

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended: SEPTEMBER 30, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-11497

AUTOINFO, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE

13-2867481

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification number)

6413 Congress Ave., Suite 260, Boca Raton, FL 33487

(Address of principal executive office)

(561) 988-9456

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

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

LARGE ACCELERATED FILER

ACCELERATED FILER

NON-ACCELERATED FILER

SMALLER REPORTING COMPANY

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The number of shares outstanding of the Registrant's common stock as of November 14 , 2011: 34,073,963 shares of common stock.

AUTOINFO, INC. AND SUBSIDIARIES**INDEX**

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PART I - FINANCIAL INFORMATION**Item 1. CONSOLIDATED FINANCIAL STATEMENTS****AUTOINFO, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

	September 30, 2011 <u>Unaudited</u>	December 31, 2010 <u>Audited</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 139,000	\$ 316,000
Accounts receivable, net of allowance for doubtful accounts of \$863,000 and \$392,000 as of September 30, 2011 and December 31, 2010, respectively	50,860,000	49,736,000
Current portion of advances and other assets	1,214,000	2,117,000
Prepaid expenses	2,041,000	1,139,000
Deferred income taxes	328,000	135,000
	<u>54,582,000</u>	<u>53,443,000</u>
Total current assets	54,582,000	53,443,000
Goodwill and other intangible assets	10,042,000	-
Fixed assets, net of accumulated depreciation	561,000	479,000
Advances and other assets, net of current portion	4,325,000	12,805,000
	<u>4,325,000</u>	<u>12,805,000</u>
Total assets	<u>\$ 69,510,000</u>	<u>\$ 66,727,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 27,401,000	\$ 23,188,000
Loan payable	18,379,000	22,432,000
	<u>18,379,000</u>	<u>22,432,000</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock - authorized 100,000,000 shares, \$.001 par value; issued and outstanding 34,043,000 and 33,513,000 as of September 30, 2011 and December 31, 2010, respectively	34,000	34,000
Additional paid-in capital	20,342,000	20,228,000
Retained earnings	3,354,000	845,000
	<u>23,730,000</u>	<u>21,107,000</u>
Total stockholders' equity	23,730,000	21,107,000
Total liabilities and stockholders' equity	<u>\$ 69,510,000</u>	<u>\$ 66,727,000</u>

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

AUTOINFO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2011	2010	2011	2010
Gross revenues				
Transportation services	\$246,643,000	\$198,975,000	\$85,262,000	\$73,475,000
Agent support services	1,160,000	1,464,000	97,000	488,000
Total revenues	247,803,000	200,439,000	85,359,000	73,963,000
Purchased transportation	202,177,000	162,100,000	69,389,000	59,574,000
Commissions	32,693,000	28,301,000	10,906,000	10,586,000
Operating expenses	8,449,000	6,268,000	3,413,000	2,274,000
	243,319,000	196,669,000	83,708,000	72,434,000
Income from operations	4,484,000	3,770,000	1,651,000	1,529,000
Interest expense	403,000	530,000	119,000	176,000
Income before income taxes	4,081,000	3,240,000	1,532,000	1,353,000
Income taxes	1,572,000	1,255,000	588,000	520,000
Net income	\$ 2,509,000	\$ 1,985,000	\$ 944,000	\$ 833,000
Net income per share:				
Basic	\$.07	\$.06	\$.03	\$.02
Diluted	\$.07	\$.06	\$.03	\$.02
Weighted average number of common shares:				
Basic	33,854,000	33,496,000	34,043,000	33,496,000
Diluted	35,341,000	34,549,000	35,194,000	34,591,000

