UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2017

☐ **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 0-53944

REGO PAYMENT ARCHITECTURES, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**35-2327649** **(I.R.S. Employer Identification No.)**
265 Sunrise Boulevard **Palm Beach, Florida** **(Address of Principal Executive Offices)**	**33480** **(Zip Code)**

(561)220-0408
(Registrant's Telephone Number, Including Area Code)

(Former Name, Former Address and Former Fiscal year, if Changed Since Last Report)

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
Emerging growth company ☐			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 118,017,626 shares of common stock outstanding at May 15, 2017.

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

PART I - FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts included or incorporated by reference in this Quarterly Report on Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expects," "intends," "plans," "projects," "estimates," "anticipates," "believes," "contemplates," "targets," "could," "would" or "should" or the negative thereof or any variation thereon or similar terminology or expressions. Management cautions readers not to place undue reliance on any of the Company's forward-looking statements, which speak only as of the date made.

We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to: our ability to raise additional capital, the absence of any material operating history or revenue, our ability to attract and retain qualified personnel, our ability to develop and introduce a new service and products to the market in a timely manner, market acceptance of our services and products, our limited experience in the industry, the ability to successfully develop licensing programs and generate business, rapid technological change in relevant markets, unexpected network interruptions or security breaches, changes in demand for current and future intellectual property rights, legislative, regulatory and competitive developments, intense competition with larger companies, general economic conditions, and other risks discussed in Part II – Item 1A of this filing, the Company's Annual Report on Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission (the "SEC"), and the Company's other subsequent filings with the SEC.

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. The Company has no obligation to and does not undertake to update, revise, or correct any of these forward-looking statements after the date of this report.

ITEM 1. FINANCIAL STATEMENTS

Rego Payment Architectures, Inc.

CONTENTS

Rego Payment Architectures, Inc.
Condensed Balance Sheets
March 31, 2017 and December 31, 2016

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,449	$ 52,719
TOTAL CURRENT ASSETS	4,449	52,719
PROPERTY AND EQUIPMENT		
Computer equipment	10,748	10,748
Furniture and fixtures	15,722	15,722
	26,470	26,470
Less: accumulated depreciation	(19,930)	(18,473)
	6,540	7,997
OTHER ASSETS		
Patents and trademarks, net of accumulated amortization of $142,342 and $133,130	543,361	552,573
	543,361	552,573
TOTAL ASSETS	$ 554,350	$ 613,289
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,463,654	$ 2,047,012
Accounts payable and accrued expenses - related parties	62,865	59,323
Loans payable	25,000	-
Preferred stock dividend liability	3,145,704	2,877,424
10% Secured convertible notes payable - stockholders	4,060,264	4,260,264
Notes payable, net of discount of $0 and $29,139	256,700	38,361
TOTAL CURRENT LIABILITIES	10,014,187	9,282,384
LONG-TERM LIABILITIES		
3.5% Secured convertible notes payable - stockholders	2,769,200	2,069,200
CONTINGENCIES		
STOCKHOLDERS' DEFICIT		
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 195,500 preferred shares Series A authorized; 108,600 shares issued and outstanding at March 31, 2017 and December 31, 2016	11	11
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 222,222 preferred shares Series B authorized; 28,378 shares issued and outstanding at March 31, 2017 and December 31, 2016	3	3
Preferred stock, $.0001 par value; 2,000,000 preferred shares authorized; 150,000 preferred shares Series C authorized; 0 shares issued and outstanding at March 31, 2017 and December 31, 2016	-	-
Common stock, $ .0001 par value; 230,000,000 shares authorized; 118,017,626 shares issued and outstanding at March 31, 2017		

and December 31, 2016	11,802	11,802
Additional paid in capital	56,076,767	55,955,114
Deferred compensation	(2,292)	(9,167)
Accumulated deficit	(68,315,328)	(66,696,058)
STOCKHOLDERS' DEFICIT	(12,229,037)	(10,738,295)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 554,350	$ 613,289

See the accompanying notes to the condensed financial statements.

Rego Payment Architectures, Inc.
Condensed Statements of Operations
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)

	For the Three Months Ended Ended March 31,	
	2017	2016
SALES	$ -	$ 1,025
OPERATING EXPENSES		
Sales and marketing	206,918	35,103
Product development	446,711	247,573
Integration and customer support	-	34,238
General and administrative	507,793	1,718,228
Total operating expenses	1,161,422	2,035,142
NET OPERATING LOSS	(1,161,422)	(2,034,117)
OTHER INCOME (EXPENSE)		
Interest expense	(189,568)	(142,231)
Gain on disposition of fixed assets	-	7,403
	(189,568)	(134,828)
NET LOSS	(1,350,990)	(2,168,945)
Less: Accrued preferred dividends	(268,280)	(268,280)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (1,619,270)	$ (2,437,225)
BASIC AND DILUTED NET LOSS PER COMMON SHARE	$ (0.01)	$ (0.02)
BASIC AND DILUTED WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	117,767,626	117,517,626

See the accompanying notes to the condensed financial statements.

Rego Payment Architectures, Inc.
Condensed Statement of Changes in Stockholders' Deficit
For the Three Months Ended March 31, 2017

	Preferred Stock Series A		Preferred Stock Series B		Preferred Stock Series C		Common Stock		Additional Paid-In Capital	Deferred Compensation	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount				
Balance, December 31, 2016 (Audited)	108,600	$ 11	28,378	$ 3	-	$ -	118,017,626	$11,802	$55,955,114	$ (9,167)	$(66,696,058)	$(10,738,295)
Issuance of warrants with notes payable	-	-	-	-	-	-	-	-	33,211	-	-	33,211
Fair value of options for services	-	-	-	-	-	-	-	-	88,442		-	88,442
Amortization of deferred compensation	-	-	-	-	-	-	-	-	-	6,875	-	6,875
Accrued preferred dividends	-	-	-	-	-	-	-	-	-	-	(268,280)	(268,280)
Net loss	-	-	-	-	-	-	-	-	-	-	(1,350,990)	(1,350,990)
Balance, March 31, 2017 (Unaudited)	108,600	$ 11	28,378	$ 3	-	-	118,017,626	$11,802	$56,076,767	$ (2,292)	$(68,315,328)	$(12,229,037)

See the accompanying notes to the condensed financial statements.

Rego Payment Architectures, Inc.
Condensed Statements of Cash Flows
For the Three Months Ended March 31, 2017 and 2016
(Unaudited)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (1,350,990)	$ (2,168,945)
Adjustments to reconcile net loss to net cash: used in operating activities		
Provision for bad debts	-	360
Fair value of options issued in exchange for services	88,442	69,407
Fair value of common stock issued in exchange for services	6,875	20,625
Revaluation of options and warrants	-	1,305,411
Accretion of discount on notes payable	62,349	38,670
Depreciation and amortization	10,669	11,467
(Gain) Loss on abandonment of patents and disposal of fixed assets	-	(7,403)
Decrease in assets		
Prepaid expenses	-	55,500
Deposits	-	31,800
Increase in liabilities		
Accounts payable and accrued expenses	420,185	193,770
Net cash used in operating activities	(762,470)	(449,338)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable - stockholders	(10,800)	-
Proceeds from loans payable	25,000	-
Proceeds from convertible notes payable - stockholders	500,000	-
Proceeds from notes payable - stockholders	200,000	483,500
Net cash provided by financing activities	714,200	483,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(48,270)	34,162
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	52,719	16,646
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 4,449	$ 50,808
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Disposal of equipment in satisfaction of accounts payable	$ -	$ 55,000
Accrued preferred dividend	$ 268,280	$ 268,280
Fair value of warrants issued as discount for note payable	$ 33,210	$ 6,359
Accrued interest as discount on notes payable	$ -	$ 22,508

See the accompanying notes to the condensed financial statements.

Rego Payment Architectures, Inc.
Notes to the Condensed Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Business

Rego Payment Architectures, Inc. (formerly Virtual Piggy, Inc.) (the "Company") was incorporated in the state of Delaware on February 11, 2008. Effective February 28, 2017, the Company changed its name from Virtual Piggy, Inc to Rego Payment Architectures, Inc.

The Company is a technology company that will deliver an online and mobile payment platform solution for the family. The system allows parents and their children to manage, allocate funds and track their expenditures, savings and charitable giving on both a mobile device and online through the Company's web portal. The Company's system is designed to allow a minor to transact both online and in traditional brick and mortar retail outlets using the telephone handset as a payment device. The new payment platform automatically monitors regulatory compliance in real-time for all transactions; including protection of vendors from unintended regulatory infractions. In addition, utilizing the same architecture we allow individual parents to create a contract with each child that sets the rules and parameters of how the child may use the mobile payment system with as much or as little parental oversight as the parent determines is necessary. The Company is including specialized technology that increases and improves the security of the system and protects the user's identity while in use.

Management believes that building on its COPPA advantage that the future of the Company will be based on the foundational architecture of the system that will allow its use across multiple financial markets where secure controlled payments are needed. For the under seventeen years of age market, the Company will use its OINK.com brand. The Company intends to license, in each alternative field of use, the ability for its partners, distributors and/or value added resellers to private label each of the alternative markets. These partners will deploy, customize and support each implementation under their own label, but with acknowledgement of the Company's proprietary intellectual assets as the base technology. Management believes this approach will enable the company to reduce expenses while broadening its reach.

Revenues generated from this system are contemplated to come from multiple sources depending on the level of service and facilities requested by the parent. There will be levels of subscription revenue paid monthly, service fees, transaction fees and in some cases revenue sharing with banking and distribution partners.

In addition, the Company is analyzing specific components of the technology for individual monetization as well as exploring opportunities in the Business to Business ("B2B") realm. The new architecture lends itself to provide closed network capability that allows B2B transactions outside of the traditional payment processing interchange services. This reduces the cost of transacting between businesses. Businesses that join the B2B will be able to perform instant settlements of transactions at lower fees than traditional services.

The Company's principal office is located in Palm Beach, Florida.

