QUEPASA COM INC
Form 10-Q
November 14, 2002
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2002**

OR

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

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 0-25565

QUEPASA.COM, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA	84-0879433
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	**(I.R.S. EMPLOYER IDENTIFICATION NO.)**
410 N. 44th Street, Suite 450 Phoenix, AZ	**85008**
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	**(ZIP CODE)**

REGISTRANT S TELEPHONE NUMBER, INCLUDING AREA CODE: 602-716-0100

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
NONE	NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
COMMON STOCK, PAR VALUE $.001 PER SHARE
(TITLE OF CLASS)

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 x No ¨

The number of outstanding shares of the registrant s Common Stock as of November 14, 2002 was approximately 30,163,291 shares.

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QUEPASA.COM, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

Item 1. Condensed Consolidated Financial Statements

	September 30, 2002	December 31, 2001
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 1,120,250	$ 3,052,147
Accounts receivable	229,032	113,019
Advances to affiliates	41,500	
Note receivable		500,000
Prepaid expenses	119,115	251,509
Other current assets	8,045	
Total current assets	1,517,942	3,916,675
Property and equipment	20,200	
	$ 1,538,142	$ 3,916,675
Liabilities and Stockholders Equity		
Current liabilities		
Accounts payable	$ 12,650	$ 75,107
Accrued liabilities	1,461	120,807
Arbitration settlement accrual		200,000
Deferred revenue		20,089
Total current liabilities	14,111	416,003
Stockholders equity		
Preferred stock, authorized 5,000,000 shares, no par value none issued or outstanding		
Common stock, authorized 50,000,000 shares, $0.001 par value; 17,163,291 shares issued and outstanding at March 31, 2002 and December 31, 2001, respectively	17,763	17,763
Additional paid-in capital	104,454,267	104,454,267
Accumulated deficit	(102,947,999)	(100,971,358)
Total stockholders equity	1,524,031	3,500,672
	$ 1,538,142	$ 3,916,675

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QUEPASA.COM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

	For the Nine Months Ended September 30,		For the Three Months Ended September 30,	
	2002	2001	2002	2001
Gross revenue	$ 20,089	$ 177,334	$	$ 30,134
Less commissions		(2,636)		
Net revenue	20,089	174,698		30,134
Operating expenses				
Product and content development expenses	1,899	392,487	1,899	16,544
Advertising and marketing expenses		421,845		
General and administrative expenses	2,023,301	2,425,438	213,656	770,464
Total operating expenses	2,025,200	3,239,770	215,555	787,008
Loss from operations	(2,005,111)	(3,065,072)	(215,555)	(756,874)
Other income (expense)				
Interest expense		(2,254)		(315)
Interest income and other	28,470	228,870	2,301	54,925
Realized and unrealized loss on trading securities		(14,204)		
Net other income	28,470	212,412	2,301	54,610
Net loss	$ (1,976,641)	$ (2,852,660)	$ (213,254)	$ (702,264)
Net loss per share, basic and diluted				
Loss before cumulative effect of a chance in accounting principle and net loss per share, basic and diluted	$ (.11)	$ (.16)	$ (.01)	$ (.04)
Weighted average number of shares outstanding, basic and diluted	17,763,291	17,763,291	17,763,291	17,763,291

See accompanying notes to condensed consolidated financial statements.

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QUEPASA.COM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

	For the Nine Months Ended September 30,	
	2002	**2001**
Cash flows from operating activities		
Net loss	$ (1,976,641)	$ (2,852,660)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization		103,244
Stock based compensation		31,250
Allowance for note receivable	500,000	
Realized and unrealized loss on trading securities		14,204
Increase (decrease) in cash resulting from changes in assets and liabilities		
Sale of trading securities, net		2,379,760
Accounts receivable	(116,013)	238,293
Prepaid expenses	132,394	170,357
Other current assets	(8,045)	1,140,291
Accounts payable	(62,457)	(164,387)
Accrued liabilities	(319,346)	(27,197)
Deferred revenue	(20,089)	(152,069)
Net cash provided by (used in) operating activities	(1,870,197)	881,086
Cash flows from investing activities		
Proceeds from assets held for sale		277,000
Advances to affiliates	(41,500)	
Purchase of property and equipment	(20,200)	
Net cash provided by investing activities	(61,700)	277,000
Net increase (decrease) in cash and cash equivalents	(1,931,897)	1,158,086
Cash and cash equivalents, beginning of period	3,052,147	3,940,232
Cash and cash equivalents, end of period	$ 1,120,250	$ 5,098,318
Supplemental disclosure of non-cash operating, financing activities:		
Interest paid	$	$ 2,254

See accompanying notes to condensed consolidated financial statements.