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

AUTOINFO, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 2,509,000	\$ 1,985,000
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in allowance for doubtful accounts	471,000	441,000
Depreciation and amortization	156,000	203,000
Stock-based compensation expense	98,000	95,000
Deferred income taxes (benefit)	(193,000)	985,000
Changes in operating assets and liabilities:		
Accounts receivable	(1,595,000)	(9,145,000)
Prepaid expenses	(902,000)	(550,000)
Accounts payable and accrued liabilities	<u>4,213,000</u>	<u>3,604,000</u>
Net cash provided by (used in) operating activities	<u>4,757,000</u>	<u>(2,382,000)</u>
Cash flows from investing activities:		
Advances and other assets	(659,000)	1,041,000
Capital expenditures	<u>(238,000)</u>	<u>(121,000)</u>
Net cash provided by (used in) investing activities	<u>(897,000)</u>	<u>920,000</u>
Cash flows from financing activities:		
Exercise of stock options	16,000	-
Increase (decrease) in loan payable, net	<u>(4,053,000)</u>	<u>1,469,000</u>
Net cash provided by (used in) financing activities	<u>(4,037,000)</u>	<u>1,469,000</u>
Net change in cash and cash equivalents	(177,000)	7,000
Cash and cash equivalents, beginning of period	<u>316,000</u>	<u>67,000</u>
Cash and cash equivalents, end of period	<u>\$ 139,000</u>	<u>\$ 74,000</u>

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

AUTOINFO, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Forward Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q are “forward-looking statements regarding the plans and objectives of management for future operations. Such statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this report will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein particularly in view of the current state of our operations, the inclusion of such information should not be regarded as a statement by us or any other person that our objectives and plans will be achieved. Factors that could cause actual results to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, the factors set forth under the sections entitled “Business,” and “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2010 as filed with the United States Securities and Exchange Commission (“SEC”), which discloses all material factors known to us that we believe could cause actual results to differ materially from those expressed or implied by forward-looking statements.

Note 1. - Business and Summary of Significant Accounting Policies

Business

AutoInfo, Inc., through its wholly-owned subsidiaries, Sunteck Transport Group, Inc. and E-Transport Group, Inc., including its subsidiary Eleets Logistics, Inc. (collectively, the “Company,” “we,” “us,” or “our”), operates in two business segments, non-asset based transportation services and agent support services. The non-asset based transportation services segment includes our brokerage and contract carrier services which are provided through a network of independent sales agents throughout the United States and Canada. Revenue in this segment is generated from freight transportation transactions. The agent support services segment includes an array of services that we provide to our agent network to support and encourage the expansion of our agents’ businesses, primarily financial support through interest bearing long-term loans and non-interest bearing short-term loans, as well as other services including training, margin analysis, marketing assistance, industry and market segment data, and business analysis tools. Revenue in this segment consists primarily of interest on interest bearing loans made to agents.

On July 8, 2011, the Company entered into an Asset Purchase Agreement (the “Acquisition Agreement”) with Eleets Transportation Company, Inc., a Florida corporation (the “Significant Agent”) to acquire substantially all of the operations of the Significant Agent’s truck agent business. This principally consisted of the future revenue stream generated by independent agents, customers and owner operators already under contract with and operating under the authorities and licenses of the Company, which were managed by the Significant Agent and for which the Significant Agent received 100% of the net profit earned. The purchase price totaled approximately \$10 million and principally consisted of an unconditional release and discharge of the Significant Agent from approximately \$9.4 million of indebtedness due to the Company plus the assumption of certain liabilities. The Company is in the process of integrating and coordinating the operations of this truck agent business with its other business operations.

As a non-asset based provider of brokerage and contract carrier transportation services, the Company does not own any equipment and its services are provided through its strategic alliances with less than truckload, truckload, air, rail, ocean common carriers and independent owner-operators to service customers' needs. The Company's brokerage and contract carrier services are provided through a network of independent sales agents throughout the United States and Canada. During its most recently completed fiscal year, the Company generated revenue, income from operations and net income of approximately \$279.7 million, \$5.7 million and \$3.1 million, respectively.

Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared using the accrual basis of accounting under accounting principles generally accepted in the United States of America (GAAP).

The consolidated financial statements, which are unaudited, have been prepared pursuant to the rules and regulations of the SEC. In management's opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of operations for the interim periods presented. The results of operations for the three and nine months ended September 30, 2011 and 2010 are not necessarily indicative of results to be expected for the entire year. Pursuant to SEC rules and regulations, certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted from these statements. The consolidated financial statements and notes thereto should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2010.