On December 3, 2015, Finity, Inc. was incorporated as a wholly owned subsidiary of the Company. On December 11, 2015, Finity, Inc. changed its name to Finitii, Inc. Finitii, Inc. was established as a not for profit entity for the purpose of teaching children financial literacy. On November 29, 2016, Finitii, Inc. was dissolved, without having any operations since inception.

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions for Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The accompanying unaudited financial statements should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 as filed with the SEC. Operating results for the three months ended March 31, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017.

The Company's activities are subject to significant risks and uncertainties, including failing to secure additional financing to operationalize the Company's current technology before another company develops similar technology to compete with the Company.

Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued ASU No. 2016-09, *Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, which simplifies several aspects of the accounting for share-based payment award transactions, including: (1) income tax consequences; (2) classification of awards as either equity or liabilities, and (3) classification on the statement of cash flows. For public companies, the amendments in the ASU are effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. This pronouncement had no impact on the financial statements since any excess tax benefits were fully offset by the valuation allowance and not recognized for financial statement purposes.

Recently Issued Accounting Pronouncements Not Yet Adopted

As of March 31, 2017, there are no recently issued accounting standards not yet adopted which would have a material effect on the Company's financial statements through 2017.

NOTE 2 – MANAGEMENT PLANS

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has incurred significant losses and experienced negative cash flow from operations since inception. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Since inception, the Company has focused on developing and implementing its business plan. The Company believes that its existing cash resources will not be sufficient to sustain operations during the next twelve months. The Company currently needs to generate revenue in order to sustain its operations. In the event that the Company cannot generate sufficient revenue to sustain its operations, the Company will need to reduce expenses or obtain financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. If the Company is unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to the Company, the Company would likely be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on the business, financial condition and results of operations.

The Company's current monetization model is to license its platform to merchants to enable them to provide COPPA compliant services for themselves and their customers.

As of May 15, 2017, the Company has a cash position of approximately $23,000. Based upon the current cash position and the Company's planned expense run rate, management believes the Company has funds currently to finance its operations through May 2017.

NOTE 3 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES RELATED PARTIES

As of March 31, 2017, the Company owes the Chief Executive Officer a total of $40,006, including unpaid payroll of $36,677 and expenses of $3,329.

As of March 31, 2017, the Company also owes the Chief Financial Officer $14,664 in unpaid salary.

Additionally, the Company owes the Secretary $4,000 in unpaid salary.

The Company also owes a company owned by a beneficial owner of more than 5% of the Company $4,195, for fees and expenses.

NOTE 4 – LOANS PAYABLE

During the three months ended March 31, 2017, the Company received loans in the amount of $25,000 with no formal repayment terms and no interest.

NOTE 5 – 10% SECURED STOCKHOLDERS CONVERTIBLE NOTES PAYABLE

On March 6, 2015, the Company, pursuant to a Securities Purchase Agreement (the "Purchase Agreement"), issued $2,000,000 aggregate principal amount of its 10% Secured Convertible Promissory Notes due March 5, 2016 (the "Notes") to certain stockholders. On May 11, 2015, the Company issued an additional $940,000 of Notes to stockholders. The maturity dates of the notes were extended to March 2018 with the consent of the Note holders.

The Notes are convertible by the holders, at any time, into shares of the Company's Series B Preferred Stock at a conversion price of $90.00 per share, subject to adjustment for stock splits, stock dividends and similar transactions with respect to the Series B Preferred Stock only. Each share of Series B Preferred Stock is currently convertible into 100 shares of the Company's common stock at a current conversion price of $0.90 per share, subject to anti-dilution adjustment as described in the Certificate of Designation of the Series B Preferred Stock. In addition, pursuant to the terms of a Security Agreement entered into on May 11, 2015 by and among the Company, the Investors and a collateral agent acting on behalf of the Investors (the "Security Agreement"), the Notes are secured by a lien against substantially all of the Company's business assets. Pursuant to the Purchase Agreement, the Company also granted piggyback registration rights to the holders of the Series B Preferred Stock upon a conversion of the Notes.

On February 8, 2017, $200,000 of the Notes were exchanged for $200,000 of the 3.5% Secured convertible notes payable – stockholders, comparable to the August 2016 exchange issuance (see Note 7).

The Notes are recorded as a current liability as of March 31, 2017 and December 31, 2016 in the amount of $4,060,264 and $4,260,264. Interest accrued on the Notes was $678,392 and $575,022 as of March 31, 2017 and December 31, 2016. Interest expense related to these Notes payable was $103,370 and $73,299 for the three months ended March 31, 2017 and 2016.

NOTE 6 – NOTES PAYABLE - STOCKHOLDERS

On January 15 and 19, 2016, the Company entered into agreements with two stockholders that included notes payable in the aggregate amount of $62,500, and two-year warrants to purchase 12,500 shares of the Company's common stock at $0.90. The notes bore interest at 10% per annum, and the principal balance are payable upon the earlier of:

a. The 6 month anniversary of the note payable.
b. The Company closing a specific joint venture agreement; or
c. The Company completing an additional $1 million minimum financing pursuant to its offering of 10% Secured Convertible Promissory Notes.

The warrants were valued at $775 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 135.7% to 135.8%, risk free interest rate of 0.85% to 0.88% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On January 29 and February 3, 2016, the Company entered into agreements with two stockholders that included notes payable in the aggregate amount of $90,000, and two-year warrants to purchase 18,000 shares of the Company's common stock at $0.90. The notes bore interest at 10% per annum, and had the same repayment terms as above. The warrants were valued at $1,321 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 135.5% to 135.6%, risk free interest rate of 0.72% to 0.76% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On February 23, 2016, the Company entered into agreements with three stockholders that included notes payable in the aggregate amount of $26,000, and two-year warrants to purchase 5,200 shares of the Company's common stock at $0.90 per share. The notes bore interest at 10% per annum, and had the same repayment terms as above. The warrants were valued at $345 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 135.4% to 135.9%, risk free interest rate of 0.71% to 0.78% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On March 2, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $5,000, and two-year warrants to purchase 1,000 shares of the Company's common stock at $0.90 per share. The note bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $58 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 137.9%, risk free interest rate of 0.85% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On March 4, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $100,100, and two-year warrants to purchase 20,020 shares of the Company's common stock at $0.90 per share. The note bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $1,178 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 138.3%, risk free interest rate of 0.88% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On March 15, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $200,000, and two-year warrants to purchase 40,000 shares of the Company's common stock at $0.90 per share. The note bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $2,682 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 139.3%, risk free interest rate of 0.98% and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

On April 18, 2016, the Company entered into an agreement with two stockholders that included a note payable in the amount of $20,000 and two-year warrants to purchase 4,000 shares of Company common stock at an exercise price of $0.90 per share. The Notes bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $112 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 146.9% to 149.2%, risk free interest rate of 0.75% to 0.80 and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes.

On April 20, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $5,000 and two-year warrants to purchase 1,000 shares of Company common stock at an exercise price of $0.90 per share. The Notes bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $27 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 149.2%, risk free interest rate of 0.80 and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes.

On April 25, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $50,000 and two-year warrants to purchase 10,000 shares of Company common stock at an exercise price of $0.90 per share. The Notes bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $308 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 151.5%, risk free interest rate of 0.77 and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes.

On June 1, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $50,000 and two-year warrants to purchase 10,000 shares of Company common stock at an exercise price of $0.90 per share. The Notes bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $665 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 182.6%, risk free interest rate of 0.91 and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes.

On June 9, 2016, the Company entered into an agreement with a stockholder that included a note payable in the amount of $50,000 and two-year warrants to purchase 10,000 shares of Company common stock at an exercise price of $0.90 per share. The Notes bore interest at 10% per annum and had the same repayment terms as above. The warrants were valued at $1,067 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 183.1%, risk free interest rate of 0.77 and expected option life of 2 years. The warrant values were treated as a discount to the value of the note payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes.

The 7.5% commitment fees, amounting to $54,405, on the Notes Payable were treated as a discount to the value of the notes payable in accordance with FASB ASC 835-30-25, Recognition and were accreted over the term of the note payable for financial statement purposes. The same amount was included in accrued interest until the liability is paid.

Interest expense, including accretion of discounts, related to these notes payable was $68,932 for the three months ended March 31, 2016.

All of the above notes payable, accrued interest and commitment fees were exchanged for 10% Secured Promissory Notes on August 26, 2016 (See Note 5).

On January 20, 2017, the Company issued a promissory note in the amount of $200,000 bearing interest at 10% per annum and maturing on March 6, 2017, along with warrants to purchase 200,000 shares of the Company's common stock, with an exercise price of $0.90, expiring in three years. In accordance with FASB ASC 470-20, "Debt with Conversion and Other Options," the proceeds of notes payable with detachable stock purchase warrants have been allocated between the two based on the relative fair values of the debt instrument without the warrants and of the warrants themselves at the time of issuance. The portion allocated to the warrants has been accounted for as a discount to the notes payable and amortized over the term of the notes. This promissory note was converted into the Company's 3.5% Secured Convertible Promissory Notes and the note holder received another 100,000 warrants to purchase the Company's common stock at an exercise price of $0.90, expiring in three years, on May 3, 2017. The warrants were valued at $53,158 fair value, using the Black-Scholes option pricing model to calculate the grant-date fair value of the warrants, with the following assumptions: no dividend yield, expected volatility of 177.4%, risk free interest rate of 1.5% and expected option life of 3 years. The warrant values were treated as a discount to the value of the note payable, in the amount of $41,996 in accordance with FASB ASC 835-30-25, *Recognition* and were accreted over the term of the note payable for financial statement purposes.

The value of a previous discount to notes payable was adjusted in the current period as a reduction in additional paid in capital in the amount of $8,785.

The notes payable are recorded as a current liability as of March 31, 2017 and December 31, 2016 in the amount of $256,700 and $38,361. Interest accrued on the notes as of March 31, 2017 and December 31, 2016 was $5,537 and $0. Interest expense, including accretion of discounts, related to these notes payable was $67,886 and $0 for the three months ended March 31, 2017 and 2016.

