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 September 30, 2012

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

For the transition period from ______ to ______

Commission File Number 333-44315

Rotate Black, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**75-3225181**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

932 Spring Street, Petoskey, Michigan 49770
(Address of principal executive offices)

(231) 347-0777
(Registrant's telephone number, including area code)

Indicate by checkmark 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.

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

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 126.2 of the Exchange Act). Yes ☐ No ☑

ROTATE BLACK, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	September 30, 2012 (Unaudited)	June 30, 2012
ASSETS		
Current Assets		
Cash	$ 94	$ 8,671
Prepaid expenses	147,149	6,501
Total current assets	147,243	15,172
Fixed assets - net	2,645	2,247
Casino construction in progress	693,424	538,853
Land purchase deposit	440,388	437,688
Deferred casino development costs	1,380,112	1,149,017
Security deposit	3,600	3,600
TOTAL ASSETS	$ 2,667,412	$ 2,146,577
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 2,703,720	$ 2,290,633
Accrued salaries	1,162,654	1,027,723
Redeemable Preferred Series A Stock	150,000	190,000
Loan payable - stockholder	200,102	85,846
Dividends payable	38,030	36,933
Mortgage payable - Big Easy vessel	2,975,000	2,975,000
Note payable - Big Easy vessel	600,000	600,000
Accrued interest on mortgage and note payable	1,938,134	1,665,614
Note payable - truck - current portion	916	408
Total current liabilities	9,768,556	8,872,157
Convertible promissory note payable	40,406	16,458
Beneficial conversion feature	100,503	47,000
Warrant liability	155,396	98,372
TOTAL LIABILITIES	10,064,861	9,033,987
STOCKHOLDERS' (DEFICIT) EQUITY		
Common stock, $0.001 par value, 75,000,000 shares authorized; 35,140,149 and 33,228,896 shares issued and outstanding as of September 30, 2012 and June 30, 2012, respectively	35,141	33,229
Class A Preferred Stock Units, $0.001 par value, 45 Units authorized, issued and outstanding as of September 30, 2012 and June 30, 2012	1,750,000	1,750,000
Class B Preferred Stock Units, $0.001 par value, 2,687 Units authorized, issued and outstanding as of September 30, 2012 and June 30, 2012	725,000	725,000
Additional paid-in-capital	21,600,727	21,273,014
Accumulated deficit	(29,787,809)	(29,150,503)
Noncontrolling Interest	(1,720,508)	(1,518,150)
TOTAL STOCKHOLDERS' (DEFICIT) EQUITY	(7,397,449)	(6,887,410)

TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	$ 2,667,412	$ 2,146,577

See notes to financial statements

ROTATE BLACK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,	
	2012	2011
Revenue	$ -	$ -
Operating expenses		
Salary expense	43,877	47,494
Stock based compensation	37,000	-
General and administrative expenses	388,144	71,478
Equity investment loss	-	19,766
Dividends on Redeemable Preferred Series A Stock	7,369	8,550
Change in fair value of conversion feature	(4,051)	-
Interest expense and amortization of beneficial conversion feature	367,325	193,570
Total expenses	839,664	340,858
Net Loss	$ (839,664)	$ (340,858)
Net Loss Attributable to Noncontrolling Interest	$ (202,358)	$ -
Net Loss Attributable to Shareholders	$ (637,306)	$ (340,858)
Basic and diluted net loss per common share	$ (0.02)	$ (0.02)
Basic and diluted average common shares outstanding	34,520,314	22,236,675

See notes to financial statements

ROTATE BLACK, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (839,664)	$ (340,858)
Adjustments to reconcile net loss to cash		
provided by operating activities:		
Stock-based compensation	37,000	-
Stock for interest	6,352	
Dividends payable	7,370	-
Depreciation and amortization	(398)	4,415
Amortization and changes in beneficial conversion feature and warrant liability	84,475	-
Changes in assets and liabilities:		
Prepaid expenses	6,232	(77,918)
Accounts payable and accrued expenses	641,138	402,589
Accrued interest on mortgage and note payable	272,520	-
Net cash provided by (used in) operating activities	215,025	(11,772)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment In RBMS	-	65,519
Casino construction in progress	(154,571)	-
Deferred casino development costs	(231,095)	-
Land deposit	(2,700)	-
Increase in deferred development costs	-	(25,000)
Net cash provided by (used in) investing activities	(388,366)	40,519
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in loan payable - stockholder	114,256	(13,676)
Proceeds from convertible promissory note payable	50,000	-
Payment of note payable - insurance	-	(2,074)
Payments of note payable - truck	508	(419)
Net cash provided by (used in) financing activities	164,764	(16,169)
(Decrease) increase in cash	(8,577)	12,578
Cash, beginning of period	8,671	-
Cash, end of period	$ 94	$ 12,578
Noncash Transactions:		
Issuance of common stock in payment of due to stockholder	$ -	$ 80,000
Issuance of common stock in payment toward accounts payable	$ 240,000	$ -
Issuance of common stock for redemption of Series A Preferred Stock	$ 52,265	$ -
Issuance of common stock for loan consideration	$ 37,000	$ -

See notes to financial statements

Rotate Black, Inc. and Subsidiary
Notes to Consolidated Financial Statements

1. ORGANIZATION AND OPERATIONS

Rotate Black, Inc. (Company) was incorporated in Nevada on August 2, 2006. The Company develops, operates and manages gaming and related properties. On April 1, 2010, the Company commenced operations under the Gulfport Project management agreement and was no longer a development stage company. (Note 6)

Gulfport Project

On May 28, 2010, the Company, Rotate Black, LLC (RBL), an entity under common control with the Company, and an officer of the Company formed Rotate Black MS, LLC (RBMS), a Mississippi limited liability company, to own, develop and manage the operations of a casino resort to be located on the property adjacent to the Gulfport, MS marina. RBMS's initial strategy was to secure an existing gaming vessel, move the vessel to the Gulfport site, and build land assets on that site to support the gaming vessel. Subsequently, RBMS changed its strategy to an entirely land-based casino. In August 2012, the Company entered into an Indicative Summary of Terms and Conditions with debt and equity investors related to a proposed financing for the Gulfport Casino Hotel Project to be developed by RBMS (Borrower). The proposed financing is for up to $101,800,000 for the development, design, construction, financing, ownership, operation and maintenance of an approximately 191,000 square foot land based, four star casino, including gaming, restaurant, bar and support space and an adjacent 205-room hotel in Gulfport, Mississippi.

Terms of the proposed financing call for senior secured term loans up to an aggregate of $80,900,000 to be provided in one tranche on the closing date, advanced at the rate of 94% of the principal. Full repayment is expected to be October 2017. Interest on the outstanding balance will be equal to the sum of the LIBOR rate applicable to the interest period, subject to a floor of 2%, and the applicable margin of 10.5%.

The equity investors shall fund the equity contribution to RBMS prior to the closing pursuant to the terms of an equity contribution agreement to be entered into by the equity investors, RBMS, and the Collateral Agent in the aggregate amount of $20,900,000.

Other Projects

On December 14, 2011, the Company formed a wholly-owned subsidiary, Rotate Black OK, LLC (OKL) and through the subsidiary, the Company entered into an agreement to provide casino management services to an Oklahoma Native American Tribe Casino for a term of ninety days at $30,000, per month, inclusive of all personnel needed to provide the consulting services. The Company plans to leverage this agreement to generate additional Native American gaming consulting agreements.

On December 13, 2011, the Company formed a wholly-owned subsidiary, SlotOne, Inc., to provide slot machines on a participation basis in certain casino locations where the replacement of old equipment can enhance earnings for the gaming location and Rotate Black, Inc. To date, the Company has secured a contract for the placement of equipment in November 2013 as well as an approval of its lender to facilitate the financings of this operation.

