

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2019

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 333-73996

MORGAN GROUP HOLDING CO.

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

Delaware

13-4196940

(State or other jurisdiction of Incorporation of organization)

(IRS Employer Identification Number)

401 Theodore Fremd Avenue, Rye, New York

10580

(Address of principal executive offices)

(Zip Code)

(914) 921-1877

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practical date.

<u>Class</u>	<u>Outstanding at July 31, 2019</u>
Common Stock, \$.01 par value	4,859,055

MORGAN GROUP HOLDING CO.
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PART I - FINANCIAL INFORMATION

Item 1 . Financial Statements.

Unaudited Financial Statements

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Morgan Group Holding Co.
Condensed Balance Sheets
(Unaudited)

	June 30, 2019	December 31, 2018	June 30, 2018
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 91,270	\$ 129,635	\$ 142,684
Prepaid expenses	11,834	7,454	17,773
Total current assets	<u>103,104</u>	<u>137,089</u>	<u>160,457</u>
Total assets	<u>\$ 103,104</u>	<u>\$ 137,089</u>	<u>\$ 160,457</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	\$ —	\$ 222	\$ 5,949
Total current liabilities	<u>—</u>	<u>222</u>	<u>5,949</u>
Total liabilities	<u>—</u>	<u>222</u>	<u>5,949</u>
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS' EQUITY			
Preferred stock, \$0.01 par value, 1,000,000 shares authorized, none outstanding	—	—	—
Common stock, \$0.01 par value, 10,000,000 shares authorized, 4,859,055 shares outstanding	48,591	48,591	48,591
Additional paid-in-capital	5,937,368	5,937,368	5,937,368
Accumulated deficit	<u>(5,882,855)</u>	<u>(5,849,092)</u>	<u>(5,831,451)</u>
Total shareholders' equity	<u>103,104</u>	<u>136,867</u>	<u>154,508</u>
Total liabilities and shareholders' equity	<u>\$ 103,104</u>	<u>\$ 137,089</u>	<u>\$ 160,457</u>

See accompanying notes to condensed financial statements.

Morgan Group Holding Co.
Condensed Statements of Operations
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenues	\$ --	\$ --	\$ --	\$ --
Administrative expenses	(11,654)	(11,744)	(35,010)	(38,765)
Other income:				
Interest income	575	621	1,247	666
Net loss before income taxes	(11,079)	(11,123)	(33,763)	(38,099)
Income taxes	--	--	--	--
Net loss	<u>\$ (11,079)</u>	<u>\$ (11,123)</u>	<u>\$ (33,763)</u>	<u>\$ (38,099)</u>
Net loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
Shares outstanding, basic and diluted	4,859,055	4,859,055	4,859,055	4,212,464

See accompanying notes to condensed financial statements.

Morgan Group Holding Co.
Condensed Statements of Cash Flows
(Unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash Flows from Operating Activities		
Interest income	\$ 1,247	\$ 666
Cash paid to suppliers	(39,612)	(55,255)
Net cash used in operating activities	(38,365)	(54,589)
Cash Flows from Financing Activities		
Issuance of common stock	--	180,000
Net cash provided by financing activities	--	180,000
Net increase (decrease) in cash and cash equivalents	(38,365)	125,411
Cash and cash equivalents, beginning of the period	129,635	17,273
Cash and cash equivalents, end of the period	\$ 91,270	\$ 142,684
Reconciliation of net loss to net cash used in operating activities:		
Net loss	\$ (33,763)	\$ (38,099)
Increase in prepaid expenses	(4,380)	(17,445)
(Decrease) increase in accrued liabilities	(222)	955
Net cash used in operating activities	\$ (38,365)	\$ (54,589)
Cash paid for interest	\$ --	\$ --
Cash paid for income taxes	\$ --	\$ --

See accompanying notes to condensed financial statements.

Morgan Group Holding Co.
Condensed Statement of Shareholders' Equity
Six Months Ended June 30, 2019
(Unaudited)

	Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	Shares	Par Value			
Shareholders' equity, December 31, 2018	4,859,055	\$ 48,591	\$ 5,937,368	\$ (5,849,092)	\$ 136,867
Net loss for six months ended June 30, 2019	—	—	—	(33,763)	(33,763)
Shareholders' equity, June 30, 2019	4,859,055	\$ 48,591	\$ 5,937,368	\$ (5,882,855)	\$ 103,104

See accompanying notes to condensed financial statements.

