

---

---

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the Quarterly period ended June 30, 2012

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-53862

**iGambit Inc.**

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

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**11-3363609**

*(I.R.S. Employer  
Identification No.)*

**1050 W. Jericho Turnpike, Suite A**

**Smithtown, New York 11787**

*(Address of Principal Executive Offices)(Zip Code)*

**(631) 670-6777**

*(Issuer's Telephone Number, Including Area Code)*

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

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

The Registrant had 23,954,056 shares of its common stock outstanding as of August 8, 2012.

---

---

**iGambit Inc.**  
**Form 10-Q**

Part I — Financial Information	1
Item 1. Financial Statements:	1
Consolidated Balance Sheets	1
Consolidated Statements of Income	2
Consolidated Statements of Cash Flows	3
Notes to Consolidated Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
Part II — Other Information	21
Item 1. Legal Proceedings	21
Item 1A. Risk Factors	21
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3. Defaults upon Senior Securities	21
Item 4. Removed and Reserved	21
Item 5. Other Information	21
Item 6. Exhibits	21
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	

## PART I — FINANCIAL INFORMATION

### Item 1 — *Financial Statements*

#### IGAMBIT INC. CONSOLIDATED BALANCE SHEETS

	JUNE 30, 2012 (Unaudited)	DECEMBER 31, 2011
<u>ASSETS</u>		
Current assets		
Cash	\$ 653,462	\$ 224,800
Accounts receivable, net	161,350	269,353
Prepaid expenses	26,955	58,649
Notes receivable	--	434,512
Notes receivable - stockholder	17,000	17,000
Deferred income taxes	368,658	184,185
Assets from discontinued operations	345,590	570,590
Total current assets	1,573,015	1,759,089
Property and equipment, net	20,761	18,563
Other assets		
Goodwill	111,026	111,026
Deposits	2,070	2,500
Total other assets	113,096	113,526
	\$ 1,706,872	\$ 1,891,178
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities		
Accounts payable	\$ 380,350	\$ 263,195
Note payable - related party	19,765	25,390
Loan payable - stockholder	5,300	--
Total current liabilities	405,415	288,585
Stockholders' equity		
Common stock, \$.001 par value; authorized - 75,000,000 shares; issued and outstanding - 23,954,056 shares, respectively	23,954	23,954
Additional paid-in capital	2,403,090	2,403,090
Accumulated deficit	(1,125,587)	(824,451)
Total stockholders' equity	1,301,457	1,602,593
	\$ 1,706,872	\$ 1,891,178

IGAMBIT INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
UNAUDITED

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Sales	\$ 429,168	\$ 477,441	\$ 909,516	\$ 889,344
Cost of sales	<u>222,573</u>	<u>221,592</u>	<u>477,611</u>	<u>351,813</u>
Gross profit	206,595	255,849	431,905	537,531
Operating expenses				
General and administrative expenses	<u>433,294</u>	<u>450,662</u>	<u>930,235</u>	<u>903,061</u>
Loss from operations	(226,699)	(194,813)	(498,330)	(365,530)
Other income				
Interest income	<u>5,881</u>	<u>6,935</u>	<u>12,721</u>	<u>14,170</u>
Loss from continuing operations before income tax benefit	(220,818)	(187,878)	(485,609)	(351,360)
Income tax benefit	<u>83,217</u>	<u>65,643</u>	<u>184,473</u>	<u>114,860</u>
Loss from continuing operations	<u>(137,601)</u>	<u>(122,235)</u>	<u>(301,136)</u>	<u>(236,500)</u>
Discontinued operations				
Income from discontinued operations				242,099
Provision for income taxes	--	--	--	82,314
Income from discontinued operations, net of taxes	<u>--</u>	<u>--</u>	<u>--</u>	<u>159,785</u>
Net loss	\$ <u><u>(137,601)</u></u>	\$ <u><u>(122,235)</u></u>	\$ <u><u>(301,136)</u></u>	\$ <u><u>(76,715)</u></u>
Basic and fully diluted earnings (loss) per common share:				
Continuing operations				
Discontinued operations, net of tax	\$ (.01)	\$ (.01)	\$ (.01)	\$ (.01)
Net earnings per common share	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .00</u>	<u>\$ .01</u>
	<u>\$ (.01)</u>	<u>\$ (.01)</u>	<u>\$ (.01)</u>	<u>\$ .00</u>
Weighted average common shares outstanding	<u>23,954,056</u>	<u>23,954,056</u>	<u>23,954,056</u>	<u>23,954,056</u>

IGAMBIT INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
SIX MONTHS ENDED JUNE 30,  
(UNAUDITED)

