

AUCTIONCITIES.COM, INC.
A Nevada corporation

INFORMATION AND DISCLOSURE STATEMENT

This statement has not been filed with the NASD or any other regulator agency.

All information contained in this Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11(a)(5) promulgated by the Securities and Exchange Act of 1934, as amended. The enumerated items and captions contained herein correspond to the format as set forth in the Rule.

Item (i): EXACT NAME OF ISSUER AND ITS PREDECESSOR:

AuctionCities.com, Inc., a Nevada corporation, herein after referred to as "AUCC".
Predecessor USA Dial-Up Services, Inc.

Item (ii): ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

The principal executive office is located at: 25852 McBean Parkway, Suite 820, Santa Clarita, CA 91355. auctioncities.com (web address)

Item (iii): ISSUER'S STATE AND DATE OF INCORPORATION:

The Issuer was organized under the corporate law of the State of Nevada on November 21, 1999.

Item (iv): EXACT TITLE AND CLASS OF EACH CLASS OF SECURITIES OUTSTANDING:

One class of common securities is authorized:
136,576,800 shares issued and outstanding of .001 par value common stock.
CUSIP # is 05069K 20 1.
The Symbol is AUCC

Item (v): PAR OR STATED VALUE OF ISSUER'S SECURITIES:

The par value of the common stock is .001 per share.

Item (vi): NUMBER OF SHARES OR TOTAL AMOUNT OF SECURITIES OUTSTANDING FOR EACH CLASS OF SECURITIES OUTSTANDING AND A LIST OF SECURITIES OFFERINGS IN THE PAST TWO YEARS:

- A.**
- (i) As of May 31, 2005
 - (ii) Authorized -700,000,000 common at par value \$.001
 - (iii) Outstanding - 136,580,800 common, including free trading (On February 21, 2005, Board of Directors authorized the issuance of an additional restricted 102,435,600 shares for services)
 - (iv) Free Trading - 24,176,800 common (Board of Directors authorized a 4 to 1 forward split for all common shares issued)
 - (v) Shareholders - 45
-
- (i) As of December 31, 2004
 - (ii) Authorized - 700,000,000 common at par value \$.001
 - (iii) Outstanding - 34,145,200 common, including free trading (On December 8, 2004, Board of Directors authorized issuance of an additional restricted 28,101,000 shares for services to 26 new shareholders)

- (iv) Free Trading - 6,044,200 common
- (v) Shareholders - 45

- (i) As of August 31, 2004
- (ii) Authorized - 700,000,000 common at par value \$.001 (On August 18, 2004, Board of Directors authorized an increase in amount of authorized shares)
- (iii) Outstanding - 6,044,200 common
- (iv) Free Trading - 6,044,200 common
- (vi) Shareholders - 19

- (i) As of December 31, 2003
- (ii) Authorized - 24,000,000 common at par value \$.001
- (iii) Outstanding - 6,044,200 common stock
- (iv) Free Trading - 6,044,200 common
- (v) Shareholders - 19

- B. (i) **Nature of each offering:** October 2004, the company authorized the issuance of more common stock
- (ii) **Jurisdiction where the offering was registered or qualified:** pursuant to Section 4(2) of the Securities Act of 1933as well as pursuant to the California Department of Corporations section 25102(f).
- (iii) **The number of shares offered:** 28,101,000 shares were issued to 26 new shareholders for services. On December 8, 2004, the Board of Directors authorized a 4 to 1 stock split. Thereafter, in 2005, 102,435,600 shares were issued pursuant to the same exemptions because of the 4 to 1 split. On December 8, 2004, the Board of Directors authorized a 4 to 1 split; however, the actual issuance of shares occurred in 2005.
- (iv) **The price at which they were offered:** \$.001
- (v) **Trading status:** Restricted – 112,404,000, Free Trading – 24,176,800

Restricted Common Stock Issued and Outstanding by Name

<u>NAME</u>	<u>AMOUNT</u>	<u>SERVICE PROVIDED</u>
Marivic Berman	8,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Michael Berman	12,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Aneleh Dayer	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Eva M. Dayer	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Isaiah L. Dayer	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Katherina Dayer	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Christine Fenn	800,000 shares	Legal document preparation

Howard Frieberg	800,000 shares	Legal document preparation
Maria L. Fritts	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Heather Jones	800,000 shares	Legal document preparation
Malak Peterman	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Service Merchant Corp	39,600,000 shares	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
Laura Splawn	800,000 shares	Legal document preparation
Standard Transfer and Trust	4,000 shares	Preparation of all stock certificates
Nicole Tannous	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Lourdes Y. Vanhoek	6,000,000 shares	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Sarah Wade	800,000 shares	Legal document preparation
Al Westcott	800,000 shares	Legal document preparation

FREE TRADING STOCK ISSUED AND OUTSTANDING BY NAME

Michael Allen	8,200	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Arbolada, Inc.	3,000,000	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
Bryan Bunton	28,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Michael Carlston	20,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
CEDE & CO	1,050,000	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
David & Maureen M. Clark	40,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Amy Clayton Esq.	50,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Donald Dayer	3,000,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Gordon Goodwin	50,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain

Richard Harrington	8,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Thomas N. Heaton	60,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Dave Holmberg	1,500,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Zane & Mary Ann Holmberg	32,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Kennith F. Hostetter Jr.	100,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Ken Hostetter	1,500,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Richard Landerman	840,000	Legal Assistance
Brent Larsen	1,500,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Lance Nielsen	100,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Resolute, Inc.	3,000,000	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
Doug Richardson	18,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Laird D. Roberts	40,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Robertson Cartwright & Co.	60,000	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
Sespe, Inc	3,000,000	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain
Ted Stagg	50,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
George Tannous	3,000,000	Assistance in the preparation of the commercial viability of the AuctionCities.com domain
Topa, Inc.	2,082,600	Assistance in rendering the corporation Active to allow the commercial viability Of the AuctionCities.com domain

Gerald & Carol Wise

40,000

Assistance in the preparation of the commercial viability of the AuctionCities.com domain

Item (vii): NAME AND ADDRESS OF TRANSFER AGENT:

Standard Transfer and Trust, Co.
2980 Rainbow Blvd., #220H
Las Vegas, NV 89146 (702) 212-3493. Agent is registered under the Exchange Act in the state of Nevada.