On January 11, 2011, the Company entered into a management agreement whereby a new to-be-formed wholly-owned subsidiary of the Company would act as manager for a proposed casino and entertainment destination on the Louis Bull Indian Reserve near Edmonton, Canada. The project is awaiting final approval from Alberta Liquor and Gaming, which is expected in fall 2013 (Note 10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and with the rules and regulations under Regulation S-X of the Securities and Exchange Commission for Form 10-Q. 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 presentation. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position, results of operations and cash flows for interim financial statements have been included. These financial statements should be read in conjunction with the financial statements of the Company together with the Company's management discussion and analysis in Item 2 of this report and in the Company's Form 10-K for the year ended June 30, 2012. Interim results are not necessarily indicative of the results for a full year.

Consolidated Financial Statements

The accompanying consolidated financial statements include all of the accounts of the Company and its wholly owned subsidiary, Rotate Black, OK, LLC. (OKL). In addition, since June 30, 2012, the Company has included the financial statements of RBMS in the accompanying consolidated financial statements. (Note 7).

Investments in 50% or less owned entities without controlling influence by the Company are accounted for using the equity method. Under the equity method, the Company recognizes its ownership share of the income and losses of the equity entity. Through June 30, 2011, the Company recognized an equity interest in RBMS. (Note 7).

All significant intercompany accounts and transactions have been eliminated.

Estimates

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 reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments

The Company considers the carrying amounts of financial instruments, including cash, accounts payable and accrued expenses to approximate their fair values because of their relatively short maturities.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method.

Maintenance and repairs are charged to operating expenses as they are incurred. Improvements and betterments, which extend the lives of the assets, are capitalized. The cost and accumulated depreciation of assets retired or otherwise disposed of are relieved from the appropriate accounts and any profit or loss on the sale or disposition of such assets is credited or charged to income.

Revenue Recognition

Revenue is recognized when evidence of an arrangement exists, pricing is fixed and determinable, collection is reasonably assured and delivery or performance of service has occurred. Management fees earned under contract to operate and manage casino projects are recognized pursuant to terms of the agreement.

Intra-entity transactions for revenue and expenses earned in connection with an equity investment are eliminated in accordance with guidance in ASC 323-10-35-5.

Share-Based Compensation

The Company recognizes compensation expense for all share-based payment awards made to employees, directors and others based on the estimated fair values on the date of the grant. Common stock equivalents are valued using the Black-Scholes Option-Pricing Model using the market price of our common stock on the date of valuation, an expected dividend yield of zero, the remaining period or maturity date of the common stock equivalent and the expected volatility of our common stock.

The Company determines the fair value of the share-based compensation awards granted as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measureable. If the fair value of the equity instruments issued is used, it is measured using the stock price and other measurement assumptions as of the earlier of either the date at which a commitment for performance to earn the equity instrument is reached or the date the performance is complete.

The Company recognizes compensation expense for stock awards with service conditions on a straight-line basis over the requisite service period, which is included in operations.

Basic and Diluted Net Income (Loss) per Common Share

Basic net income (loss) per share (EPS) is calculated by dividing net income (loss) available to common stockholders (numerator) by the weighted-average number of common shares outstanding during each period (denominator). Diluted loss per share gives effect to all dilutive common shares outstanding using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Although there were common stock equivalents outstanding as of September 30, 2012 and September 30, 2011, they were not included in the calculation of earnings per shares because their inclusion would have been considered anti-dilutive. As of September 30, 2012 and September 30, 2011, there were 1,900,000 and 1,986,182, respectively, total common stock equivalents.

Leases

Rent expense is recognized on the straight-line basis over the term of the lease.

Recent Accounting Pronouncements

In February 2013, The Financial Accounting Standards Board Issued FASB ASU 2013-02 Comprehensive Income (Topic 220) Reporting of Amounts reclassified Out of Accumulated Other Comprehensive Income. The amendments in this update seek to obtain that objective by requiring an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. generally accepted accounting principles (GAAP) to be reclassified in its entirety to net income. For other amounts that are note required under U.S. GAAP to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross reference other disclosures required under U.S. GAAP that provide additional detail about these amounts. The amendment is effective prospectively for reporting periods beginning after December 15, 2012. For non-public entities, the amendments are effective prospectively for reporting periods beginning December 15, 2013. Early adoption is permitted. The adoption of this pronouncement is not anticipated to have a material impact on the Company’s financial results or disclosures.

In July 2012, The Financial Accounting Standards Board Issued FASB ASU 2012-02 Intangibles-Goodwill and other (Topic 350), Testing indefinite-Lived Intangible Assets and Impairment. The FASB amended the standards for testing indefinite-lived intangible asset for impairment to guidance that is similar to the guidance for goodwill impairment testing. An entity will have the option not to calculate annually the fair value of an indefinite-lived intangible asset if an entity determines that it is more likely then not that the asset is impaired. The objective of the amendment is to reduce the cost and complexity of performing impairment and to improve consistency in the impairment testing guidance among long lived asset categories. These amended standards are to be applied for fiscal years beginning after September 15, 2012, including interim periods with early adoption permitted. The adoption of this pronouncement is not anticipated to have a material impact on the Company’s financial results or disclosures.

Management does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on the accompanying consolidated financial statements.

3. GOING CONCERN

The financial statements have been prepared assuming the Company will continue as a going concern. The Company has incurred losses since inception, resulting in an accumulated deficit of $29,787,809 and negative working capital of $9,621,313, as of September 30, 2012 and further losses are anticipated. These factors raise doubt about the Company’s ability to continue as a going concern. Its ability to continue as a going concern is dependent upon the ability of the Company to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations arising from normal business operations when they come due. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue.

The Company’s plan is to resolve this issue with the commencement of management fees from the Gulfport Project Management Agreement and other future sources of revenue. Until these occur in sufficient amounts, the Company plans to sell registered and unregistered stock to accredited investors.

4. PROPERTY AND EQUIPMENT

As of September 30, 2012 and June 30, 2012, property and equipment consisted of the following

	September 30 2012	June 30, 2012
Furniture and fixtures	$ 8,490	$ 8,490
Office equipment	23,289	23,289
Total	31,779	31,779
Less accumulated depreciation	(29,134)	(29,532)
	$ 2,645	$ 2,247

Casino construction in progress totals $693,424 and $538,853 as of September 30, 2012 and June 30, 2012 repectively and represents expenses related to the architectural design of the casino.

For the three months ended September 30, 2012 and 2011, depreciation expense was $398 and $4,415, respectively.

5. RBMS MANAGEMENT AGREEMENT

On May 28, 2010, the Company, RBL and an officer of the Company formed RBMS, a Mississippi limited liability company, to own, develop and manage the operations of a dockside vessel-based casino in Gulfport, Mississippi. RBMS's initial strategy was to secure an existing gaming vessel, move the vessel to a Gulfport site, and build land assets on that site to support the gaming vessel.

On October 27, 2010, RBMS and the Company, as manager, entered into a management agreement, effective as of April 1, 2010 for a period of 99 years. The Company, as manager, would manage all of the operations of the gaming facility. The management fee was payable; (1) $200,000, per month, (2) then upon commencement of the gaming operations, $250,000, per month, and (3) then achieving certain earnings, as defined, $300,000, per month. The Manager is entitled to appoint two directors of the five directors on the RBMS Board of Directors.

In response to the equity investor, RBMS changed its strategy toward the construction of an entirely land-based casino. On June 20, 2011, the Company agreed to amend its management agreement with RBMS to facilitate a $15.0 million equity financing for the Gulfport Project. Under the new terms of the proposed agreement, the Company will receive from the closing of the equity financing to the opening date of the casino, a management fee of $200,000, per month, not to exceed $1,000,000, in total, prior to the opening of the casino.