NOTE 7 – 3.5% SECURED CONVERTIBLE PROMISSORY NOTES PAYABLE

On August 26, 2016, the Company, pursuant to a Securities Purchase Agreement (the “Purchase Agreement”), issued $600,000 aggregate principal amount of its 3.5% Secured Convertible Promissory Notes due June 30, 2018 (the “New Secured Notes”) to certain accredited investors (the “Investors”). The aggregate consideration provided in the New Secured Note Offering consisted of $300,000 in cash and the exchange of $300,000 outstanding principal amount of 10% Secured Convertible Promissory Notes due March 2018 (the “Prior Secured Notes”) for New Secured Notes.

In September 2016, the Company issued $820,200 aggregate principal amount of its New Secured Notes to certain accredited investors. The aggregate consideration provided consisted of $510,100 in cash and the exchange of $310,100 outstanding principal amount of 10% Secured Convertible Promissory Notes.

In November 2016, the Company issued $450,000 aggregate principal amount of its New Secured Notes to certain accredited investors. The aggregate consideration provided consisted of $350,000 in cash and the exchange of $100,000 outstanding principal amount of 10% Secured Convertible Promissory Notes.

In December 2016, the Company issued $199,000 aggregate principal amount of its New Secured Notes to certain accredited investors. The aggregate consideration provided consisted of $100,000 in cash and the exchange of $99,000 outstanding principal amount of 10% Secured Convertible Promissory Notes.

In January 2017, the Company issued $50,000 aggregate principal amount of its New Secured Notes to an accredited investor.

In February 2017, the Company issued $400,000 aggregate principal amount of its New Secured Notes to certain accredited investors. The aggregate consideration consisted of $200,000 in cash and the exchange of $200,000 outstanding principal amount of 10% Secured Convertible Promissory Notes (See Note 5).

Also in February 2017, the Company issued an additional $150,000 aggregate principal amount of its New Secured Notes to certain accredited investors.

In March 2017, the Company issued $100,000 aggregate principal amount of its New Secured Notes to an accredited investor.

The New Secured Notes are convertible by the holders, at any time, into shares of the Company’s newly authorized Series C Cumulative Convertible Preferred Stock (“Series C Preferred Stock”) at a conversion price of $90.00 per share, subject to adjustment for stock splits, stock dividends and similar transactions with respect to the Series C Preferred Stock only. Each share of Series C Preferred Stock is currently convertible into 100 shares of the Company’s common stock at a current conversion price of $0.90 per share, subject to full ratchet anti-dilution adjustment for one year and weighted average anti-dilution adjustment thereafter, as described in the Certificate of Designation of the Series C Preferred Stock. Upon a liquidation event, the Company shall first pay to the holders of the Series C Preferred Stock, on a pari passu basis with the holders of the Company’s outstanding Series A Preferred Stock and Series B Preferred Stock, an amount per share equal to 700% of the conversion price (i.e., $630.00 per share of Series C Preferred Stock), plus all accrued and unpaid dividends on each share of Series C Preferred Stock (the “Series C Preference Amount”). The Series C Preference Amount shall be paid prior and in preference to payment of any amounts to the Common Stock. After the payment of all preferential amounts required to be paid to the holders of shares of Series C Preferred Stock, Series A Preferred Stock, Series B Preferred Stock and any additional senior preferred stock, the Series C Preferred Stock participates in further distributions subject to an aggregate cap of seven and one-half times (7.5x) the original issue price thereof, plus all accrued and unpaid dividends.

The New Secured Notes are recorded as a long-term liability in the amount of $2,769,200 and $2,069,200 as of March 31, 2017 and December 31, 2016. Interest accrued on the New Secured Notes was $38,145 and $19,833 as of March 31, 2017 and December 31, 2016. Interest expense related to these notes payable was $18,312 and $0 for the three months ended March 31, 2017 and 2016.

NOTE 8 – INCOME TAXES

Income tax expense was $0 for the three months ended March 31, 2017 and 2016.

As of January 1, 2017, the Company had no unrecognized tax benefits, and accordingly, the Company did not recognize interest or penalties during 2016 related to unrecognized tax benefits. There has been no change in unrecognized tax benefits during the three months ended March 31, 2017, and there was no accrual for uncertain tax positions as of March 31, 2017. Tax years from 2013 through 2016 remain subject to examination by major tax jurisdictions.

There is no income tax benefit for the losses for the three months ended March 31, 2017 and 2016, since management has determined that the realization of the net tax deferred asset is not assured and has created a valuation allowance for the entire amount of such benefits.

NOTE 9 – CONVERTIBLE PREFERRED STOCK

Series A Preferred Stock

The conversion feature of the additional Series A Preferred Stock is an embedded derivative, which is classified as a liability in accordance with FASB ASC 815 and was valued in accordance with FASB ASC 470 as a beneficial conversion feature at a fair market value of $3,489,000 at April 30, 2014 and $0 at March 31, 2017. This was classified as an embedded derivative liability and a discount to Series A Preferred Stock. Since the Series A Preferred Stock can be converted at any time, the full amount of the discount was accreted and reflected as a deemed distribution.

Series B Preferred Stock

The conversion feature of the Series B Preferred Stock is an embedded derivative, which is classified as a liability in accordance with FASB ASC 815 and was valued in accordance with FASB ASC 470 as a beneficial conversion feature at a fair market value of $375,841 at October 30, 2014, and $0 at March 31, 2017. This was classified as an embedded derivative liability and a discount to Series B Preferred Stock. Since the Series B Preferred Stock can be converted at any time, the full amount of the discount was accreted and reflected as a deemed distribution.

Because the Series B Preferred Stock can be converted at any time, the embedded derivative is classified as a current liability.

The Warrants associated with the Series B Preferred Stock were also classified as equity, in accordance with FASB ASC 480-10-25. Therefore it is not necessary to bifurcate these Warrants from the Series B Preferred Stock.

The Series B Preferred Stock is pari passu with the Series A Preferred Stock and has a preference in liquidation equal to two times the Original Issue Price to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 2.5 times the Original Issue Price. The Series B Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Series B Preferred Stock can be converted. The Series B Preferred Stock also contains customary approval rights with respect to certain matters.

The conversion price of the Series B Preferred Stock is currently $0.90 per share. The Series B Preferred Stock is subject to mandatory conversion if certain registration or related requirements are satisfied and the average closing price of the Company’s common stock exceeds 2.5 times the conversion price over a period of twenty consecutive trading days.

Series C Preferred Stock

In August 2016, the Company authorized 150,000 shares of the Company’s Series C Cumulative Convertible Preferred Stock (“Series C”). As of March 31, 2017, none of the Series C shares are issued or outstanding. After the date of issuance of Series C, dividends at the rate of $7.20 per share will begin accruing and will be cumulative. The Series C Preferred Stock is pari passu with the Series A Preferred Stock and Series B Preferred Stock and has a preference in liquidation equal to seven times the Original Issue Price to be paid out of assets available for distribution prior to holders of common stock and thereafter participates with the holders of common stock in any remaining proceeds subject to an aggregate cap of 7.5 times the Original Issue Price. The Series C Preferred Stockholders may cast the number of votes equal to the number of whole shares of common stock into which the shares of Series C Preferred Stock can be converted. The Series C Preferred Stock also contains customary approval rights with respect to certain matters.

As of March 31, 2017, the value of the cumulative 8% dividends for all preferred stock was $3,145,704. Such dividends will be paid when and if declared payable by the Company’s board of directors or upon the occurrence of certain liquidation events. In accordance with FASB ASC 260-10-45-11, the Company has recorded these accrued dividends as a current liability.

NOTE 10 – STOCKHOLDERS' EQUITY

Issuance of Restricted Shares

A restricted stock award ("RSA") is an award of common shares that is subject to certain restrictions during a specified period. Restricted stock awards are independent of option grants and are generally subject to forfeiture if employment terminates prior to the release of the restrictions. The grantee cannot transfer the shares before the restricted shares vest. Shares of nonvested restricted stock have the same voting rights as common stock, are entitled to receive dividends and other distributions thereon and are considered to be currently issued and outstanding. The Company's restricted stock awards generally vest over a period of one year. The Company expenses the cost of the restricted stock awards, which is determined to be the fair market value of the shares at the date of grant, straight-line over the period during which the restrictions lapse. For these purposes, the fair market value of the restricted stock is determined based on the closing price of the Company's common stock on the grant date.

The RSAs granted in April 2016 to the new CEO were valued at $55,000 based on the market price of the shares on the issuance date, which was $0.11. The value of the 250,000 RSAs that vested immediately, or $27,500, was expensed immediately and the remainder was recorded as deferred compensation and is being amortized. For the three months ended March 31, 2017 and 2016, $6,875 and $20,625 was expensed.

Warrant Amendments

On January 25, 2016, the Board of Directors approved amendments extending the term of outstanding warrants to purchase in the aggregate 24,372,838 shares of common stock of the Company at exercise prices ranging from $0.01 per share to $3.00 per share (the "Warrants"). These Warrants were scheduled to expire at various dates during 2016 and were each extended for an additional one year period from the applicable current expiration date, with the new expiration dates ranging from January 26, 2017 to December 28, 2017. The increase in fair value of this term extension was $1,305,411 which was expensed during the three months ended March 31, 2016. The Company used the Black-Scholes option pricing model to calculate the increase in fair value, with the following assumptions for the extended warrants: no dividend yield, expected volatility of 161.3%, risk free interest rate of 0.47%, and expected warrant life of 1.27 years.

NOTE 11 – STOCK OPTIONS AND WARRANTS

During 2008, the Board of Directors ("Board") of the Company adopted the 2008 Equity Incentive Plan ("2008 Plan") that was approved by the stockholders. Under the 2008 Plan, the Company is authorized to grant options to purchase up to 25,000,000 shares of common stock to any officer, other employee or director of, or any consultant or other independent contractor who provides services to the Company. The Plan is intended to permit stock options granted to employees under the 2008 Plan to qualify as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended ("Incentive Stock Options"). All options granted under the 2008 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be non-qualified options ("Non-Statutory Stock Options"). As of March 31, 2017, options to purchase 6,388,333 shares of common stock have been issued and are unexercised, and 6,761,667 shares are available for grants under the 2008 Plan.