Item (viii): NATURE OF ISSUER'S BUSINESS:

- A. The corporation's business hopes to establish an online auction site via the Internet.
1. **The form of organization of the issuer:** Corporation
 2. **The Issuer was incorporated** in Nevada on November 21, 1999.
 3. **Fiscal year end** is 12/31.
 4. **No bankruptcy, receivership or any similar proceeding**
 5. **Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business:** Board of Directors and Shareholders meeting held on August 11, 2004. Kenneth Hostetter, Director resigned appointing Michael Berman, President, Treasurer, Secretary. Board of Directors and Shareholders meeting held on August 11, 2004 changed the name from USA Dial-Up Services, Inc. to AuctionCities.com, Inc.
 6. **No default of the terms of any note, loan lease, or other indebtedness.**
 7. **Any change of control:** Yes, Board of Directors and Shareholders meeting held on August 11, 2004. Kenneth Hostetter, Director resigned appointing Michael Berman, President, Treasurer, Secretary. Board of Directors and Shareholders meeting held on August 11, 2004 changed the name from USA Dial-Up Services, Inc. to AuctionCities.com, Inc. Board of Directors and Shareholders meeting held December 8, 2004, to issue 4 to 1 shares through forward split.
 8. **Any increase of 10% or more of the same class of outstanding equity securities:** Yes, on December 8, 2004.
 9. **Describe any past pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization:** Prior to August 11, 2004, there were 6,044,200 shares of common stock. On August 11, 2004, the Articles of Incorporation were amended to authorize the issuance of 700,000,000 shares of common stock. On December 8, 2004, the issued and outstanding stock was split at a 4 to 1 ratio.
 10. **There has been no delisting of the issuer's securities by any securities exchange or NASDAQ.**
 11. **There have been no current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business.**
- B. **Business of the Issuer:** The Corporation's principal business address is 25852 McBean Parkway, Suite 820, Santa Clarita, CA 91355, and its telephone number is 818-956-2040.
1. Primary SIC code 5900, secondary SIC code 5960
 2. Issuer is in the Developmental stage of conducting operations
 3. There are no parents, subsidiary or affiliates of the issuer
 4. There are no existing or probable governmental regulations on the business

5. Nothing has been spent during the last two fiscal years on research and development activities
6. There are no costs and effects of compliance with environmental laws
7. Total number of employees: 2 employees, 2 full time

C. **Investment Policies**

1. There are no investments in real estate or interest in real estate
2. There are no investments in real estate mortgages
3. There are no securities of or interest in persons primarily engaged in real estate activities.

Item (ix): NATURE OF PRODUCTS OR SERVICES OFFERED:

1. Principal products/services & their markets: AuctionCities.com, Inc. principal investment objectives are: To enhance and to develop over forty thousand (40,000) shop (anyzipcode) internal domains. Write, develop, or revise software for the web sites mentioned above. Develop an aggressive advertising campaign on national radio and television billboards, newspapers, magazines and other publications as well as advertisements on Web search engines and Web sites. Generate new and repeatable sources of revenue by selling yellow page style advertising in each of the 8,000 online Zip Code Business directories.
2. Distribution methods of the products or services: AuctionCities.com, Inc. uses computer based technology and equipment to communicate information to, and to provide services for, AuctionCities.com, Inc.'s customer base. AuctionCities.com, Inc. also uses computer technology to communicate with suppliers, vendors and others with whom AuctionCities.com, Inc. interacts. A reliable and effective information and technology system is critical to AuctionCities.com, Inc.'s operating results.
3. Status of any publicly announced new product or service: AuctionCities.com, Inc. has a patent pending, No. 10-774-2702 for zip code based localized auctions and the company is presently developing over 8 thousand of these neighborhood shopping centers which in addition offer value added yellow page style business directories banner advertising and classifieds.
4. Competitive business conditions: The auctions are divided into numerous categories such as antiques, automobiles, dolls, collectibles, household items, toys, computers, or jewelry. Sellers classify items according to these pre-established categories and list items for sale for a specified period of time: three, five, seven, or ten days. At the end of the time period, the item is sold to the highest bidder. The seller will contact the buyer via e-mail and arrange shipping and payment. Once the seller receives the money, the item is shipped to the winning bidder
5. Sources & availability of raw materials: None
6. Dependence on one or a few major customers: None
7. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts: AuctionCities.com, Inc. has a patent pending, No. 10-774-2702 for zip code based localized auctions and the company is presently developing over 8 thousand of these neighborhood shopping centers which in addition offer value added yellow page style business directories banner advertising and classifieds.
The auctions are divided into numerous categories such as antiques, automobiles, dolls, collectibles, household items, toys, computers, or jewelry. Sellers classify items according to these pre-established categories and list items for sale for a specified period of time: three, five, seven, or ten days. At the end of the time period, the item is sold to the highest bidder. The seller will contact the buyer via e-mail and arrange

shipping and payment. Once the seller receives the money, the item is shipped to the winning bidder

8. The need for any government approval of principal products or services: None

Item (x): NATURE AND EXTENT OF ISSUER'S FACILITIES:

The Corporation's executive, administrative and operating offices are located in a 3,000 square foot facility at 25852 McBean Parkway, Suite 820, Santa Clarita, CA 91355.