As of June 30, 2012, in accordance with ASC 810, "Consolidation", Management evaluated and determined that the variable interest holders of RBMS lacked the direct and indirect ability to make decisions about the entity's activities and determined that that the Company is the primary beneficiary of RBMS. As a result, the financial statements of RBMS have been included in the accompanying consolidated financial statements of the Company.

6. GULFPORT CASINO HOTEL PROJECT

In August 2012, the Company entered into an Indicative Summary of Terms and Conditions with an equity investor related to a proposed financing for the Gulfport Casino Hotel Project to be developed by RBMS (Borrower). The proposed financing is for up to $101,800,000 for the development, design, construction, financing, ownership, operation and maintenance of an approximately 191,000 square foot land based four star casino, including gaming, restaurant, bar and support space and an adjacent 205-room hotel in Gulfport, Mississippi.

Terms of the proposed financing call for senior secured term loans up to an aggregate of $80,900,000 to be provided in one tranche on the closing date, advanced at the rate of 94% of the principal. Full repayment is expected to be October 2017. Interest on the outstanding balance will be equal to the sum of the LIBOR rate applicable to the interest period, subject to a floor of 2%, and the applicable margin of 10.5%

The equity investors shall fund the equity contribution to RBMS prior to the closing pursuant to the terms of an equity contribution agreement to be entered into by the equity investors, RBMS, and the Collateral Agent in the aggregate amount of $20,900,000.

RBMS shall enter into a warrant agreement with respect to the issuance of detachable warrants in favor of the lender to purchase 7.5% of the fully diluted membership interests of the RBMS at an exercise price of $0.01, per membership interest, with anti-dilution provisions.

7. INVESTMENT IN RBMS

Upon formation of RBMS and the commencement of the management agreement, the Company, RBL and an officer of the Company owned an aggregate 46.6% of the voting interests of RBMS and the remaining units were sold to outside investors. Through June 30, 2011, the Company accounted for its investment in RBMS on the equity method in accordance with ASC 810-10; as it did not meet all the requirements of a variable interest entity to consolidate; the outside equity investors were not protected from the losses of the entity nor were they guaranteed a return by the legal entity; the outside equity investors expected residual returns that were not capped by any arrangements or documents with other holders; and the percent of ownership will be diluted by future financing of RBMS.

As of June 30, 2012, Management evaluated and determined that the variable interest holders lacked the direct and indirect ability to make decisions about the entity's activities and determined that that the Company is the primary beneficiary of RBMS. As a result, the financial statements of RBMS have been included in the accompanying consolidated financial statements of the Company. At June 30, 2012, the Company owned an aggregate of 24.81% of the voting interest of RBMS, therefore, a non-controlling interest representing 75.19% of the net loss of RBMS was reflected on the Statement of Operations as of June 30, 2012. In consolidation, the Company recorded an adjustment to retained earnings of $651,478; the difference between the opening balance of retained earnings of RBMS of $1,219,995 and the equity loss recorded prior to June 30, 2012 by the Company of $568,517.

In connection with the proposed terms of the funding of the Gulfport Casino Hotel Project (Note 6), holders of Class A Units of RBMS have agreed to convert their units into B Units to facilitate the financing of the Gulfport project. Upon closing, the equity investor will own 60,000 B Units out of 100,000 authorized and 70,588 outstanding, or 85% of RBMS. In addition, upon closing, RBMS will issue 29,412 warrants at an exercise price of $0.01, to all other investors based on pre-negotiated percentages. Assuming all warrants are exercised, the equity investor will be diluted to a 60% ownership. The Company will own at closing, B units and warrants that represent approximately 10% of the fully diluted RBMS shares. Closing is anticipated to be on or before December 15, 2013.

Ground Lease

Effective October 20, 2010, RBMS entered into a ground lease for the nine and a half acre site for the Gulfport Project. The Preliminary Term, as defined, remains in effect until the earliest of the ninth month following the effective date or the date gaming operations begin on the leased property. During the Preliminary Term, rent would be equal to $20,000, per month with no payment required until the earlier of the date the Lessee commences construction on the premises or February 1, 2011. RBMS did not receive approval to proceed with the development of the casino from the Mississippi Gaming Commission on or prior to March 1, 2011, and the lease terminated with no obligations due.

Due to delays, the lease was amended on October 21, 2011 for a term through October 31, 2069, with a fee payable of $25,000 to enter into the amended and restated lease and $50,000 as the initial base rent payment. After the commencement of gaming operations, RBMS will pay an annual minimum base rent of $600,000, as defined. On March 13, 2012 this ground lease was amended and extends the date for RBMS to obtain approval to proceed to April 30, 2012. In consideration of this extension, RBMS agreed to pay a fee of $50,000. An additional extension was entered into May 1, 2012 extending the approval date to August 31, 2012 and RBMS agreed to pay a fee for the extension of $110,000. On August 18, 2012 the RBMS received its Approval to Proceed from the Mississippi Gaming Commission.

8. THE BIG EASY GAMING VESSEL

On June 10, 2010, the Company purchased The Big Easy, a gaming vessel for the Gulfport Project, for an aggregate purchase price of $4,264,500, payable: (a) by issuance of a secured note payable to the seller of $2,975,000 (the Secured Note), (b) issuance of an unsecured note payable to the seller of $600,000 (Unsecured Note), fees of $414,500 and cash of $275,000. The Secured Note is collateralized by the gaming vessel and both notes are guaranteed by an officer of the Company. The Secured Note was payable on June 11, 2011 and bears interest at 14.5%, per annum, payable $35,000, per month, commencing June 11, 2010. The Unsecured Note bears interest at 14.5%, per annum, and is payable monthly, in an amount equal to 2% of the monthly gross gaming revenue generated from operations, as defined, until June 2012 when all principal and interest are due. Since September 17, 2010, both notes have been in default and the interest rate was increased to 20%, per annum.

As of June 30, 2011, the due dates of both notes were extended in support of the Company's current project in Gulfport, MS and the Trustee of the Cruise Holdings bankruptcy estate, holding the mortgage and promissory note payable has consented; (1) to require no payments through June 30, 2012; (2) that the collection fees and accrued interest be paid on or before October 1, 2012; (3) extend the due date of the balance of the obligation for the principal and accrued interest to July 1, 2013. As of September 2013, the Company has not repaid the principal and accrued interest by the dates stipulated in the extension and, therefore, is currently in default. As a result, the balances as of the mortgage payable, note payable and accrued interest have been reflected as current liabilities in the Company's balance sheet as of September 30, 2012 and June 30, 2012.

In May 2011, the equity investor informed RBMS it would not move forward with the financing of the Gulfport Project unless the casino was land based. As a result, it was decided the vessel be sold at a public auction, however, the public sale did not yield sufficient funds to eliminate the fees and mortgage debt. The Company received $459,746 in the reduction of accounts payable from the public sale which was paid directly to vendors of the Company. June 30, 2011, the Company recorded a loss of $4,191,891 on the sale of the gaming vessel. The Company is currently in discussions with the mortgage holder and the trustee to reach an agreement to extinguish the mortgage of $2,975,000 and note payable of $600,000 through the issuance of equity.