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QUEPASA.COM, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Statements

Note 1 The Company

quepasa.com, inc. (the Company or quepasa) is a Bilingual (Spanish/English) Internet portal and online community focused on the United States Hispanic market. We provide users with information and content centered around the Spanish language. Because the language preference of many U.S. Hispanics is English, we also offer our users the ability to access information in the English language.

Note 2 Liquidity

To date, the Company s expenses have significantly exceeded revenue and there is no assurance that the Company will earn profits in the future. The Company s independent accountants issued their auditors report dated February 27, 2002 stating that the Company has suffered recurring losses from operations, has an accumulated deficit, has been unable to successfully execute its business plan, and is considering alternatives for the Company, all of which raise substantial doubt about its ability to continue as a going concern.

By September 30, 2002, the Company downsized its workforce to eight individuals and disposed of certain assets. Management believes that as a result of its significant cost-cutting measures, there is sufficient cash to operate for the next twelve months, assuming current spending levels. Management of the Company and the Board of Directors continue to evaluate alternatives for the Company including disposing of assets and investigating merger opportunities.

Note 3 Basis of Presentation

The Company s accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for a complete financial statement presentation. In the Company s opinion, such unaudited interim information reflects all adjustments, consisting only of normal recurring adjustments, necessary to present our financial position and results of operations for the periods presented. The Company s results of operations for interim periods are not necessarily indicative of the results to be expected for a full fiscal year. The Company s condensed consolidated balance sheet as of December 31, 2001 was derived from its audited consolidated financial statements as of that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States of America. The Company suggests that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements included in its Annual Report on Form 10-K as of and for the year ended December 31, 2001.

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QUEPASA.COM, INC. AND SUBSIDIARIES

Notes to Unaudited Condensed Consolidated Statements

Note 4 Summary of Significant Accounting Policies

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Additionally, such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk and Significant Customers

Financial instruments, which potentially subject the Company to concentrations of credit risk, are principally accounts receivable, cash and cash equivalents and trading securities. The Company maintains ongoing credit evaluations of its customers and generally does not require collateral. The Company provides reserves for potential credit losses and such losses have not exceeded management expectations. Periodically during the year, the Company maintains cash and investments in financial institutions in excess of the amounts insured by the federal government. During the nine months ended September 30, 2002 and 2001, one and two customers accounted for 100% and 79% of gross revenue, respectively.

Note 5 Advances to Affiliates

During 2002, the Company advanced cash to an affiliate controlled by the Chairman and Chief Executive Officer of the Company. Subsequent to September 30, 2002, the Company finalized a Share Exchange Agreement with the affiliate. As of September 30, 2002, the total amount advanced to the affiliate was $41,500.

Note 6 Commitments

Employment Agreements

In connection with the termination of an employment agreement, the Company was required to pay a severance payment of $100,000 in the first quarter of 2002. In addition all of the employees options (totaling 193,334) became immediately vested.

Contingencies

The Company from time to time is involved in various legal proceedings incidental to the conduct of its business. The Company believes that the outcome of all such pending legal proceedings will not in the aggregate have a material adverse effect on the Company s business, financial condition, results of operations or liquidity.

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Notes to Unaudited Condensed Consolidated Statements

Note 7 Subsequent Event

On October 30, 2002, the Company completed a Share Exchange Agreement with Vayala Corporation (Vayala). The Company will issue and exchange 10.0 million unregistered shares of its common stock to acquire all 4,768,962 shares of the outstanding common stock of Vayala. The Company also undertook to issue (i) up to an additional 22.0 million shares and (ii) stock options exercisable to purchase up to 65.0 million shares at $.0001 per share conditioned upon Vayala meeting certain performance criteria. Prior to completion of the Share Exchange Agreement, Vayala was controlled by the Chairman and Chief Executive Officer of the Company.