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (301,136)	\$ (76,715)
Adjustments to reconcile net loss to net cash provided (used) by operating activities		
Income from discontinued operations	--	(159,785)
Depreciation	4,249	2,894
Deferred income taxes	(184,473)	--
Increase (Decrease) in cash flows as a result of changes in asset and liability account balances:		
Accounts receivable	108,003	(154,163)
Prepaid expenses	31,694	197,475
Accounts payable	<u>117,155</u>	<u>(68,561)</u>
Net cash used by continuing operating activities	(224,508)	(258,855)
Net cash provided (used) by discontinued operating activities	<u>225,000</u>	<u>(82,314)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>492</u>	<u>(341,169)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(1,147)	(18,751)
Decrease in deposits	430	--
Proceeds from repayments of notes receivable	<u>434,512</u>	<u>32,988</u>
Net cash provided by continuing investing activities	433,795	14,237
Net cash provided by discontinued investing activities	<u>--</u>	<u>330,000</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>433,795</u>	<u>344,237</u>
<b>NET CASH USED BY FINANCING ACTIVITIES:</b>		
Repayment of loans from shareholders	<u>(5,625)</u>	<u>--</u>
<b>NET INCREASE IN CASH</b>	428,662	3,068
<b>CASH - BEGINNING OF PERIOD</b>	<u>224,800</u>	<u>465,549</u>
<b>CASH - END OF PERIOD</b>	<u>\$ 653,462</u>	<u>\$ 468,617</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 1,368	\$ 1,372
Income taxes	4,125	13,940
Non-cash investing and financing activities:		
Property and equipment purchased through loan from stockholder	\$ 5,300	\$ --

**IGAMBIT INC.**  
**Notes to Consolidated Financial Statements**

**Note 1 - Organization and Basis of Presentation**

The consolidated financial statements presented are those of iGambit Inc., (the “Company”) and its wholly-owned subsidiary, Gotham Innovation Lab Inc. (“Gotham”). The Company was incorporated under the laws of the State of Delaware on April 13, 2000. The Company was originally incorporated as Compusations Inc. under the laws of the State of New York on October 2, 1996. The Company changed its name to BigVault.com Inc. upon changing its state of domicile on April 13, 2000. The Company changed its name again to bigVault Storage Technologies Inc. on December 22, 2000 before changing to iGambit Inc. on July 18, 2006. Gotham was incorporated under the laws of the state of New York on September 23, 2009.

In the opinion of management, the accompanying interim financial statements reflect all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position and the results of operations and cash flows for the interim periods presented. The results of operations for these interim periods are not necessarily indicative of the results to be expected for the year ending December 31, 2012.

**Note 2 – Discontinued Operations**

**Sale of Business**

On February 28, 2006, the Company entered into an asset purchase agreement with Digi-Data Corporation (“Digi-Data”), whereby Digi-Data acquired the Company’s assets and its online digital vaulting business operations in exchange for \$1,500,000, which was deposited into an escrow account for payment of the Company’s outstanding liabilities. In addition, as part of the sales agreement, the Company receives payments from Digi-Data based on 10% of the net vaulting revenue payable quarterly over five years. The Company is also entitled to an additional 5% of the increase in net vaulting revenue over the prior year’s revenue. These adjustments to the sales price are included in the discontinued operations line of the statements of operations.

The assets of the discontinued operations are presented in the balance sheets under the captions “Assets of discontinued operations”. The underlying assets of the discontinued operations consist of accounts receivable of \$345,590 and \$570,590 as of June 30, 2012 and December 31, 2011, respectively.

**Accounts Receivable**

Accounts receivable includes 50% of contingency payments earned for the previous quarter. Reserve for bad debts of \$250,000 was charged to operations for the year ended December 31, 2010. No reserve for bad debts was charged to operations for the six months ended June 30, 2012.

## **Note 3 – Summary of Significant Accounting Policies**

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Gotham Innovation Lab, Inc. All significant intercompany accounts and transactions have been eliminated.

### **Use of Estimates in the Preparation of Financial Statements**

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

### **Fair Value of Financial Instruments**

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and amounts due to related parties, the carrying amounts approximate fair value due to their short maturities.

### **Revenue Recognition**

Contingency payment income was recognized quarterly from a percentage of Digi-Data's vaulting service revenue, and is included in discontinued operations.

The Company's revenues from continuing operations consists of revenues primarily from sales of products and services rendered to real estate brokers. Revenues are recognized upon delivery of the products or services.

### **Cash and Cash Equivalents**

For purposes of reporting cash flows, cash and cash equivalents include checking and money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

### **Accounts Receivable**

The Company analyzes the collectability of accounts receivable each accounting period and adjusts its allowance for doubtful accounts accordingly. A considerable amount of judgment is required in assessing the realization of accounts receivables, including the current creditworthiness of each customer, current and historical collection history and the related aging of past due balances. The Company evaluates specific accounts when it becomes aware of information indicating that a customer may not be able to meet its financial obligations due to deterioration of its financial condition, lower credit ratings, bankruptcy or other factors affecting the ability to render payment. There was no bad

debt expense charged to operations for the six months ended June 30, 2012 and 2011, respectively.

