and without specific terms of repayment.

Edgar Filing: CARLATERAL, INC. - Form 10QSB

Net cash provided through financing for the quarter ending August 31, 2007 was \$ nil. As of August 31, 2007 shareholder advances are \$6,338.

As at the quarter ended August 31, 2007 the Company had \$2,690 of cash. At the end of the same quarter in 2006 it had \$15,190.

On October 20, 2006 the Company filed a registration form SB-2 with the SEC. The form SB-2 was deemed effective as of December 8, 2006.

Plan of Operation

We anticipate that our current cash and cash equivalents and cash generated from operations will not be sufficient to satisfy our liquidity requirements for the next 12 months. We will require additional funds prior to such time and will seek to sell additional capital through private equity placements or debt securities or seek alternative sources of financing. If we are unable to obtain this additional financing, we may be required to reduce the scope of our business plan, which could harm our business, financial condition and operating results. Additional funding may not be available on favorable terms, if at all.

Should we be unable to raise funding under our current business plan we may elect to seek other assets or businesses that would assist in creating additional share holder value and possibly increase share holder equity.

During the next twelve months we will focus on applying a variety of strategies to enable us to further our business objectives. These strategies include identifying potential office locations in metropolitan areas throughout Canada and the US, researching the legal and regulatory obligations in each jurisdiction in which we may operate and determining the types and roles of support staff that would be required to run the business.

12

From inception our business operations have been primarily focused on preparing our registration statement and developing our business model and marketing strategy. We have been conducting industry market research and doing an analysis of our competitor's business models and business methodologies. We have placed two loans to evaluate our business processes and marketing strategy. We have also initiated our search for suitable business locations and plan to continue our research so as to identify the best locations for our initial office, both in terms of client demographics and the regulatory environment.

We will engage the services of an attorney to create a loan agreement that meets the local jurisdiction's laws and requirements. We will need to have a valid loan agreement created prior to opening our business outlets and will expend approximately \$4,000 on this activity.

Concurrently with creating the loan agreement, we will search for a suitable office space in the preferred locale based on the results of our demographic research. To offset expenses incurred during this period, we may look at securing a shared space in an office with another non-competing business. Upon finding the appropriate location, we will enter into a lease or sub-lease agreement. We expect that we will have to expend approximately \$5,000 to secure our initial office lease.

We will purchase a computer system and other office equipment and supplies for our initial store location. We estimate that these equipment expenditures for

Edgar Filing: CARLATERAL, INC. - Form 10QSB

the business office will be \$9,500. We will also design and have printed all of the necessary forms and agreements to be used in our operations, at an estimated cost of \$3,000.

We also plan to identify and hire a commission sales person to staff the initial office.

We will research local advertising possibilities, including community newspapers, radio, yellow pages and established local websites to determine the most advantageous media for our advertising campaigns. We expect that that our initial advertising program will cost approximately \$8,500 to develop and implement.

We will research, purchase and implement a loans management system that will be capable of being customized in order to suit our needs and is scalable so that we will be able to manage multiple branches from a central location. The system will be installed at the initial store location and will be capable of being expanded to any additional locations as they come on line. We expect to spend about \$28,000 to research and implement the loan management system.

We intend to be fully operational within twelve months.

Should the Company find that its business model is subject to undue scrutiny from regulators or breeches the criminal code on usury the Company may elect to seek out other business opportunities to increase shareholder equity.

We do not expect to purchase or sell plant or significant equipment in the next 12 months. We do expect to hire employees as necessary to manage our offices as they are established.

Off Balance Sheet Arrangements.

As of the date of this quarterly report, the current funds available to the Company will not be sufficient to continue operations. The cost to establish the Company and begin operations has been estimated at \$48,000 over the next twelve months and the cost of maintaining its reporting status is estimated to be \$15,000 over the same period. Our officer and director, Mr. Cameron has

13

undertaken to provide the Company with initial operating and loan capital to sustain our business over the next twelve month period, as the expenses are incurred, in the form of a non-secured loan. However, there is no contract in place or written agreement securing this agreement. Management believes if the Company cannot raise sufficient revenues or maintain our reporting status with the SEC we will have to cease all efforts directed towards the Company. As such, any investment previously made would be lost in its entirety.

Other than the above described situation the Company does not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. The term "off-balance sheet arrangement" generally means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the Company is a party, under which the Company has (i) any obligation arising under a guarantee contract, derivative instrument or variable interest; or (ii) a

Edgar Filing: CARLATERAL, INC. - Form 10QSB

retained or contingent interest in assets transferred to such entity or similar arrangement that serves as credit, liquidity or market risk support for such assets.

ITEM 3. CONTROLS AND PROCEDURES

Based on their most recent evaluation, which was completed within 90 days of the filing of this Form 10-QSB, the Company's Chief Executive Officer and Treasurer believe the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) are effective to ensure that information required to be disclosed by the Company in this report is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. There were no significant changes in the Company's internal controls or other factors that could significantly affect these controls subsequent to the date of their evaluation and there were no corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not a party to any pending legal proceedings, and no such proceedings are known to be contemplated.

No director, officer, or affiliate of the Company and no owner of record or beneficial owner of more than 5.0% of the securities of the Company, or any associate of any such director, officer or security holder is a party adverse to the Company or has a material interest adverse to the Company in reference to pending litigation.

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

None.

14

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

31.1 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Executive Officer

31.2 Rule 13(a)-14(a)/15(d)-14(a) Certification of Chief Financial Officer *

32.1 Section 1350 Certification of Chief Executive Officer

Edgar Filing: CARLATERAL, INC. - Form 10QSB

32.2 Section 1350 Certification of Chief Financial Officer **

* Included in Exhibit 31.1

** Included in Exhibit 32.1

SIGNATURES

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

CARLATERAL, INC.

By: /s/ DON CAMERON

Don Cameron

President, Secretary Treasurer, Principal Executive Officer,
Principal Financial Officer and sole Director

Dated: September 26, 2007