Principles of Consolidation

The consolidated financial statements include the accounts of the AutoInfo, Inc., its wholly-owned subsidiaries, Sunteck Transport Group, Inc. and E-Transport Group, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. The Company believes that all such assumptions are reasonable and that all estimates are adequate, however, actual results could differ from those estimates.

Revenue Recognition

Gross revenues from transportation services consist of the total dollar value of services purchased by shippers. Revenue is recognized upon delivery of freight, at which time the related transportation cost, including commission, is also recognized. At that time, the Company's obligations are completed and collection of receivables is reasonably assured. Gross revenues and profits from agent support services consist primarily of interest on interest bearing loans.

Accounting Standards Codification Topic 605-45 "Revenue Recognition – Principal Agent Considerations" (ASC 605-45), establishes criteria for recognizing revenues on a gross or net basis. The Company is the primary obligor in its transactions, has all credit risk, maintains substantially all risk and rewards, has discretion in selecting the supplier, and has latitude in pricing decisions. Accordingly, the Company records all transactions at the gross amount, consistent with the provisions of ASC 605-45.

Income on all loans is recognized on the interest method. Accrual of interest is suspended at the earlier of the time at which collection becomes doubtful or the loan becomes delinquent. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks.

Provision For Doubtful Accounts

The Company continuously monitors the creditworthiness of its customers and has established an allowance for amounts that may become uncollectible in the future based on current economic trends, its historical payment and bad debt write-off experience, and any specific customer related collection issues. Pursuant to the Acquisition Agreement, the Company assumed the liability for potential uncollectible accounts related to the business acquired which were previously the responsibility of the Significant Agent. As a result, the provision for doubtful accounts was increased by \$200,000.

Fixed Assets

Fixed assets as of September 30, 2011 and December 31, 2010, consisting primarily of furniture, fixtures and equipment and computer system development costs, were carried at cost net of accumulated depreciation. Depreciation of fixed assets was provided on the straight-line method over the estimated useful lives of the related assets which range from three to five years.

Intangible Assets

Goodwill represents the excess between the purchase price and the fair value of the net assets acquired. Goodwill is not amortized, but is tested at least annually for impairment using a fair value approach. Other intangible assets are primarily comprised of non-competition agreements which are being amortized on a straight-line basis of the estimated useful lives of three years.

Income Per Share

Basic income per share is based on net income divided by the weighted average number of common shares outstanding. Common stock equivalents outstanding were 1,151,000 and 1,095,000, and 1,487,000 and 1,053,000, respectively, for the three and nine month periods ended September 30, 2011 and 2010, respectively.

Income Taxes

The Company utilizes the asset and liability method for accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Segment Information

The Company operates in two business segments, non-asset based transportation services and agent support services. The non-asset based transportation services segment includes our brokerage and contract carrier services which are provided through a network of independent sales agents throughout the United States and Canada. Revenue in this segment is generated from freight transportation transactions. The agent support services segment includes an array of services that we provide to our agent network to support and encourage the expansion of our agents' businesses, primarily financial support through interest bearing long-term loans and non-interest bearing short-term loans, as well as other services including training, margin analysis, marketing assistance, industry and market segment data, and business analysis tools. Revenue in this segment consists primarily of interest on interest bearing loans. This segment also includes potential revenues related to profit participations and realization on options to acquire equity that the Company may receive related to a loan or advance extended to an agent.

Note 2- Income Taxes

For the three and nine month periods ended September 30, 2011 and 2010, respectively, the provision for income taxes consisted of the following:

	Three Months Ended September 30,			
	2011		2010	
	<u>Current</u>	<u>Deferred</u>	<u>Current</u>	<u>Deferred</u>
Tax expense (benefit) before application of operating loss carryforwards	\$ 781,000	\$(193,000)	\$ 520,000	\$ -
Tax expense (benefit) of operating loss carryforwards	<u>-</u>	<u>-</u>	<u>(358,000)</u>	<u>358,000</u>
Income tax expense (benefit)	<u>\$ 781,000</u>	<u>\$(193,000)</u>	<u>\$ 162,000</u>	<u>\$ 358,000</u>
	Nine Months Ended September 30,			
	2011		2010	
	<u>Current</u>	<u>Deferred</u>	<u>Current</u>	<u>Deferred</u>
Tax expense (benefit) before application of operating loss carryforwards	\$1,765,000	\$(193,000)	\$1,255,000	\$ -
Tax expense (benefit) of operating loss carryforwards	<u>-</u>	<u>-</u>	<u>(985,000)</u>	<u>985,000</u>
Income tax expense (benefit)	<u>\$1,765,000</u>	<u>\$(193,000)</u>	<u>\$ 270,000</u>	<u>\$ 985,000</u>

Note 3 - Segment Reporting

The Company operates in two business segments, non-asset based transportation services and agent support services. The non-asset based transportation services segment includes the Company's brokerage and contract carrier services which are provided through a network of independent sales agents throughout the United States and Canada. Revenue in this segment is generated from freight transportation transactions. The agent support services segment includes an array of services that the Company provides to its agent network to support and encourage the expansion of agents' businesses, primarily financial support through interest bearing long-term loans and non-interest bearing short-term loans, as well as other services including training, margin analysis, marketing assistance, industry and market segment data, and business analysis tools. Revenue in this segment consists primarily of interest on interest bearing loans. This segment also includes potential revenues related to profit participations and realization on options to acquire equity that the Company may receive related to a loan or advance extended to an agent.

Results of operations by segment for the three and nine months ended September 30, 2011 and 2010 as well as total assets as of September 30, 2011 and 2010, are summarized below:

	<u>Three months ended September 30, 2011</u>			<u>Three months ended September 30, 2010</u>		
	<u>Transportation Services</u>	<u>Agent Support Services</u>	<u>Total</u>	<u>Transportation Services</u>	<u>Agent Support Services</u>	<u>Total</u>
Gross revenues	\$ 85,262,000	\$ 97,000	\$85,359,000	\$ 73,475,000	\$ 488,000	\$73,963,000
Purchased transportation	69,389,000	-	69,389,000	59,574,000	-	59,574,000
Commissions	10,906,000	-	10,906,000	10,586,000	-	10,586,000
Operating expenses	3,351,000	62,000	3,413,000	2,211,000	63,000	2,274,000
Income from operations	1,616,000	35,000	1,651,000	1,104,000	425,000	1,529,000
Interest expense	119,000	-	119,000	176,000	-	176,000
Income taxes	574,000	14,000	588,000	357,000	163,000	520,000
Net income	<u>\$ 923,000</u>	<u>\$ 21,000</u>	<u>\$ 944,000</u>	<u>\$ 571,000</u>	<u>\$ 262,000</u>	<u>\$ 833,000</u>
	<u>Nine months ended September 30, 2011</u>			<u>Nine months ended September 30, 2010</u>		
	<u>Transportation Services</u>	<u>Agent Support Services</u>	<u>Total</u>	<u>Transportation Services</u>	<u>Agent Support Services</u>	<u>Total</u>
Gross revenues	\$ 246,643,000	\$ 1,160,000	\$247,803,000	\$ 198,975,000	\$ 1,464,000	\$200,439,000
Purchased transportation	202,177,000	-	202,177,000	162,100,000	-	162,100,000
Commissions	32,693,000	-	32,693,000	28,301,000	-	28,301,000
Operating expenses	8,256,000	193,000	8,449,000	6,066,000	202,000	6,268,000
Income from operations	3,517,000	967,000	4,484,000	2,508,000	1,262,000	3,770,000
Interest expense	403,000	-	403,000	530,000	-	530,000
Income taxes	1,195,000	377,000	1,572,000	766,000	489,000	1,255,000
Net income	<u>\$ 1,919,000</u>	<u>\$ 590,000</u>	<u>\$ 2,509,000</u>	<u>\$ 1,212,000</u>	<u>\$ 773,000</u>	<u>\$ 1,985,000</u>
Assets	<u>\$ 63,971,000</u>	<u>\$ 5,539,000</u>	<u>\$ 69,510,000</u>	<u>\$ 47,019,000</u>	<u>\$14,339,000</u>	<u>\$ 61,358,000</u>