### **Prepaid Expenses**

Prepaid expenses consist of the following:

	June 30, <u>2012</u>	December 31, <u>2011</u>
Prepaid state income taxes	\$ 22,368	\$ 31,758
Prepaid insurance	<u>4,587</u>	<u>26,891</u>
	<u>\$ 26,955</u>	<u>\$ 58,649</u>

### **Property and equipment and depreciation**

Property and equipment are stated at cost. Depreciation for both financial reporting and income tax purposes is computed using combinations of the straight line and accelerated methods over the estimated lives of the respective assets. During the six months ended June 30, 2012, the Company purchased furniture and computer equipment totaling \$6,447. Computer equipment is depreciated over 5 years and furniture and fixtures are depreciated over 7 years. Maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is credited or charged to income.

Depreciation expense of \$4,249 and \$2,894 was charged to operations for the six months ended June 30, 2012 and 2011, respectively.

### **Goodwill**

Goodwill represents the fair market value of the common shares issued and common stock options granted by the Company for the acquisition of Jekyll by the Company's subsidiary, Gotham. In accordance with ASC Topic No. 350 "Intangibles – Goodwill and Other"), the goodwill is not being amortized, but instead will be subject to an annual assessment of impairment by applying a fair-value based test, and will be reviewed more frequently if current events and circumstances indicate a possible impairment. An impairment loss is charged to expense in the period identified. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the asset's carrying amount, an impairment loss is charged to expense in the period identified. A lack of projected future operating results from Gotham's operations may cause impairment. At December 31, 2011, the Company performed an impairment study and determined that there is no indication that present and future cash flows are not expected to be sufficient to recover the carrying amount of goodwill. The Company has not performed an impairment study during the six months ended June 30, 2012. Based on the



Company's evaluation of goodwill, no impairment was recorded during the six months ended June 30, 2012.

### **Stock-Based Compensation**

The Company accounts for its stock-based employee compensation plan in accordance with ASC Topic No. 718-20, *Awards Classified as Equity*, which requires the measurement of compensation expense for all share-based compensation granted to employees and non-employee directors at fair value on the date of grant and recognition of compensation expense over the related service period for awards expected to vest. The Company uses the Black-Scholes option valuation model to estimate the fair value of its stock options and warrants. The Black-Scholes option valuation model requires the input of highly subjective assumptions including the expected stock price volatility of the Company's common stock. Changes in these subjective input assumptions can materially affect the fair value estimate of the Company's stock options and warrants.

### **Income Taxes**

The Company accounts for income taxes using the asset and liability method in accordance with ASC Topic No. 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

The Company applies the provisions of ASC Topic No. 740 for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. In accordance with this provision, tax positions must meet a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position.

### **Note 4 – Notes Receivable**

In connection with a letter of intent the Company entered into with Allied Airbus, Inc. ("Allied") on July 20, 2010 to which both parties were unable to reach a mutually acceptable definitive agreement, the Company provided various loans to Allied totaling \$434,512 at December 31, 2011, for which promissory notes were issued. The notes, which became past due during the period, were repaid in full including accrued interest on June 27, 2012.

Accrued interest on the notes was \$12,044 and \$20,358 for the six months ended June 30, 2012 and 2011, respectively.

### **Note 5 - Earnings Per Common Share**

The Company calculates net earnings (loss) per common share in accordance with ASC 260 "*Earnings Per Share*" ("ASC 260"). Basic and diluted net earnings (loss) per

common share was determined by dividing net earnings (loss) applicable to common stockholders by the weighted average number of common shares outstanding during the period. The Company's potentially dilutive shares, which include outstanding common stock options and common stock warrants, have not been included in the computation of diluted net earnings (loss) per share for all periods as the result would be anti-dilutive.

	Six Months Ended June 30,	
	<u>2012</u>	<u>2011</u>
Stock options	2,768,900	2,468,900
Common stock warrants	<u>275,000</u>	<u>3,085,000</u>
Total shares excluded from calculation	<u>3,043,900</u>	<u>5,553,900</u>

### **Note 6 – Stock Based Compensation**

Stock-based compensation expense for all stock-based award programs, including grants of stock options and warrants, is recorded in accordance with "*Compensation—Stock Compensation*", Topic 718 of the FASB ASC. Stock-based compensation expense, which is calculated net of estimated forfeitures, is computed using the grant date fair-value method on a straight-line basis over the requisite service period for all stock awards that vest during the period. The grant date fair value for stock options is calculated using the Black-Scholes option valuation model. Determining the fair value of options at the grant date requires judgment, including estimating the expected term that stock options will be outstanding prior to exercise, the associated volatility and the expected dividends. Stock-based compensation expense is reported under general and administrative expenses on the accompanying consolidated statements of operations.

In 2006, the Company adopted the 2006 Long-Term Incentive Plan (the "2006 Plan"). Awards granted under the 2006 plan have a ten-year term and may be incentive stock options, non-qualified stock options or warrants. The awards are granted at an exercise price equal to the fair market value on the date of grant and generally vest over a three or four year period. Effective January 1, 2006, the Company recognized compensation expense ratably over the vesting period, net of estimated forfeitures. As of June 30, 2012, there was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the 2006 plan.

