SECTOR 10 INC
Form DEF 14C
April 24, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934 (Amendment No.)

Check the appropriate box:

Preliminary Information Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))

ü Definitive Information Statement

SECTOR 10, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement,

if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ü No fee required.

Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing

for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

SECTOR 10, INC.

14553 South 790 West, Suite C
Bluffdale, Utah 84065

INFORMATION STATEMENT

This Information Statement is being furnished to you in your capacity as a stockholder (***Stockholder***) of SECTOR 10, INC., a Delaware corporation (***Sector 10*** or the ***Company***) to solicit your written consent (***Consent***) to amend the Articles of Incorporation of the Company (the ***Articles of Incorporation***) in order to effect a reverse split of the outstanding shares of the common stock of the Company (the ***Common Stock***), pursuant to which each 10 shares of pre-split Common stock issued and outstanding as of the effective date of the reverse split will be reclassified and combined into one share of post-split Common Stock (the ***Reverse Split***).

The Board of Directors of Sector 10 (the ***Board***) has fixed the close of business on August 18, 2008, as the record date (the ***Record Date***) for determination of Stockholders entitled to receive notice of and consent to the Reverse Split. Accordingly, only Stockholders that hold shares of Common Stock on the Record Date will be entitled to consent to the Reverse Split. As of the Record Date, there were 90,060,292 shares of Common Stock issued and outstanding held by approximately 175 Stockholders of record.

The documents accompanying this Information Statement and the summaries in this Information Statement are qualified in their entirety by reference to the complete text of the documents. You are strongly encouraged to review this Information Statement and each of the documents accompanying this Information Statement. You are also encouraged to consult your legal, tax, financial and business advisors with respect to the matters discussed in this Information Statement.

WE ARE NOT ASKING FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

OTHER THAN MEMBERS OF THE BOARD, NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN THOSE CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. THE DELIVERY OF THIS INFORMATION STATEMENT SHALL NOT UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF, OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE OR SUPPLEMENT THE INFORMATION SET FORTH HEREIN.

This information statement is delivered to notify stockholders of Sector 10, Inc., a Delaware corporation (the "company"), that on August 20, 2008, holders of more than a majority of the outstanding shares of common stock, $0.001 par value (the "common stock"), of the Company (the "majority stockholders"), acting by written consent in lieu of a meeting, approved an amendment (the amendment) to the Certificate of Incorporation of the Company, to effect the reverse split. A copy of the amendment is attached hereto as appendix a.

This is not a notice of a meeting of the stockholders of the company and no stockholders meeting will be held to consider the matters described herein. This information statement is being distributed to our stockholders under section 228(e) of the Delaware general corporation law and section 14(c) of the securities exchange act of 1934, as amended (the exchange act). No further notice of the filing of the amendment or the effectiveness of the actions described herein will be given to stockholders of the company.

This information statement is first being mailed to the Company's stockholders on or about August 20, 2008. pursuant to rule 14c-2 promulgated by the securities and exchange commission under the exchange act, the amendment and the name change will not become effective until at least 20 days following the date this information statement is sent to our stockholders. references in this information statement to company, we, us, or our are references to Sector 10, In

By Order of the Board of Directors

/s/ Pericles DeAvila

Pericles DeAvila

Chief Executive Officer and President

THIS INFORMATION STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OF SECTOR 10.

The date of this Information Statement is August 20, 2008.

INTRODUCTION

The Board is soliciting the Consents to amend the Articles of Incorporation in order to effect the Reverse Split, pursuant to which each 10 shares of the pre-split Common Stock issued and outstanding as of the effective date of the Reverse Split will be reclassified and combined into one share of post-split Common Stock.

If the proposal to amend the Articles of Incorporation is approved, the Board intends to execute the Amended and Restated Articles of Incorporation of the Company, substantially in the form attached hereto as **Appendix A** (the *Amended and Restated Articles of Incorporation*), effecting the Reverse Split. If the proposal to amend the Articles of Incorporation is not approved, the Company will not execute or file the Amended and Restated Articles of Incorporation.

Recommendation of the Board

AFTER CONSIDERATION OF THE FACTORS DESCRIBED IN THIS INFORMATION STATEMENT, THE BOARD HAS UNANIMOUSLY APPROVED THE REVERSE SPLIT AND RECOMMENDS THAT YOU CONSENT TO AND APPROVE THE REVERSE SPLIT.

Stockholder Consents

As permitted by the Bylaws of the Company (the *Bylaws*), the Company is soliciting the Consents in lieu of holding a regular or special meeting of the Stockholders. If the Company receives executed Consents from the holders of a majority of the outstanding shares of Common Stock, the Reverse Split described in this Information Statement will be approved. The Company does not presently intend to call a regular or special meeting of Stockholders for the purpose of considering and voting upon the proposal to approve the Reverse Split described in this Information Statement.

Sector 10 is a systems integration sales and marketing company representing a unique line of proprietary products and technologies developed and manufactured by Sector 10 Holdings, Inc. The products focus on the pre-deployment of emergency response while generating secondary revenue streams such as communication channels and interactive advertising. Sector 10 has been structured to position itself as a licensed sales and distribution venue for the Sector 10 emergency response products.

Sector 10 s life saving services center around the placement of stationary kiosks called SRU s in high traffic venues and high-rise buildings. The SRU s or stationary response units contain personal protective equipment (PPE) that can help people, prevent fatalities and injuries during natural disasters, terrorist attacks, and other life threatening situations such as fires. In addition the SRU provides four channels of communication and tracking capabilities that are linked to a command center and can interact with first responders to ensure the greatest number of lives can be saved.

These kiosks or Stationary Response Units (SRU s) can also be utilized as a means of communication during times of normal operation. The video displays create an interactive experience (with search and user menus) that enhances any facility by spreading information efficiently an effectively to patrons through an information and advertising network that caters to the specific needs of each unique building.

Sector 10 products have received endorsements from the Department of Homeland Security, Be Ready Utah, and Former Senator Jake Garn. Sector 10 is in the process of positioning itself as the global leader in pre-deployment emergency response.

Products

First and last, Sector 10 products serve a vital public safety function and are emergency response systems. This is particularly true of the SRU, which has no interactive communication system on-board. The primary market for this product is high-rise buildings.

SRUs offer these Emergency Response Features:

- Smoke, chemical and biological masks
- Eye wash system
- Iodide tablets
- Integrated computer system
- Visual touch screen panel
- Wi-Max wireless technology
- Surveillance camera
- Battery backup
- Evacuation chair
- Strobe light
- Siren
- First aid supply packs
- Real-time personnel tracking
- OSHA compliant

Sector 10 has created additional business value and opportunity with the SRU-M. This innovative product combines life safety resource or the SRU that are vital to emergency response with interactive communications technologies. This creates a new market by penetrating previously impermeable distribution points for advertising. This new market Pre-deployed public safety systems is a market segment being created by Sector 10. It is untouched and wide open with staggering potential for growth worldwide.

SRU-Ms are placed in high traffic public venues such as airports, convention centers, mass transit stations, entertainment venues, sports arenas and stadiums, and retail locations - wherever the public is found in masses. These are pre-deployed life saving devices that generate revenue during times of normal operations. The advertising dollars created can more than offset the expense of these multi-purpose units. Imagine the possibilities of a 42" display with multiple sections of interactive user-driven content!

Sector 10 has product placement programs that can place SRU-Media in high traffic areas at discounted prices or at maintenance-only cost to the end user... With the widespread adoption of pre-deployed emergency response systems, Sector 10 is building one of the largest proprietary digital networks in the world. Each day tens of thousands of people will be exposed to ads displayed on SRU-Ms, and the number will continue to grow.

With the SRU-M Sector 10 is creating a new market, a new way to deliver advertising messages to both large, gathered publics and to highly targeted audiences. This will be achieved by:

- Finding large, high traffic public venues which need both emergency response systems for public safety and the ability to deliver advertising messages to these publics. These venues include various high traffic locations such as malls, conventions centers, arenas, airports, and big box retailers throughout the United States.

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Negotiating with the venue management for the placement of the emergency response systems which contains the advertising message delivery components. The venue s need for emergency response systems allows Sector 10 to gain access to high traffic real estate that otherwise would be too expensive or simply not available, thus solving the real estate expense problem of many advertising vehicles.

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Finding sponsors to fund the placement of the advertising/emergency response systems in exchange for a portion of the revenues derived from the sale of advertising. Typical sponsors will be individuals and institutions looking for predictable return on a passive investment.

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Developing a national advertising sales management team to work with established advertising agencies to represent the Sector 10 advertising opportunity to their clients. It is not anticipated that Sector 10 advertising will be the sole advertising medium employed and therefore we expect that partnering with ad agencies will be the most cost effective means of generating ad sales.