Note 4 - Acquisition

On July 8, 2011, the Company acquired substantially all of the operations of the Significant Agent's truck agent business. This principally consisted of the future revenue stream generated by independent agents, customers and owner operators already under contract with and operating under the authorities and licenses of the Company, which were managed by the Significant Agent and for which the Significant Agent received 100% of the net profit earned. The purchase price totaled approximately \$10 million and principally consisted of an unconditional release and discharge of the Significant Agent from approximately \$9.4 million of indebtedness due to the Company plus the assumption of certain liabilities. Goodwill recognized in this transaction amounted to \$9.8 million and other intangible assets amounted to \$0.2 million.

Prior to the acquisition, and since 2007, the Significant Agent was an independent agent to which the Company provided agent support services, including loans and advances. The Company received interest on the loans and advances extended to the Significant Agent at rates ranging from 8% to 20% and was entitled to receive a fee equal to 25% of the Significant Agent's pre-tax income, if any. However, no pre-tax income was generated during the periods preceding July 2011. Pursuant to the Acquisition Agreement, all previous contractual arrangements between the Company and the Significant Agent were terminated, including the option to convert a portion of outstanding loans into a 25% equity ownership interest in the Significant Agent's business; provided, however, the Company agreed to continue to provide the Significant Agent with certain support services for its retained businesses through December 31, 2011 and entered into a brokerage agent agreement with the Significant Agent. For additional information see Note 5 – Subsequent Event and Form 8-K and Form 8-K/A filed by the Company on July 13, 2011 and September 23, 2011, respectively.

During the three and nine month periods ended September 30, 2011 and 2010, the Company received interest payments of \$78,000 and \$472,000, and \$1,074,000 and \$1,397,000, respectively, on loans and advances to the Significant Agent but no incremental amounts were earned on either profit participation or realization on options to acquire equity since the Significant Agent did not generate pre-tax income in 2011 or 2010.

The Significant Agent generated approximately 25% and 41%, and 35% and 43% of the Company's gross transportation services revenues for the three and nine months ended September 30, 2011 and 2010, respectively.

Note 5 – Subsequent Event

In November 2011, the Significant Agent terminated its brokerage agent agreement with the Company simultaneously with entering into a new credit facility. In connection with the termination of the brokerage agent agreement, the Company sold to the Significant Agent approximately \$11 million of accounts receivable and the Significant Agent assumed approximately \$5 million of related liabilities. The net proceeds of approximately \$6 million were used by the Company to reduce the outstanding borrowings under its credit facility with Regions Bank.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Cautionary statement identifying important factors that could cause our actual results to differ from those projected in forward looking statements.**

Readers of this report are advised that this document contains both statements of historical facts and forward looking statements. Forward looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially from those indicated by the forward looking statements. We undertake no obligation to revise or update publicly any forward looking statements for any reason. Examples of forward looking statements include, but are not limited to (i) projections of revenues, income or loss, earnings per share, capital expenditures, dividends, capital structure and other financial items, (ii) statements of our plans and objectives with respect to business transactions and enhancement of shareholder value, (iii) statements of future economic performance, and (iv) statements of assumptions underlying other statements and statements about our business prospects.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our financial statements and the notes thereto appearing elsewhere in this report.

Overview

Through our wholly-owned subsidiaries, Sunteck Transport Group, Inc. and E-Transport Group, Inc., including its subsidiary Eleets Logistics, Inc. (collectively, "we," "us," or "our"), we operate in two business segments, non-asset based transportation services and agent support services. The non-asset based transportation services segment includes our brokerage and contract carrier services which are provided through a network of independent sales agents throughout the United States and Canada. As a non-asset based provider of brokerage and contract carrier transportation services, we do not own any equipment and our services are provided through strategic alliances with less than truckload, truckload, air, rail, ocean common carriers and independent owner-operators to service customers' needs. Our brokerage and contract carrier services are provided through a network of independent sales agents throughout the United States and Canada. Revenue in this segment is generated from freight transportation transactions.