It is the opinion of management of the corporation that the properties are adequately covered by insurance

1. Describe general character & locations of all materially important properties held or intended to be acquired by or leased to the issuer: No properties are held or plan to be acquired
2. The nature of the issuer's title to, or other interest in, such properties and the nature and amount of all material mortgages, liens or encumbrances: There are none
3. Terms of any lease or any such properties or any option or contract to purchase or sell any such properties: There are none
4. Proposed program for the renovation, improvement or development of such properties: There are None
5. Competitive conditions to which the properties are or may be subject: There are none
6. There are no properties to be covered by insurance.
7. There are no improved properties

Item (xi): CHIEF EXECUTIVE OFFICER AND MEMBERS OF THE BOARD OF DIRECTORS COUNSEL, ACCOUNTANT, PUBLIC RELATIONS CONSULTANT:

A. Officers, Directors and Advisors.

1. Executive Officers;

Michael Berman: President and Treasurer. Michael Berman: Chairman
Address: 29112 N. Mammoth, Canyon Country, CA 91387 (661) 287-4100

History: Michael Berman has a Bachelor of Science degree in Psychology from Cal State University Northridge and has an extensive background in sales, marketing and business concepts. With 20 years experience in both the marketing of securities and business-to-business sales formats, he is uniquely qualified to develop the Zip Code campaign and engage underwriters in meaningful dialogue. United States Marine Corps (1984-1988). Volunteer various Community services, Blind, Veterans, Handicapped, Runaway Youth, Mentally Ill (1991-2005). Consultant Wireless Communications Industry (1994-1997). Consultant Tax Industry, helped develop online infrastructure. (1998-2000). Consultant online shopping industry (2001-2005). Coach Y.M.C.A. basketball league

Share ownership: 12,000,000 shares of 144 stock

Brigitte Gutierrez: Secretary:

Address: 339 W. Lexington Dr. A5, Glendale, CA 91203 (661) 287-4100

History: Lake Highlands High School, TX. Diploma (1995-1999). Richland College, TX. Working towards Associate degree (1999-2000). Glendale Community College, CA (2005-Present). Galveston Island Seafood, Dallas, TX. Hostess/Server (199-2000). Restland Funeral Offices, Dallas TX. Customer service (1999). Medieval Times, Dallas TX, Server (1999-2003). Princeton Insurance, Dallas, TX. Office Assistant (2003). Apple One Employment, Glendale, CA. Office Assistant (2004). Major Capital Unlimited, Glendale, CA. Administrative Assistant (2004-2005). Auctiondiner.com, Glendale, CA. Administrative Assistant, AuctionCities.com, Glendale, CA. Corporate Secretary (3/2005-Present).

Share ownership: None

2. Directors: There are no additional
3. General Partners: There are no additional
4. Investment Banker: There is none
5. Promoters: There are none
6. Control Persons: Management has not selected any to date
7. Counsel: H. Delbert Welker, Counsel 8661 Highland Drive, Suite 179, Sandy, Utah 84093
Telephone: (801) 414-9969, hdwelker1@yahoo.com

History: BA from Brigham Young University (1967); MBA from the University of Utah (1971); Juris Doctrate from Golden Gate University in San Francisco (1977). Full-time law practice in Salt Lake City, UT (1977-1999) emphasizing business law, personal injury & estate planning. Associate of William Brown & Assoc., law firm in Morgan Hill, CA (1989-1990). Returned to Utah to resume practice (1990-1996). Returned to Morgan Hill, CA practicing business law, litigation & personal injury (1996-2000).

Returned to Utah & began real estate financing business (2001-2003). Resumed law practice specializing in business law, securities & estate planning (2004). Member of the State Bar of California and Utah State Bar.

8. Accountant or Auditor: Management has not selected one to date
9. Public Relations Consultant: Management has not select one to date
10. Other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure documentation: There are no advisors

Share ownership: None

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

None of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding.
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC, or a state securities regulator of a violation of federal or states securities or commodities law.
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. **Beneficial Owners.** Significant Shareholders who represent 5% or more shares:

Service Merchants Corp.

Corporate address: Lauriston House, Suite 101, Lower Collymore Rock, St. Michael, Barbados

Directors are Steven K. Parker and Rodney Brewer

Steven K. Parker Business consultant

Lauriston House, Suite 101, Lower Collymore Rock, St. Michael,

Barbados Tel +1 246 437.3835 -- Fax +1 246 431.9748 --

Rodney Brewer Business consultant

PO Box 644

Queensland Australia

Share Ownership: 39,600,000 shares of 144 stock

Marivic Berman: Spouse of Michael Berman.

Address: 29112 N. Mammoth, Canyon Country, CA 91387 (661) 287-4100

History Bachelor of Science-Secondary Education, Leyte Normal University, 427 Taterno St., Tacloban City, Leyte, Philippines 6500 (1995-1999).
Homemaker-Mother (2000-2005).

Share ownership: 8,000,000 shares of 144 stock

Item (xii): ADEQUATE DISCLOSURE OF THE ISSUER'S (OR ITS PREDECESSOR'S) CURRENT FINANCIAL POSITION, WHICH SHOULD INCLUDE THE MOST RECENT FISCAL YEAR AND ANY INTERIM QUARTERS.