The Market

In the market for Sector 10 products and services is largely untapped because we are creating that market ourselves through our unprecedented combination of business and public needs. There are many disaster preparedness needs in our nation s cities as well as unlimited advertising opportunities. Sector 10 products are distinguished by superior technology, unrivaled emergency and safety response systems and unique messaging features.

Major US markets for the SRU-M devices include more than 700 malls, 10,000 big box retail stores, 150 convention centers, 150 arenas, and 100 airports. These combined US venues represent a potential of more than 144,000 product placements.

The market opportunity available for Sector 10 products and its services is largely untapped. We have created patented products and processes to specifically address our target markets and give us a clear edge over future competition. There are many disaster preparedness needs in our nation s cities, our unprecedented combination of business solutions and public needs delivers not only a real need, but also creates a new product category in the market. Advanced technology, unrivaled emergency safety response systems and our unique messaging features distinguish Sector 10 products from other products currently on the market.

In addition to our pre-deployed features the SRU-M products present enhanced revenue opportunities to Sector10 and its shareholders. Alternative forms of advertising and marketing are on the rise. More and more, advertisers are looking to other forms of media, many of them un-measurable and un-quantified to meet their marketing needs. Ad agencies traditional ways of reaching their consumers are giving way to new media and new ways of engaging an audience. Advertisers now know that traditional TV as well as print ads are no longer sufficient ways to reach people affectively and as a result are directing their dollars to more new inventive ways of reaching the target market. If they want to remain competitive, agencies must take a serious look at new opportunities. These opportunities gave rise to Google, Yahoo and many others.

Because of the mobility of the consumer walking by the SRU-M s, ads will typically be shorter in length unless they stop and engage the SRU-M. The interactivity would allow the consumer to see a longer version of the ad or click for more information on the company of which S-10 would be able to charge more from the advertiser. Pre-deployed Emergency Response thru Media Placement

Employees

The Company, as of August 1, 2008, had no full-time employees. A total of two persons (CEO and CFO) work part-time for the Company and also work for the Company s majority stockholder, Sector 10 Holdings, Inc. As sales activity begins, the Company is expected to hire sales, compliance and administrative employees. Sales activities are expected to begin in the second quarter of the fiscal year ended March 31, 2009. Hiring of full-time employees is expected to begin in the same period. It is expected that at least 20 people will be hired to assist the Company efforts for the fiscal year ended March 31, 2009. Fewer employees will be hired if the sales activity is less than expected.

History of the Company and Background of the Proposals

The Company was incorporated in Delaware on June 11, 1992. On May 28, 1998, the Company changed its name from Plasmatronics Technologies, Inc. to Ecological Services, Inc. and on January 3, 2003 changed its name to Stanford Capital Corporation. In December 2002, the Company acquired all the issued and outstanding shares of Stanford Capital International, Ltd. a Hong Kong based public relations firm for 10,000 shares of its common stock. This transaction was subsequently revoked. On January 31, 2004, the Company acquired all of the shares of Skreem Entertainment Corporation in exchange for 22,000,000 shares of its one for five post reverse split common shares. Skreem Entertainment Corporation promotes finances and manages artists in the entertainment industry.

On December 19, 2006, the name of the Company was to be changed to SKM Interactive Inc. On February 5, 2003, the Company spun-off its business operations into a subsidiary, Skreem Entertainment Corp (Nevada).

Sector 10 Services USA Inc. acquired SKRM Interactive through a reverse merger transaction on November 20, 2007. After the merger transaction, the Company had 77,320,292 shares outstanding. Purchase accounting adjustments were made to account for the combination of the entities. Immediately after the merger, the company was called SKRM Interactive, Inc. and continued its reporting obligations under that name. The Company formerly changed its name to Sector 10, Inc. on April 15, 2008. The SKRM year end of March 31 was continued with the new entity.

Sector 10, Services USA, Inc. was formed as a Nevada corporation on September 16, 2002 and was a majority owned subsidiary of Sector 10, Holdings, Inc. The Company had minimal activity in 2002 and has been inactive until immediately prior to the acquisition of SKRM Interactive.

Beneficial Ownership

The following table sets forth information regarding beneficial ownership of Common Stock as of the Record Date by (1) each person who is known by the Company to beneficially own more than five percent of the outstanding shares of Common Stock, (2) each of the directors of the Company, (3) each of the executive officers of the Company, and (4) all directors and executive officers of the Company as a group. To the Company s knowledge and except as otherwise indicated, the persons named in the following table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to community property laws where applicable. Unless we indicate otherwise, each holder s address is c/o SKRM Interactive, Inc., 14553 South 790 West, Bluffdale, Utah 84065.

Name and Address of Beneficial Owner	**Amount and Nature of Beneficial Ownership**	**Percent of Class (%)(1)**
Sector 10 Holdings, Inc., Shareholder	72,696,631	77.29%
14553 South 790 West Bluffdale, Utah 84065		
Pericles DeAvila, Chairman of the Board, President and Chief Executive Officer (2)	69,061,799	73.42%
14553 South 790 West Bluffdale, Utah 84065		
Jeffrey Martin, Shareholder	4,934,200	5.25%
11637 Orpington St. Orlando, FL 32817-4622		
Laurence A. Madison, Director, Executive Vice President, Treasurer, Secretary and Chief Financial Officer	0	0%
14553 South 790 West Bluffdale, Utah 84065		
Alan Rouleau, Director	0	0%
14553 South 790 West Bluffdale, Utah 84065		

All directors and executive officers as a group (2) (3 persons)	69,061,799	73.42%

(1)

Calculated based on 94,060,292 shares of Common Stock outstanding on the Record Date with percentages rounded to the nearest one-tenth of one percent. Shares of Common Stock subject to options that are presently exercisable or exercisable within 60 days are deemed to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person but not treated as outstanding for computing the percentage of any other person.

(2)

Consists of 69,061,799 shares of Common Stock owned by Sector 10 Holdings, Inc., which may be deemed to be beneficially owned by Mr. DeAvila due to his positions as Chairman of the Board, President and Chief Executive Officer of Sector 10 Holdings, Inc. and beneficial ownership of approximately 95% of Sector 10 Holdings stock through family and other related entities.

Communications with the Board of Directors

Stockholders may communicate with any and all members of the Board by transmitting correspondence by mail to:

SECTOR 10, INC.

14553 South 790 West, Suite C
Bluffdale, Utah 84065

Attn: Secretary

Stockholder Communications

Stockholders should clearly specify in each communication the name of the individual director or group of directors to whom the communication is directed and that the communication is from a Stockholder. Stockholder communications received by the Secretary of the Company will be promptly forwarded to the specified director or group of directors, as appropriate. Communications that are abusive, in bad taste or that present safety or security concerns may be handled differently. We generally will not forward to a director or group of directors a Stockholder communication that requests general information about the Company that can be handled by our corporate staff.

If a communication is sent to the Board or a Committee thereof, the Chairman of the Board or the Chairman of that Committee, as the case may be, will determine whether a response to the communication is warranted. If a response to the communication is warranted, the content and method of the response may be coordinated with counsel.

CERTAIN RISKS ASSOCIATED WITH THE REVERSE SPLIT DESCRIBED IN THIS INFORMATION STATEMENT

If the Reverse Split is approved and consummated, there will be a substantial excess of authorized shares for issuance.

If the Reverse Split is approved and consummated, the Company will have only approximately 9,406,030 issued and outstanding shares of Common Stock. If the Reverse Split is approved and consummated, the Company would have in excess of 189,000,000 shares of Common Stock which would be authorized but not issued.

A significant number of authorized but unissued shares could create a number of concerns for our Stockholders. Among those concerns, is the Board s ability to issue any or all of those shares at any time, and from time to time, as the Board sees fit. If the Reverse Split is approved and consummated, the number of authorized but unissued shares of Common Stock would be at least 10 times the number of shares of Common Stock which would then be issued and outstanding. The large number of authorized but unissued shares could be used for any purpose approved by the Board. Those purposes could include merger, acquisition or capital financing transactions in which the percentage ownership of the Common Stock held by our existing Stockholders would be significantly diluted. Those purposes could also include grants of shares of Common Stock, or options, warrants or other rights to acquire shares of Common Stock, to employees, officers, directors (including the members of the Board who possess the authority to determine whether and in what amount such grants should be made), consultants or other parties. Those purposes could also include other transactions with third parties (including members of the Board), in which the Board determines that shares of Common Stock should be issued in exchange for consideration provided by the other party. Any or all of the forgoing actions could result in significant and potentially detrimental dilution of the percentage ownership of our existing Stockholders.