During October 2002, the Company completed the formation of its subsidiary, quepasa.com De Mexico, S.A. De C.V., a Mexico corporation.

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QUEPASA.COM, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS RISK FACTORS

This Quarterly Report on Form 10-Q and the information incorporated by reference may include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. In particular, we direct your attention to Item 1. Financial Statements, Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operation Risk Factors and Item 3. Quantitative and Qualitative Disclosures About Market Risk. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position and operating results, our business strategy, our future business operations, our proposed merger transaction, our potential liquidation plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as may, believe, plan, will, anticipate, estimate, expect, intend and other phrases of similar meaning. Known and unknown risks, uncertainties factors could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on various factors and was derived using numerous assumptions. Although we believe that our expectations expressed in these forward-looking statements are reasonable, we cannot promise that our expectations will turn out to be correct. Our actual results could be materially different from our expectations.

The following discussion of our financial condition and results of operations for the three and nine months ended September 30, 2002 and 2001 should be read in conjunction with our condensed consolidated financial statements, the notes related thereto, and the other financial data included elsewhere in this Form 10-Q.

OVERVIEW

We commenced operations on June 25, 1997. Prior to May 1998, our operations were limited to organizing quepasa.com, raising operating capital, hiring initial employees and drafting a business plan. From May 1998 through May 1999, we were engaged primarily in content development and acquisition. In May 1999, we launched our first media-based branding and advertising campaign in the U.S. Significant revenues from our business activities did not commence until the fourth quarter of 1999. In the first quarter of 2000, we significantly increased our operating expenses as we expanded our sales, marketing and advertising efforts.

During 2001 the Company reduced its workforce as part of managements effort to conserve remaining cash.

Also during the first, second and third quarters of 2002:

- In March 2002, the employment agreement for the Company s President was terminated. As a result the company was required to pay $100,000 in severance and all employee stock options became fully vested.
- In June 2002, the Company executed a Settlement Agreement with Mark Kucher pursuant to which it agreed to pay Kucher $190,000 in full settlement of certain claims threatened against the Company. As part of the agreement Kucher and Raymond Duch resigned for the Company s Board of Directors.

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QUEPASA.COM, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS RISK FACTORS

- On August 1, 2001, we and our landlord executed an agreement pursuant to which we made a $130,000 lump sum payment to our landlord for any and all amounts due and we have subsequently vacated our office.
- On August 6, 2001, we entered into a merger agreement that would result in the Company becoming a wholly owned subsidiary of Great Western Land and Recreation, Inc. Great Western is an Arizona-based, privately held real estate development company with holdings in Arizona, New Mexico and Texas. Great Western s business focuses primarily on condominiums, apartments, residential lots and recreational property development. In addition to holding completed developments in metropolitan areas of Arizona, New Mexico and Texas, Great Western also owns and is currently developing the Wagon Bow Ranch in northwest Arizona and the Willow Springs Ranch in central New Mexico. The merger agreement represents a stock for stock offering, pursuant to which each share of quepasa common stock will be converted into one share of Great Western common stock. In the 1st Quarter of 2002 this agreement was terminated.

THE QUEPASA.COM COMMUNITY

quepasa.com, inc. is a Bilingual (Spanish/English) Internet portal and online community focused on the United States Hispanic market. We provide users with information and content centered around the Spanish language. Because the language preference of many U.S. Hispanics is English, we also offer our users the ability to access information in the English language.

RESULTS OF OPERATIONS

NET REVENUE: We expect to derive future net revenue from two principal sources: the sale of advertising on our web site, and commissions earned from pay for placement insertion of results into our search engine.

ADVERTISING REVENUE: In the first quarter of 2001, we derived approximately 35% of our net revenues from the sale of advertisements on our web site which are received principally from advertising arrangements under which we receive fixed fees for banners placed on our web site for specified periods of time or for a specified number of delivered ad impressions. During the first quarter of 2001, we discontinued the use of our banner ad software and sought a third-party outsourced for our banner ad sales and service.

SPONSORSHIP REVENUE. In the first quarter of 2001, we derived approximately 65% of our net revenue from the sale of sponsorships for certain areas or exclusive sponsorship rights for certain areas within our web site. These sponsorships typically cover periods up to 1 year. We recognize revenue during the initial setup, if required under the unique terms of each sponsorship agreement (e.g. co-branded web site), ratably over the period of time of the related agreement. Payments received from sponsors prior to displaying their advertisements on our web site are recorded as deferred revenue.