Our agent support services segment includes an array of services that we provide to our agent network to support and encourage the expansion of their businesses, primarily financial support through interest bearing long-term loans and non-interest bearing short-term loans, as well as other services including training, margin analysis, marketing assistance, industry and market segment data, and business analysis tools. Revenue in this segment consists primarily of interest on interest bearing loans. This segment also includes potential revenues related to profit participations and realization on options to acquire equity that we may receive related to a loan or advance extended to an agent.

During 2010 and the nine month period ended September 30, 2011, our contractual arrangement with one of our significant independent agents (the "Significant Agent") provided for the Significant Agent's retention of all of the gross profit earned on the transactions it generated. The Significant Agent paid us interest on loans and advances we extended to it at rates ranging from 8% to 20% plus a fee equal to 25% of the Significant Agent's pre-tax income, if any, as defined in the applicable agreement. In addition, the Significant Agent granted to us an option to convert a portion of outstanding loans into a 25% equity ownership interest in the Significant Agent's business.

On July 8, 2011, pursuant to an Asset Purchase Agreement dated the same date (the "Acquisition Agreement") we acquired substantially all of the operations of the Significant Agent's truck agent business. This principally consisted of the future revenue stream generated by independent agents, customers and owner operators already under contract with and operating under the authorities and licenses of the Company, which were managed by the Significant Agent and for which the Significant Agent received 100% of the net profit earned. The purchase price totaled approximately \$10 million and principally consisted of an unconditional release and discharge of the Significant Agent from approximately \$9.4 million of indebtedness due to us plus the assumption of certain liabilities. Goodwill recognized in this transaction amounted to \$9.8 million and other intangible assets amounted to \$0.2 million. Pursuant to the Acquisition Agreement, all previous contractual arrangements between us and the Significant Agent were terminated, including the option to convert a portion of outstanding loans into a 25% equity ownership interest in the Significant Agent's business: provided, however, we agreed to continue to provide the Significant Agent with certain support services for its retained businesses through December 31, 2011 and entered into a brokerage agent agreement with the Significant Agent. For additional information see Note 5 – Subsequent Event and Form 8-K and Form 8-K/A filed on July 13, 2011 and September 23, 2011, respectively.

During the three and nine month periods ended September 30, 2011 and 2010, we received interest payments of \$78,000 and \$472,000, and \$1,074,000 and \$1,397,000, respectively, on loans and advances to the Significant Agent but no incremental amounts were earned on either profit participation or realization on options to acquire equity since the Significant Agent did not generate pre-tax income in 2011 or 2010.

The Significant Agent generated approximately 25% and 41%, and 35% and 43% of our gross transportation services revenues for the three and nine months ended September 30, 2011 and 2010, respectively.

We are presently profitable and believe that we have adequate available lines of credit to satisfy our working capital requirements during the next twelve months. During the next twelve months, we plan to continue to offer our brokerage and contract carrier transportation services and expand our agent network.

Results of operations

For the three and nine months ended September 30, 2011 and 2010

Revenues

For the three months ended September 30, 2011 and 2010:

Gross revenues totaled \$85,359,000 for the three months ended September 30, 2011, as compared with \$73,963,000 in the same prior year period, an increase of approximately 15%.

Gross revenues from transportation services, consisting of freight fees and other related services revenue, totaled \$85,262,000 for the quarter ended September 30, 2011, as compared with \$73,475,000 in the same prior year period, an increase of approximately 16%. This increase is the direct result of the expansion and growth of the agent network resulting in a 10% increase in the number of transactions and a 6% increase in the average revenue per transaction.

Gross revenues from agent support services, consisting primarily of interest on loans, totaled \$97,000 for the quarter ended September 30, 2011, as compared with \$488,000 in the same prior year period. This decrease is the direct result of the utilization in July 2011 of approximately \$9.4 million of indebtedness due to us to acquire substantially all of the operating assets of the Significant Agent's truck agent business as described above.