Stockholders should also recognize that an excessively large number of authorized but unissued shares could, under certain circumstances, have an anti-takeover effect on the Company. For example, a large number of authorized but unissued shares of Common Stock would permit the Board to issue shares of Common Stock that would dilute the stock ownership of a person seeking to effect a change in the composition of the Board or contemplating a tender offer or other transaction for the combination of the Company with another entity.

The consummation of the Reverse Split may reduce the aggregate market capitalization of our stock.

If the proposal to amend the Articles of Incorporation to effect the Reverse Split is approved and the Reverse Split is effected, the number of outstanding shares of Common Stock will be reduced dramatically. Given the potentially significant reduction in the number of shares that would then be outstanding, our total market capitalization will also be reduced dramatically unless the price per share of our Common Stock, as determined by the trading activity in our Common Stock, is dramatically increased. Accordingly, the total market capitalization of our Common Stock, if the proposed Reverse Split is effected, may be lower than the total market capitalization of the Common Stock before the proposed Reverse Split is effected. There can be no assurance that the total market capitalization of the Common Stock (the aggregate value of all shares of the Common Stock then issued and outstanding, multiplied by the then-existing market price per share of Common Stock), after effecting the Reverse Split (the ***Post-Split Common Stock***) will be equal to or greater than the total market capitalization of the Common Stock before effecting the Reverse Split, or that the per share market price of the Post-Split Common Stock following the consummation of the Reverse Split will either equal or exceed the current per share market price of the Common Stock.

The consummation of the Reverse Split may have a negative impact on the market value of our Common Stock.

There can be no assurance that the market price per new share of the Post-Split Common Stock after the consummation of the Reverse Split will increase in proportion to the reduction in the number of old shares of the Common Stock outstanding before the consummation of the Reverse Split. For example, based on the closing bid price of the Common Stock on August 15, 2008 of $.04 per share, if the Board decided to effect the Reverse Split, there can be no assurance that the closing bid price of the Post-Split Common Stock would be $.40 per share or greater. Accordingly, the market price of the Post-Split Common Stock following the Reverse Split may not exceed an amount which is equal to 10 times the market price of the Common Stock prior to the consummation of the Reverse Split. If the trading market for the Post-Split Common Stock does not apply a multiplier of at least 10 to the price of the existing Common Stock, the value of shares of Common Stock held by our existing Stockholders will be reduced, and may be reduced dramatically.

The consummation of the Reverse Split may not attract institutional investors or investment funds to purchase the Post-Split Common Stock.

If the proposals to consummate the Reverse Split is approved and we move forward to consummate the transactions contemplated by such proposal, the resulting per share price for the Post-Split Common Stock may not attract institutional investors or investment funds and may not satisfy the investing guidelines of such investors and, consequently, the trading liquidity of the Post-Split Common Stock may be no better, and could be worse, than the existing trading liquidity of the Common Stock. There can be no assurance that consummation of the Reverse Split will result in a per share price that will attract institutional investors or investment funds or that such share price will satisfy the investing guidelines of institutional investors or investment funds.

PROPOSAL TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION TO EFFECT THE REVERSE SPLIT

The Board has unanimously approved the Reverse Split and recommends that you vote in favor of the proposal.

Summary

The Board has unanimously adopted a resolution approving the Reverse Split and believes that it is in the best interests of the Company and the Stockholders to approve the Reverse Split. Management anticipates that, if approved and consummated, the principal effects of the Reverse Split will be that:

1.

The number of outstanding shares of Common Stock will be reduced from approximately 94,060,292 to approximately 9,406,030;

2.

The number of shares of Post-Split Common Stock held by each Stockholder will be equal to 1/10th of the number of shares of pre-split Common Stock held by that stockholder;

3.

The trading price of the Post-Split Common Stock will be greater than the current trading price of a share of Common Stock (the exact trading price of the Post-Split Common Stock will depend on the reaction, if any, of the public market for the Post-Split Common Stock, as well as other factors, all as discussed in greater detail below);

4.

Stockholders who would otherwise be entitled to receive a fractional share of Post-Split Common Stock, after all Shares of Common Stock held by such Stockholder are consolidated, as a result of the Reverse Split will be entitled, upon surrender of the certificate(s) representing such Stockholder s Common Stock, if any, to have the fractional share rounded up to one share of Post-Split Common Stock; and

5.

The Company will be authorized to issue 199,000,000 shares of Common Stock, of which approximately 9,406,030 shares will be issued and outstanding.

General

Except for adjustments that may result from the treatment of fractional shares as described below, our management does not believe the consummation of the Reverse Split will have a dilutive effect on the Stockholders, since each Stockholder would hold the same percentage of Common Stock outstanding immediately following the Reverse Split as such Stockholder held immediately prior to the Reverse Split. The Reverse Split would not affect the relative voting and other rights that accompany the shares of Common Stock.

Reasons for Approving the Reverse Split

The Board believes that the Reverse Split will increase the per-share stock price of the Common Stock to increase the attractiveness of the Common Stock to prospective investors and the financial community. Currently, the Common

Stock is traded on the Over-The-Counter ("***OTC***") Electronic Bulletin Board or the "pink sheets" (under the symbol "***SECT.OB***"). The closing price for the Common Stock as reported on the OTC Electronic Bulletin Board during the period from January 1, 2008 to August 15, 2008 has ranged from a high of $.24 to a low of $.02. The closing price on August 15, 2008 was $.04.

The Board believes that the approval of the Reverse Split and the potential increase in the per share price of the Common Stock should enhance the acceptability and marketability of the Common Stock to the financial community and investing public. Many institutional investors have policies prohibiting them from holding lower-priced securities in their portfolios, which reduces the number of potential buyers of the Common Stock. Additionally, analysts at many brokerage firms are reluctant to recommend lower-priced securities to their clients or monitor the activity of lower-priced securities. Brokerage houses also frequently have internal practices and policies that discourage individual brokers from dealing in lower-priced securities. Further, because brokers' commissions on lower-priced securities generally represent a higher percentage of the price of the securities than commissions on higher-priced securities, investors in lower-priced securities pay transaction costs which are a higher percentage of their total securities value, which may limit the willingness of individual investors and institutions to purchase the Common Stock.

Although the Board believes that the consummation of the Reverse Split is in the best interests of the Company and the Stockholders, if approved and consummated, the Reverse Split will result in some Stockholders owning "odd-lots" of less than 100 shares of Common Stock. Brokerage commissions and other costs of transactions in odd lots may be higher, particularly on a per share basis, than the cost of transactions in even multiples of 100 shares.

We cannot assure you that the Reverse Split will be consummated, even if approved, or that the Reverse Split will have any of the desired consequences described above.

Fractional Shares

If the proposal to approve the Reverse Split is approved and the Reverse Split is effected, no fractional shares or scrip certificates shall be issued to Stockholders. Rather, a Stockholder who would otherwise be entitled to a fractional share after all shares of Common Stock held by such holder are consolidated, will be entitled, upon surrender of the certificate(s) representing such Stockholder s Common Stock, if any, to have the fractional shares rounded up to one share of Post-Split Common Stock.

Effect on shares available for future issuance

If the Reverse Split is approved and is subsequently effected, the Company would have a significant number of authorized shares available for future issuance. The large number of authorized but unissued shares could be used by the Board for financings, acquisitions, grants to employees, executives, directors and consultants and other actions, any or all of which could have a dilutive effect on the percentage ownership of the existing holders of Common Stock. Some of the principal risks associated with the potentially large number of authorized but unissued shares of Common Stock which would result from approval of the Reverse Split are described above under the heading CERTAIN RISKS ASSOCIATED WITH THE REVERSE SPLIT DESCRIBED IN THIS INFORMATION STATEMENT - If the Reverse Split is approved and consummated, there will be a substantial excess of authorized shares for issuance. Although the Board has considered potential transactions which could result in future issuances of shares of Common Stock, the Board has not entered into any binding agreements which contemplate such an issuance. Given our limited financial resources, financial condition, and our need for operating and growth capital, however, it is likely that the Board will enter into one or more capital-raising transactions in the near future. Such transactions, if consummated, would likely result in the issuance of shares of Common Stock or of equity securities or debt which could be converted, exchanged or exercised for shares of Common Stock. Due to the current market price for the Common Stock, if we sell shares of our capital stock (or any other debt or equity which is convertible, exchangeable or exercisable for shares of capital stock) in one or more transactions, we will likely be required to issue a substantial number of shares of stock, either in the initial transaction or upon the conversion, exchange or exercise of debt or equity sold in the initial transaction. The issuance of those shares will likely have a significant dilutive effect on the percentage ownership of our capital stock by existing Stockholders.