The 2006 Plan provides for the granting of options to purchase up to 10,000,000 shares of common stock. 8,822,000 options have been issued or exercised to date. There are 8,617,520 options outstanding under the 2006 Plan.

Warrant activity during the six months ended June 30, 2012 follows:

	<u>Warrants</u>	<u>Average Exercise Price</u>	<u>Weighted Average Grant-Date Fair Value</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>
Warrants outstanding at January 1, 2012	275,000	\$ 0.94	\$ 0.10	
No warrant activity	<u>    --</u>	<u>    --</u>	<u>    --</u>	
Warrants outstanding at June 30, 2012	<u>275,000</u>	<u>\$ 0.94</u>	<u>\$ 0.10</u>	0.99

Stock Option Plan activity during the six months ended June 30, 2012 follows:

	<u>Options</u>	<u>Average Exercise Price</u>	<u>Weighted Average Grant-Date Fair Value</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>
Options outstanding at January 1, 2012	2,768,900	\$ 0.04	\$ 0.10	
No option activity	<u>    --</u>	<u>    --</u>	<u>    --</u>	
Options outstanding at June 30, 2012	<u>2,768,900</u>	<u>\$ 0.04</u>	<u>\$ 0.10</u>	4.27

The fair value of warrants and options granted is estimated on the date of grant based on the weighted-average assumptions in the table below. The assumption for the expected life is based on evaluations of historical and expected exercise behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. The calculated value method using the historical volatility of the Computer Services industry is used as the basis for the volatility assumption.

	Six months ended June 30,	
	<u>2012</u>	<u>2011</u>
Weighted average risk-free rate	0.64%	1.89%
Average expected life in years	5.0	4.6
Expected dividends	None	None
Volatility	44%	36%
Forfeiture rate	0%	0%

## Note 7 - Income Taxes

The tax provision at June 30 consists of the following:

	<u>2012</u>	<u>2011</u>
From operations:		
Continuing operations:		
Current tax expense (benefit):		
Federal	\$(148,524)	\$ (114,860)
State and local	<u>(35,949)</u>	<u>--</u>
Total from continuing operations	<u>(184,473)</u>	<u>(114,860)</u>
Discontinued operations:		
Current tax expense (benefit)		
Federal	--	82,314
State and local	<u>--</u>	<u>--</u>
Total from discontinued operations	<u>--</u>	<u>82,314</u>
Total	<u>\$(184,473)</u>	<u>\$ (32,546)</u>

A reconciliation of the statutory federal income tax rate and the effective tax rate follows:

	Six Months Ended	
	June 30,	
	<u>2012</u>	<u>2011</u>
Statutory tax rate	34.0%	34.0%
Effect of:		
State income taxes, net of federal income tax benefit	5.0%	0.0%
Tax effect of expenses that are not deductible for income tax purposes	<u>(1.0)%</u>	<u>(4.2)%</u>
Effective tax rate	<u>38.0%</u>	<u>29.8%</u>

The Company recognizes deferred tax assets and liabilities based on the future tax consequences of events that have been included in the financial statements or tax returns. The differences relate primarily to net operating loss carryovers. Deferred tax assets and liabilities are calculated based on the difference between the financial reporting and tax bases of assets and liabilities using the currently enacted tax rates in effect during the years in which the differences are expected to reverse. Deferred taxes are classified as current or non-current, depending on the classification of the assets and liabilities to which they relate.

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial statement purposes but not for federal income tax purposes.

In accordance with ASC Topic No. 740, *Income Taxes*, a valuation allowance is established based on the future recoverability of deferred tax assets. This assessment is based upon consideration of available positive and negative evidence, which includes, among other things, the Company's most recent results of operations and expected future profitability. Management has determined that no valuation allowance related to deferred tax assets is necessary at June 30, 2012 and December 31, 2011.

#### **Note 8 - Retirement Plan**

Gotham has adopted the Gotham Innovation Lab, Inc. SIMPLE IRA Plan, which covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 408 (a) of the Internal Revenue Code. The Company matches up to 3% of employee contributions. The Company's contributions to the plan for the six months ended June 30, 2012 and 2011 were \$5,476 and \$5,541, respectively.

#### **Note 9 – Significant Customers**

Sales of Gotham to three customers amounted to approximately 65% of Gotham's total sales for the six months ended June 30, 2012 at 38%, 14%, and 13%, respectively.

#### **Note 10 – Risks and Uncertainties**

##### **Uninsured Cash Balances**

Substantially all amounts of cash accounts held at financial institutions are insured by the FDIC.

#### **Note 11 - Related Party Transactions**

##### **Notes Receivable - Stockholders**

The Company provided loans to a stockholder totaling \$17,000 at June 30, 2012 and December 31, 2011. The loans bear interest at a rate of 6% and are due on December 31, 2012.

Accrued interest on the note was \$509 and \$506 for the six months ended June 30, 2012 and 2011, respectively.