On December 20, 2012 the Company, an officer of the Company as Guarantor entered into a Settlement Agreement (Agreement) with the Trustee for the estate of the gaming vessel which set forth terms related to the consideration to be paid by the Company to the Trustee in exchange for the release of all claims against the Company and the Guarantor, including all promissory notes, penalties, fees and interest. The Agreement is subject to the order of approval by the US Bankruptcy Court, Southern District of Florida, West Palm Division and will become effective upon the first business day of RBMS's closing on primary equity and debt financing for not less than $100,000,000 for the design, construction and opening of a casino resort in Gulfport, MS. Pursuant to the terms of the Agreement, upon closing, the Company shall deliver to the Trustee 250,000 shares of Series B Subordinated Participating Preferred Stock in Rotate Black, to be designated These Series B Preferred shares will be fully redeemed through payments to the Trustee totaling $5,000,000 and will be determined as a percentage of the Company's gross cash receipts each year, as defined. The payments will be due on a monthly basis. The Series B shares will be subordinated to a maximum of $2,500,000 of Series A Preferred shares. The Series B are fully redeemable by the Company in part or in full based upon a schedule whereby the balance will be adjusted; (1) within the first three months of the closing to $2,000,000; (2) within the first 15 months of closing to $2,500,000; (3) within the first 27 months of closing to $3,000,000; (4) within the first 39 months of closing to $3,500,000; (5) within the first 51 months of closing to $4,000,000; and (5) after 51 but before 59 months of closing the Company is obligated to pay $5,000,000. If the Series B Preferred is not redeemed on an accelerated basis or in accordance with the terms of the Agreement, the Company shall pay the Trustee the sum of $5,000,000, plus 12% interest, per annum, over the five years, with default provisions as defined.

9. LAND PURCHASE DEPOSIT

On May 26, 2009, the Company entered into an agreement to acquire real property in Sullivan County, New York. The purchase price for the property was 1,409,828 shares of common stock of the Company, $1,750,000 in cash on escrow and $1,750,000 in cash upon closing. On May 11, 2009, the Company issued 630,735 shares of common stock and Rotate Black, LLC transferred, on behalf of the Company, 779,093 shares of the Company's common stock to the seller, both being held in escrow, as a deposit under the agreement. The shares were valued at $7,049,142, $5.00, per share.

In October 2009, the Company issued 779,093 shares of common stock to Rotate Black, LLC as repayment of the advance.

On November 9, 2009, March 16, 2010 and May 21, 2010, the Company issued 70,000 (valued at $350,000, $5.00, per share), 208,613 (valued at $521,532, $2.5, per share) and 500,000 (valued at $550,000 $1.10, per share) shares of common stock in satisfaction of anti-dilution rights of the land purchase agreement.

The Company has evaluated the fair value of the land deposit and has determined that the acreage of land has a fair value in excess of the book value of the deposit recorded, however, the value of the 2,188,441 shares of the common stock of the Company provided as a deposit on the land is not in excess of its fair value and, therefore, has recorded a loss on impairment of the land purchase deposit of $8,032,986 as of June 30, 2012.

10. EDMONTON PROJECT MANAGEMENT AGREEMENT

On January 11, 2011, the Company, through an officer of the Company, entered into a management agreement (Agreement), whereby a newly to-be-formed wholly-owned subsidiary of the Company would act as manager, with the Bear Hills Charitable Foundation, Bear Hills Casino Inc., the Louis Bull Tribe and 677626 Alberta Ltd. (Tribe Companies) for a proposed casino and entertainment destination on the Louis Bull Indian Reserve, near Edmonton, Canada. The term of the Agreement commences on the date the Tribe Companies receive a license for the proposed casino and all related necessary approvals from the Alberta Gaming and Liquor Commission and then shall continue for the greater of twenty years or until all monies advanced by the Company to the Tribe Companies relating directly or indirectly to the casino project are repaid or for such other term agreed.

The Company, as manager, will be entitled to receive thirty percent of the revenues distributed to the Tribe Companies from the operations of the slot revenue and live games. In addition, the Company is entitled to thirty percent of all profits from any other businesses or activities on the property provided by Tribe Companies and thirty percent of all profits on any amenities or services supporting or related directly or indirectly to the casino. As of September 2013, the project is awaiting direction from Alberta Gaming and Liquor Commission. The project remains in process, however the Company has written-off the deferred costs as of June 30, 2012.

11. LEASE

On August 8, 2008, the Company entered into a lease for office space, commencing on September 1, 2008 through August 31, 2011. Rent is payable in advance, in annual installments. The initial year's rent was $46,200, increasing as defined. The Company had an option to extend the lease for an additional three-year period.

An Agreed Judgment was filed against the Company in the 57th Circuit Court, Judicial District, State of Michigan, in the amount of $38,668 on February 25, 2011 by the landlord of the real estate lease dated August 8, 2008. On July 21, 2013 the Landlord agreed to a final payment offer for all past and current rent due through August 31, 2013 of $157,489, plus interest at 12%, payable by September 30, 2013

12. LOAN PAYABLE – STOCKHOLDER

Loan payable –stockholder primarily consists of advances by RBL, the majority stockholder of the Company and is payable on demand, with interest at 12%.

13. CONVERTIBLE AND PROMISSORY NOTES PAYABLE

<u>May 1, 2012 Convertible Promissory Note Payable</u>

On May 1, 2012, the Company issued a two-year, 10% convertible promissory note in the amount of $150,000. 121 days from the issue date, the holder can convert any unpaid principal and accrued interest into common shares of the Company. Between 121 days and 150 days from the issue date, the conversion price per share shall be $0.25; from 151 days to 180 days from the issue date, the conversion price shall be $0.20; anytime thereafter the conversion price shall be $0.15, subject to adjustment as defined. The investor also was issued a five year common stock purchase warrant for the purchase of up to 480,000 shares of the Company's common stock, at a price per share of $0.40, that permits a cashless exercise in the event that the underlying shares of common stock to be issued upon exercise are not registered pursuant to an effective registration statement at the time of the exercise.

Convertible Promissory Note Payable Beneficial Conversion Feature

As part of the issuance of the convertible promissory note payable, the Company recorded a derivative for the embedded beneficial feature conversion on the convertible debentures. Since the conversion feature of the note payable may be reset based upon subsequent financing, the derivative was reflected as a liability. The Company records changes in fair value at each reporting period in its consolidated statements of operations as a gain or loss associated with the change in fair market value.

The Company calculated the value of the conversion feature as of May 1, 2012 at $45,251, based upon the Black Scholes model, and has reflected this as a discount against the convertible promissory note, amortizable as interest expense over two years. The Company recorded $5,572 in amortization expense as of September 30, 2012.

The Company calculated the value of the conversion feature, recording a loss on the change in fair market value of $2,884 as of September 30, 2012.

Warrants

As part of the issuance of certain convertible debentures, the Company recorded a derivative for the issuance of detachable warrants. Although such warrants are typically considered equity instruments, the warrant agreement allows for resets of the conversion price based upon subsequent financing, therefore the warrant issuance was deemed a liability for financial reporting purposes under the accounting guidance.

The warrant was valued as of May 1, 2012 at $100,431, using a Black-Scholes Option Pricing Model with the stock price on day of grant, $0.22, per share, the risk free interest rate of .84% and the expected volatility of 108.93%. This value has been reflected as discount of the convertible promissory note payable, amortizable as interest expense over two years. As of September 30, 2012, the Company recorded $12,554 in interest expense.

The Company calculated the value of the warrants recording a gain on the change in fair market value of $13,071 as of September 30, 2012.

In July 2013, $15,000 of the principal of the promissory note, and $1,467 in interest were repaid as a result of converting the debt to 164,671 shares of the Company's common stock. In connection with this financing, the investment banker received 40,000 shares of the Company's common stock.

<u>July 17, 2012 Convertible Promissory Notes</u>

On July 17, 2012, the Company sold $50,000, of the 10% convertible promissory notes. Warrants to purchase an aggregate of 194,500 shares of the Company's common stock were issued in conjunction with these financings. In connection with these financings, the investment banker received a 10% promissory note for $6,000 and a warrant to purchase 34,500 shares of the Company's common stock, under the same terms as the other notes sold, as payment for commissions on the financing. In addition, the investment banker received 22,253 shares of the Company's common stock as commission.

Convertible Promissory Note Payable Beneficial Conversion Feature

The Company calculated the value of the beneficial conversion feature as of July 17, 2012 at $61,327, based upon the Black Scholes model. Since the fair value of the conversion feature exceeded the remaining proceeds to be allocated, the Company has reflected $2,749, as a discount against the convertible promissory note, amortizable as interest expense over two years. The excess of the value of the conversion feature over the proceeds was $58,578, which was recorded as interest expense on July 17, 2012. The Company recorded $282 in amortization expense as of September 30, 2012.