During 2013, the Board adopted the 2013 Equity Incentive Plan ("2013 Plan"), which was approved by stockholders at the 2013 annual meeting of stockholders. Under the 2013 Plan, the Company is authorized to grant awards of stock options, restricted stock, restricted stock units and other stock-based awards of up to an aggregate of 5,000,000 shares of common stock to any officer, employee, director or consultant. The 2013 Plan is intended to permit stock options granted to employees under the 2013 Plan to qualify as Incentive Stock Options. All options granted under the 2013 Plan, which are not intended to qualify as Incentive Stock Options are deemed to be Non-Statutory Stock Options. As of March 31, 2017, under the 2013 Plan grants of restricted stock and options to purchase 2,076,666 shares of common stock have been issued and are unvested or unexercised, and 2,473,333 shares of common stock remain available for grants under the 2013 Plan.

The 2008 Plan and 2013 Plan are administered by the Board or its compensation committee, which determines the persons to whom awards will be granted, the number of awards to be granted, and the specific terms of each grant, including the vesting thereof, subject to the terms of the applicable Plan.

In connection with Incentive Stock Options, the exercise price of each option may not be less than 100% of the fair market value of the common stock on the date of the grant (or 110% of the fair market value in the case of a grantee holding more than 10% of the outstanding stock of the Company).

Prior to January 1, 2014, volatility in all instances presented is the Company's estimate of volatility that is based on the volatility of other public companies that are in closely related industries to the Company. Beginning January 1, 2014, volatility in all instances presented is the Company's estimate of volatility that is based on the historical volatility of the Company's stock.

The following table presents the weighted-average assumptions used to estimate the fair values of the stock options granted during the three months ended March 31, 2017:

Risk Free Interest Rate	1.54%
Expected Volatility	177%
Expected Life (in years)	3.5
Dividend Yield	0%
Weighted average estimated fair value of options during the period	$ 0.26

The following table summarizes the activities for our stock options for the three months ended March 31, 2017:

	Options Outstanding			
	Number of Shares	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance December 31, 2016	11,394,999	$ 0.77	2.3	$ 179
Granted	200,000	0.90		
Cancelled/forfeited/expired	(2,850,000)	(0.65)		
Balance March 31, 2017	8,744,999	$ 0.81	2.7	$ 246
Exercisable at March 31, 2017	4,569,995	$ 0.86	1.8	$ 177
Exercisable at March 31, 2017 and expected to vest thereafter	4,569,995	$ 0.86	1.8	$ 177

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of $0.35 for our common stock on March 31, 2017.

For the three months ended March 31, 2017 and 2016, the Company expensed $88,442 and $69,407 with respect to the options.

In accordance with FASB ASC 505-50, "Equity – Equity-Based Payments to Non-Employees," restricted stock with performance conditions should be revalued based on the modification accounting methodology described in FASB ASC 718-20, "Compensation—Stock Compensation—Awards Classified as Equity." As such the Company has revalued certain stock options with consultants and determined that there was an aggregate increase in fair value of $1,880 as of March 31, 2017.

As of March 31, 2017, there was $287,130 of unrecognized compensation cost related to outstanding stock options. This amount is expected to be recognized over a weighted-average period of 1.4 years. To the extent the actual forfeiture rate is different from what we have estimated, stock-based compensation related to these awards will be different from our expectations. The difference between the stock options exercisable at March 31, 2017 and the stock options exercisable and expected to vest relates to management's estimate of options expected to vest in the future.

The following table summarizes the activities for the Company's unvested stock options for the three months ended March 31, 2017:

	Unvested Options	
	Number of Shares	Weighted - Average Grant Date Fair Value (in 000's) (1)
Balance December 31, 2016	4,181,670	$ 0.12
Granted	200,000	0.26
Vested	(206,666)	(0.31)
Balance March 31, 2017	4,175,004	$ 0.11

The following table summarizes the activities for our warrants for the three months ended March 31, 2017:

	Number of Shares	Weighted-Average Exercise Price	Remaining Contractual Term in years)	Aggregate Intrinsic Value (in 000's) (1)
Balance December 31, 2016	25,354,738	$ 1.07	0.4	$ 23
Granted	200,000	0.90		
Expired	(10,399,395)	(0.99)		
Balance March 31, 2017	15,155,343	$ 1.12	0.3	$ 25
Exercisable at March 31, 2017	15,155,343	$ 1.12	0.3	$ 25
Exercisable at March 31, 2017 and expected to vest thereafter	15,155,343	$ 1.12	0.3	$ 25

(1) The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the closing stock price of $0.35 for our common stock on March 31, 2017.

All warrants were vested on the date of grant.

NOTE 12 – OPERATING LEASES

For the three months ended March 31, 2017 and 2016, total rent expense under leases amounted to $34,950 and $7,998. As of March 31, 2017, the Company was is obligated to pay $4,852 per month through August 31, 2017 for its Palm Beach Florida office space. The Company also has a month to month lease in California for its development team office in the amount of $770 per month.

NOTE 13 – RELATED PARTY TRANSACTIONS

On August 26, 2016, the Company issued $100,000 aggregate principal amount of its 3.5% Secured Convertible Promissory Notes due June 30, 2018 to a member of the Company's Board of Directors.

The Company has entered into a consulting agreement with a company owned by a more than 5% beneficial owner, at a cost of $12,500 per month. As of March 31, 2017, the Company has paid $55,811 to the consulting company.

The Company has a consulting agreement with the son of the principal of a company owned by a more than 5% beneficial owner, at a cost of $5,000 per month. As of March 31, 2017, the Company has paid $15,000 to this consultant.

The Company has entered into a consulting agreement with the brother of the Chief Executive Officer, at a cost of $500 per week. As of March 31, 2017, the Company has paid $1,500.

As of March 31, 2017, a Board member has loaned the Company $15,000 with no formal repayment terms.

NOTE 14 – SUBSEQUENT EVENTS

In April 2017, the Company issued $600,000 principal amount of its New Secured Notes to certain accredited investors. The aggregate consideration provided in the New Secured Note Offering consisted of $400,000 in cash and the exchange of $200,000 outstanding principal amount of 10% Secured Convertible Promissory Notes due March 2018 for New Secured Notes.

On April 13, 2017, the Company entered into an employment agreement with its Head of Strategy, whereby the employee received a salary of $180,000 and options to purchase 1,000,000 shares of the Company's common stock at an exercise price of $0.90, vesting over two years and expiring in five years.

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

Overview

Rego Payment Architectures, Inc. (the "Company," "we", or "us") was incorporated in Delaware on February 11, 2008 under the name Chimera International Group, Inc. On April 4, 2008, we amended our certificate of incorporation and changed our name to Moggle, Inc. On August 22, 2011, we filed a Certificate of Ownership with the Secretary of State of Delaware, pursuant to which the Company's newly-formed wholly-owned subsidiary, Virtual Piggy Incorporated was merged into and with the Company (the "Merger"). In connection with the Merger and in accordance with Section 253 of the Delaware General Corporation Law, the name of the Company was changed from "Moggle, Inc." to "Virtual Piggy, Inc." On February 28, 2017, we amended our certificate of incorporation and changed our name to Rego Payment Architectures, Inc. Our principal offices are located at 265 Sunrise Boulevard, Palm Beach, Florida 33480 and our telephone number is (561) 220-0408.

On December 3, 2015, the Company incorporated a newly-formed wholly-owned Subsidiary, Finity, Inc. On December 11, 2015, the Company filed a Statement of Correction with the Pennsylvania Department of State, to change the name of Finity, Inc. to Finitii, Inc. The purpose of Finitii, Inc. was to teach children financial responsibility as a not for profit organization. On November 29, 2016, Finitii, Inc. was dissolved, without having any operations since inception.

As of the date of this report, we have not generated significant revenues. Our initial business plan was to develop an online game platform to allow game companies to create, monetize and distribute massive multiplayer online games (MMOG). The Company's technology was the monetization component of this overall platform (our "Platform"). During 2010, we analyzed the market potential for an expanded Company solution and decided to concentrate our efforts on the delivery of a full-featured Company solution that was not restricted to online gaming. The expanded Company solution is designed to provide a complete online solution for families and parents to teach their children about financial management and spending on gaming, retail, music and entertainment. In late 2013, we rebranded our Company product under the name "Oink®".

In the second half of 2015, the Company changed its management team. The new team is focused on building and improving the existing platform that will act as the foundation for the strategic alignment with the Financial Technology ("FinTech") industry. The FinTech industry is composed primarily of startup companies that use software to provide financial services more efficiently and less costly than traditional financial service companies. In April 2016, our former Chief Executive Officer ("CEO") resigned and we hired a new CEO who is concentrating on the FinTech industry as well. In March 2016, we discontinued our prior Oink product offering.

Strategic Outlook

We believe that the virtual goods market and the FinTech industry will continue to grow over the long term. Within the market and industry, we intend to provide services to allow transactions with children in compliance with COPPA and similar international privacy laws. We believe that this particular opportunity is relatively untapped and intend to be a leading provider of online transactions for children.

Sustained spending on technology, our ability to raise additional financing, the continued growth of the FinTech industry, and compliance with regulatory and reporting requirements are all external conditions that may affect our ability to execute our business plan. In addition, the FinTech industry is intensely competitive, and most participants have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, and greater name recognition. In addition, certain potential customers, particularly large organizations, may view our small size and limited financial resources as a negative even if they prefer our offering to those of our competitors.

Our primary strategic objectives over the next 12-18 months are to increase our user base and the engagement level of that base. We plan to achieve that by implementing our partner-first go to market model in which established payments market leaders and vertical market participants can incorporate and integrate our platform into co-branded payments solutions targeting youth and family. Management believes this approach will enable the Company to reduce expenses while broadening its reach.

Within this partner-first model, the Company is incorporating licensing fees and customization services. This should enable the Company to begin creating shareholder value above and beyond consumer transaction fees. As our service grows, we intend to hire additional information technology staff to maintain our product offerings and develop new products to increase our market share.