Effect on the Company's Stock Options, Warrants and Convertible Debentures

If the proposal to approve the Reverse Split is approved and the Reverse Split is effected, the number of shares of Common Stock issuable upon the exercise of outstanding stock options, warrants and convertible debentures will be proportionately decreased and the exercise price for such stock options, warrants and convertible debentures will be proportionately increased, in each case based on the Reverse Split ratio of Ten to One (10:1).

Effect on Beneficial Stockholders

If the proposal to approve the Reverse Split is approved and the Reverse Split is effected, we intend to treat the Stockholders holding Common Stock in "street name", through a bank, broker or other nominee, in the same manner as registered Stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to effect the Reverse Split for their beneficial holders holding Common Stock in "street name". However, such banks, brokers or other nominees may have different procedures than registered Stockholders for processing the Reverse Split. If you hold your shares with such a bank, broker or other nominee and if you have any questions in this regard, we encourage you to contact your nominee.

Appraisal Rights

Stockholders do not have appraisal rights in connection with the Reverse Split.

Accounting Consequences

If the proposal to approve the Reverse Split is approved and the Reverse Split is effected, all previously reported per share amounts will be restated to reflect the effect of the Reverse Split as though it had occurred at the beginning of the earliest period presented in our consolidated financial statements. In addition, the amounts reported on our consolidated balance sheets as common stock and additional paid in capital will also be restated to reflect the Reverse Split.

Certain Federal Income Tax Consequences of the Reverse Split

The following discussion addresses the material federal income tax consequences of the Reverse Split that are applicable to Stockholders. These discussions are based upon the Internal Revenue Code of 1986, as amended, (the ***Code***), applicable Treasury Regulations, judicial authority and administrative rulings and practice, all as of the date hereof. We have not requested, and do not presently intend to request, a ruling from the Internal Revenue Service, or an opinion of counsel, regarding these tax issues. Further, these discussions do not address all federal income tax consequences that may be relevant to a particular holder of shares of Common Stock or options to acquire Common Stock, or any foreign, state or local tax considerations.

The following disclosures are intended to comply with applicable Treasury Regulations. The discussions of certain federal income tax consequences referenced above and set forth below are not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. These discussions of certain federal income tax consequences are written to support the promotion or marketing of the transactions described herein. Accordingly, Stockholders and holders of options and other rights to acquire Common Stock are strongly urged to seek advice based on each holder s own particular circumstances from an independent tax advisor.

We believe that the Reverse Split will constitute a tax-free transaction within the meaning of Section 368(a)(1)(E) of the Code. Accordingly, it would generally be the case for federal income tax purposes that: (i) no gain or loss will be recognized by the holders of shares of the Common Stock upon consummation of the Reverse Split, (ii) the aggregate tax basis of shares of Common Stock will be the same as the aggregate tax basis of shares of the Common Stock exchanged in the Reverse Split, (iii) the holding period of the Common Stock received in the Reverse Split will include the period for which shares of the Common Stock were held prior to the Reverse Split, and (iv) the Company will not recognize any gain or loss as a result of the Reverse Split.

Required Vote for Approval of the Reverse Split

The proposal to amend the Articles of Incorporation to effect the Reverse Split requires the consent of a majority of the outstanding Stock entitled to vote, and a majority of the outstanding Stock of each class entitled to vote thereon as a class.

THE BOARD RECOMMENDS THAT STOCKHOLDERS CONSENT TO THE REVERSE SPLIT

ACTIONS REQUIRED BY YOU

If you approve of the Reverse Split, please sign the Consent attached to this Information Statement as **Appendix B**. By signing the Consent, you will approve the Reverse Split.

Please sign the Consent as soon as possible. Then, please promptly use the enclosed self-addressed stamped envelope to return the Consent by U.S. Mail to Pericles DeAvila at Sector 10, Inc., 14553 South 790 West, Suite C, Bluffdale, Utah 84065, or by fax to (801) 676-1893 or by email to peric10@sector10.com. You may also deliver the original signed Consent personally to the same address.

Revocability of Member Consent

Any Stockholder delivering a Consent may revoke such Consent by a signed writing describing the action and stating that such Stockholder s prior Consent is revoked, if the writing is received by the Company prior to the effective date of the Reverse Split. The Company plans to consummate the Reverse Split soon after the Company receives the required Consents.

Tender of Certificates

DO NOT SEND YOUR STOCK CERTIFICATES OR TAKE ANY ACTION AT THIS TIME OTHER THAN COMPLETING AND RETURNING THE CONSENT. IF THE REVERSE SPLIT IS APPROVED AND CONSUMMATED, YOU WILL RECEIVE INSTRUCTIONS REGARDING THE EXCHANGE OF YOUR STOCK CERTIFICATES.

ADDITIONAL INFORMATION

We are subject to the informational requirements of the Exchange Act and in accordance therewith file reports, proxy, and information statements, and other information with the SEC. Such reports, proxy, and information statements, and other information we file can be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. Copies of such materials can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. The SEC maintains a World Wide Web site that contains reports, proxy, and information statements, and other information filed through the SEC's Electronic Data Gathering, Analysis and Retrieval System. This Web site can be accessed at www.sec.gov.

Special Report

To the extent requested in writing, we will provide to each person solicited, without charge, a copy of our most recent Annual Report on Form 10-KSB, including the financial statements and financial statement schedules, required to be filed with the Securities and Exchange Commission pursuant to Rule 13a-1 under the Securities Exchange Act of 1934. You may obtain a copy by writing to the President of the Company at 14553 South 750 West, Suite C, Bluffdale, Utah 84065.

Subsequent Events

The Preliminary 14C was filed on August 22, 2008 and was based on shareholder information as of August 20, 2008. Subsequent to the filing of the Preliminary 14C, the Company issued additional shares which have been reflected in various Company quarterly filings. The total issued common shares as of April 23, 2009 was 102,210,292. The beneficial ownership as of April 23, 2009 and the summary of the impact of the reverse stock split is as follows:

Beneficial Ownership

The following table sets forth information regarding beneficial ownership of Common Stock as of April 23, 2009 by (1) each person who is known by the Company to beneficially own more than five percent of the outstanding shares of Common Stock, (2) each of the directors of the Company, (3) each of the executive officers of the Company, and (4) all directors and executive officers of the Company as a group. To the Company s knowledge and except as otherwise indicated, the persons named in the following table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to community property laws where applicable. Unless we indicate otherwise, each holder s address is c/o Sector 10, Inc., 14553 South 790 West, Bluffdale, Utah 84065.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (%)(1)
Sector 10 Holdings, Inc., Shareholder	56,343,298	55.12%
14553 South 790 West Bluffdale, Utah 84065		
Pericles DeAvila, Chairman of the Board, President and Chief Executive Officer (2)	2,250,000	2.20%
14553 South 790 West Bluffdale, Utah 84065		
Laurence A. Madison, Director, Executive Vice President, Treasurer, Secretary and Chief Financial Officer	0	0%
14553 South 790 West Bluffdale, Utah 84065		
Alan Rouleau, Director	122,890	0.12%
14553 South 790 West Bluffdale, Utah 84065		
John Gargett, Director 807 10th Street, Unit 302, Bellingham, WA 98225.	500,000	0.49%
All directors and executive officers as a group (2) (4 persons)	2,872,890	2.81%

(1)

Calculated based on 102,210,292 shares of Common Stock outstanding on the Record Date with percentages rounded to the nearest one-tenth of one percent. Shares of Common Stock subject to options that are presently exercisable or exercisable within 60 days are deemed to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person but not treated as outstanding for computing the percentage of any other person.

(2)

Consists of 2,250,000 shares of Common Stock owned by the spouse of Mr. DeAvila., which may be deemed to be beneficially owned by Mr. DeAvila.

Summary

The Board has unanimously adopted a resolution approving the Reverse Split and believes that it is in the best interests of the Company and the Stockholders to approve the Reverse Split. Management anticipates that, if approved and consummated, the principal effects of the Reverse Split will be that:

1.

The number of outstanding shares of Common Stock will be reduced from approximately 102,210,292 to approximately 10,221,029;

2.

The number of shares of Post-Split Common Stock held by each Stockholder will be equal to 1/10th of the number of shares of pre-split Common Stock held by that stockholder;

3.

The trading price of the Post-Split Common Stock will be greater than the current trading price of a share of Common Stock (the exact trading price of the Post-Split Common Stock will depend on the reaction, if any, of the public market for the Post-Split Common Stock, as well as other factors, all as discussed in greater detail below);

4.

Stockholders who would otherwise be entitled to receive a fractional share of Post-Split Common Stock, after all Shares of Common Stock held by such Stockholder are consolidated, as a result of the Reverse Split will be entitled, upon surrender of the certificate(s) representing such Stockholder s Common Stock, if any, to have the fractional share rounded up to one share of Post-Split Common Stock; and

5.