For the nine months ended September 30, 2011 and 2010:

Gross revenues totaled \$247,803,000 for the nine months ended September 30, 2011, as compared with \$200,439,000 in the same prior year period, an increase of approximately 24%.

Gross revenues from transportation services, consisting of freight fees and other related services revenue, totaled \$246,643,000 for the nine months ended September 30, 2011, as compared with \$198,975,000 in the same prior year period, an increase of approximately 24%. This increase is the direct result of the expansion and growth of the agent network resulting in a 13% increase in the number of transactions and an 8% increase in the average revenue per transaction.

Gross revenues from agent support services, consisting primarily of interest on loans, totaled \$1,160,000 for the nine months ended September 30, 2011, as compared with \$1,464,000 in the same prior year period, a decrease of approximately 21%. This decrease is the direct result of the utilization in July 2011 of approximately \$9.4 million of indebtedness due to us to acquire substantially all of the operating assets of the Significant Agent's truck agent business as described above offset by the increase in interest bearing loans and advances to agents from \$10.0 million at June 30, 2010 to \$11.5 million at June 30, 2011 .

Costs and expenses

Purchased transportation

Purchased transportation totaled \$69,389,000 for the three months ended September 30, 2011, as compared with \$59,574,000 in the same prior year period, an increase of 16%. This is the direct result of the increase in gross revenues from transportation services.

Purchased transportation totaled \$202,177,000 for the nine months ended September 30, 2011, as compared with \$162,100,000 in the same prior year period, an increase of 25%. This is the direct result of the increase in gross revenues from transportation services of 24% during the period.

Commissions

Commissions, all of which were attributable to our transportation services segment, totaled \$10,906,000 for the three months ended September 30, 2011, as compared with \$10,586,000 in the same prior year period, an increase of 3%. This increase is the result of the increase in gross revenues of 16% offset by a decrease in commission resulting from the acquisition of the Significant Agent's truck agent business in July 2011 and the corresponding reduction in commissions paid of approximately \$650,000.

Commissions, all of which were attributable to our transportation services segment, totaled \$32,693,000 for the nine months ended September 30, 2011, as compared with \$28,301,000 in the same prior year period, an increase of 16%. This increase is primarily the result of the increase in gross revenues of 24% offset by a decrease in commissions resulting from our acquisition of the Significant Agent's truck agent business in July 2011 and the corresponding reduction in commissions paid of approximately \$650,000.

Operating expenses

Operating expenses totaled \$3,413,000 for the three months ended September 30, 2011, as compared to \$2,274,000 in the same prior year period, an increase of 50%. This increase is the direct result of our acquisition of the Significant Agent's truck agent business in July 2011 and the corresponding increase in personnel and other operating costs as well as increases in personnel and support service costs as a result of the increase in gross revenues of 15% for the three month period ended September 30, 2011. For the three months ended September 30, 2011, \$3,351,000 of these expenses were attributable to our transportation services segment and \$62,000 were attributable to our agent support services segment, as compared with \$2,211,000 attributable to our transportation services segment and \$63,000 attributable to our agent support services segment in the same prior year period.

Operating expenses totaled \$8,449,000 for the nine months ended September 30, 2011, as compared to \$6,268,000 in the same prior year period, an increase of 35%. This increase is the direct result of our acquisition of the Significant Agent's truck agent business in July 2011 and the corresponding increase in personnel and other operating costs as well as increases in personnel and support service costs as a result of the increase in gross revenues of 24% for the nine month period ended September 30, 2011. For the nine months ended September 30, 2011, \$8,256,000 of these expenses were attributable to our transportation services segment and \$193,000 were attributable to our agent support services segment, as compared with \$6,066,000 attributable to our transportation services segment and \$202,000 attributable to our agent support services segment in the same prior year period.

Interest expense

Interest expense, all of which was attributable to our transportation services segment, was \$119,000 for the three months ended September 30, 2011, as compared with \$176,000 in the same prior year period, a decrease of approximately 32%. This decrease is primarily the result of decreased average borrowings under our available line of credit of \$2.4 million to support growth and working capital needs as well as a decrease in interest rates from 3.25% during the three month period ended September 30, 2010 to 2.2% during the three month period ended September 30, 2011 as a direct result of entering into a modification of our credit facility with Regions Bank in April 2011.