1. The issuer should include the below financial statements in the disclosure document or, if attached, provide a list in the disclosure document describing the attached financial statements, the balance sheet date and the date published.

The most recent financial statements are attached separately on the Pinksheets website as "Unaudited Financials" for years ending December 21, 2003 through May 31, 2005. In addition, see financial statements in attached report of Exhibit A.

- 1) a balance sheet and
 - 2) a statement of income
 - 3) a statement of cash flows and
 - 4) a statement of changes in stockholders' equity
2. The issuer should provide a summary of the types of information that the Company will provide to security holders in the future and the

schedule for providing this information.

- 1) The company intends to post all reports on the Pinksheets website every quarter to disclose the financial condition of the company and any changes that have occurred since this statement.

Item (xiii): SIMILAR FINANCIAL INFORMATION FOR SUCH PART OF THE 2 PRECEDING FISCAL YEARS AS THE ISSUER OR ITS PREDECESSOR HAS BEEN IN EXISTENCE.

The company was formed in November of 1999 and has no financials to report for the 2 preceding fiscal years since the company has no operations to report.

Item (xiv); WHETHER ANY QUOTATION IS BEING SUBMITTED OR PUBLISHED DIRECTLY OR INDIRECTLY ON BEHALF OF THE ISSUER, OR ANY DIRECTOR, OFFICER OR ANY PERSON, DIRECTLY OR INDIRECTLY THE BENEFICIAL OWNER OF MORE THAN 10% OF THE OUTSTANDING UNITS OR SHARES OF ANY EQUITY SECURITY OF THE ISSUER, OR AT THE REQUEST OF ANY PROMOTER FOR THE ISSUER.

To the best of company's knowledge, information and belief, quotations with respect to the Issuer's common stock are not being submitted or published, directly or indirectly, on behalf of the Issuer or on behalf of a director, officer or beneficial owners of more than ten percent (10%) of the common stock that is issued and outstanding.

CERTIFICATION

I, Michael Berman, hereby certify that I have reviewed the Information and Disclosure statement, Exhibits, and all notes thereto and; I, having full authority to sign on behalf of the company hereby certify that the information is complete and presented fairly, in all material respects.

Dated this 20th of June, 2005

Certified by: /s/ Michael Berman

Michael Berman, President, Treasurer

Item (xv) TRADABILITY OPINION LETTER ISSUED BY COUNSEL

See Tradability Opinion Letter in attached report of Exhibit B

EXHIBITS:

Exhibit A: Financials

Exhibit B: Tradability Opinion Letter

Exhibit C: Business Plan

EXHIBIT A
FINANCIALS

AuctionCities.com, Inc.

BALANCE SHEET

UNAUDITED

For Each of the Years Ended December 31, 2004, December 31, 2003 and the Five Months Ended May, 31, 2005

	May 31, 2005	December 31, 2004	December 31, 2003
ASSETS:			
Cash	341	0	0
Deposits	0	0	0
Other assets	0	0	0
Equipment contribution	50,410	0	0
	<u>50,751</u>	<u>0</u>	<u>0</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Liabilities	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Stockholders' equity			
Common stock outstanding			
At .001 par 6,044,200 shares (2003)			6,044
At .001 par 28,101,000 shares (2004)		34,145	
At .001 par 102,435,600 shares (2005)	136,581		
Retained Earnings	<85,830>	<34,145>	<6,044>
Total Liabilities and stockholders equity	<u>50,751</u>	<u>0</u>	<u>0</u>

*These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by
MICHAEL BERMAN, PRESIDENT, AUCTIONCITIES.COM, INC.

The accompanying notes are an integral part of these financial statements

AuctionCities.com, Inc.
STATEMENT OF OPERATIONS

UNAUDITED

For Each of the Years Ended December 31, 2004, December 31, 2003 and the Five Months Ended May, 31, 2005

	5 mos ended May 31, 2005	12 mos ended December 31, 2004	12 mos ended December 31, 2003	Inception to May 30, 2005
REVENUES:				
Sales	0	0	0	0
Total revenues:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
EXPENSES:				
Consulting fees	<45,641>	<34,145>	<6,044>	<85,830>
Total expenses	<u><45,641></u>	<u><34,145></u>	<u><6,044></u>	<u><85,830></u>
Net (loss) before provision				
Income taxes	0	0	0	0
Provision for income taxes	0	0	0	0
Net (loss)	<u><45,641></u>	<u><34,145></u>	<u><6,044></u>	<u><85,830></u>

*These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by **MICHAEL BERMAN, PRESIDENT, AUCTIONCITIES.COM, INC.**

The accompanying notes are an integral part of these financial statements

AuctionCities.com, Inc.

STATEMENT OF CASH FLOW

UNAUDITED

For Each of the Years Ended December 31, 2004, December 31, 2003 and the Five Months Ended May, 31, 2005

	<u>5 mos ended May 31, 2005</u>	<u>12 mos ended December 31, 2004</u>	<u>12 mos ended December 31, 2003</u>	<u>Inception to May 30, 2005</u>
CASH FLOW FROM OPERATING ACTIVITIES:				
Net (loss)	0	0	0	0
Adjustments to reconcile net (loss) to net cash (used in) operating activities	0	0	0	0
Stock Issued for Services:				136,581
102,435,600 shares@.001 par (2005)	102,436			
28,101,000 shares @.001 par (2004)		28,101		
6,044,200 shares @.001 par (2003)			6,044	
Decrease (increase) in:				
Other assets	0	0	0	0
Net cash (used in) operating activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Increase in property and improvements	0	0	0	0
Net cash used in investing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FINANCING ACTIVITIES				
Proceeds from stockholder advances	0	0	0	0
Proceeds from issuance of common stock	0	0	0	0
Paid in capital	0	0	0	0
Net cash provided by financing activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net increase (decrease) in cash	0	0	0	0
Cash, and cash equivalents beginning	0	0	0	0
Cash, and cash equivalents ending	<u>102,436</u>	<u>28,100</u>	<u>6,044</u>	<u>136,581</u>

*These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the periods presented, in conformity with accounting principles generally accepted in the United States, consistently applied and hereby certified by

MICHAEL BERMAN, PRESIDENT, AUCTIONCITIES.COM, INC.