The Company will be authorized to issue 199,000,000 shares of Common Stock, of which approximately 10,221,029 shares will be issued and outstanding.

6.

The closing price for the Common Stock as reported on the OTC Electronic Bulletin Board on April 23, 2009 was $.02.

EXHIBIT A

CERTIFICATE OF AMENDMENT

TO

CERTIFICATE OF INCORPORATION

OF

SECTOR 10, INC.

Pursuant to § 242 of the General Corporation Law of the State of Delaware:

The undersigned does hereby certify and set forth as follows:

FIRST: That the Board of Directors of the Sector 10, Inc. (the Corporation) have duly adopted the following resolution, setting forth a proposed amendment of the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable:

RESOLVED, that the Board of Directors hereby declares it advisable and in the best interests of the Corporation that Article FOURTH of the Certificate of Incorporation of the Corporation be amended to add the following after the first paragraph of Article FOURTH of the Corporation s Articles of Incorporation:

Reverse Stock Split

Split Ratio. Each 10 shares of the common stock issued and outstanding, or issued and held by the Corporation, as of the day and time this Amendment is filed with Secretary of State of State of Delaware (the Change Time) shall be, on and as of the Change Time, combined into one (1) share of common stock of the Corporation, $.001 par value per share.

SECOND: That the said amendment has been consented to and authorized by the holders of a majority of the issued and outstanding stock entitled to vote by written consent in accordance with the provisions of Section 228 of the General Corporation Law of the State of Delaware.

THIRD: That the aforesaid amendment was duly adopted with the applicable provisions of Sections 242 and 228 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this Amendment to be signed by Pericles DeAvila, the President and Chief Executive Officer of the Corporation, this 24th day of April, 2009.

SECTOR 10, INC., a Delaware corporation

By: /s/ PERICLES DEAVILA
Pericles DeAvila
President and Chief Executive Officer

A-1

#160;

Total Current Liabilities	32,144,623	87,074,259
LONG TERM LIABILITIES		
Convertible debentures, net of current maturities	221,805	221,805
Total Liabilities	32,366,428	87,296,064
Commitments and contingencies		
STOCKHOLDERS' DEFICIT		
Common stock; 13,000,000,000 shares authorized at $0.0001 par value, 4,497,031,528 and 306,542,857 shares issued and outstanding, respectively	449,703	30,654
Additional paid-in capital	16,416,659	16,537,112
Non controlling interest	67,792	39,298
Treasury stock	(35,700)	(35,700)
Accumulated deficit	(49,007,923)	(103,623,848)
Total Stockholders' Deficit	(32,109,469)	(87,052,484)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$256,959	$243,580

The accompanying notes are an integral part of these consolidated financial statements.

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COROWARE, INC.
Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
REVENUES	$ 274,821	$ 224,136	$ 833,005	$ 910,655
COST OF SALES	188,755	179,098	565,575	595,459
GROSS PROFIT	86,066	45,038	267,430	315,196
OPERATNG EXPENSES				
Depreciation and amortization	3,000	3,000	11,462	9,000
General and administrative	188,549	247,181	750,662	766,375
Total Operating Expenses	191,549	250,181	762,124	775,375
LOSS FROM OPERATIONS	(105,483)	(205,143)	(494,694)	(460,179)
OTHER INCOME (EXPENSE)				
Gain (loss) on derivative valuation	(2,684,118)	(6,228,894)	55,068,497	(6,568,388)
Gain (loss) on convertible debt redemptions	-	106,700	-	71,070
Interest expense	75,789	(157,303)	(332,766)	(527,021)
Loss on settlement of debt	-	(15,272)	347,680	(13,172)
TOTAL OTHER INCOME (EXPENSE)	(2,608,329)	(6,294,769)	55,083,411	(7,037,511)
LOSS BEFORE NON CONTROLLING INTEREST	(2,713,812)	(6,499,912)	54,588,717	(7,497,690)
Net loss attributable to non controlling interest	4,382	-	27,208	-
LOSS BEFORE INCOME TAXES	(2,709,430)	(6,499,912)	54,615,925	(7,497,690)
INCOME TAX EXPENSE	-	-	-	-
NET LOSS	$ (2,709,430)	$ (6,499,912)	$ 54,615,925	$ (7,497,690)
BASIC AND DILUTED LOSS PER SHARE	$ (0.00)	$ (0.27)	$ 0.02	$ (0.53)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	4,314,782,998	23,689,883	3,041,823,440	14,126,220

The accompanying notes are an integral part of these consolidated financial statements

COROWARE, INC.
Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30, 2013	2012
OPERATING ACTIVITIES		
Net loss	$54,623,325	$(7,497,690)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Gain) loss on derivative valuation	(55,068,497)	6,568,387
Loss on settlement of debt	-	13,172
Amortization of deferred financing costs	-	5,370
(Gain) loss on convertible debt redemptions	-	(71,070)
Stock issued for services	37,878	13,000
Depreciation and amortization	11,462	9,000
Amortization of debt discount	-	166,618
Changes in operating assets and liabilities:		
Accounts receivable	(56,352)	(11,727)
Other current assets	23,795	1,002
Inventory	5,328	-
Accrued expenses-related parties	15,969	72,463
Accounts payable and accrued expenses	41,020	642,638
Net Cash Used in Operating Activities	(373,472)	(88,837)
INVESTING ACTIVITIES		
Purchase of property and equipment	(366)	(1,371)
Net Cash Used in Investing Activities	(366)	(1,371)
FINANCING ACTIVITIES		
Obligations collateralized by receivables	47,355	62,392
Proceeds from related party loans	-	-
Proceeds from convertible debentures	279,069	17,990
Proceeds from line of credit	1,959	(2,097)
Proceeds from non controlling interest	28,494	-
Proceeds from sale of preferred stock, Series E	-	10,000
Proceeds from notes payable	19,750	9,000
Repayment of notes payable	-	(1,500)
Repayment of related party loans	(5,543)	(3,172)
Net Cash Provided by Financing Activities	371,084	92,613
NET INCREASE (DECREASE) IN CASH	(2,754)	2,405
CASH AT BEGINNING OF PERIOD	2,754	522
CASH AT END OF PERIOD	$-	$2,927

The accompanying notes are an integral part of these consolidated financial statements.

COROWARE, INC.
Consolidated Statements of Cash Flows (Continued)
(unaudited)

	For the Nine Months Ended September 30, 2013	2012
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Interest	$ -	$ -
Income taxes	-	-
NON CASH FINANCING ACTIVITIES:		
Common stock issued upon conversion of debt	$ 260,642	$ 278,705
Common stock issued for accrued liabilities	-	34,540
Common stock issued as contribution into joint venture	-	49,400

The accompanying notes are an integral part of these consolidated financial statements.

COROWARE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of CoroWare, Inc. ("CoroWare" or "the Company") have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited financial statements and notes thereto contained in the Company's annual report filed with the SEC on Form 10-K for the year ended December 31, 2012. The consolidated financial statements include the accounts of the Company and its wholly-owned operating subsidiary, CoroWare Technologies, Inc. Also included in the consolidated statements are the Company's inactive wholly-owned subsidiaries, Innova Robotics, Inc., Robotic Workspace Technologies, Inc., and Robotics Software Service, Inc. (herein referred to as the "Subsidiaries"). The Company also consolidates its 51% interest in Aricon, LLC. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements. In the opinion of management, all adjustments consisting of normal recurring adjustments necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year ended December 31, 2012 as reported in Form 10-K have been omitted.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent Accounting Pronouncements

Management does not expect the impact of any other recently issued accounting pronouncements to have a material impact on its financial condition or results of operations.

Non-controlling Interests

The Company accounts for non-controlling interests pursuant to ASC 810 whereby gains or losses in a subsidiary with a non-controlling interest are allocated to the non-controlling interest based on the ownership percentage of the non-controlling interest, even if that allocation results in a deficit non-controlling interest balance.

During the nine months ended September 30, 2013 the Company received proceeds of $28,494 from non-controlling interests (see Note 8).

NOTE 3 – FINANCIAL CONDITION AND GOING CONCERN

The Company has net loss from operations for the nine months ended September 30, 2013 of $54,623,325. Because of the current working capital deficit, and the projection of losses for the remainder of 2013, the Company will require additional working capital to develop its business operations.

The Company intends to raise additional working capital through the use of public offerings and/or related party financings.