Morgan Group Holding Co.
Notes to Condensed Financial Statements

Note 1. Basis of Presentation

Morgan Group Holding Co. (“Holding” or “the Company”) was incorporated in November 2001 as a wholly-owned subsidiary of LICT Corporation (“LICT”) to serve, among other business purposes, as a holding company for LICT’s controlling interest in The Morgan Group, Inc. (“Morgan”). On January 24, 2002, LICT spun off 2,820,051 shares of Holding common stock through a pro rata distribution (“Spin-Off”) to its stockholders and retained 235,294 shares.

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Note 2. Acquisition of G.Research, LLC

On June 18, 2019, the Company announced an agreement in principle with Associated Capital Group (“AC,” NYSE:AC), to acquire a subsidiary of AC, G.Research, LLC (“G.Research”). Under the proposed terms, Morgan will acquire G.Research for 50,000,000 shares of Morgan’s common stock. The transaction is subject to the execution of definitive documents and the satisfaction of customary closing conditions and regulatory approvals. Accordingly, no assurances can be given that a binding agreement will be entered into, that the proposed transaction will be consummated or the timing thereof. If the transaction is completed, AC will hold approximately 91% of Morgan’s outstanding common stock.

Note 3. Significant Accounting Policies

All highly liquid investments with maturity of three months or less when purchased are considered to be cash equivalents. The carrying value of a cash equivalent approximates its fair value based on its nature.

At June 30, 2019, December 31, 2018, and June 30, 2018, all cash and cash equivalents were invested in a United States Treasury money market fund, of which an affiliate of the Company serves as the investment manager.

The Company may from time to time invest in marketable securities that are bought and held principally for the purpose of selling them in the near term and are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the period included in earnings.

Basic earnings per share is based on the weighted-average number of common shares outstanding during each period. Diluted earnings per share is based on basic shares plus the incremental shares that would be issued upon the assumed exercise of in-the-money stock options and unvested restricted stock using the treasury stock method, and if dilutive.

Note 4. Fair Value of Financial Instruments

The Company measures fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal market on the measurement date. The hierarchy established by the FASB prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized into the following levels:

Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable, either directly or indirectly, for identical or similar assets and liabilities in active or non-active markets; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liability.

Level 3 – Unobservable inputs not corroborated by market data, therefore requiring the entity to use the best available information, including management assumptions.

At June 30, 2019, December 31, 2018, and June 30, 2018, the Company's cash equivalents included money market securities. These securities are valued utilizing quoted market prices from identical instruments and are categorized in Level 1 of the fair value hierarchy.

At June 30, 2019, December 31, 2018, and June 30, 2018, there were no gross unrealized gains or losses.

Note 5. [Income Taxes](#)

The Company is a "C" corporation for Federal tax purposes, and has provided for deferred income taxes for temporary differences between the financial statement and tax bases of its assets and liabilities. The Company has recorded a full valuation allowance against its deferred tax asset of approximately \$201,972 arising from its temporary basis differences and tax loss carryforward, as its realization is dependent upon the generation of future taxable income during the period when such losses would be deductible.

Pursuant to Sections 382 and 383 of the Internal Revenue Code, annual use of any of the Company's net operating loss carry forwards may be limited if cumulative changes in ownership of more than 50% occur during any three year period.

Note 6. [Commitments and Contingencies](#)

From time to time the Company may be subject to certain asserted and unasserted claims. It is the Company's belief that the resolution of these matters will not have a material adverse effect on its financial position.

Note 7. [Shareholders' Equity and Subsequent Event](#)

On March 19, 2018, the Company sold in a private placement to LICT, 1,500,000 of its shares common stock for \$180,000, or \$0.12 per share. These funds are intended to be used to pay administrative costs for the next three years, until an acquisition candidate can be found and appropriate financing obtained. The funds from the sale were received on April 3, 2018.

At the Company's Annual Meeting of Stockholders on May 8, 2014, its stockholders voted to amend the Company's Certificate of Incorporation (the "Charter Amendment") to increase the number of authorized shares of common stock, par value \$0.01 per share, from 10,000,000 to 100,000,000. In connection with the proposed acquisition of G.Research, as further described in Note 2, and in order to effectuate this authorization, on July 15, 2019, the Company filed this Charter Amendment with its state of incorporation, Delaware.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company currently has no operating businesses and has been seeking acquisitions as part of its strategic alternatives. Its only costs are the expenses required to make the regulatory filings needed to maintain its public status and to find and evaluate potential acquisitions. These costs are estimated at \$50,000 per year.