The Company calculated the value of the conversion feature at September 30, 2012, recording a gain on the change in fair market value of $10,708 as of September 30, 2012.

Warrants

The warrants were valued as of July 17, 2012 at $53,251, using a Black-Scholes Option Pricing Model with the stock price on day of grant, $0.22, per share, the risk free interest rate of .76% and the expected volatility of 148.12%. This value has been reflected as discount of the convertible promissory note payable, amortizable as interest expense over two years. As of September 30, 2012, the Company recorded $5,456 in interest expense.

The Company calculated the value of the warrants at September 30, 2012, recording a gain on the change in fair market value of $9,298.

The Company has reflected the value of the convertible promissory notes payable in its consolidated balance sheet as follows:

	September 30, 2012	June 30, 2012
Convertible Promissory Note Payable	$ 200,000	$ 150,000
Less:	-	
Beneficial Conversion Feature Discount	(30,340)	(41,480)
Warrant Discount	(129,254)	(92,062)
Total Discount	(159,594)	(133,542)
Convertible Promissory Note Payable - Net	$ 40,406	$ 16,458

<u>Promissory Note Payable</u>

On September 6, 2012, the Company issued a promissory note in the amount of $80,000, with 185,000 shares of common stock as interest. Pursuant to the terms of the note, if the promissory note is not repaid by May 20, 2013 the Company is to use its best efforts to liquidate shares of its common stock to repay the loan. As of September 23, 2013, no payments have been made on the promissory note.

14. COMMON STOCK

Common and Preferred Shares

On April 20, 2011, the Stockholders authorized an increase the number of authorized common shares from 20,000,000 to 75,000,000, $0.001, par value, and authorized 5,000,000 preferred shares, $.01, par value.

In April 2012, the Company issued an aggregate of 200,000 shares of common stock for legal services rendered, valued at $40,000, an average of $0.20, per share, the value of the service provided.

In December 2011, the Company issued an aggregate of 5,847,089 shares of common stock to officers for services rendered, valued at $1,169,417, an average of $0.20, per share, the value of the service provided.

In December 2011, the Company issued an aggregate of 300,000 shares of common stock to board members for services rendered, valued at $60,000, an average of $0.20, per share, the value of the service provided.

In September and December 2011 and February 2012 the Company issued an aggregate of 4,240,000 shares of common stock as payment for loan payable – stockholder, valued at $848,000, $0.20, per share.

In February, March and April 2012, the Company issued an aggregate of 430,000 shares of common stock for investment in Rotate Black MS, LLC, valued at $90,000, $0.21, per share.

For the year ended June 30, 2012, the Company issued 72,958 shares of common stock for cashless warrants exercised.

In July 2012, the Company issued an aggregate of 1,200,000 shares of common stock at $0.20, per share, for legal services.

In July and August 2012, the Company converted an aggregate of 40 shares of Series A Preferred stock to 526,253 shares of common stock at a conversion rate of $.10, per share, including accrued dividends, penalty and interest.

RBMS Equity

RBMS equity consists of 45 Series A Preferred Common Stock Units and 2,687 Series B Preferred Common Stock Units. $1,925,000 in Units were sold for cash from 2010 through 2012 and $550,000 in Units were issued for services rendered to the Company.

Stock Option Plan

On July 6, 2011, the Company's stockholders approved the Rotate Black, Inc. Stock Option Plan (Plan) under which the Chief Executive Officer of the Company may grant incentive stock options to certain employees to purchase up to 25,000,000 shares of common stock of the Company. The option price shall be no less than the fair market value of the stock, as defined. The Plan shall terminate after ten years. As September 23, 2013, no options were granted under the Plan.

Class A 12% Preferred Stock

On June 10, 2011, the Board of Directors designated 500 shares of Class A 12% Preferred stock (Series A), stated value of $1,000, per share. Each share is convertible at any time from and after the issue date into shares of common stock determined by dividing the stated value of the shares of Series A by the conversion price of $.10, as defined. Holders of the Series A are entitled to receive cumulative dividends at 12%, per annum, payable quarterly, subject to periodic increases, as defined, and a late fee of 18%, per annum. The Series A have certain anti-dilution rights, as defined. In addition, upon the occurrence of any triggering event, as defined, the holder of the Series A shall have the right to: (A) require the Company to redeem all of the Series A held by the holder for a redemption price, in cash, equal to the an amount as defined, or (B) redeem all of the Series A held by the holder for a redemption price, in shares of common stock of the Company, equal to a number of shares equal to the redemption amount, as defined. Upon liquidation of the Company, the Series A holders are entitled to receive an amount equal to the stated value, plus accrued and unpaid dividends. The Series A have no voting rights.

On June 10, 2011, the Company entered into a Securities Purchase Agreement to sell up to an aggregate of 500 shares of Preferred Stock with an aggregate value of $500,000.

As of June 30, 2011 the Company sold 190 Series A shares with 950,000 warrants to purchase common stock for an aggregate of $190,000. Each warrant is exercisable at $0.40, per share, for five years. As of September 30, 2012, none of the warrants have been exercised.

The fair value of the 950,000 detachable warrants sold with the Series A for an aggregate of $190,000, was valued at $91,500 and recorded as additional paid-in capital using a Black Scholes Option Pricing Model using the stock price on day of grant, $0.19, per share, the risk free interest rate of 1.48% and the expected volatility of 81.13%.

Since the Series A embodies an obligation to repurchase the issuer's equity shares in response to a triggering event, as defined, the Company has re-classified the Series A Preferred Stock as a liability in accordance with guidance under ASC 480-10-65 and has recorded an expense of $91,500 to adjust the fair value of the Series A Preferred Stock as a liability to $190,000.

As of September 30, 2012, dividends on the Series A Preferred Stock of $38,030 were accrued.

In connection with the sale of the Series A Preferred Stock, the Company paid fees of $15,200, issued 20,000 shares of common stock, valued at $4,000, $0.20, per share, and granted warrants to purchase 158,000 shares of common stock, valued at $22,658, to the investment banker.

15. COMMITMENTS AND CONTINGENCIES

The Company has guaranteed certain notes payable of RBL in the amount to $250,000. (Note 8)

On March 15, 2011, and April 16, 2012, the Company entered into non-exclusive agreements with an investment banker, financial advisor and consultant. The agreements each become exclusive for 14 days following execution and then non-exclusive for a term of six months. The Company agreed to pay to the investment banker a cash placement fee of 8% of the total purchase price of the Company's securities sold, adjusted by the exercise of any investor warrants, in connection with a placement resulting from the investment banker's introduction. In addition, the banker shall receive warrants to purchase common shares of the Company equal to 8% of the funds raised, as defined. If the investment banker introduces the Company during the term to a transaction which becomes a merger, acquisition, joint venture or similar transaction, the Company shall pay the banker a fee in combination of stock and cash that reflects the exact percentage of stock and or cash used for the transaction, as defined.

Financing Agreement

On August 31, 2010, the Company entered into an agreement to engage Citadel Securities, LLC (Citadel) as its non-exclusive financial advisor to provide certain financial advisory services in connection with the financing of its Gulfport, Mississippi casino development project. The Company will pay fees to Citadel, as follows:

- 4.00% of the gross proceeds of any equity financing received by the Company or its affiliates in connection with the development project introduced to the Company by Citadel;
- 3.00% of the gross proceeds of any debt financing received by the Company or its affiliates in connection with the development project introduced to the Company by Citadel;
- 2.00% of the gross proceeds of any equity or debt financing received by the Company or its affiliates in connection with the development project introduced to Citadel by the Company as not defined by the agreement;
- 1.00% of the gross proceeds of any equity financing received by the Company or its affiliates in connection with the development project introduced to Citadel by the Company as defined by the agreement.