We believe that our near-term success will depend particularly on our ability to develop customer awareness and confidence in our service. Since we have limited capital resources, we will need to closely manage our expenses and conserve our cash by continually monitoring any increase in expenses and reducing or eliminating unnecessary expenditures. Our prospects must be considered in light of the risks, expenses and difficulties encountered by companies at an early stage of development, particularly given that we operate in new and rapidly evolving markets, that we have limited financial resources, and face an uncertain economic environment. We may not be successful in addressing such risks and difficulties.

Results of Operations

Comparison of the Three Months Ended March 31, 2017 and 2016

The following discussion analyzes our results of operations for the three months ended March 31, 2017 and 2016. The following information should be considered together with our condensed financial statements for such period and the accompanying notes thereto.

Net Revenue/Net Loss

We have not generated significant revenue since our inception. For the three months ended March 31, 2017 and 2016, we generated sales of $ 0 and $1,025. For the three months ended March 31, 2017 and 2016, we had a net loss of $1,350,990 and $2,168,945.

Sales and Marketing

Sales and marketing expenses for the three months ended March 31, 2017 were $206,918 as compared to $35,103 for the three months ended March 31, 2016, an increase of $171,815. The Company conducted market analysis studies during the three months ended March 31, 2017, related to the enhancements to the Company's platform.

Product Development

Product development expenses were $446,711 and $247,573 for the three months ended March 31, 2017 and 2016, an increase of $199,138. The increase is related to the continuing development of enhancements to the Company's platform.

Integration and Customer Support

Integration and customer support expenses decreased $34,238 to $0 for the three months ended March 31, 2017 from $34,238 for the three months ended March 31, 2016. The decrease was the result of the Company discontinuing its prepaid card business in 2016, thus eliminating customer support.

General and Administrative Expenses

General and administrative expenses decreased $1,210,433 to $507,795 for the three months ended March 31, 2017 from $1,718,228 for the three months ended March 31, 2016. The decrease resulted from the revaluation of warrants for the three months ended March 31, 2016 and the reduction of administrative staff in 2017 through cost containment measures.

Interest Expense

During the three months ended March 31, 2017, the Company incurred interest expense of $189,568 as compared to $142,231 for the three months ended March 31, 2016, an increase of $47,337. The increase in interest expense relates to the increased amount of debt that the Company has undertaken in order to continue operations.

Liquidity and Capital Resources

As of May 15, 2017, we had cash on hand of approximately $23,000.

Net cash used in operating activities increased $313,132 to $762,470 for the three months ended March 31, 2017 as compared to $449,338 for the three months ended March 31, 2016. The increase resulted primarily from a decline in the net loss from operations as explained previously, more than offset by an increase in accounts payable and accrued expenses, and the lack of a revaluation of options and warrants during the 2017 period.

Net cash provided by financing activities increased by $230,700 to $714,200 for the three months ended March 31, 2017 from $483,500 for the three months ended March 31, 2016. Cash provided by financing activities during the three months ended March 31, 2017, consisted of notes payable to provide capital to continue operations.

Subsequent to March 31, 2017, the Company raised gross proceeds of $400,000 through the issuance of notes payable.

As we have not realized significant revenues since our inception, we have financed our operations through public and private offerings of debt and equity securities. We do not currently maintain a line of credit or term loan with any commercial bank or other financial institution.

Since our inception, we have focused on developing and implementing our business plan. We believe that our existing cash resources will not be sufficient to sustain our operations during the next twelve months. We currently need to generate sufficient revenues to support our cost structure to enable us to pay ongoing costs and expenses as they are incurred, finance the development of our platform, and execute the business plan. If we cannot generate sufficient revenue to fund our business plan, we intend to seek to raise such financing through the sale of debt and/or equity securities. The issuance of additional equity would result in dilution to existing shareholders. If we are unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms acceptable to us, we will be unable to execute upon the business plan or pay costs and expenses as they are incurred, which would have a material, adverse effect on our business, financial condition and results of operations.

Even if we are successful in generating sufficient revenue or in raising sufficient capital in order to complete the platform, our ability to continue in business as a viable going concern can only be achieved when our revenues reach a level that sustains our business operations. The launch of the platform is expected in the third quarter of 2017, however, we do not project that significant revenue will be developed until later in 2017. There can be no assurance that we will raise sufficient proceeds, or any proceeds, for us to implement fully our proposed business plan. Moreover there can be no assurance that even if platform is developed and launched, that we will generate revenues sufficient to fund our operations. In either such situation, we may not be able to continue our operations and our business might fail.

Based upon the current cash position and the Company's planned expense run rate, management believes the Company will not be able to finance its operations beyond May 2017.

The foregoing forward-looking information was prepared by us in good faith based upon assumptions that we believe to be reasonable. No assurance can be given, however, regarding the attainability of the projections or the reliability of the assumptions on which they are based. The projections are subject to the uncertainties inherent in any attempt to predict the results of our operations, especially where new products and services are involved. Certain of the assumptions used will inevitably not materialize and unanticipated events will occur. Actual results of operations are, therefore, likely to vary from the projections and such variations may be material and adverse to us. Accordingly, no assurance can be given that such results will be achieved. Moreover due to changes in technology, new product announcements, competitive pressures, system design and/or other specifications we may be required to change the current plans.

Off-Balance Sheet Arrangements

As of March 31, 2017, we do not have any off-balance sheet arrangements.

Critical Accounting Policies

Our financial statements are impacted by the accounting policies used and the estimates and assumptions made by management during their preparation. A complete summary of these policies is included in Note 1 of the Notes to Financial Statements included in the Company's Form 10-K for the year ended December 31, 2016. We have identified below the accounting policies that are of particular importance in the presentation of our financial position, results of operations and cash flows and which require the application of significant judgment by management.

Stock-based Compensation

We have adopted the fair value recognition provisions Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 718. In addition, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 107 "*Share-Based Payment*" ("SAB 107") in March, 2005, which provides supplemental FASB ASC 718 application guidance based on the views of the SEC. Under FASB ASC 718, compensation cost recognized includes compensation cost for all share-based payments granted beginning January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of FASB ASC 718.

We have used the Black-Scholes option-pricing model to estimate the option fair values. The option-pricing model requires a number of assumptions, of which the most significant are, expected stock price volatility, the expected pre-vesting forfeiture rate and the expected option term (the amount of time from the grant date until the options are exercised or expire).
All issuances of stock options or other equity instruments to non-employees as consideration for goods or services received by the Company are accounted for based on the fair value of the equity instruments issued. Non-employee equity based payments that do not vest immediately upon grant are recorded as an expense over the service period, as if the Company had paid cash for the services. At the end of each financial reporting period, prior to the completion of the services, the fair value of the equity based payments will be re-measured and the non-cash expense recognized during the period will be adjusted accordingly. Since the fair value of equity based payments granted to non-employees is subject to change in the future, the amount of the future expense will include fair value re-measurements until the equity based payments are fully vested or the service is completed.

Revenue Recognition

In accordance with Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 104, Revenue Recognition (Codified in FASB ASC 605), we will recognize revenue when (i) persuasive evidence of a customer or distributor arrangement exists or acceptance occurs, (ii) a retailer, distributor or wholesaler receives the goods, (iii) the price is fixed or determinable, and (iv) collectability of the sales revenues is reasonably assured. Subject to these criteria, we have generally recognized revenue from Oink and ParentMatch at the time of the sale of the associated product.

Recently Issued Accounting Pronouncements

Recently issued accounting pronouncements are discussed in Note 1 of the Notes to Financial Statements contained elsewhere in this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES.

As of March 31, 2017, we carried out the evaluation of the effectiveness of our disclosure controls and procedures required by Rule 13a-15(e) under the Exchange Act under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2017, our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

There has been no change in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2017 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.

There have been no material developments from the disclosure provided in the Company's Form 10-K for the year ended December 31, 2016.

ITEM 1A. RISK FACTORS.

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors in addition to other information in this Quarterly Report on Form 10-Q before purchasing our common stock. The risks and uncertainties described below are those that we currently deem to be material and that we believe are specific to our company and our industry. In addition to these risks, our business may be subject to risks currently unknown to us. If any of these or other risks actually occurs, our business may be adversely affected, the trading price of our common stock may decline, and you may lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS

We have a history of losses, have yet to begin generating significant revenue, will require additional capital, and our auditors have raised substantial doubt about our ability to continue as a going concern.

We have experienced net losses in each fiscal quarter since our inception and as of December 31, 2016, have an accumulated deficit of approximately $66.7 million. We incurred net losses to common shareholders of approximately $5.9 million during the year ended December 31, 2016 and approximately $8.7 million during the year ended December 31, 2015. At May 15, 2017 we had a cash position of $23,000. Depending on the speed at which we begin to generate revenue, and to the degree we continue to accelerate spending to take advantage of our market opportunity, we will need additional capital to execute our business plan. As a result of these conditions, the report of our independent accountants issued in connection with the audit of our financial statements as of and for our fiscal year ended December 31, 2016 contained a qualification raising a substantial doubt about our ability to continue as a going concern.

In order to execute our business plan and pay expenses in connection with unforeseen events, we will need to raise additional capital, which may not be available on terms acceptable to us, if at all.

In order to execute our current business plan, we will need to raise additional capital. The amount of funding required will be determined by many factors, some of which are beyond our control, and we may require such funds sooner than currently anticipated or to cover unforeseen expenses. We expect that any such funding would be raised through sales of our debt or equity securities. When raising additional funding, general market conditions or the then-current market price of our common stock may not support capital raising transactions. We have not made arrangements to obtain additional financing and we can provide no assurance that additional financing will be available in an amount or on terms acceptable to us, if at all. If we cannot raise funds when they are needed or if such funds cannot be obtained on acceptable terms, we may not be able to (a) pay our costs and expenses as they are incurred, (b) execute our business plan, (c) take advantage of future opportunities, or (d) respond to competitive pressures or unanticipated requirements or in the extreme case, liquidate the Company. This may seriously harm our business, financial condition and results of operations.

We are essentially a start-up company with an unproven business model which makes it difficult to evaluate our current business and future prospects.