##### **Note Payable – Related Party**

Gotham was provided loans from an entity that is controlled by the officers of Gotham totaling \$19,765 and \$25,390 at June 30, 2012 and December 31, 2011, respectively. The note bears interest at a rate of 5.5% and is due on December 31, 2012.

Interest expense of \$295 was charged to operations for the six months ended June 30, 2012 and 2011, respectively.

### **Loan Payable - Stockholder**

A stockholder/officer of the Company paid for property and equipment totaling \$5,300 on behalf of the Company. The loan does not bear interest and has been repaid as of the date of this report.

### **Note 12 - Lease Commitment**

On February 1, 2012, iGambit entered into a 5 year lease for new executive office space in Smithtown, New York commencing on March 1, 2012.

Gotham has an operating lease for office space renewable annually on October 16 at a monthly rent of \$5,500.

Total future minimum annual lease payments under the lease for the years ending December 31 are as follows:

2012	\$ 9,000
2013	18,360
2014	18,720
2015	19,080
2016	<u>19,440</u>
	<u>\$ 84,600</u>

Rent expense of \$49,900 and \$48,600 was charged to operations for the six months ended June 30, 2012 and 2011, respectively.

### **Note 13 - Litigation**

On November 1, 2011, the Company commenced collection proceedings against Allied Airbus, Inc. (“Allied”) for nonpayment of various promissory notes totaling \$434,512 at December 31, 2011 in connection with a letter of intent the Company entered into to acquire the assets and business of Allied, to which a definitive agreement could not be reached. The claim against Allied included accrued interest at the rate of 6%.

As a result of a settlement reached on June 12, 2012, the Company received payment of the total balance, accrued interest and legal fees on June 27, 2012.

### **Note 14 – Recent Accounting Pronouncements**

In May 2011, the FASB issued Accounting Standards Update No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (“ASU 2011-04”), which is intended to result in convergence between

U.S. GAAP and International Financial Reporting Standards requirements for measurement of, and disclosures about, fair value. ASU 2011-04 clarifies or changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This pronouncement is effective for reporting periods beginning after December 15, 2011, with early adoption prohibited for public companies. The new guidance will require prospective application. The Company adopted this pronouncement in the first quarter of 2012 and does not expect its adoption to have a material effect on its financial position or results of operations.

In December 2010, the FASB issued authoritative guidance regarding when to perform step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. The guidance modifies Step 1 of the goodwill impairment test so that for those reporting units with zero or negative carrying amounts, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not based on an assessment of qualitative indicators that a goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. This guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. The Company adopted this standard beginning January 1, 2011, and the adoption did not have a material impact on the Company's consolidated financial statements.

In January 2010, the FASB issued ASU No. 2010-6, "*Improving Disclosures About Fair Value Measurements*", which provides amendments to ASC 820 *Fair Value Measurements and Disclosures*, including requiring reporting entities to make more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements including information on purchases, sales, issuances, and settlements on a gross basis and (4) the transfers between Levels 1, 2, and 3. The standard is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures, which are effective for annual periods beginning after December 15, 2010. The Company adopted this standard beginning January 1, 2011, and the adoption did not have a material impact on the Company's consolidated financial statements.

#### **Note 15 – Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the consolidated financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the consolidated financial statements as of June 30, 2012. In preparing these consolidated financial statements, the Company evaluated the events and transactions that occurred through the date these consolidated financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these consolidated financial statements.

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

### **FORWARD LOOKING STATEMENTS**

This Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), finding suitable merger or acquisition candidates, expansion and growth of the Company’s business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances.

Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Factors that could adversely affect actual results and performance include, among others, potential fluctuations in quarterly operating results and expenses, government regulation, technology change and competition. Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

### **CRITICAL ACCOUNTING ESTIMATES**

Our management’s discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements may require us to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the related disclosures at the date of the financial statements. We do not currently have any estimates or assumptions where the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change or the impact of the estimates and assumptions on financial condition or operating performance is material, except as described below.

#### ***Fair Value of Financial Instruments***

For certain of the our financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, and amounts due to related parties, the carrying amounts approximate fair value due to their short maturities.



### ***Revenue Recognition***

Contingency payment income is recognized quarterly from a percentage of Digi-Data's vaulting service revenue, and is included in discontinued operations. Our revenues from continuing operations consist of revenues primarily from sales of products and services rendered to real estate brokers. Revenues are recognized upon delivery of the products or services.

### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, cash and cash equivalents include checking and money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

### ***Accounts Receivable***

We analyze the collectability of accounts receivable each accounting period and adjust our allowance for doubtful accounts accordingly. A considerable amount of judgment is required in assessing the realization of accounts receivables, including the current creditworthiness of each customer, current and historical collection history and the related aging of past due balances. We evaluate specific accounts when we become aware of information indicating that a customer may not be able to meet its financial obligations due to deterioration of its financial condition, lower credit ratings, bankruptcy or other factors affecting the ability to render payment.