On August 31, 2011, the Company agreed to an assignment of this agreement to Wells Fargo Securities, LLC.

Litigation

On October 25, 2010, a Complaint was filed in the United States District Court for the Western District of Michigan by The Sandesh Limited, a company incorporated in the Republic of India, against the Company, RBL and a former employee. The Plaintiff alleges that as a condition to their purchase of 1,200,000 shares of the common stock of the Company, the Plaintiff had the right to require the Defendants to repurchase all or any portion of the shares. Plaintiffs also allege that a subsequent agreement was entered into with RBL, whereby RBL would purchase the Plaintiff's 1,200,000 shares of common stock. Plaintiff further alleges that this repurchase also did not occur and that the Defendants breached other terms of the agreements. Plaintiffs are seeking the return of $1,200,000 and additional unspecified amounts as compensatory, actual and punitive and/or exemplary damages, restitution for unjust enrichment, prejudgment interest, attorney's fees and costs and other relief as the court deems appropriate.

On November 23, 2011, a settlement agreement was entered into dismissing the litigation and ordering that RBL pay Sandesh $1,500,000 as settlement, in payments of $35,000, per month, as defined, with interest at 8%, per annum. Sandesh is holding 480,000 common shares of the Company's stock owned by RBL as collateral and is entitled to receive 350 units of RBMS from RBI.

On February 23, 2010, a Complaint was filed in the Third Judicial District Court of the State of Nevada in and For the County of Lyon against the Company, RBL, and others in the amount of $5,000,000 pursuant to the termination of a development agreement for the Dayton Project. On July 16, 2010, the Company and Defendants filed an answer and counterclaim. A default Judgment was filed in the Third Judicial District Court of the State of Nevada In and For the County of Lyon on August 8, 2011 against the Company, Rotate Black, LLC, two officers of the Company, and others in the amount of $9,674,057 for exemplary and punitive damages. In connection with this matter, a Request for Enrollment of Foreign Judgment was filed in the Circuit Court of Harrison County, Mississippi, First Judicial District on December 23, 2011. On June 6, 2012, the Company filed a Motion for Leave to Seek District Court's Correction of Clerical Error Appearing on the Face of the Judgment, Subject Matter of Current Appeal in the Supreme Court of the State of Nevada. On June 7, 2012 the Company was notified that its appeals to the default judgment will be heard by the Nevada Supreme Court. The Company will vigorously defend this action but can provide no assurance as to the likelihood of the outcome of the matter.

16. INCOME TAXES

The Company and its subsidiaries file separate tax returns and have not filed income tax returns for the years ended June 30, 2012, 2011, 2010 and 2009 but anticipate no significant income tax expenses as a result of these filings.

The Company's policy is to classify income tax assessments, if any, for interest in interest expense and for penalties in general and administrative expenses.

As of September 30, 2012, management has evaluated and concluded that there are no significant uncertain tax positions requiring recognition in the Company's financial statements.

17. SUBSEQUENT EVENTS

Common stock

In October 2012, the Company converted 100 preferred shares of stock to 2,780,602 shares of common stock at a conversion rate of $0.05, per share, including accrued dividends, penalty and interest, pursuant to an agreement with the investor.

In October 2012, the Company sold an aggregate of 300,000 shares of the Company's common stock and a warrant to purchase 249 shares of Class B common stock of RBMS to three investors of the Company for $30,000.

On October 15, 2012, the Company issued 300,000 shares of common stock at $0.20, per share, for legal services pursuant to an agreement dated April 23, 2012.

In October, 2012, the Company issued an aggregate of 62,253 shares of common stock at $0.30, per share, to the investment banker in connection with financings.

On November 8, 2012, the Company issued 100,000 shares of common stock at $0.15, per share, in settlement of accounts payable.

In December 2012, the Company issued an aggregate of 1,400,000 shares of common stock, at $0.20, per share, for compensation to employees valued at $280,000.

In December 2012, the Company issued 20,000 shares of common stock at $0.20, per share for consulting services.

In January 2013, the Company issued 1,200,000 shares of common stock at $0.20, per share for legal services.

In February 2013, the Company the Company converted 50 shares of Series A Preferred stock to 723,534 shares of common stock at a conversion rate of $.10, per share, including accrued dividends, penalty and interest.

In March 2013, the Company issued 50,000 shares of common stock at $0.20, per share, for repayment of loans on behalf of RBMS.

In June 2013, the Company issued 92,400 shares of common stock at $0.20, per share, for fees to the investment banker.

In June 2013, the Company issued 50,000 shares of common stock at $0.20, per share, for repayment of loan on behalf of RBMS.

In June 2013, the Company issued an aggregate of 1,280,000 shares of stock and a warrant to purchase 1,280,000 shares of common stock as compensation to officers and affiliates of the Company. The warrant is exercisable at $0.20, per share, for 5 years.

In July 2013, the Company issued 164,671 shares of common stock at $0.10, per share for repayment of note payable and accrued interest.

In July 2013, the Company issued a warrant to purchase 100,000 shares of common stock exercisable at $0.15, per share for 5 years.

In September 2013, the Company issued 289,251 shares of common stock at $.10, per share in connection with the conversion of its convertible promissory notes.

Convertible Notes and Warrant

On October 15, 2012, the Company sold $39,015, of the 10% convertible promissory notes. Warrants to purchase an aggregate of 78,030 shares of the Company's common stock were issued in conjunction with this financing.

On January 14, 2013 the Company entered into a non-exclusive agreement with an investment banker, financial advisor and consultant for a term of six months. The investment banker is entitled to a cash placement fee of 8% of the total purchase price of the Company's securities sold, adjusted by the exercise of any investor warrants, in connection with a placement resulting from the investment banker's introduction. In addition, the banker shall receive a placement fee equal to 4% of the total purchase price of the Company's securities sold and a warrant to purchase common shares of the Company equal to 8% of the funds raised, as defined. If the investment banker introduces the Company during the term to a transaction which becomes a merger, acquisition, joint venture or similar transaction, the Company shall pay the banker a fee in combination of stock and cash that reflects the exact percentage of stock and or cash used for the transaction, as defined.

On May 28, 2013, the Company sold an additional $59,000 of the 10% convertible promissory notes. In connection with this note, the Company agreed to hold 2,000,000 of its common stock as collateral for the note payable.

On June 10, 2013, the Company agreed to sell up to an aggregate of $250,000 in convertible promissory notes under a securities purchase agreement (Agreement) with an aggregate stated value equal to the purchaser's subscription amount and a warrant to purchase up to a number of shares of common stock equal to 100% of the purchaser's subscription amount divided by $0.15 with an exercise price of $0.15 exercisable immediately with a term of five years.

On June 10, 2013, under the Agreement, the Company issued a two-year, 10% convertible promissory note in the amount of $20,000 to an investor. 121 days from the issue date, the holder can convert any unpaid principal and accrued interest into common shares of the Company. Between 121 days and 210 days from the issue date, the conversion price per share shall be $0.15; after 210 days from the issue date, the conversion price shall be $0.10; subject to adjustment as defined. . The investor also was issued a five year common stock purchase warrant for the purchase of up to 133,334 shares of the Company's common stock, at a price per share of $0.15, that permits a cashless exercise in the event that the underlying shares of common stock to be issued upon exercise are not registered pursuant to an effective registration statement at the time of the exercise. In addition, if while the warrant is outstanding, the Company effects a merger or consolidation, sells all of its assets or enters into other specifically defined transactions, the warrant will be exercisable into shares of the surviving entity as defined.

On July 2, 2013, under the Agreement, the Company issued four two-year, 10% convertible promissory notes in the amount of $10,000 each. The investors also were issued a five year common stock purchase warrant for the purchase of up to 67,000 shares of the Company's common stock, at a price per share of $0.15, that permits a cashless exercise in the event that the underlying shares of common stock to be issued upon exercise are not registered pursuant to an effective registration statement at the time of the exercise.