We are essentially a start-up company introducing new services and technologies. We are completing the development part of our enhanced Platform, however, we have not generated significant revenue. We expect to generate all of our future revenues from the development and marketing of our COPPA compliant payment solution Platform to financial institutions and merchants. However, we have only a very limited operating history and have not generated significant revenue upon which to base an evaluation of our current business and future prospects. Although our management team has substantial experience in developing and managing businesses, they have never developed or offered such a technology and there can be no assurance that we will be able to successfully develop and market such a technology. If we are unable to fully develop and commercialize our Platform, or manage other challenges facing development stage companies, such as raising additional capital, managing existing and expanding operations, and hiring qualified personnel, we may continue to be unprofitable or, in the extreme case, be forced to cease operations. Before purchasing our common stock, you should consider an investment in our common stock in light of the risks, uncertainties and difficulties frequently encountered by early stage companies in new and evolving markets such as ours, including those described herein. We may not be able to successfully address any or all of these risks. Failure to adequately address such risks would have a material adverse effect on our financial condition and results of operation and could cause our business to fail.

Our management has limited experience in our relatively new industry, which may make it difficult for you to evaluate our business prospects.

Our senior management does not have direct experience in the online payment or retailing industries. There can be no assurance that our management team will be successful in working together to develop and market our Platform. In addition, the online payment industry is a relatively new industry. Although there a number of online payment solutions, relatively few are directed specifically to the “Under 18” market segment. You must consider our business prospects in light of the risks and difficulties we will encounter in the future in a new and rapidly evolving industry. We may not be able to successfully address these risks and difficulties, which could materially harm our business prospects, financial condition and results of operations.

We are developing a unique service platform which is new to the market and there is substantial uncertainty regarding the level of consumer and industry acceptance, if any, of our platform.

Our Platform is intended to provide a unique solution to certain financial institutions, website operators and online merchants. As we do not believe any provider is currently offering such a solution, it is very difficult for us to predict the level of demand and market acceptance of our Platform by consumers or online retailers. As regulations, consumer and industry preferences and trends evolve, there is a high degree of uncertainty about whether users will value some or all of the key features which we intend to incorporate into the Platform. The failure of the marketplace to deem our features desirable may discourage use of our Platform and limit our ability to generate any meaningful revenues or profits which would have a material adverse effect on our business, operating results, and financial condition.

Fluctuations in demand for our Platform may have a material adverse effect on our business, operating results and financial condition.

We are subject to fluctuations in demand for our Platform due to a variety of factors, including general economic conditions, including the possibility of a prolonged period of limited economic growth or possible economic decline in the U.S., competition; disruptions to the credit and financial markets in Europe, the U.S., and elsewhere; contractions or limited growth in consumer spending or consumer credit; and adverse economic conditions that may be specific to the Internet, ecommerce and payments industries.

We are also subject to product obsolescence, technological change, shifts in buying patterns, financial difficulties and budget constraints of current and potential customers, levels of demand for virtual goods, awareness of security threats to IT systems, and other factors. While such factors may, in some periods increase revenues, fluctuations in demand can also negatively impact our revenues.

Weak consumer spending may adversely affect our business prospects, financial condition and results of operations.

Our ability to attract new users, and encourage users to purchase items through our website, and use our payment services in times where consumer spending is weak could materially and adversely affect our business, financial condition and results of operations.

Undetected programming errors or flaws in our Platform could harm our reputation or prevent market acceptance of the Platform which would materially and adversely affect our business prospects, reputation, financial condition and results of operations.

The Platform may contain programming errors or flaws, which may become apparent only after sustained use in the market. In addition, the Platform was developed using programs and engines developed by and/or licensed from third party vendors, which may include programming errors or flaws over which we have no control. If our users or partners have a negative experience with the Platform, related to or caused by undetected programming errors or flaws, they may be less inclined to continue or resume use of the Platform or recommend the Platform to other potential users. Undetected programming errors in the Platform can also cause our users or partners to cease using the Platform or delay market acceptance of the Platform, either of which could materially and adversely affect our business, financial condition and results of operations.

Our future growth is largely dependent upon our ability to develop technologies that achieve market acceptance with acceptable margins.

The markets for our products and services are characterized by constant technological changes, frequent introductions of new products and services and evolving industry standards. Our ability to execute our business depends upon a number of factors, including our ability to identify emerging technological and market trends in our target end-markets, develop and maintain competitive products, create our Platform that differentiates our services from those of our competitors, and develop and bring services to market quickly and cost-effectively. In addition, we will need to effectively manage risks associated with new products and production ramp issues as well as risks that new products may have quality or other defects in early stages of introduction. The process of developing new high technology products, services and solutions and enhancing our existing products is complex, costly and uncertain. Our ability to continually refine and successfully commercialize the Platform will require substantial technological innovation and requires the investment of significant resources. These development efforts may not lead to the ongoing evolution of the Platform on a timely basis or meet the needs of our customers as fully as competitive offerings. Any failure by us to anticipate customers' changing needs and emerging technology trends accurately could significantly harm our market share and results of operations. In addition, the markets for our services may not develop or grow as we anticipate. The failure of our products to gain market acceptance or their obsolescence due to more attractive offerings by competitors could significantly impact our revenues and adversely affect our business, operations and financial results.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, and damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business/operating margins, revenues and competitive position.

Our plans are dependent upon key individuals and the ability to attract qualified personnel, as well as our relationship with outside developers.

In order to execute our business plan, we will be dependent upon John Coyne, our Chairman of the Board and Chief Executive Officer, as well as other key development personnel. The loss of any of the foregoing individuals could have a material adverse effect upon our business prospects. Moreover our success continues to depend to a significant extent on our ability to identify, attract, hire, train and retain qualified professional, creative, technical and managerial personnel. Competition for such personnel is intense, and there can be no assurance that we will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. The competition for software developers, and technical directors is especially intense because the software market has significantly expanded over the past several years. If we are unable to hire, assimilate and retain such qualified personnel in the future, our business, operating results, and financial condition could be materially adversely effected. We may also depend on third party contractors and other partners, to develop our Platform as well as any future enhancements thereto. There can be no assurance that we will be successful in either attracting and retaining qualified personnel, or creating arrangements with such third parties. The failure to succeed in these endeavors would have a material adverse effect on our ability to consummate our business plans.

Our lack of patent and/or copyright protection and any unauthorized use of the Platform by third parties, may adversely affect our business.

We have made patent applications with the United States Patent and Trademark Office related to our Platform, which we rely on for protection to our technology. We also rely on a combination of protections provided by contracts, including confidentiality and nondisclosure agreements, and common law rights, such as trade secrets, to protect our intellectual property. However, we cannot assure you that we will be able to adequately protect our technology or other intellectual property from misappropriation in the U.S. and abroad. This risk may be increased due to the lack of complete patent and/or copyright protection. Any patent issued to us could be challenged, invalidated or circumvented or rights granted thereunder may not provide a competitive advantage to us. Furthermore, patent applications that we file may not result in issuance of a patent or, if a patent is issued, the patent may not be issued in a form that is advantageous to us. Despite our efforts to protect our intellectual property rights, others may independently develop similar products, duplicate our products or design around our patents and other rights. In addition, it is difficult to monitor compliance with, and enforce, our intellectual property rights on a worldwide basis in a cost-effective manner. In jurisdictions where foreign laws provide less intellectual property protection than afforded in the U.S. and abroad, our technology or other intellectual property may be compromised, and our business would be materially adversely affected. If any of our proprietary rights are misappropriated or we are forced to defend our intellectual property rights, we will have to incur substantial costs. Such litigation could result in substantial costs and diversion of our resources, including diverting the time and effort of our senior management, and could disrupt our business, as well as have a material adverse effect on our business, prospects, financial condition and results of operations. We can provide no assurance that we will have the financial resources to oppose any actual or threatened infringement by any third party. Furthermore, any patent or copyrights that we may be granted may be held by a court to infringe on the intellectual property rights of others and subject us to the payment of damage awards.

We may be subject to claims with respect to the infringement of intellectual property rights of others, which could result in substantial costs and diversion of our financial and management resource*s*.

Third parties may claim that we are infringing on their intellectual property rights. We may violate the rights of others without our knowledge. We may expose ourselves to additional liability if we agree to indemnify our clients against third party infringement claims. While we know of no basis for any claims of this type, the existence of and ownership of intellectual property can be difficult to verify and we have not made an exhaustive search of all patent filings. Additionally, most patent applications are kept confidential for twelve to eighteen months, or longer, and we would not be aware of potentially conflicting claims that they make. We may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternative technology or obtain other licenses. In addition, we may incur substantial expenses in defending against these third party infringement claims and be diverted from devoting time to our business and operational issues, regardless of the merits of any such claim. In addition, in the event that we recruit employees from other technology companies, including certain potential competitors, and these employees are used in the development of portions of the Platform which are similar to the development in which they were involved at their former employers, we may become subject to claims that such employees have improperly used or disclosed trade secrets or other proprietary information. If any such claims were to arise in the future, litigation or other dispute resolution procedures might be necessary to retain our ability to offer our current and future services, which could result in substantial costs and diversion of our financial and management resources. Successful infringement or licensing claims against us may result in substantial monetary damages, which may materially disrupt the conduct of our business and have a material adverse effect on our reputation, business, financial condition and results of operations. Even if intellectual property claims brought against us are without merit, they could result in costly and time consuming litigation, and may divert our management and key personnel from operating our business.

If we are unable to effectively protect our intellectual property rights on a worldwide basis, we may not be successful in the planned international expansion of our Platform.

Access to worldwide markets depends in part on the strength of our intellectual property portfolio. There can be no assurance that, as our business expands into new areas, we will be able to independently develop the technology, software or know-how necessary to conduct our business or that we can do so without infringing the intellectual property rights of others. To the extent that we have to rely on licensed technology from others, there can be no assurance that we will be able to obtain licenses at all or on terms we consider reasonable. The lack of a necessary license could expose us to claims for damages and/or injunction from third parties, as well as claims for indemnification by our customers in instances where we have a contractual or other legal obligation to indemnify them against damages resulting from infringement claims. With regard to our own intellectual property, we intend to actively enforce and protect our rights. However, there can be no assurance that our efforts will be adequate to prevent the misappropriation or improper use of our protected technology in international markets.