As of December 31, 2011, accounts receivable included 50% of contingency payments earned for the previous quarter. Reserve for bad debts of \$250,000 was charged to operations for the year ended December 31, 2010. No reserve for bad debts was charged to operations for the six months ended June 30, 2012.

### ***Property and equipment and depreciation***

Property and equipment are stated at cost. Depreciation for both financial reporting and income tax purposes is computed using combinations of the straight line and accelerated methods over the estimated lives of the respective assets. During the six months ended June 30, 2012, the Company purchased computer equipment totaling \$6,447. Computer equipment is depreciated over 5 years and furniture and fixtures are depreciated over 7 years. Maintenance and repairs are charged to expense when incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss is credited or charged to income.

Depreciation expense of \$4,249 and \$2,894 was charged to operations for the six months ended June 30, 2012 and 2011, respectively.

### ***Goodwill***

Goodwill represents the fair market value of the common shares issued and common stock options granted by the Company for the acquisition of Jekyll by the Company's subsidiary, Gotham. In accordance with ASC Topic No. 350 "Intangibles — Goodwill and Other", the goodwill is not being amortized, but instead will be subject to an annual

assessment of impairment by applying a fair-value based test, and will be reviewed more frequently if current events and circumstances indicate a possible impairment. An impairment loss is charged to expense in the period identified. If indicators of impairment are present and future cash flows are not expected to be sufficient to recover the asset's carrying amount, an impairment loss is charged to expense in the period identified. A lack of projected future operating results from Gotham's operations may cause impairment.

At December 31, 2011, the Company performed an impairment study and determined that there is no indication that present and future cash flows are not expected to be sufficient to recover the carrying amount of goodwill. The Company has not performed an impairment study during the six months ended June 30, 2012. Based on the Company's evaluation of goodwill, no impairment was recorded during the six months ended June 30, 2012.

### ***Stock-Based Compensation***

We account for our stock-based employee compensation plan in accordance with ASC Topic No. 718-20, *Awards Classified as Equity*, which requires the measurement of compensation expense for all share-based compensation granted to employees and non-employee directors at fair value on the date of grant and recognition of compensation expense over the related service period for awards expected to vest. We use the Black-Scholes option valuation model to estimate the fair value of our stock options and warrants. The Black-Scholes option valuation model requires the input of highly subjective assumptions including the expected stock price volatility of the Company's common stock. Changes in these subjective input assumptions can materially affect the fair value estimate of our stock options and warrants.

### ***Income Taxes***

We account for income taxes using the asset and liability method in accordance with ASC Topic No. 740, *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse.

We apply the provisions of ASC Topic No. 740 for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in the Company's financial statements. In accordance with this provision, tax positions must meet a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### *Introduction*

iGambit is a company focused on the technology markets. Our sole operating subsidiary, Gotham Innovation Lab, Inc., is in the business of providing media technology services to the real estate industry. During the year ended December 31, 2011 and during the six months ended June 30, 2012 Gotham produced approximately \$1,623,654 and \$852,272 of revenue, respectively. We are focused on expanding the operations of Gotham by marketing the company to existing and potential new clients. Currently Gotham has several proposals outstanding to franchisees of one of its main customers, as well as other potential new clients. In addition to Gotham's operations, during the year ended December 31, 2011 and during the six months ended June 30, 2012 we earned \$160,250 and \$ 57,244 in technical consulting fees. We also received Quarterly Revenue Share Payments and Annual Increase Payments from Digi-Data Corporation, which were payable pursuant to the terms of an agreement under which we sold certain assets to DDC in 2006. We earned \$247,860 of Contingency Payments from DDC in the year ended December 31, 2011. The agreement with DDC ended on February 28, 2011. We expect the balance of the amounts due to be paid during 2012. We are also focused on acquiring or partnering with additional technology companies.

**Assets.** At June 30, 2012, we had \$1,706,872 in total assets, compared to \$1,891,178 at December 31, 2011. The decrease in total assets was primarily due to the decrease in cash as a result of the receipt of decreased contingency payments from DDC.

**Liabilities.** At June 30, 2012, our total liabilities were \$405,415 compared to \$288,585 at December 31, 2011. Liabilities consist of accounts payable and a note payable to a related party. We do not have any long term liabilities. The increase in liabilities was due to an increase in accounts payable and a loan payable to stockholder.

**Stockholders' Equity.** Our stockholders' equity decreased to \$1,301,457 at June 30, 2012 from \$1,602,593 at December 31, 2011. This decrease was primarily due to an increase in accumulated deficit from \$(824,451) at December 31, 2011 to \$(1,125,587) at June 30, 2012, resulting from the end of the contingency payments from Digi-Data Corp.

### ***Three Months Ended June 30, 2012 as Compared to Three Months Ended June 30, 2011***

**Revenues and Net Income.** We had \$429,168 of revenue during the three months ended June 30, 2012, as compared to \$477,441 of revenue during the three months ended June 30, 2011. The decrease was due to a decrease in revenue generated by our acquired subsidiary Gotham resulting from a transition of revenue focus away from custom development and towards online real estate media. In addition, we had a net loss of (137,601) for the three months ended June 30, 2012, compared to a net loss of (\$122,235) for the three months ended June 30, 2011.