On July 2, 2013 the Company issued a five year warrant to purchase of up to 100,000 shares of the Company's common stock, at a price per share of $0.15, to the investment banker in payment for commissions due.

On August 28, 2013, the Company agreed to sell up to an aggregate of $250,000 in convertible promissory notes under a securities purchase agreement (Agreement) with an aggregate stated value equal to the purchaser's subscription amount and a warrant to purchase up to a number of shares of common stock equal to 100% of the purchaser's subscription amount divided by $0.15 with an exercise price of $0.15 exercisable immediately with a term of five years. As of September 17, 2013 $70,000 has been funded on this agreement.

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

FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, relating to our financial condition, profitability, liquidity, resources, business outlook, market forces, corporate strategies, contractual commitments, legal matters, capital requirements and other matters. We note that many factors could cause our actual results and experience to change significantly from the anticipated results or expectations expressed in our forward-looking statements. When words and expressions such as: "believes," "expects," "anticipates," "estimates," "plans," "intends," "objectives," "goals," "aims," "projects," "forecasts," "possible," "seeks," "may," "could," "should," "might," "likely," "enable," "will likely result," "are expected to," "will continue," "is anticipated," "believes," "estimates," "projects" or similar words or expressions are used in this Form 10-Q, as well as statements containing phrases such as "in our view," "there can be no assurance," "although no assurance can be given," or "there is no way to anticipate with certainty," forward-looking statements are being made and these words or phrases or similar expressions should be interpreted as intended to identify these forward-looking statements.

In addition to the risks discussed in Item 1A "Risk Factors" of our Form 10-K, filed with the Securities and Exchange Commission on August 28, 2013, various other risks and uncertainties may affect the operation, performance, development and results of our business and could cause future outcomes to change significantly from those set forth in our forward-looking statements, including the following factors:

- our growth strategies;
- our development and potential acquisition of new facilities;
- risks related to development and construction activities;
- anticipated trends in the gaming industries;
- patron demographics;
- general market and economic conditions;
- access to capital and credit, including our ability to finance future business requirements;
- the availability of adequate levels of insurance;
- changes in federal, state, and local laws and regulations, including environmental and gaming license legislation and regulations;
- regulatory approvals;
- competitive environment; and
- risks, uncertainties and other factors described from time to time in this and our other SEC filings and reports.

These statements are subject to risks and uncertainties beyond our reasonable control that could cause our actual business and results of operations to differ materially from those reflected in our forward-looking statements. Forward-looking statements are not guarantees of future performance. Our forward-looking statements are based on trends which we anticipate in our industry and our good faith estimate of the effect on these trends of such factors as industry capacity, product demand and product pricing. The inclusion of projections and other forward-looking statements should not be regarded a representation by us or any other person that we will realize our projections or that any of the forward-looking statements contained in this quarterly report will prove to be accurate.

We undertake no obligation to publicly update or revise any forward-looking statements as a result of future developments, events or conditions. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ significantly from those forecast in any forward-looking statements.

MANAGEMENT'S ANALYSIS OF BUSINESS

As used herein the terms "we", "us", "our," the "Registrant," and the "Company" means, Rotate Black, Inc., a Nevada corporation.

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and related notes included in this report. This discussion includes forward-looking statements that involve risks and uncertainties. As a result of many factors, our actual results may differ materially from those anticipated in these forward-looking statements.

Overview

Gulfport Casino Hotel Project

The Company's primary focus is the management of a casino resort in Gulfport, Mississippi ("the Gulfport Project") under the Gulfport Project Management Agreement with the Company's affiliate, Rotate Black MS, LLC (RBMS), a Mississippi limited liability company.

On May 28, 2010, the Company, Rotate Black, LLC ("RBL"), an entity under common control with the Company, and an officer of the Company formed RBMS to own, develop and manage the operations of a dockside vessel-based casino in Gulfport, Mississippi. The initial strategy was to secure an existing gaming vessel, move the vessel to the Company's Gulfport site, and build land assets on that site to support the gaming vessel. Subsequently, the strategy was changed to developing an entirely land-based casino.

At June 30, 2012, management evaluated and found that the variable interest holders of RBMS lacked the direct and indirect ability to make decisions about the entity's activities and has determined that that the Company is the primary beneficiary of RBMS and consolidated the financial statements of RBMS in the accompanying consolidated financial statements of the Company.

The Gulfport Project is being developed on approximately nine-and-a-half acres of the last gaming-eligible sites in Gulfport, Mississippi. The Gulfport Project is adjacent to the $625+ million redevelopment of the Marina, Port and downtown Gulfport areas.

Gulfport, the second largest city in Mississippi, is approximately 12 miles west of Biloxi. The Gulfport Project is expected to open February, 2014 following the completion of a fourteen-month development period. Upon completion, the casino will feature 1,188 slot machines and 22 table games. The Gulfport Project's non-gaming amenities will include a four-star 205 room hotel, pool, spa, cabanas, steakhouse, buffet, snack bar and two feature bars.

The Company believes that various factors will drive the success of the Gulfport Project and its competitive position including favorable population demographics in the regional area, an established and stable existing gaming market, easy accessibility, and location as part of the renewed Gulfport Marina and Port areas.

The Gulfport Project will be located approximately 65 miles northeast from New Orleans, Louisiana; 70 miles south of Hattiesburg, Mississippi; 65 miles southwest from Mobile, Alabama; and, 105 miles from Pensacola, Florida. In total, the approximately five million people living within 150 miles generate approximately 17 million visits to the Gulf Coast market each year.

In addition, the project site is just south of downtown Gulfport, four miles from the Gulfport-Biloxi International Airport and adjacent to Mississippi's third busiest intersection with an estimated 34,000 cars passing by daily.

Effective October 20, 2010, RBMS entered into a ground lease for the nine and a half acre site for the Gulfport Project. The Preliminary Term, as defined, remains in effect until the earliest of the ninth month following the effective date or the date gaming operations begin on the leased property. During the Preliminary Term, rent would be equal to $20,000, per month with no payment required until the earlier of the date the Lessee commences construction on the premises or February 1, 2011. RBMS did not receive approval to proceed with the development of the casino from the Mississippi Gaming Commission on or prior to March 1, 2011, and the lease terminated with no obligations due.

Due to delays, the lease was amended on October 21, 2011 for a term through October 31, 2069, with a fee payable of $25,000 to enter into the amended and restated lease and $50,000 as the initial base rent payment. After the commencement of gaming operations, RBMS will pay an annual minimum base rent of $600,000, as defined. On March 13, 2012 this ground lease was amended and extends the date for RBMS to obtain approval to proceed to April 30, 2012. In consideration of this extension, RBMS agreed to pay a fee of $50,000. An additional extension was entered into May 1, 2012 extending the approval date to August 31, 2012 and RBMS agreed to pay a fee for the extension of $110,000.

On August 16, 2012, the Commission voted to grant RBMS approval to proceed with the Gulfport Project.

Rotate Black OK, LLC

On December 14, 2011, the Company formed a wholly-owned subsidiary, Rotate Black OK, LLC (OKL) and through the subsidiary the Company entered into an agreement to provide casino management services to an Oklahoma Native American Tribe Casino for a term of ninety days at $30,000, per month, inclusive of all personnel needed to provide the consulting services. The Company plans to leverage this agreement to generate additional Native American gaming consulting agreements.

SlotOne, Inc.

On December 13, 2011, the Company formed a wholly-owned subsidiary, SlotOne, Inc., to provide slot machines on a participation basis in certain casino locations where the replacement of old equipment can enhance earnings for the gaming location and Rotate Black, Inc. To date, the Company has secured a contract for the placement of equipment in November 2013 as well as an approval of its lender to facilitate the financings of this operation.