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

AuctionCities.com, Inc.

STATEMENT OF STOCK HOLDERS' EQUITY

UNAUDITED

For Each of the Years Ended December 31, 2004, December 31, 2003 December 31, 2002 and the Five Months Ended
May, 31, 2005

	Common Stock		Total Equity
	Shares	\$ Amount	
Balance at December 31, 2002	<u>6,044,200</u>	<u>6,044</u>	<u>6,044</u>
Balance at December 31, 2003	<u>6,044,200</u>	<u>6,044</u>	<u>6,044</u>
Stock Issued for Services In 2004 @ .001 par	28,101,000	28,101	
Balance at December 31, 2004	<u>34,145,200</u>	<u>34,145</u>	<u>34,145</u>
Stock Issued for Services In 2005 @ .001 par	102,435,600	102,436	
Balance at May 31, 2005	<u>136,580,800</u>	<u>136,581</u>	<u>136,581</u>

*These financial statements and notes thereto present fairly, in all material respects,
the financial position of the company and the results of its operations and cash
flows for the periods presented, in conformity with accounting principles generally
accepted in the United States, consistently applied and hereby certified by
MICHAEL BERMAN, PRESIDENT, AUCTIONCITIES.COM, INC.

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

AuctionCities.com, Inc.
Notes to Financial Statements

1. ORGANIZATION AND BUSINESS

AuctionCities.com, Inc., (formerly USA Dial-Up, Inc.) was incorporated in the State of Nevada on November 21, 1999. AuctionCities.com, Inc. (AUCC) hopes to establish an online auction site via the Internet. Michael Berman is the President, Treasurer and Chairman of AUCC. The Company was launched on the World Wide Web in August of the year 2004 and immediately challenged pre-existing online auction sites by providing its customers with better, more affordable services.

2. BASIS OF PRESENTATION

Interim financial information

The accompanying Unaudited financial statements and related footnotes have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission for Form 10QSV. Certain information and footnote disclosures normally included in financial statements prepared in accordance with the above accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included in the accompanying financial statements. The results of operations for the periods indicated therein are not necessarily indicative of the operating results that may be expected for future periods.

Going concern

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern that contemplates the realization of assets and the satisfaction liabilities and commitments in the normal course of business. As of May 31, 2005, the Company has not recognized revenue to date and has accumulated operating losses of \$85, 830 since its inception. The Company's ability to continue as a going concern is contingent upon the successful completion of additional financing arrangements and its ability to achieve and maintain profitable operations. Management plans to raise equity capital to finance the operating and capital requirements of the Company. Amounts raised will be used to further develop the Company's products, to provide financing for marketing and promotion, to secure property and additional equipment and for other working capital purposes. While the

Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds that will be available for operations.

The conditions raise substantial doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might arise from this uncertainty.

Development stage activities

All of the Company's operating results and cash flows reported in the accompanying financial statements from its inception are considered to be those related to development stage activities and represent the 'cumulative from inception' amounts from its development stage activities required to be reported pursuant to Statements of Financial Accounting Standards (SFAS) No. 7, Development Stage Enterprises.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that effect 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. Actual results could differ from those estimates.

Recent accounting pronouncements

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

EXHIBIT B
TRADABILITY OPINION LETTER

H. DELBERT WELKER ATTORNEY AT LAW

May 17, 2005

Pink Sheets LLC
304 Hudson Street, Second Floor
New York, NY 10013

Re: Transferability of Certain Shares of AuctionCities.com, Inc.

Attention:

I have been retained by the Board of Directors of AuctionCities.com to render a legal opinion regarding the transferability of certain shares of AuctionCities.com, Inc. (hereinafter referred to as the "Company") to be sold by shareholders through registered broker/dealers; and whether such broker/dealers may trade in the shares of the Company and whether a market in such shares may be maintained and trades made within the limits prescribed by federal securities laws. The Company has also represented that certain shareholders of the Company, who have held their restricted shares for more than two (2) years and who are not affiliates, have specifically requested the Company to allow them to transfer shares held by them without restriction and without being required to comply with paragraphs (c), (e), (t) and (h) of Rule 144 as promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

I am an attorney in good standing, licensed to practice law in Utah. I am eligible to practice before the United States Supreme Court, the United States Courts of Appeal and various United States District Courts. I am permitted to practice before the United States Securities and Exchange Commission and I have not been prohibited from practice there under.

This Opinion is governed by, and shall be interpreted in accordance with the Legal Opinion Accord (the Accord) of the ABA Section of Business Law (1991), as amended. As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this Opinion should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the Securities Act of 1933, as amended. The Securities Exchange Act of 1934, as amended, and Rule 144

as promulgated by the United States Securities and Exchange Commission under Section 4(1) of the Securities Act of 1933.