Recent Developments

On June 18, 2019, the Company announced an agreement in principle with AC, to acquire a subsidiary of AC, G.Research. Under the proposed terms, Morgan will acquire G.Research for 50,000,000 shares of Morgan's common stock of Morgan. The transaction is subject to the execution of definitive documents and the satisfaction of customary closing conditions and regulatory approvals. Accordingly, no assurances can be given that a binding agreement will be entered into, that the proposed transaction will be consummated or the timing thereof. If the transaction is completed, AC will hold approximately 91% of Morgan's outstanding common stock.

Results of Operations

Three Months Ended June 30, 2019 and 2018

For the three months ended June 30, 2019, the Company incurred \$11,654 of administrative expenses, essentially the same as the \$11,744 of administrative expenses for the three months ended June 30, 2018.

During the second fiscal quarter of 2019, the Company earned \$575 from its investment in a United States Treasury money market fund, as compared to \$621 in the second quarter of 2018 due to higher average investment balances in 2018.

Six Months Ended June 30, 2019 and 2018

For the six months ended June 30, 2019, the Company incurred \$35,010 of administrative expenses, \$3,755 less than the \$38,765 of administrative expenses incurred for the six months ended June 30, 2018. The decrease was primarily due to decreased legal fees in 2019.

During the first half of 2019, the Company earned \$1,247 from its investment in a United States Treasury money market fund, as compared to \$666 in the first half of 2018 due to higher average investment balances in 2019.

Liquidity and Capital Resources

At June 30, 2019, the Company's principal assets consisted of cash and cash equivalents of \$91,270 as compared to \$129,635 at December 31, 2018.

On March 19, 2018 the Company sold in a private placement to LICT Corporation 1,500,000 shares of its common stock for \$180,000, or \$0.12 per share. These funds are intended to be used to pay administrative costs for the next three years, to allow the Company to search for an acquisition candidate and appropriate financing. The funds from this sale were received on April 3, 2018.

Off Balance Sheet Arrangements

None.

Item 3. Quantitative and Qualitative Analysis of Market Risk

The Company is a smaller reporting company as defined in Item 10(f)(1) of Regulation S-K and thus is not required to report the Quantitative and Qualitative Analysis of Market Risk specified in Item 305 of Regulation S-K.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our Acting Chief Executive Officer/Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Act") as of the end of the period covered by this report. Based on that evaluation, the Acting Chief Executive Officer/Chief Financial Officer has concluded that the Company's disclosure controls and procedures as of the end of the period covered by this report were designed and were functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. The Company believes that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Changes in Internal Controls

During the period covered by this report, there have been no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our financial statements.

Forward Looking Discussion

This report contains a number of forward-looking statements, including but not limited to statements regarding the prospective adequacy of the Company's liquidity and capital resources in the near term. From time to time, the Company may make other oral or written forward-looking statements regarding its anticipated operating revenues, costs and expenses, earnings and other matters affecting its operations and condition. Such forward-looking statements are subject to a number of material factors, which could cause the statements or projections contained therein to be materially inaccurate. Such factors include the estimated administrative expenses of the Company on a going-forward basis.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to any legal proceedings.

Item 1a. Risk Factors.

[Not applicable]

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable

Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit 31.1	Acting Chief Executive Officer and Chief Financial Officer Rule 15d-14(a) Certification.
Exhibit 32.1	Acting Chief Executive Officer and Chief Financial Officer Section 1350 Certification.
EX-101.INS	XBRL INSTANCE DOCUMENT
EX-101.SCH	XBRL TAXONOMY EXTENSION SCHEMA
EX-101.PRE	XBRL TAXONOMY EXTENSION PRESENTATION LINKBASE
EX-101.LAB	XBRL TAXONOMY LABEL LINKBASE
EX-101.CAL	XBRL TAXONOMY EXTENSION CALCULATION
EX-101.DEF	XBRL TAXONOMY EXTENSION DEFINITION LINKBASE

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MORGAN GROUP HOLDING CO.

By: /s/ Robert E. Dolan
ROBERT E. DOLAN
Acting Chief Executive Officer/Chief Financial Officer

August 9, 2019

Rule 13a-14(a) Certification of the Acting Chief Executive Officer and Chief Financial Officer

I, Robert E. Dolan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Morgan Group Holdings Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2019

/s/ Robert E. Dolan

Robert E. Dolan

Acting Chief Executive Officer/Chief Financial Officer

CERTIFICATION OF ACTING CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Morgan Group Holdings Co. (the "Company") for the three months ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Robert E. Dolan, as Acting Chief Executive Officer and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Robert E. Dolan
Name: Robert E. Dolan
Title: Acting Chief Executive Officer/
Chief Financial Officer

Date: August 9, 2019