**General and Administrative Expenses.** General and Administrative Expenses decreased to \$433,294 for the three months ended June 30, 2012 from \$450,662 for the three months ended June 30, 2011. For the three months ended June 30, 2012 our General and Administrative Expenses consisted of corporate administrative expenses of \$102,331, rent expense of \$26,500, employee benefits, consisting primarily of health insurance expense of \$19,871, and payroll expenses of \$284,592. For the three months ended June 30, 2011 our General and Administrative Expenses consisted of corporate administrative expenses of \$122,118, legal and accounting fees of \$29,829 and payroll expenses of \$298,715. The decreases from the three months ended June 30, 2011 to the three months ended June 30, 2012 relate primarily to: (i) the recoupment of legal fees as part of the Allied lawsuits settlement, (ii) a decrease in professional costs associated with the preparation and filing of a registration statement with the SEC; and (iii) leveling in costs associated with the operation of our Gotham subsidiary. Costs associated with the operation of our Gotham subsidiary should remain level going forward, subject to a material expansion in the business operations of Gotham which would likely increase our corporate administrative expenses. Further, we anticipated an increase in legal and accounting fees in 2012 as a result of having become a reporting company under the Securities Exchange Act of 1934.

***Six Months Ended June 30, 2012 as Compared to Six Months Ended June 30, 2011***

**Revenues and Net Income.** We had \$909,516 of revenue during the six months ended June 30, 2012, as compared to \$889,344 of revenue during the six months ended June 30, 2011. The increase in revenue was due to revenue generated by our acquired subsidiary Gotham. In addition, we had no income from discontinued operations for the six months ended June 30, 2012, compared to \$242,099 for the six months ended June 30, 2011, and net loss of \$(301,136) for the six months ended June 30, 2012, compared to net loss of \$(76,715) for the six months ended June 30, 2011.

**General and Administrative Expenses.** General and Administrative Expenses increased to \$930,235 for the six months ended June 30, 2012 from \$903,061 for the six months ended June 30, 2011. For the six months ended June 30, 2012 our General and Administrative Expenses consisted of corporate administrative expenses of \$198,284, rent expense of \$49,900, employee benefits, consisting primarily of health insurance expense of \$41,881, legal and accounting fees of \$31,902, business insurance expenses of \$23,898, and payroll expenses of \$584,370. For the six months ended June 30, 2011 our General and Administrative Expenses consisted of corporate administrative expenses of \$231,439, legal and accounting fees of \$92,651, initial public offering expenses of \$15,000, and payroll expenses of \$563,971. The increases from the six months ended June 30, 2011 to the six months ended June 30, 2012 relate primarily to an increase in insurance expenses, in particular health care premium increases and D&O insurance. (Costs associated with our officers' salaries and the operation of our Gotham subsidiary should remain level going forward, subject to a material expansion in the business operations of Gotham which would likely increase our corporate administrative expenses.

## *Liquidity and Capital Resources*

As reflected in the accompanying consolidated financial statements, at June 30, 2012, we had \$653,462 of cash and stockholders' equity of \$1,301,457 compared to \$224,800 of cash and \$1,602,593 of stockholders' equity at December 31, 2011. At June 30, 2012 we had \$1,706,872 in total assets, compared to \$1,891,178 at December 31, 2011.

Our primary capital requirements in 2012 are likely to arise from the expansion of our Gotham operations, and, in the event we effectuate an acquisition, from: (i) the amount of the purchase price payable in cash at closing, if any; (ii) professional fees associated with the negotiation, structuring, and closing of the transaction; and (iii) post closing costs. It is not possible to quantify those costs at this point in time, in that they depend on Gotham's business opportunities, the state of the overall economy, the relative size of any target company we identify and the complexity of the related acquisition transaction(s). We anticipate raising capital in the private markets to cover any such costs, though there can be no guaranty we will be able to do so on terms we deem to be acceptable. We do not have any plans at this point in time to obtain a line of credit or other loan facility from a commercial bank.

While we believe in the viability of our strategy to improve Gotham's sales volume and to acquire companies, and in our ability to raise additional funds, there can be no assurances that we will be able to fully effectuate our business plan.

We believe we will continue to increase our cash position and liquidity for the foreseeable future. We believe we have enough capital to fund our present operations.