There are no assurances that the Company will be able to either (1) achieve a level of revenues adequate to generate sufficient cash flow from operations; or (2) obtain additional financing through either private placements, public offerings, bank financing and/or related party financing necessary to support the Company's working capital requirements. To the extent that funds generated from operations, any private placements, public offerings, bank financing and/or related party financings are insufficient, the Company will have to raise additional working capital. No assurance can be given that additional financing will be available or, if available, will be on terms acceptable to the Company.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 4 – ACCOUNTS RECEIVABLE FACTORING

On March 21, 2010, the Company established a $200,000 factoring line with an asset-based lender, CapeFirst Funding, LLC (“Capefirst”) that is secured by accounts receivable that the Lender may accept and purchase from the Company. The agreement calls for Capefirst to advance up to 80% of the net face amount of each assigned account or up to 50% of eligible assigned purchase orders. The agreement calls for a maximum facility amount of $200,000 with a purchase fee of 2% of the net face amount of each assigned account and a collection fee of 0.1% compounded daily. In the event of a dispute or in the event of fraud, misrepresentation, willful misconduct or negligence on the part of the Company, Capefirst may require the Company to immediately repurchase the assigned accounts at a purchase price that includes the amount of the assigned account plus the discount fee, interest and collection fee and may include a processing fee of 10%.

NOTE 5 - CONVERTIBLE DEBT

The following table illustrates the outstanding balances of the convertible debt, net of debt discount:

$ 17,500 Asher financing (k)	18,750	3,547
$20,000 Asher financing (k)	37,500	18,775
$ 27,500 Asher financing (k)	33,750	18,900
$10,750 Barclay financing	10,750	10,750
$ 9,750 Tangiers (formerly Mackie) financing (i)		3,059
$170,562 Ratzker financing (b)	17,734	152,007
$ 67,042 Harvey financing	52,042	67,042
$ 89,383 Cariou financing (c)	22,465	54,838
$ 65,000 Panache financing (d)	24,253	41,860
$ 15,000 Panache financing	15,000	15,000
$567,200 Westmount financing (l)	534,055	537,318
$170,561 Redwood financing (e)	54,127	89,377
$21,962 Premier financing	21,962	21,962
$21,000 Tangiers financing (i)	-	11,424
$5,474 Tangiers financing (i)	-	2,500
$ 10,000 Magna financing (m)	-	10,000
$13,000 Kellburgh financing (n)	13,000	-
$54,060 Ridge Point financing (f)	27,465	9,117
$42,200 AGS financing (s)	17,192	-
$131,377 AGS financing (g)	116,474	-
$25,000 Yorkville financing (r)	7,717	-
$12,372.60 Tangiers financing (h)	-	-
$14,000 Tangiers financing (o)	14,000	-
$24,893.17 Tangiers financing (p)	24,897	-
$20,000 Tangiers financing (q)	20,000	-
$36,250 Ridge Point financing (j)	36,250	-
$3,000 Blackridge financing	-	-
	2,498,986	2,480,635
Less: Current portion of convertible debt	(2,277,181)	(2,258,830)
Long-term portion of convertible debt	$221,805	$221,805

(a) $2,825,000 Yorkville financing:

During the nine month period ending September 30, 2013, Yorkville converted $31,110 of principal from Tranche 3 into 304,037,255 shares of the Company’s common stock.

(b) $170,562 Ratzker financing:

During the nine month period ending September 30, 2013, Ratzker converted $17,550 of interest into 220,000,000 shares of the Company’s common stock.

(c) $89,383 Cariou financing:

On May 1, Cariou sold a $20,000 portion of his convertible note plus 4,893.17 of interest to an unrelated third party (“Tangiers.”).

(d) $65,000 Panache financing:

During the nine month period ending September 30, 2013, Panache converted $17,607 of principal into 262,490,000 shares of the Company’s common stock.

(e) $170,561 Redwood financing:

During the nine month period ending September 30, 2013, Redwood converted $35,250 of principal into 279,048,581 shares of the Company’s common stock.

(f) $54,060 Ridge Point financing:

During the nine month period ending September 30, 2013, Ridge Point converted $27,925 of principal into 405,000,076 shares of the Company’s common stock. Ridge Point also reversed the conversion of $9,660 of principal, returning 102,000,000 shares of the Company’s common stock.

(g) $131,377 AGS financing:

During the nine month period ending September 30, 2013, AGS converted $11,987 of principal into 934,774,466 shares of the Company’s common stock.

(h) $12,372.60 Tangiers financing:

During the nine month period ending September 30, 2013, Tangiers converted $12,509 of principal and interest into 57,528,200 shares of the Company’s common stock extinguishing the debt.

(i) Tangiers financing:

During the nine month period ending September 30, 2013, Tangiers converted $55,966 of principal into 700,347,145 shares of the Company’s common stock.

(j) $36,250 Ridge Point financing

On June 6, 2013, a note holder, Interface Group, sold their note in the amount of $36,250 to an unrelated third party (“Ridge Point”). CoroWare then entered into a Convertible Note Agreement with Ridge Point for that debt. The note calls for 20% interest through the maturity date of June 7, 2014, with a late payment fee of $500 per week for any week in which a payment is missed.

The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 35% of the low two of five closing bid prices for the sixty (60) days immediately prior to a conversion.

(k) Asher $25,000, $22,500, $17,500 financings

As of September 30, 2013, we are in default on our Unsecured Convertible Debentures presently held by Asher Enterprises in the aggregate face amount of $90,000. The debenture accrues interest at 22% (the default rate) and is convertible at the option of the holder into shares of CoroWare, Inc. common stock. The default penalty increased the outstanding principal balance by 150%. During the nine months ended September 30, 2013 Asher converted $15,700 into 242,222,222 shares of the Company's common stock.

(l) Westmount financing:

During the nine month period ending September 30, 2013, Westmount converted $3,263 of principal into 19,196,530 shares of the Company's common stock.

(m) Magna financing:

During the nine month period ending September 30, 2013, Magna converted $10,000 of principal into 94,000,000 shares of the Company's common stock extinguishing the debt.

(n) $13,000 Kellburgh financing

On May 14, 2013, CoroWare entered into a Convertible Note Agreement with an unrelated third party. The note calls for 10% interest through the maturity date of September 30, 2013.

(o) $14,000 Tangiers financing:

On April 19, 2013, the Company entered into a $14,000 Convertible Note Agreement with an unrelated third party ("Tangiers"). The note calls for interest at 10% through the maturity date of April 19, 2014.
The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 50% of the lowest closing bid in the 10 days prior to the conversion date.

(p) $24,893.17 Tangiers financing:

On May 1, 2013, Raphael Cariou sold a $24,893.17 of his convertible debenture to an unrelated third party ("Tangiers"). The Company entered into a $24,893.17 Convertible Note Agreement with Tangiers. The note calls for interest at 10% through the maturity date of May 1, 2014.

The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 50% of the lowest closing bid in the 10 days prior to the conversion date.

(q) $20,000 Tangiers financing:

On May 17, 2013, the Company entered into a $20,000 Convertible Note Agreement with an unrelated third party ("Tangiers"). The note calls for interest at 10% through the maturity date of May 17, 2014.

The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 50% of the lowest closing bid in the 10 days prior to the conversion date.

(r) $25,000 Yorkville financing:

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On March 7, 2013, the Company entered into a $25,000 Convertible Note Agreement with an unrelated third party. The note calls for interest at 14% through the maturity date of March 7, 2014.

The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 80% of the lowest volume weighted average closing price in the 30 days prior to the conversion date.

(s) $42,000 AGS financing:

On February 25, 2013, the Company entered into a $42,000 Convertible Note Agreement with an unrelated third party. The note calls for interest at 18% through the maturity date of February 25, 2014. The default interest rate is 22%.

The holder of the debenture may, at any time, convert amounts outstanding under the debenture into shares of common stock of the Company at a conversion rate equal to 65% of the lowest closing price in the 20 days prior to the conversion date.

(t) $3,000 Blackridge financing:

On July 10, 2013, the Company entered into a $3,000 Convertible Note Agreement with an unrelated third party. The note calls for interest at 10% through the maturity date of January 2, 2014. Blackbridge converted $3,000 of principal into 85,714,285 shares of the Company's common stock and extinguished the debt.

(u) Harvey financing:

On July 9, the company issued 172,500,000 shares of Common Stock to Harvey for a net decrease of principal of $15,000

As noted above, the following notes are in default: the remaining balances of the $2,825,000 , $600,000 and $300,000 Yorkville financings, the $75,000 Collins financing, the $10,750 Barclay financing, the $567,200 Westmount financing, the $67,042 Harvey financing, the $65,000 and $15,000 Panache financings, the $21,962 Premier financings, the $25,000, $22,500, and $17,500, Asher financing, and the $89,383 Cariou financing. However, the terms of the agreements allow conversion of the debt during periods of default. In computing the derivative liability associated with the conversion, one of the inputs is maturity of the instruments which, in this case, is technically in the past. Accordingly, management has estimated a debt maturity date of ten months from the period-end date for purposes of the derivative liability calculations.