If we are unable successfully to manage growth, our operations could be adversely affected.

Our progress is expected to require the full utilization of our management, financial and other resources, which to date has occurred with limited working capital. Our ability to manage growth effectively will depend on our ability to improve and expand operations, including our financial and management information systems, and to recruit, train and manage sales personnel. There can be no assurance that we will be able to manage growth effectively. If we do not properly manage the growth of our business, we may experience significant strains on our management and operations and disruptions in our business. Various risks arise when companies and industries grow quickly. If our business or industry grows too quickly, our ability to meet customer demand in a timely and efficient manner could be challenged. We may also experience development delays as we seek to meet increased demand for our products. Our failure to properly manage the growth that we or our industry might experience could negatively impact our ability to execute on our operating plan and, accordingly, could have an adverse impact on our business, our cash flow and results of operations, and our reputation with our current or potential customers.

As a public company, we are required to incur substantial expenses.

We are subject to the periodic reporting requirements of the Exchange Act, which requires, among other things, review, audit, and public reporting of our financial results, business activities, and other matters. SEC regulations, including regulations enacted as a result of the Sarbanes-Oxley Act of 2002, have also substantially increased the accounting, legal, and other costs related to compliance with SEC reporting obligations. If we do not have current information about our Company available to market makers, they will not be able to trade our stock. The public company costs of preparing and filing annual and quarterly reports, and other information with the SEC will cause our expenses to be higher than they would be if we were privately-held. These increased costs may be material and may include the hiring of additional employees and/or the retention of additional advisors and professionals. Our failure to comply with the federal securities laws could result in private or governmental legal action against us and/or our officers and directors, which could have a detrimental effect on our business and finances, the value of our stock, and the ability of stockholders to resell their stock.

The impact of laws regulating financial institutions may adversely impact our business.

The impact of laws regulating financial institutions, including the Dodd-Frank Wall Street Reform and Consumer Protection Act may adversely impact our business as a result of our reliance on merchants to provide services for our Platform.

We operate in a highly competitive industry and compete against many large companies.

Many companies worldwide are dedicated to providing online payment solutions including mobile payments, electronic funds transfer networks, cross-border access to networks, prepaid cards, bill pay networks and other online and offline payment methods. The market in which we operate is characterized by numerous and larger competitors, including PayPal, credit card companies, and credit card processors that offer services to online retailers, rapid technological changes, and intense competition. We expect more companies to enter the online payment business, particularly the segment aimed at serving the “Under 18” demographic. Most if not all of these competitors have longer operating histories, significantly greater financial, technical, marketing, customer service and other resources, and greater name recognition than us. As a result, they may respond to new or emerging technologies and changes in customer requirements faster and more effectively than we can. If any current online payment solution develops a COPPA compliant service, it would be substantially more difficult for us to introduce and distribute our Platform to the market, and our business, financial condition and results of operations would be materially and adversely affected.

Changes to payment card networks or bank fees, rules, or practices could harm our business and, if we do not comply with the rules, could result in a termination of our ability to accept credit cards. If we are unable to accept credit cards, our competitive position would be seriously damaged.

We belong to or directly access payment card networks, such as Visa, MasterCard and the National Automated Clearing House Association (“NACHA”), in order to accept or facilitate the processing of credit cards and debit cards (including some types of prepaid cards) for merchants. We also expect to rely on banks or other payment processors to process transactions, and must pay fees for this service. From time to time, payment card networks have increased, and may increase in the future, the interchange fees and assessments that they charge for each transaction using one of their cards. Generally, payment card processors have the right to pass any increases in interchange fees and assessments on to payment systems like ours as well as increase their own fees for processing. Changes in interchange fees and assessments could increase our operating costs and reduce profit margins, if any. In addition, in some markets, governments have required Visa and MasterCard to reduce interchange fees, or have opened investigations as to whether Visa or MasterCard's interchange fees and practices violate antitrust law. The financial reform law enacted in 2010 authorizes the Federal Reserve Board to regulate debit card interchange rates and debit card network exclusivity provisions, and the Federal Reserve Board has proposed rules that include caps on debit card interchange fees at significantly lower rates than Visa or MasterCard currently charge. We expect to be required by our processors to comply with payment card network operating rules, which generally include the obligation to reimburse processors for any fines they are assessed by payment card networks as a result of any rule violations by users of Oink. The payment card networks set and interpret the card rules which could be more difficult or expensive to comply with. We also expect to be required to comply with payment card networks' special operating rules for Internet payment services. Some of these rules may be difficult or even impossible for us to comply with. If we are unable to comply with these rules, we may be subject to fines for any failure to comply with such rules or we may lose our ability to gain access to the credit card associations or NACHA.

Any capacity constraints or system disruptions, including natural disasters, could have a material adverse effect on our business

Our business will rely significantly on Internet technologies and infrastructure. Therefore, the performance and reliability of our Internet sites and network infrastructure will be critical to our ability to attract and retain users, merchants and strategic partners. Any system error, outage or failure, or a sudden and significant increase in traffic, may result in the unavailability of sites and significantly delay response times. Individual, sustained or repeated occurrences could result in a loss of potential or existing users. Our systems and operations will be vulnerable to interruption or malfunction due to certain events beyond our control, including natural disasters, telecommunications failures and computer hacking. We will also rely on Web browsers and online service providers to provide Internet access to our sites. There can be no assurance that we will be able to expand our network infrastructure, either alone or through use of third-party hosting systems or service providers, on a timely basis sufficient to meet demand. Our operations and services depend on the extent to which our computer equipment and the computer equipment of our third-party network providers is protected against damage from fire, earthquakes, terrorist acts, natural disasters, computer viruses, unauthorized entry, power loss, telecommunications failures, and similar events. Despite precautions taken by us and our third-party network providers, over which we have no control, a natural disaster or other unanticipated problems at our headquarters or a third-party provider could cause interruptions in the services that we provide. If disruptions occur, we may have no means of replacing these network elements on a timely basis or at all. Any accident, incident, system failure, or discontinuance of operations involving our network or a third-party network that causes interruptions in our operations could have a material adverse effect on our ability to provide services to our customers and, in turn, on our business, financial condition, and results of operations.

Our business will be dependent upon broadband carriers.

We will rely on broadband providers to provide high speed data communications capacity to our customers. We may experience disruptions or capacity constraints in these broadband services. If disruptions or capacity constraints occur, we may have no means of replacing these services, on a timely basis or at all. In addition, broadband access may be limited or unavailable in certain areas, thereby reducing our potential market.

We may be subject to credit card transaction fraud

Our business model depends upon the processing of credit cards and may include the sale of gift cards. In cases where we are the merchant of record on a gift card sale, we could be held financially responsible for the value of gift cards which are purchased using a fraudulent or stolen credit card. While we use software and safeguards to ensure that credit cards we accept are valid, there can be no assurance that credit card fraud will not occur. In addition, in the case of transactions where our merchant is in the United States and is the merchant of record, we are not generally responsible for credit card fraud. However, given that our business is dependent on the successful processing of credit cards and payment solutions, fraudulent processing could have an adverse effect on our merchant relationships and could result in liability. Additionally, other countries have varying rules on who the responsible party would be in certain variations of credit card or other payment fraud. While we are researching such international policies and rules and are implementing safeguards to minimize risk, there can be no assurance that we will not incur liability relating to credit card or other payment fraud.

RISKS RELATED TO OUR COMMON STOCK

Our strategic alternatives process may not result in a successful corporate transaction or liquidity event.

Our Board of Directors is exploring our strategic alternatives. Any process of exploring strategic alternatives includes market risk and other uncertainties. There can be no assurance that the aforementioned exploration of strategic alternatives will result in the successful consummation of a liquidity event, capital raise or other corporate transaction, on a basis that will provide any specific level of value to our common stockholders or other security holders, or at all. We do not currently have an investment bank engaged with respect to the strategic alternatives process, however, we are in discussions with investment banking firms with respect to such an engagement. We remain committed to the exploration and assessment of our strategic alternatives.

Trading in our common stock has been limited, there is no significant trading market for our common stock, and purchasers of our common stock may be unable to sell their shares.

Our common stock is currently eligible for quotation on the OTC QB, however trading to date has been limited. If activity in the market for shares of our common stock does not increase, purchasers of our shares may find it difficult to sell their shares. We currently do not meet the initial listing criteria for any registered securities exchange, including the Nasdaq Stock Market. The OTC Bulletin Board is a less recognized market than the foregoing exchanges and is often characterized by low trading volume and significant price fluctuations. These and other factors may further impair our stockholders' ability to sell their shares when they want to and/or could depress our stock price. As a result, stockholders may find it difficult to dispose of, or obtain accurate quotations of the price of our securities because smaller quantities of shares could be bought and sold, transactions could be delayed and security analyst and news coverage of our Company may be limited. These factors could result in lower prices and larger spreads in the bid and ask prices for our shares of common stock.

We may not be able to qualify to have our common stock listed on a national stock exchange

The Company's common stock currently trades on the Over the Counter Market ("OTC QB") in the United States. Listing requirements for exchanges such as NASDAQ include financial and trading requirements that, as of December 31, 2016 the Company does not meet. The listing process can be lengthy, is discretionary and ultimately must include meeting financial and trading requirements. There can be no assurance that the Company will ever be listed on a national stock exchange. Currently, the Company does not qualify for listing based on its stock price, among other things. Therefore, certain institutional investors may not be able to purchase the Company's common stock as a result of their own ownership guidelines and liquidity in the Company's common stock would remain more limited. Further, the Company's ability to raise money through subsequent offerings of its common stock will be more limited if the Company is not able to list on a national exchange.

Applicable SEC rules governing the trading of "penny stocks" may limit the trading and liquidity of our common stock which may affect the trading price of our common stock.