My client has provided information to me regarding the Company. The Company's predecessor, USA Dial-up Services, LLC filed articles of incorporation in the State of Utah in 1997. On November 2, 1999, the predecessor company changed its domicile to Nevada and filed new articles of incorporation. On August 25, 2004, the preceding company filed a Certificate of Amendment which changed the company name to AuctionCities.com, Inc.(the Company) and increased its authorized common stock to Seven Hundred Million (700,000,000) of common voting stock with a par value of one mil (\$.001) per share. One Million (1,000,000) shares of preferred stock with a par value of one mil (\$.001) per share had been previously authorized by the Company. As of May 16, 2005, the Company has issued One Hundred Thirty Six Million Five Hundred Eighty Thousand (136,580,800) common shares which leave Five Hundred Sixty-Three Million Four Hundred Nineteen Thousand Two Hundred shares (563,419,200) authorized but not issued.

Shares of the Company's common stock were distributed pursuant to a private placement offering commencing in July, 1998. In November, 1999, an exchange of stock for assets was completed in that USA Dial Up Services, Inc. (Nevada) issued common stock for assets to USA Dial Up Services, LLC (Utah). The Nevada company has relied on the representations of the Utah company that the shares were issued pursuant to Regulation D, Rule 506 without registration with the US Securities and Exchange Commission.

In preparing this opinion, I have examined such corporate records and other documents and such questions of law that I have deemed necessary or appropriate for rendering this opinion. I have reviewed, shareholder lists, board of directors minutes, press releases, private placement offering, correspondence, articles of incorporation and by-laws. I have interviewed present and past members of the board of directors. Subsequent to my review, I have determined no irregularity or circumstance which might give rise to any question concerning the propriety of the Company. I believe the foregoing sources to be reliable.

The resale and distribution of the Company's shares are governed by the provisions of Rule 144 which was promulgated under the Securities Act of 1933 by the US Securities and Exchange Commission. Rule 144 has been referred to as the "Safe Harbor Rule", which prescribes the conditions and circumstances under which restricted shares may be sold or transferred by an individual without being deemed to be engaged in a distribution and thereby considered an underwriter. Subsection (k) of Rule 144 sets forth the provisions in subsections c,e,f and h that do not apply to restricted securities sold for the account of a person who is not an affiliate of the issuer at the time of the sale and has not been an affiliate at any time during the three month period preceding such sale; provided that the securities sold have been beneficially owned by such person for a period of not less than two (2) years prior to the sale. In such instances, a person owning securities within such parameters may transfer or sell such securities in any manner he or she chooses.

While it is not the intent of this opinion to review the original and subsequent distributions of shares between the date of incorporation and the present, I am assuming that exemptions under Section 4(2) of the Securities Act of 1933, as

amended, or other appropriate exemptions were available at the time any shares not covered by a registration statement were issued under Section 5 of the Securities Act of 1933, as amended, or an appropriate state registration. Even if such exemptions were not available and the distribution of such shares was in effect an illegal transaction, it is still my opinion that those shareholders who are non-affiliates and who have held their shares for more than two years can resell those shares without restriction in accordance with the provisions of Rule 144(k).

Consequently, it is my opinion that any shareholder of the Company who is not an affiliate of the Company, and has not been such an affiliate for more than ninety days prior to requesting transfer on the date of resale of the shares, may sell or otherwise transfer the shares, and the Company may allow such transfer freely and without placing any restrictive legend on the certificates that represent such shares, based upon the provisions of Rule 144(k). Further, the exemption from registration provided by Section 4(1) of the Securities Act of 1933, as amended, is available to such non-affiliates who have held their shares for two years or more, and who have not been affiliates of the Company for more than ninety days, pursuant to Rule 144(d).

This opinion covers the names of all shareholders, their address, the number of shares owned and the percentage of the total shares owned. A list of the foregoing is attached hereto as an exhibit. As of May 16, 2005, Twenty Million Eight Hundred Sixteen Thousand Eight Hundred shares are without restriction and should be free trading. Said shares may be sold immediately in a public market by the holders thereof without registration under the Securities Act in reliance on an exemption from registration there under, and assuming that the purchaser of such Shares is neither the Issuer, an underwriter or dealer, such purchaser may resell such Securities freely without registration under the Securities Act in reliance on the exemption from registration provided in Section 4(1) of the Securities Act.

Adequate current public information about the Company is available concerning the Securities, within the meaning of Rule 144(c) (2) under the Securities Act of 1933 (the "Securities Act"), and such information has been posted on the Pink Sheet News Service.

I hereby grant Pink Sheets permission to post this opinion on the Pink Sheets News Service for viewing by the public and regulators. No other person or organization other than Pink Sheets is entitled to rely on this opinion.

Very truly yours,

H. Delbert Welker

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8661 Highland Drive, Suite 179
Sandy, Utah 84093
Telephone: (801) 414-9969

H. DELBERT WELKER ATTORNEY AT LAW

February 1, 2005

Michael S. Berman, President
AuctionCities.com, Inc.
401 North Brand Blvd., Suite 540
Glendale, CA. 91203

Re: Transferability of Certain Shares of AuctionCities.com, Inc.