At September 30, 2013 and 2012 the derivative liability balance associated with the convertible debenture financings was 22,362,392 and 77,655,809, respectively. During the nine months ended September 30, 2013 the Company recorded a gain on derivative valuation related to fair value adjustments of the derivative liability of 55,068,497. The Company estimated the fair value of the bifurcated derivative instruments using the Monte Carlo valuation model because this methodology provides for all of the assumptions necessary for fair value determination; including assumptions for credit risk, interest risk and conversion/redemption behavior. Significant assumptions underlying this methodology were: Effective Term (using the remaining term of the host instrument); Effective Volatility (492.09% - 527.94%); and Effective Risk Adjusted Yield (15.97% - 33.59%).

NOTE 6 - OTHER STOCKHOLDERS' EQUITY

a) Stock Options:

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The following table summarizes stock option activity:

	Total Options	Weighted Average Price
Outstanding, December 31, 2012	38,164	$ 2.97
Granted	-	-
Cancelled	-	-
Forfeited	-	-
Exercised	-	-
Outstanding, September 30, 2013	38,164	$ 2.97
Exercisable at September 30, 2013	38,164	$ 2.97

b) Outstanding warrants:

The following table summarizes warrant activity:

	Total Options	Weighted Average Price
Outstanding, December 31, 2012	167	$ 2.97
Granted	-	-
Cancelled	-	-
Forfeited	-	-
Expired	(167)	-
Outstanding, September 30, 2013	-	$ 2.97
Exercisable at September 30, 2013	-	$ 2.97

c) Issuance of common stock:

The following table summarizes common stock issued for services during the nine month period ended September 30:

	2013 Shares	Value	2012 Shares	Value
Stock issued for services	193,429,987	$37,878	468,000,000	$46,000
Legal services			400,000	8,000
	193,429,987	$37,878	400,000	$8,000

The following table summarizes other common stock issued during the nine month period ended September 30:

	2013 Shares	Value	2012 Shares	Value
Satisfaction of payables			300,000	$6,000
Redemption of convertible debenture	3,997,058	260,642		
Notes payable				
			300,000	$6,000

As a result of the issuances noted above, substantial dilution of existing stockholders' interests has occurred.

d) Dividends on preferred stock:

At September 30, 2013 and December 31, 2012, there were cumulative undeclared dividends to Preferred Series B shareholders of $43,908 and $47,900, respectively, the obligation for which is contingent on declaration by the board of directors.

e) Preferred Stock, Series E:

On March 9, 2013 the Board approved by unanimous written consent an amendment to the Corporation's Certificate of Incorporation to designate the rights and preferences of Series E Preferred Stock. There are 500,000 shares of Series E Preferred Stock authorized with a par value of $0.001. Each share of Series E Preferred Stock has a stated value equal to $1.00 and shall be entitled to receive dividends at the rate of 5% per annum on the stated value before dividends are declared on any other outstanding shares of stock of the Company. These preferred shares rank higher than the common shares and pari passu with all other classes of preferred stock. Each outstanding share of Series E Preferred Stock shall be convertible into the number of shares of the Corporation's common stock determined by dividing the Stated Value by the Conversion Price which is defined as $0.0001. Mandatory conversion can be demanded by the Company prior to October 1, 2013. The holders of the Series E Preferred Stock shall have no voting power.

f) Increase in Authorized Shares:

On February 22, 2013, the Majority Stockholders authorized an increase in the number of authorized shares of common stock from three billion (3,000,000,000) shares of common stock to thirteen billion (13,000,000,000) shares of common stock. This change was effective March 25, 2013.

g) Reverse split:

On July 6, 2012, the Company effected a one-for-two hundred (1:200) reverse split of the Company's Common Stock. All common share amounts within this document have been adjusted to reflect this change.

NOTE 7 – COMMITMENTS

The Company leases its principal operating facilitates in Kirkland, Washington under a 5 year operating lease which runs through July 31, 2015 and provides for monthly payments of $3,735 with a built in annual escalation clause increasing monthly rent by $249 at each anniversary date.

Future non-cancelable minimum lease payments are as follows:

Years Ending December 31,		
2013		40,836
2014		55,029
2015		33,117
	$	140,187

NOTE 8 – INVESTMENT IN JOINT VENTURE

On September 27, 2012, the Company partnered with a private investor to launch a joint venture – Aricon,LLC to develop and market mobile robot platforms, applications, and solutions for the construction industry.

The joint venture is currently comprised of CoroWare (51% ownership), who agreed to contribute 38,000,000 shares of restricted CoroWare common stock, (1) mobile robot for prototype development, $10,000 cash, and mobile robotics development expertise; and Lucas Snyder (49% ownership), a private investor who agreed to contribute $50,000 cash, construction industry expertise, and customer relationships. The Company received $28,494 from the private investor during the nine months ended September 30, 2013.

Through its combined expertise in construction and robotics, ARiCON intends to address the growing need for Computer Aided Production (CAP) solutions, with its initial focus on the development of robotic layout systems.

NOTE 9 – SUBSEQUENT EVENTS

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

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may" "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms, or other comparable terminology. These statements are only predictions. Actual events or results may differ materially from those in the forward-looking statements as a result of various important factors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, they should not be regarded as a representation by CoroWare, Inc., or any other person, that such expectations will be achieved. The business and operations of CoroWare, Inc. are subject to substantial risks, which increase the uncertainty inherent in the forward-looking statements contained in this report.

BACKGROUND

CoroWare, Inc ("CoroWare" or "the Company") is a public holding company whose principal subsidiary, CoroWare Technologies, Inc. ("CTI"), has expertise in information technology consulting, mobile robotics, and affordable collaboration. Through its subsidiary, the Company delivers custom engineering services, hardware and software products, and subscription services that benefit customers in North America, Europe, Asia, Australia and the Middle East. Their customers span multiple industry sectors and are comprised of universities, software and hardware product development companies, and non-profit organizations. The company also maintains a Near Shore practice which is comprised of multiple subcontracting companies with whom the company maintains close working relationships. Through these relationships, the Company is able to provide services in South America.

COROWARE TECHNOLOGIES, INC.

CTI is a software professional services company with a strong focus on Information Technology integration and robotics integration, business automation solutions, and unmanned systems solutions to its customers in North America and Europe. CTI’s expertise includes the deployment and integration of computing platforms and applications, as well as the development of unmanned vehicle software and solutions for customers in the research, commercial, and homeland security market segments. CTI shall continue to offer its high value software systems development and integration services that complement the growing trend in outsourced software development services in Asia, Latin America, and Eastern Europe.

CoroWare Technologies comprises three separately managed lines of business:
The Company’s revenues are principally derived from standing contracts that include Microsoft (partner management and IT professional services), a European auto manufacturer (simulation software custom development), and other customers whose product development groups require custom software development and consulting companies. Existing contract revenues vary month by month based on the demands of the clients. The Company’s collaboration effort is in the early stages of growth and will require additional working capital to compete effectively against new entrants in this rapidly growing market.

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RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2012:

During the three-month period ended September 30, 2013 (the "2013 Period") revenues were $274,821 compared to revenues of $224,136 during the three-month period ended September 30, 2012 (the "2012 Period"). Our revenues were higher compared to the previous year as customers renewed spending on software development services for IT consulting and software development projects as well as capital expenditures until later in the calendar year.

Cost of revenues was $188,755 for the 2013 Period compared to $179,098 for the 2012 Period. Cost of revenues represents primarily labor and labor-related costs in addition to overhead costs. Gross profit on these 2013 revenues amounted to $86,066 (31% gross profit percentage) compared to $45,038 (20.1% gross profit percentage) for the 2012 Period.

General and administrative expense was $188,549 (69% of gross revenues) for the 2013 Period compared to $247,181 (110% of gross revenues) in the 2012 Period. General and Administration expenses were reduced by 24% as the Company continued to reduce its executive compensation and public company expenses.
Operating expenses were $191,549 during the 2013 Period compared to $250,181 during the 2012 Period. Loss from operations was $105,483 during the 2013 Period compared to $205,143 in the 2012 Period. The decrease was primarily due to a decrease of General and Administration expenses which were reduced by 24% as the Company continued to reduce its executive compensation and public company expenses.

Total other expense was $2,608,329 during the 2013 Period compared to other expense of $6,294,769 in the 2012 Period. Other income is comprised primarily of derivative revaluation gain and loss. Derivative valuation expense in the 2013 Period was $2,684,118 compared to derivative valuation expense of $6,228,894 in the 2012 Period. Keeping the number of shares constant, the liability associated with the embedded conversion features increases as our share price and volatility increases and, likewise, decreases when our share price and share price volatility decreases. Derivative income (expense) displays the inverse relationship. Interest gain for the three month 2013 Period is $75,789 compared to expense of $157,303 for the three month 2012 Period.