Our principal expenses are: Product and Content Development, Advertising and Marketing, and General and Administrative.

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QUEPASA.COM, INC. AND SUBSIDIARIES

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001

Our results of operations for the three and nine months ended September 30, 2002 and 2001 were characterized by expenses that significantly exceeded revenues during the periods. We reported a net loss of $213,000 for the three months ended September 30, 2002, compared to a net loss of $702,000 for the three months ended September 30, 2001. We reported a net loss of $1,977,000 for the nine months ended September 30, 2002, compared to a net loss of $2,853,000 for the nine months ended September 30, 2001. During the nine months ended September 30, 2002, we focused on reducing our cash expenses in all operation areas.

NET REVENUES

The Company did not generate any significant revenue during the three and nine months ended September 30, 2002 as a result of the Company s curtailment of operations.

OPERATING EXPENSES

PRODUCT AND CONTENT DEVELOPMENT EXPENSES. Our product and content development expenses decreased to $1,899 for the three and nine months ended September 30, 2002, compared to $17,000 and $392,000 for the three and nine months ended September 30, 2001. The period-to-period decrease was also attributable to the Company s curtailment of operations.

ADVERTISING AND MARKETING EXPENSES. Our marketing, advertising and sales expenses decreased to $0 for the three and nine months ended September 30, 2002, compared to $0 and $422,000 for the three and nine months ended September 30, 2001. This decrease was related to the curtailment of operations.

GENERAL AND ADMINISTRATIVE EXPENSES. Our general and administrative expenses decreased 16% to $2,023,000 for the nine months ended September 30, 2002, compared to $2,425,000 for the nine months ended September 30, 2001. This decrease was related to the curtailment of operations and the decrease in workforce.

LIQUIDITY AND CAPITAL RESOURCES

We have substantial liquidity and capital resource requirements, but limited sources of liquidity and capital resources. We have generated significant net losses and negative cash flows from our inception and anticipate that we will experience continued net losses and negative cash flows for the foreseeable future. Our independent accountants have issued their independent auditor s on our consolidated financial statements for 2001 stating that our recurring losses, accumulated deficit and our inability to successfully execute our business plan, among other things, raise substantial doubt about our ability to continue as a going concern.

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QUEPASA.COM, INC. AND SUBSIDIARIES

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2002 COMPARED TO THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2001 (continued)

We expect to continue to incur costs, particularly general and administrative costs during the fourth quarter of 2002, including our website administration of approximately $2,000 per month, and do not expect sufficient revenue to be realized to offset these costs. We believe that our cash on hand will be sufficient to meet our working capital and capital expenditure needs through the fourth quarter of 2002. We believe it will be necessary for us to raise additional capital, conclude one or more strategic transactions or merge or sell quepasa by year-end 2002. In the event we are not able to raise capital, conclude one or more strategic transactions or merge or sell quepasa during that period, our ability to continue operations will be severely impacted and could have a significant adverse effect on us. There can be no assurance that we will be successful in raising the necessary funds, concluding one or more strategic transactions, merging or selling quepasa or that the terms of any such transaction will be beneficial to us.

ITEM 4. CONTROLS AND PROCEDURES

The Company, under the supervision of the chief executive and financial officer, has conducted an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures within 90 days of the filing date of this quarterly report. Based upon the results of this evaluation, the Company believes that they maintain proper procedures for gathering, analyzing and disclosing all information in a timely fashion that is required to be disclosed in its Exchange Act reports. There have been no significant changes in the Company s controls subsequent to the evaluation date.

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QUEPASA.COM, INC. AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On February 5, 2002, we announced that we terminated the merger agreement because Great Western had materially breached the agreement. As a result of the termination of the merger agreement, quepasa s outstanding $500,000 loan to Great Western became immediately due and payable under the terms of the loan. We have not yet received repayment of the loan to Great Western. On February 6, 2002, Great Western notified us that it was terminating the merger agreement and on February 11, 2002, Great Western initiated a lawsuit against us in the Superior Court of Arizona. In its complaint, Great Western alleged, among other things, that we breached the merger agreement and, as a result, Great Western is entitled to receive a $500,000 termination fee. Great Western asserted that the $500,000 loan that we made to Great Western in October of 2001 should be deemed paid in full as payment of the termination fee. We intend to vigorously defend the lawsuit filed by Great Western.