Going Concern Status

Our financial statements have been prepared on a going concern basis which contemplates the realization of assets and the liquidation of liabilities in the ordinary course of business. The Company has incurred substantial losses from operations and it has negative operating cash flow which raises doubt about its ability to continue as a going concern. The Company sustained a net loss attributable to common shareholders of ($637,306) for the three months ended September 30, 2012 and has an accumulated deficit as of September 30, 2012 of $29,787,809.

We intend to continue our planned capital expenditures to develop our gaming interests, as discussed, but we do not have sufficient realized revenues in order to finance these activities internally. As such, we intend to seek capital in order to fund our working capital and capital expenditure needs.

Although we recently obtained additional financing, we can provide no assurance that we will be able to obtain sufficient additional funds to develop our interests and alleviate doubt about our ability to continue as a going concern. We cannot be certain that additional funds, even if available, will be on acceptable terms. To the extent the Company raises additional funds by issuing equity or equity-linked securities, our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants that impact our ability to conduct business. Furthermore, certain of our current creditors may be required to approve any such transaction and may require the issuance of securities convertible into equity of the Company that can result in significant dilution.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Results of Operations

Three months ended September, 2012 compared to the three months ended September 30, 2011

Expenses

Our total operating expenses for the three months ended September 30, 2012, were $839,664 as compared to $340,858 for the comparable prior year period. The increase of $498,806, approximately 146%, can be attributed primarily to an increase in stock based compensation, general and administrative expenses and interest expense.

General and administrative expenses for the three months ended September 30, 2012, were $388,144 as compared to $71,478 for the prior year period. The increase of $316,666, approximately 443% is mainly attributable to increases in audit, legal and lobbyist fees, travel expenses and allocated expenses to Rotate Black MS, LLC.

Our net loss attributable to shareholders for the three months ended September 30, 2012, was $637,306 as compared to $340,858 for the prior year period. The increase in loss of $296,448, approximately 87%, is primarily attributable to an increase in stock based compensation, general and administrative expenses and interest expense related to the changes in the beneficial conversion feature of the notes payable and warrant liability.

Liquidity and Capital Resources

As of September 30, 2012, we had negative working capital of $9,621,313 compared to negative working capital of $8,856,985 as of June 30, 2012, and an accumulated deficit of $29,787,809 as of September 30, 2012, and further losses are anticipated.

We do not have sufficient funds to continue our operating activities. Future operating activities are expected to be funded by sales of common stock and to a limited extent, debt financing until such time that operations will generate sufficient funds.

These factors raise doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profitable operations in the future and/or to obtain the necessary financing to meet its obligations arising from normal business operations when they come due. These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts of and classification of liabilities that might be necessary in the event we cannot continue.

Cash (Used in) Provided by Investing Activities

Cash flows used in investing activities for the three months ended September 30, 2012 was $388,366 as compared to cash flow provided by investing activities of $40,519 for the comparable 2011 period. This increase in cash used resulted primarily from increases in the deferred casino development costs and investments in the equity entity.

Cash (Used in) Provided by Financing Activities

Cash flows provided by financing activities for the three months ended September 30, 2012 were $164,764 as compared to $16,169 used in financing activities for the three months ended September 30, 2011. This increase in cash provided by financing activities consisted primarily of increases in loan payables from stockholders and the sale of convertible promissory notes.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements other than the guarantees discussed in the Notes to the consolidated financial statements.

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the period ended September 30, 2012. We cannot be assured that future inflation will not have an adverse impact on our operating results and financial condition.

Climate Change

Our opinion is that neither climate change, nor governmental regulations related to climate change, have had, or are expected to have, any material effect on our operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information to be reported under this item is not required of smaller reporting companies.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and the Chief Financial Officer, we have concluded that our disclosure controls and procedures were not effective as of September 30, 2012, based on their evaluation of these controls and procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in reports it files or submits under the Exchange Act is accumulated and communicated to management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have identified certain matters that constitute deficiencies (as defined under the Public Company Accounting Oversight Board Auditing Standard No. 2) in our internal controls over financial reporting. The deficiencies that we have identified relate to the fact that that our overall financial reporting structure, internal accounting information systems and current staffing levels are not sufficient to support our financial reporting requirements. We are working to remedy our deficiencies.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ending September 30, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On October 25, 2010, a Complaint was filed in the United States District Court for the Western District of Michigan by The Sandesh Limited, a company incorporated in the Republic of India, against the Company, RBL and a former employee. The Plaintiff alleges that as a condition to their purchase of 1,200,000 shares of the common stock of the Company, the Plaintiff had the right to require the Defendants to repurchase all or any portion of the shares. Plaintiffs also allege that a subsequent agreement was entered into with RBL, whereby RBL would purchase the Plaintiff's 1,200,000 shares of common stock. Plaintiff further alleges that this repurchase also did not occur and that the Defendants breached other terms of the agreements. Plaintiffs are seeking the return of $1,200,000 and additional unspecified amounts as compensatory, actual and punitive and/or exemplary damages, restitution for unjust enrichment, prejudgment interest, attorney's fees and costs and other relief as the court deems appropriate.

On November 23, 2011, a settlement agreement was entered into dismissing the litigation and ordering that RBL pay Sandesh $1,500,000 as settlement, in payments of $35,000, per month, as defined, with interest at 8%, per annum. Sandesh is holding 480,000 common shares of the Company's stock owned by RBL as collateral and is entitled to receive 350 units of RBMS from RBI.

On February 23, 2010, a Complaint was filed in the Third Judicial District Court of the State of Nevada in and For the County of Lyon against the Company, RBL, and others in the amount of $5,000,000 pursuant to the termination of a development agreement for the Dayton Project. On July 16, 2010, the Company and Defendants filed an answer and counterclaim. A default Judgment was filed in the Third Judicial District Court of the State of Nevada In and For the County of Lyon on August 8, 2011 against the Company, Rotate Black, LLC, two officers of the Company, and others in the amount of $9,674,057 for exemplary and punitive damages. In connection with this matter, a Request for Enrollment of Foreign Judgment was filed in the Circuit Court of Harrison County, Mississippi, First Judicial District on December 23, 2011. On June 6, 2012, the Company filed a Motion for Leave to Seek District Court's Correction of Clerical Error Appearing on the Face of the Judgment, Subject Matter of Current Appeal in the Supreme Court of the State of Nevada. On June 7, 2012 the company was notified that its appeals to the default judgment will be heard by the Nevada Supreme Court. The Company will vigorously defend this action but can provide no assurance as to the likelihood of the outcome of the matter.

ITEM 1A. RISK FACTORS

N/A.

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.

EXHIBIT 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John Paulsen, Chief Executive Officer of Rotate Black, Inc. certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rotate Black, 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 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, 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 changes 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.

ROTATE BLACK INC.

Date: September 30, 2013

By: /s/ John Paulsen
John Paulsen
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alan Bailey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Rotate Black, 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 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, 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 changes 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.

ROTATE BLACK INC.

Date: September 30, 2013

By: /s/ Alan Bailey
Alan Bailey
Chief Financial Officer
Principal Financial and Accounting Officer

EXHIBIT 32.1

CERTIFICATION 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 of Rotate Black, Inc. (the “Company”) on Form 10-Q for the quarter ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, in the capacities and on the dates indicated below, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my 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.

ROTATE BLACK INC.

Date: September 30, 2013

By: /s/ John Paulsen
John Paulsen
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION 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 of Rotate Black, Inc. (the “Company”) on Form 10-Q for the quarter ending September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned, in the capacities and on the dates indicated below, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my 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.

ROTATE BLACK INC.

Date: September 30, 2013

By: /s/ Alan Bailey
Alan Bailey
Chief Financial Officer
Principal Financial and Accounting Officer