Net loss for the 2013 Period was $2,709,430 compared to a net loss of $6,499,912 for the 2012 Period.

Basic weighted average shares outstanding were 4,283,881,899 during the 2013 Period compared 23,689,883 in the 2012 Period. There is no fully diluted calculation for the 2013 Period or the 2012 Period as the effect would be anti-dilutive.

NINE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2012:

During the nine-month period ended September 30, 2013 (the "2013 Period") revenues were $833,005compared to revenues of $910,655 during the nine-month period ended September 30, 2012 (the "2012 Period"). Our revenues were 8.53% lower compared to the previous year as customers delayed spending on software development services for IT consulting and software development projects as well as capital expenditures until later in the calendar year.

Cost of revenues was $ 565,575 for the 2013 Period compared to $595,459 for the 2012 Period. Cost of revenues represents primarily labor and labor-related costs in addition to overhead costs. Gross profit on these 2013 revenues amounted to $ 267,430 (35% gross profit percentage) compared to $315,196 (34.6% gross profit percentage) for the 2012 Period.

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Operating expenses were $ 754,724 during the 2013 Period compared to $ 775,375 during the 2012 Period. General and Administration expenses were $ 750,662 in the 2013 Period compared to $ 766,375 for the 2012 Period. Loss from operations was $ 494,694 during the 2013 Period compared to $ 460,179 in the 2012 Period.

Total other income was $55,083,411 during the 2013 Period compared to other expense of $ 7,037,511 in the 2012 Period. Other income (expense) is comprised primarily of derivative income and amortization of debt discount and deferred finance costs. Derivative revaluation gain in the 2013 Period was $ 55,068,497 compared to derivative revaluation loss of $ 6,568,388 in the 2012 Period. Keeping the number of shares constant, the liability associated with the embedded conversion features increases as our share price and volatility increases and, likewise, decreases when our share price and share price volatility decreases. Derivative income (expense) displays the inverse relationship. Interest expense for the nine month 2013 Period is $ 332766 compared to $527,021 for the nine month 2012 Period.

Net income for the 2013 Period was $54,588,717 compared to a net loss of $ 7,497,690 for the 2012 Period.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2013, we had current assets of $ 243,523, current liabilities of $ 32,144,623, negative working capital of ($31,901,100) and an accumulated deficit of $ 49,000,523. For the nine months ending September 30, 2013, we had net cash flows used in operating activities of ($ 373,472), net cash flows used in investing activities of ($366), and net cash flows provided by financing activities of $ 371,084.

We will need to obtain additional capital in order to expand operations and become profitable. In order to obtain capital, we may need to sell additional shares of our common stock or borrow funds from private lenders. There can be no assurance that we will be successful in obtaining additional funding. We will still need additional capital in order to continue operations until we are able to achieve positive operating cash flow. Additional capital is being sought, but we cannot guarantee that we will be able to obtain such investments. Financing transactions may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. If we do not obtain additional capital, we may cease operations.

However, even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses, fail to collect significant amounts owed to us, or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, revenues, results of operations, liquidity or capital expenditures.

CONTRACTUAL OBLIGATIONS

The following table sets forth the contractual obligations of the Company as of December 31, 2012:

	Payments due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Convertible debt, net	$ 2,498,986	$ 2,277,181	$ 221,805	$ -	$ -
Notes payable	252,082	252,082	-	-	-
Notes payable, related parties	197,069	197,069	-	-	-
Small Business Administration loan	980,450	980,450	-	-	-
Total	$ 3,928,587	$ 3,706,782	$ 221,805	$ -	$ -

EFFECT OF RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Form 10-K for the year ended December 31, 2012.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), we are not required to provide the information required by this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

With the participation of Lloyd T. Spencer, who serves as the Chief Executive Officer (the principal executive officer) and Interim Chief Financial Officer (the principal financial officer); the Company’s management has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the quarterly period covered by this Quarterly Report on Form 10-Q. As of the end of the period covered by this Report, we conducted an evaluation, under the supervision and with the participation of our chief executive officer and interim chief financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our chief executive officer and interim chief financial officer concluded that our disclosure controls and procedures are not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. The ineffectiveness of our disclosure controls and procedures is the result of certain deficiencies in internal controls constituting material weaknesses as discussed below.

The Company has historically had limited operating revenue and, as such, all accounting and financial reporting operations have been and are currently performed by a limited number of individuals. The parties that perform the accounting and financial reporting operations are the only parties with any significant knowledge of generally accepted accounting principles. Thus, we lack segregation of duties in the period-end financial reporting process. This lack of additional accounting/auditing staff with significant knowledge of generally accepted accounting principles in order to properly segregate duties could result in ineffective oversight and monitoring and the possibility of a misstatement within the consolidated financial statements. However, the material weaknesses identified did not result in the restatement of any previously reported financial statements or any other related financial disclosure, nor does management believe that it had any effect on the accuracy of the Company's consolidated financial statements for the current reporting period.

The Company is currently reviewing its policies and is evaluating its disclosure controls and procedures so that it will be able to determine the changes it can and should make to make such controls more effective.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the Company's last fiscal quarter that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

Part II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

As a smaller reporting company, as defined in Rule 12b-2 of the Exchange Act, we are not required to provide the information required by this item.

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

During the nine months ended September 30, 2013 the Company issued 4,048,748,227 shares of its common stock for an aggregate valued at $250,097 as described in Note 5 – Convertible Debt.

The shares were issued in reliance upon an exception from registration under Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder, including Regulation D.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

(a) No material default in the payment of principal, interest, a sinking fund or purchase fund installment, or any other material default not cured within 30 days exists as of the balance sheet date.

(b) As of the balance sheet date the company is in arrears in the payment of dividends related to its Series B preferred stock in the amount of $15,969.

(c) At September 30, 2013, we are in default on the remaining of the original $2,825,000 Secured Convertible Debenture presently held by Yorkville Advisors, LLC. Yorkville currently holds $395,628 of the first tranche and $82,630 of the third tranche. The remainder of the first tranche was assigned to a third party ("Ratzker") who amended the terms in March 2011 extending the maturity date to March 2013. During the second quarter of 2011, Ratzker assigned 50% of his note to another third party ("Redwood"). The second tranch was assigned to a third party who did not amend the terms. The note is still in default. The debenture accrued interest at 10% per annum thru March 25, 2008 at which time the interest rate was increased to 14% per annum. The debenture is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(d) As of September 30, 2013, we are in default on our Secured Convertible Debenture presently held by Yorkville Advisors, LLC in the face amount of $600,000. The debenture accrued interest at 14% per annum and is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(e) As of September 30, 2013, we are in default on our Secured Convertible Debenture presently held by Yorkville Advisors, LLC in the face amount of $300,000. The debenture accrued interest at 14% per annum and is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(f) As of September 30, 2013, we are in default on our Unsecured Convertible Debenture presently held by Barclay Lyons in the face amount of $10,750. The debenture accrued interest at 21% through the maturity date of July 28, 2011 with default interest at 35% thereafter. The debenture is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(g) As of September 30, 2013, we are in default on our Unsecured Convertible Debenture presently held by Martin Harvey in the face amount of $67,042. The debenture accrued interest at 10% through the maturity date of May 2, 2011 with default interest at 15% thereafter. The debenture is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(h) As of September 30, 2013, we are in default on our Unsecured Convertible Debenture presently held by Thomas Collins in the face amount of $39,170. The debenture accrues interest at 15% and is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(i) As of September 30, 2013, we are in default on two notes payable aggregating $100,000. The notes accrued interest at 8% through the maturity date of February 2003 with default interest at 15% thereafter. The notes are convertible at the option of the holder into shares of CoroWare, Inc. common stock.

(j) As of September 30, 2013, we are in default on our Unsecured Convertible Debentures presently held by Asher Enterprises in the aggregate face amount of $90,000. The debenture accrues interest at 22% (the default rate) and is convertible at the option of the holder into shares of CoroWare, Inc. common stock.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31	Certification of Periodic Financial Reports by Lloyd Spencer in satisfaction of Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of Periodic Financial Reports by Lloyd Spencer in satisfaction of Section 906 of the Sarbanes-Oxley Act of 2002 and 18 U.S.C. Section 1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CoroWare, Inc.

/s/ Lloyd T. Spencer

Dated: November 18, 2013

Lloyd T. Spencer, Chief Executive Officer and
Interim Chief Financial Officer
(Principal Executive Officer and
Principal
Accounting and Financial
Officer)