Dear Mr. Berman:

You and your Board of Directors have requested that I prepare a legal opinion regarding the transferability of certain shares of AuctionCities.com, Inc. (hereinafter referred to as the "Company") sold by shareholders through registered broker/dealers; and whether such broker/dealers may trade in the shares of the Company and whether a market in such shares may be maintained and trades made within the limits prescribed by federal securities laws. You have also represented that certain shareholders of the Company, who have held their restricted shares for more than two (2) years and who are not affiliates, have specifically requested the Company to allow them to transfer shares held by them without restriction and without being required to comply with paragraphs (c), (e), (t) and (h) of Rule 144 as promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

This Opinion is governed by, and shall be interpreted in accordance with the Legal Opinion Accord (the Accord) of the ABA Section of Business Law (1991), as amended. As a consequence, it is subject to a number of qualifications, exceptions, definitions, limitations on coverage and other limitations, all as more particularly described in the Accord, and this Opinion should be read in conjunction therewith. The law covered by the opinions expressed herein is limited to the Securities Act of 1933, as amended. The Securities Exchange Act of 1934, as amended, and Rule 144 as promulgated by the United States Securities and Exchange Commission under Section 4(1) of the Securities Act of 1933.



.....



You have provided information to me regarding the Company. The Company's predecessor, USA Dial-up Services, LLC filed articles of incorporation in the State of Utah in 1997. On November 2, 1999, the predecessor company changed its domicile to Nevada and filed new articles of incorporation. On August 25, 2004, the preceding company filed a Certificate of Amendment which changed the company name to AuctionCities.com, Inc.(the Company) and increased its authorized common stock to Seven Hundred Million (700,000,000) of common voting stock with a par value of one mil (\$.001) per share. One Million (1,000,000) shares of preferred stock with a par value of one mil (\$.001) per share had been previously authorized by the Company. The Company has issued Thirty-Four Million One Hundred Ninety-Four Thousand Two Hundred (34,194,200) common shares which leaves Six Hundred Sixty-five Million Eight Hundred Five Thousand Eight Hundred shares(665,805,800) authorized but not issued.

Shares of the Company's common stock were distributed pursuant to a private placement offering commencing in July, 1998. In November, 1999, an exchange of stock for assets was completed in that USA Dial Up Services, Inc. (Nevada) issued common stock for assets to USA Dial Up Services, LLC (Utah). The Nevada company has relied on the representations of the Utah company that the shares were issued pursuant to Regulation D, Rule 506 without registration with the US Securities and Exchange Commission.

Since the date of incorporation to the date of this letter the Company has been undercapitalized and has unable to sustain a viable business operation in the internet auction business. The Company is thus considered as a developmental stage company.

In preparing this opinion, I have reviewed, shareholder lists, board of directors minutes, press releases, private placement offering, correspondence, articles of incorporation and by-laws. I have interviewed present and past members of the board of directors. Subsequent to my review I have determined no irregularity or circumstance which might give rise to any question concerning the propriety of the Company.

The resale and distribution of the Company's shares are governed by the provisions of Rule 144 which was promulgated under the Securities Act of 1933 by the US Securities and Exchange Commission. Rule 144 has been referred to as the "Safe Harbor Rule", which prescribes the conditions and circumstances under which restricted shares may be sold or transferred by an individual without being deemed to be engaged in a distribution and thereby considered an underwriter. Subsection (k) of Rule 144 sets forth the provisions in subsections c,e,f and h that do not apply to restricted securities sold for the account of a person who is not an affiliate of the issuer at the time of the sale and has not been an affiliate at any time during the three month period preceding such sale; provided that the securities sold have been beneficially owned by such person for a period of not less than two (2) years prior to

the sale. In such instances, a person owning securities within such parameters may transfer or sell such securities in any manner he or she chooses.

While it is not the intent of this opinion to review the original and subsequent distributions of shares between the date of incorporation and the present, I am assuming that exemptions under Section 4(2) of the Securities Act of 1933, as amended, or other appropriate exemptions were available at the time any shares not covered by a registration statement were issued under Section 5 of the Securities Act of 1933, as amended, or an appropriate state registration. Even if such exemptions were not available and the distribution of such shares was in effect an illegal transaction, it is still my opinion that those shareholders who are non-affiliates and who have held their shares for more than two years can resell those shares without restriction in accordance with the provisions of Rule 144(k).

Consequently, it is my opinion that any shareholder of the Company who is not an affiliate of the Company, and has not been such an affiliate for more than ninety days prior to requesting transfer on the date of resale of the shares, may sell or otherwise transfer the shares, and the Company may allow such transfer freely and without placing any restrictive legend on the certificates that represent such shares, based upon the provisions of Rule 144(k). Further, the exemption from registration provided by Section 4(1) of the Securities Act of 1933, as amended, is available to such non-affiliates who have held their shares for two years or more, and who have not been affiliates of the Company for more than ninety days, pursuant to Rule 144(d).

Even though Release 33-6488 eliminates the requirement for current information being available in order for a non-affiliate to sell or transfer his or her shares under subsection (k) to Rule 144, it is my opinion that the Company should nevertheless make information available to the public and brokerage community that meets the minimum levels required by Rule 15c2-11 promulgated under the Securities Exchange Act of 1934 by the US Securities and Exchange Commission.

It is my understanding that you, as well as shareholders who come within the purview of this opinion, intend to rely upon the opinion set forth herein. Accordingly, I hereby grant the Board of Directors permission to use this opinion in such manner as it deems necessary to manifest its reliance thereon, and consent to the use of this opinion by any such shareholders.