Our common stock is a "penny stock" as defined under Rule 3a51-1 of the Exchange Act, and is accordingly subject to SEC rules and regulations that impose limitations upon the manner in which our common stock can be publicly traded. Penny stocks generally are equity securities with a per share price of less than $5.00 (other than securities registered on some national securities exchanges or quoted on NASDAQ). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document that provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and, if the broker-dealer is the sole market maker, the broker-dealer must disclose this fact and the broker-dealer's presumed control over the market, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, broker-dealers who sell these securities to persons other than established customers and "accredited investors" must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. Consequently, these requirements may have the effect of reducing the level of trading activity, if any, of our common stock and reducing the liquidity of an investment in our common stock.

We have outstanding shares of preferred stock with rights and preferences superior to those of our common stock.

The issued and outstanding shares of Series A Cumulative Convertible Preferred Stock and Series B Cumulative Convertible Preferred Stock, and the authorized but unissued shares of Series C Cumulative Convertible Preferred Stock, grant the holders of such preferred stock anti-dilution, voting, dividend and liquidation rights (including liquidation multiples) that are superior to those held by the holders of our common stock. In addition, upon the issuance or deemed issuance of additional shares of common stock in the future for a price below the applicable preferred stock conversion price (currently $0.90 per share), the conversion price of the Series A and Series B Cumulative Convertible Preferred Stock will be lowered based on a weighted average formula, and the conversion price of the Series C Cumulative Convertible Preferred Stock will be lowered based on a full-ratchet formula for twelve months from the original authorization date and pursuant to a weighted average formula thereafter, all of which will have the effect of immediately diluting the holders of our common stock.

Sales of a substantial number of shares of our common stock in the public market originally issued through the conversion of preferred stock, exercise of options or warrants, or additional financing transactions could adversely affect the market price of our common stock and would have a dilutive effect upon our shareholders.

Historically, our common stock has been thinly traded. This low trading volume may have had a significant effect on the market price of our common stock, which may not be indicative of the market price in a more liquid market. As of March 31, 2017, options and warrants for the purchase of 23,900,342 shares of our common stock were outstanding and 13,697,800 shares of common stock were issuable upon conversion of our outstanding Series A and B Cumulative Convertible Preferred Stock and promissory notes convertible into Series B and Series C Cumulative Convertible Preferred Stock. Sales of a substantial number of shares of our common stock in the public market originally issued through the conversion of convertible notes, preferred stock, exercise of options or warrants, or additional financing transactions could adversely affect the market price of our common stock.

We intend to raise additional funds in the future through issuances of securities and such additional funding may be dilutive to shareholders or impose operational restrictions.

We intend to raise additional capital in the future to help fund our operations through sales of shares of our common stock or securities convertible into shares of our common stock, as well as issuances of debt. Such additional financing may be dilutive to our shareholders, and debt financing, if available, may involve the pledge of security interests in our assets, and restrictive covenants, which may limit our operating flexibility. If additional capital is raised through the issuances of shares of our common stock or securities convertible into shares of our common stock, the percentage ownership of existing shareholders will be reduced. These shareholders may experience additional dilution in net book value per share and any additional equity securities may have rights, preferences and privileges senior to those of the holders of our common stock.

Because we do not expect to pay dividends for the foreseeable future, investors seeking cash dividends should not purchase shares of common stock.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to finance the expansion of our business. As a result, we do not anticipate paying any cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including but not limited to our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Accordingly, investors must rely on sales of their shares, after price appreciation, which may never occur, as the only way to realize any return on their investment. Investors seeking cash dividends should not purchase our shares.

We are not subject to certain corporate governance provisions of the Sarbanes-Oxley Act of 2002 and without voluntary compliance with such provisions, our shareholders will not receive the benefits and protections they were enacted to provide.

Since our common stock is not listed for trading on a national securities exchange, we are not subject to certain of the corporate governance requirements established by the national securities exchanges pursuant to the Sarbanes-Oxley Act of 2002. These include rules relating to independent directors, and independent director nomination, audit and compensation committees. Unless we voluntarily elect to comply with those obligations, investors in our shares will not have the protections offered by those corporate governance provisions.

We will be required to remain current in our filings with the SEC or our securities will not be eligible for continued quotation on the OTC QB.

We are required to remain current in our filings with the SEC in order for our shares of common stock to continue to be eligible for quotation on the OTC QB. In the event that we become delinquent in our required filings with the SEC, quotation of shares of our common stock will be terminated following a 30 day grace period if we do not make our required filing during that time. In such event purchasers of our common stock may find it difficult to sell their common stock.

If we issue shares of preferred stock with superior rights to the shares of common stock, it could result in a decrease in the value of our common stock and delay or prevent a change in control of us.

Our board of directors is authorized to issue up to 2,000,000 shares of preferred stock with such rights, designation, and preferences as determined by our board of directors. As of the date of this report, we have issued 136,978 shares of preferred stock (consisting of 108,600 shares of Series A Cumulative Convertible Preferred Stock and 28,378 shares of Series B Cumulative Convertible Preferred Stock), authorized the issuance of up to 150,000 shares of Series C Cumulative Convertible Preferred Stock, and 1,863,022 preferred shares remain unissued. Our board of directors has the power to establish the dividend rates, liquidation preferences, voting rights, redemption and conversion terms and privileges with respect to any series of preferred stock without shareholder approval. Depending upon our future financial needs, our board may, in the exercise of its business discretion, determine to issue additional shares of preferred stock having rights superior to those of our common stock which may result in a decrease in the value or market price of such shares. Holders of such preferred stock may have the right to receive dividends, certain preferences in liquidation and conversion rights. The issuance of preferred stock could, under certain circumstances, have the effect of delaying, deferring or preventing a change in control of us without further vote or action by the stockholders and may adversely affect the voting and other rights of the holders of the shares of our common stock.

Provisions of our certificate of incorporation, bylaws and Delaware law may make a contested takeover of our Company more difficult.

Certain provisions of our certificate of incorporation, bylaws and the General Corporation Law of the State of Delaware ("DGCL") could deter a change in our management or render more difficult an attempt to obtain control of us, even if such a proposal is favored by a majority of our stockholders. For example, we are subject to the provisions of the DGCL that prohibit a public Delaware corporation from engaging in a broad range of business combinations with a person who, together with affiliates and associates, owns 15% or more of the corporation's outstanding voting shares (an "interested stockholder") for three years after the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Our certificate of incorporation also includes undesignated preferred stock, which may enable our board of directors to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Finally, our bylaws include an advance notice procedure for stockholders to nominate directors or submit proposals at a stockholders meeting. Delaware law and our charter may therefore inhibit a takeover.

The influx of additional shares of our common stock onto the market pursuant to SEC Rule 144 may create downward pressure on the trading price of our common stock.

A material percentage of the currently outstanding shares of our common stock are *"restricted securities"* within the meaning of Rule 144 under the Securities Act of 1933, as amended. As restricted securities, these shares may be resold only pursuant to an effective registration statement, under the requirements of Rule 144, or other applicable exemptions from registration under the Act and applicable state securities laws. Generally, Rule 144 provides that a person who has held restricted securities for a prescribed period may, under certain conditions, publicly resell such shares. Under Rule 144, a non-affiliate (i.e., a stockholder who has not been an officer, director or control person for at least 90 consecutive days) may freely resell restricted securities issued by a reporting company so long as such securities have been held by the owner for a period of at least one year, or under certain circumstances six months. The availability of a large number of shares for sale to the public under Rule 144 and the sale of such shares in public markets could have an adverse effect on the market price of our common stock.

We may require shareholders to authorize additional shares for us to properly finance our business

Upon the Company's formation, and through a subsequent approval, our shareholders authorized and approved 230,000,000 shares of common stock. Currently, only 57.4 million of such shares remain available for issuance. To finance and continue to grow our business, we will require additional capital and have historically relied upon the issuance of common stock, or securities convertible into common stock, for such financing. Should our shareholders be unwilling to approve a sufficient increase in the number of our authorized shares of common stock, we would be required to finance our business with debt or other instruments, which may be difficult or impossible to secure on terms acceptable to us. If that were to occur, we may not be able to (a) pay our costs and expenses as they are incurred, (b) execute our business plan, (c) take advantage of future opportunities, or (d) respond to competitive pressures or unanticipated requirements or in the extreme case, liquidate the Company.

RISKS RELATED TO OUR FINANCIAL STATEMENTS

Management's judgment could impact the amount of non-cash compensation expense

To estimate the fair value of our stock option awards we currently use the Black-Scholes options pricing model. The determination of the fair value of equity-based awards on the date of grant using an options pricing model is affected by our then current stock price as well as assumptions regarding a number of complex and subjective variables. Management is required to make certain judgments for these variables which include the expected stock price volatility over the term of the awards, the expected term of options based on employee exercise behaviors, and the risk-free interest rate. One of the factors used in determining such value is stock volatility. Because of the limited trading activity of our common stock, prior to January 1, 2014, we used the stock volatility of four peer companies. To the extent that we used different peer companies to measure volatility, a different stock volatility factor may have resulted which would have caused a different stock valuation and a related increase or decrease in non-cash compensation expense. If actual results are not consistent with our assumptions and judgments used in estimating key assumptions, in future periods, the stock option expense that we record for future grants may differ significantly from what we have recorded in the current period.

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

During the three months ended March 31, 2017, the Company received loans in the amount of $25,000 with no formal repayments terms and no interest.

On February 8, 2017, $200,000 of the Notes were exchanged for $200,000 of the 3.5% Secured convertible notes payable – stockholders, comparable to the August 2016 exchange issuance.

On January 20, 2017, the Company issued a promissory note in the amount of $200,000 bearing interest at 10% per annum and maturing on March 6, 2017, along with warrants to purchase 200,000 shares of the Company's common stock, with an exercise price of $0.90, expiring in three years. This promissory note was converted into the Company's 3.5% Secured Convertible Promissory Notes and the note holder received another 100,000 warrants to purchase the Company's common stock at an exercise price of $0.90, expiring in three years, on May 3, 2017.

In April 2017, the Company issued $600,000 principal amount of its New Secured Notes to certain accredited investors.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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

SIGNATURES

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

REGO PAYMENT ARCHITECTURES, INC.

By: /s/ Scott McPherson
Scott McPherson
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)

Date: May 15, 2017