In June 3, 2002, the Company executed a Settlement Agreement with Mark Kucher pursuant to which it agreed to pay Kucher $190,000 in full settlement of certain claims threatened against the Company. As part of the agreement Kucher and Raymond Duch resigned for the Company s Board of Directors.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

On April 26, 2002, the Company s shareholders elected two of its original co-founders, Jeffrey Peterson and Michael Silberman, in addition to Mark Kucher, Raymond Duch, and Brian Lu, to the Registrant s Board of Directors. The new directors were elected at the Registrant s annual shareholder meeting by the affirmative vote of 67% of the outstanding capital stock of the Registrant, with less than 3% of the outstanding capital stock voting against the election of the new directors. None of the Registrant s prior directors stood for re-election.

Following the annual shareholder meeting, the newly elected Board of Directors elected Jeffrey Peterson as the Registrant s Chairman, Chief Executive Officer and Chief Financial Officer.

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QUEPASA.COM, INC. AND SUBSIDIARIES

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a. EXHIBITS.

The exhibits listed in the accompanying Index to Exhibits are filed as part of this Report on Form10-Q.

(a) Exhibit 99 (i) Certification of Chief Executive Officer and Chief Financial Officer, Jeffery S. Peterson, Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002.

b. REPORTS ON FORM 8-K.

The Company filed three reports on Form 8-K during the quarter covered by this report.

1. Form 8-K dated October 30, 2002 reporting that the Company closed its previously announced Share Exchange Agreement with Vayala Corporation, issuing 10.0 million shares of its common stock to acquire all of the outstanding common stock of Vayala. The Company also undertook to issue (i) up to an additional 22.0 million shares and (ii) stock options exercisable to purchase up to 65.0 million shares at $.0001 per share conditioned upon Vayala meeting certain performance criteria.
2. Form 8-K dated September 30, 2002 reporting that the Company has executed a Share Exchange Agreement with Vayala Corporation Delaware in which the Company will acquire all of the 4,768,962 issued and outstanding common stock of Vayala in exchange for certain securities, subject to additional earn-out provisions as set forth in the agreement.
3. Form 8-K dated October 2, 2002 reporting that the Company has authorized the issuance of 750,000 shares of the Company s common stock to Meyer, Hendricks, and Bivens, P.C., special litigation counsel to the Company.
4. Form 8-K dated September 18, 2002 reporting that Fernando Ascencio has been named as Director of Latin American Operations, Jim Dixon has been named Vice President of Business Development and David Hansen has been named Chief Technical Officer.

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QUEPASA.COM, INC. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Phoenix, state of Arizona, on November 14, 2002.

quepasa.com, inc.

By: /s/ Jeffrey S. Peterson

Name: Jeffrey S. Peterson
Title: President, Chief Executive Officer and Chairman of the Board of Directors (PRINCIPAL EXECUTIVE OFFICER)

By: /s/ Jeffrey S. Peterson

Name: Jeffrey S. Peterson
Title: Chief Financial Officer (PRINCIPAL FINANCIAL OFFICER)

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QUEPASA.COM, INC. AND SUBSIDIARIES

Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

I, Jeffery S. Peterson, the Chief Executive Officer and Chairman of the Board of Directors of quepasa.com, Inc. (the Company), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

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

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

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

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

Dated: November 14, 2002

/s/ JEFFERY S. PETERSON

Name: Jeffery S. Peterson
Title: Chief Executive Officer and Chairman of the Board of Directors

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QUEPASA.COM, INC. AND SUBSIDIARIES

Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002

I, Jeffery S. Peterson, the Chief Financial Officer of quepasa.com, Inc. (the Company), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

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

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

5. The registrant s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant s auditors and the audit committee of registrant s board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant s ability to record, process, summarize and report financial data and have identified for the registrant s auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant s internal controls; and

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

Dated: November 14, 2002

/s/ JEFFERY S. PETERSON

Name: Jeffery S. Peterson
Title: Chief Financial Officer