Very truly yours,

H. Delbert Welker

HDW:ss

EXHIBIT C
BUSINESS PLAN

Mini Business Plan

**For
AuctionCities.com, Inc. Company**

**By: Michael Berman
25852 McBean Parkway, Suite 820
Santa Clarita, CA 91355
(661) 287-4100**

Executive Summary

Introduction

The purpose of this business plan is to provide the reader with a comprehensive synopsis of AuctionCities.com, Inc. and its plans for expansion. The Company was launched on the World Wide Web in August of the year 2004 and immediately challenged pre-existing online auction sites by providing its customers with better, more affordable services. Currently the Company has over 4.5 million register members, items offered in 2,800 categories and over 40,000 shop(anyzipcode) internal domains; AuctionCities.com offers a very unique service in the online auction industry, "Micro Auctioning". The patent pending application exclusively links internet auctions with Zip Code web sites. For example: shop91042.com, shop80439.com, or shop18634.com. Merchandise can be listed by consumers or businesses and sold to the highest bidder locally or nationally. End users are able to search any local business listing via the yellow pages. AuctionCities.com's officers, directors, and employees work around the clock to ensure its success.

Mission Statement

The company's mission statement is to become profitable within one year, become the number one household name for the Internet online auction community, and to compete aggressively with its local yellow page advertisers.

We have established several specific goals:

AuctionCities.com has established a user-base of over 4.6 million registrants. Our goal is to increase that number to a minimum of eight million active members within one year.

AuctionCities.com will generate new revenues by selling yellow page style advertising to local businesses in each of its 40,000 (anyzipcode).internal domains.

AuctionCities.com will immediately create localized online auctioning as well as become the number one household name for such uniqueness.

AuctionCities.com will establish strategic alliances in the online Retail, Real Estate and Automobile industries.

AuctionCities.com will establish a Mergers and Acquisitions Department.

AuctionCities.com to expand its operations world wide, with the same infrastructure, into Canada, Australia, the European Community, Korea, Japan, South America, and more.

Marketing Objectives

AuctionCities.com has established a user-base of over 4.6 million registrants. Our goal is to increase the number to a minimum of eight million active members within one year.

AuctionCities.com, will strive to generate online advertising revenue and increase the commercial viability of the Zip Code shopping sites through direct marketing and multi-media ad campaign.

AuctionCities.com will immediately create localized online auctioning as well as become the number one household name for such uniqueness.

AuctionCities.com will establish 1,600,000 new national business advertising accounts via its local eight thousand domain names.

AuctionCities.com will successfully expand its online classifieds section.

Expected Accomplishments

AuctionCities.com expect to become the number one household name in the online auction community.

AuctionCities.com expects to become the new standard in the local market online shopping.

AuctionCities.com expects to rapidly develop its Yellow Page Business Directories and Classifieds Sections.

Financial Projections

The following is a projected income and loss statement prepared by management. No outside CPA firm or legal firm was consulted to arrive at the figures. The figures are US only and do not take into account international expansion.

Income:

Zip Code Advertising Revenues	\$20,000,000
Auction listing fees (10*100*8000*12)	\$9,600,000
Total annual	\$29,600,000

Expenses:

Rent	\$60,000
Utilities	24,000
Telephone	36,000
Advertising	1,200,000
Wages	1,200,000
Supplies	24,000
Hosting fees	240,000
Misc.	24,000
Commission	<u>3,400,000</u>
Total expenses	<u>\$6,208,000</u>
Net before tax	<u>\$23,392,000</u>

The Business

Purpose Statement

In today's market, Internet users (sellers) do not have the expertise, time, and funds to launch an online auction site on the World Wide Web. Rather, they must shop around for an online auction site that charges reasonably for listing items and is heavily visited by everyone, whether it is a seller or a buyer.

Sellers have three choices for selling their items online. One, they can list their items for sale on sites such as ebay.com that attract a lot of traffic, but also charge an unreasonable fee per listing and commissions when the item is sold. Two, they can list their items for free on some sites, but such sites usually don't much traffic and items rarely sell. Or, three, they can establish their own web store, an expensive alternative, especially when one considers the high cost of advertising needed to attract buyers.

Businesses are always seeking new avenues of advertising in order to generate new customers. Our localized shop(anyzipcode) internal domains will, at an affordable price, give them that opportunity.

AuctionCities.com has met the emerging market needs for a site that charges reasonably, a site that is visited often by consumers, and a site that is easy to use. By finding its competitive advantage servicing both ends of the spectrum, AuctionCities.com expects to capitalize immediately on the demands of sellers and buyers through its user-friendly site, and through the continuous help and tech support it provides.

Description of the Business

Via its over forty thousand shop(anyzipcode).internal domains, AuctionCities.com's setup is similar to ebay.com.

The auctions are divided into numerous categories such as antiques, automobiles, dolls, collectibles, household items, toys, computers, or jewelry. Sellers classify items according to these pre-established categories and list items for sale for a specified period of time: three, five, seven, or ten days. At the end of the time period, the item is sold to the highest bidder. The seller will contact the buyer via email and arrange shipping and payment. Once the seller receives the money, the item is shipped to the winning bidder.

Business owners are able to advertise their business on our local shop zip codes domains. The annual fee is affordable. Individuals may search their local business directories via our web sites and no longer need to look for the yellow page book that might be collecting dust on a shelf somewhere.

History of the Business

AuctionCities.com was launched on the World Wide Web in August 2004 and immediately challenged the established companies in the online auction industry by offering lower fees and better customer service. The Company's infrastructure includes 4.5 million registered members, 2,800 categories and over 40,000 distinct shop(anyzipcode).internal domains.

Location & Facilities

The offices of AuctionCities.com are located at 401 N. Brand Blvd., Suite #750, Glendale, California, 91203. The office space is suitable for all employees as well as for several of the servers.

Technology/R&D

AuctionCities.com's officers, directors and employees strive daily to keep up with new trends whether it be marketing, new product and or the latest trends in the industry.

The marketing team as well as the tech department attends seminars constantly to bring them up to date and to further their education.