### *Cash Flow Activity*

Net cash provided by operating activities was \$492 for the six months ending June 30, 2012, compared to net cash used by operating activities of \$341,169 for the six months ending June 30, 2011. Our primary source of operating cash flows from continued operating activities for the six months ending June 30, 2012 was from our Gotham subsidiary's revenues of \$852,273. Additional contributing factors to the change were a decrease in accounts receivable of \$108,003, prepaid expenses of \$31,694, and an increase in accounts payable of \$117,115. Net cash provided by discontinued operating activities was \$225,000 for the six months ending June 30, 2012 and cash used by discontinued operating activities was \$82,314 for the six months ending June 30, 2011. The \$225,000 provided from discontinued operating activities for the six months ending June 30, 2012 was a decrease in the DDC accounts receivable. For the six months ending June 30, 2011, the primary source of cash flows from operating activities was revenue of \$889,344. For the six months ending June 30, 2011 we also had income from discontinued operations of \$163,588 (net of taxes of \$82,314). The agreement with DDC ended on February 28, 2011. Revenue earned from DDC totaled \$242,099 during the six months ending June 30, 2011. Of the \$242,099 revenue earned from DDC in the six months ending June 30, 2011 we received \$330,000 in cash payments from DDC all of which was for the second and third quarter 2010 Contingency Payments. Additionally

\$92,099 was offset by an increase in the accounts receivable included in Assets from Discontinued Operations.

Cash provided by investing activities was \$433,795 and \$344,237 respectively, for the first six months ending June 30, 2012 and June 30, 2011. For the six month ending June 30, 2012 the primary source of cash provided by continuing investing activities was from the repayment of notes receivable due from Allied Airbus Inc. For the six months ending June 30, 2011 the entire source of cash provided by discontinued investing activities is the DDC contingency payments and the cash provided by continuing investing activities was from the repayment of notes receivable due from Allied Airbus Inc.

Cash used by financing activities was \$(5,625) and \$0 for the six months ending June 30, 2012 and June 30, 2011 respectively. The cash flows used by financing activities in the first six months of fiscal year 2012 were from repayment of loans payable to a related party from our subsidiary Gotham.

#### *Supplemental Cash Flow Activity*

In the six months ending June 30, 2012 the company paid income taxes of \$4,125 compared to \$13,940 for the six months ending June 30, 2011. The decrease in taxes was due to tax overpayments in 2011. The Company also paid interest of \$1,368 during the first six months of fiscal year 2012 compared to \$1,372 during the first six months of fiscal year 2011.

#### **Item 3. *Quantitative and Qualitative Disclosures about Market Risk.***

Not Required.

#### **Item 4. *Controls and Procedures.***

Evaluation of disclosure controls and procedures. Under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of June 30, 2011. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective.

Changes in internal controls. There were no changes in our internal controls over financial reporting during the second fiscal quarter of 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II — OTHER INFORMATION**

### **Item 1. *Legal Proceedings.***

On November 1, 2011, we filed a lawsuit in the Circuit Court in and for Broward County, Florida, asserting claims against Allied Airbus, Inc. (as "Borrower") and Michael Polo, Kishore Taneja and Alberto Gonzalez (collectively, as "Guarantors") for monetary damages arising from the breach of multiple promissory notes owed by Borrower to us and to enforce guaranty agreements executed by Guarantors to secure payment of the promissory notes. On or about January 20, 2012, we filed an Amended Complaint after additional promissory notes owed by Borrower became due and following Borrower's and Guarantors' default on payment of same. In response to the lawsuit, Borrower and Guarantors Polo and Taneja, filed a counterclaim that was subsequently amended on or about February 9, 2012. The Amended Counterclaim asserts claims against us for alleged fraud and for alleged violations of Florida's deceptive and unfair trade practices act for, amongst other things, the alleged failure to loan Allied \$1,500,000.00 following an alleged prior commitment to do so.

On June 12, 2012, the parties settled the lawsuit and entered into a settlement agreement pursuant to which the Company was paid, on June 27, 2012, all principal and interest owed under the notes, as well as all legal fees incurred.

### **Item 1A. *Risk Factors.***

Not required

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

None

### **Item 3. *Defaults upon Senior Securities.***

None

### **Item 4. *Removed and Reserved.***

### **Item 5. *Other Information.***

None

### **Item 6. *Exhibits***

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
32.2	Certification of the Interim Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)



## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on August 8, 2012.

iGambit Inc.

/s/ John Salerno

John Salerno  
Chief Executive Officer

/s/ Elisa Luqman

Elisa Luqman  
Chief Financial Officer

## Exhibit Index

<b>Exhibit No.</b>	<b>Description</b>
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Interim Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
32.2	Certification of the Interim Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

I, John Salerno, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iGambit Inc.;
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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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, including its consolidated subsidiaries, 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. The registrant's other certifying officer and 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.

August 8, 2012

/s/ John Salerno  
Chief Executive Officer

I, Elisa Luqman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of iGambit Inc.;
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. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls 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, including its consolidated subsidiaries, 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. The registrant's other certifying officer and 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.

August 8, 2012

/s/ Elisa Luqman  
Chief Financial Officer

**WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER**  
**Pursuant to 18 U.S.C. Section 1350**  
**As adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002**

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Executive Officer of iGambit Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2011, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 8, 2012

/s/ John Salerno  
Chief Executive Officer

**WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER**  
**Pursuant to 18 U.S.C. Section 1350**  
**As adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002**

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Financial Officer of iGambit Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2011, (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 8, 2012

/s/ Elisa Luqman  
Chief Financial Officer