Interest expense, all of which was attributable to our transportation services segment, was \$403,000 for the nine months ended September 30, 2011, as compared with \$530,000 in the same prior year period, a decrease of approximately 24%. This decrease is primarily the result of decreased average borrowings under our available line of credit of \$1,000,000 to support growth and working capital needs as well as a decrease in interest rates from 3.25% during the nine month period ended September 30, 2010 to 2.2% during the nine month period September 30, 2011 as a direct result of a modification of our credit facility with Regions Bank in April 2011.

Income tax

Income tax expense for the three months ended September 30, 2011 of \$588,000 consisted of federal income taxes of \$667,000 and state income taxes of \$114,000, net of a deferred tax benefit of \$193,000 principally related to timing differences in the deductibility of certain expenses. For the three months ended September 30, 2010, income tax expense was \$520,000 and consisted of the utilization of the deferred tax benefit of \$358,000 and state and federal income taxes of \$162,000. The increase in income tax expense from 2010 to 2011 is directly related to higher pre-tax income.

Income tax expense for the nine months ended September 30, 2011 of \$1,572,000 consisted of federal income taxes of \$1,507,000 and state income taxes of \$258,000, net of a deferred tax benefit of \$193,000 principally related to timing differences in the deductibility of certain expenses. For the nine months ended September 30, 2010, income tax expense was \$1,255,000 and consisted of the utilization of the deferred tax benefit of \$985,000 and state and federal income taxes of \$270,000. The increase in income tax expense from 2010 to 2011 is directly related to higher pre-tax income.

Trends and uncertainties

The transportation industry is highly competitive and highly fragmented. In our brokerage services, our primary competitors are other non-asset based as well as asset based third party logistics companies, freight brokers, carriers offering logistics services and freight forwarders. In our contract carrier services, our competitors are other contract carriers and common carriers. We also compete with customers' and shippers' internal traffic and transportation departments as well as carriers' internal sales and marketing departments directly seeking shippers' freight. We anticipate that competition for our services will continue to increase. Many of our competitors have substantially greater capital resources, sales and marketing resources and experience. We cannot assure you that we will be able to effectively compete with our competitors in effecting our business expansion plans. The most significant trend contributing to our growth during the past two years has been the expansion of our brokerage services agent network and contract carrier agent and owner operator network. Sales agents are independent contractors and, as such, there are no assurances that we can either maintain our existing agent network or continue to expand this network.

As a result of the termination in November 2011 of the brokerage agent agreement with the Significant Agent (See Note 5 - Subsequent Event), gross revenues from transportation services in 2012 are expected to decrease substantially. As a result, it is expected that there will be a corresponding decrease in the cost of purchased transportation and commission expense. There will be no net impact on income from operations.

For the nine months ended September 30, 2011, our total revenues increased to \$247.8 million from \$200.4 million in the same prior year period. Factors that could adversely affect our operating results include the success of Sunteck in expanding its business operations and general economic conditions.

Depending on our ability to generate revenues, we may require additional funds to expand our business operations and for working capital and general corporate purposes. Any additional equity financing may be dilutive to stockholders, and debt financings may involve restrictive covenants that further limit our ability to make decisions that we believe will be in our best interests. In the event we cannot obtain additional financing on terms acceptable to us when required, our ability to expand our operations may be materially adversely affected.

Advances and other assets

An integral component of our growth strategy is, and has been, the expansion of our independent sales agent network. During the past two years, we have expanded this strategy to include independent sales agents with the experience and opportunity to build the infrastructure required to generate opportunities for significant increases in revenues. As our year-over-year results reflect, this initiative has been successful. In identifying these opportunities, we analyze a prospective sales agent's customer relationships, financial stability, industry experience and past performance. Based upon the results of such analysis we determine our level of interest in affiliating with the target sales agent and evaluate such sales agent's capital needs to support its integration into our business and to maximize the agent's potential revenue growth, and thus revenue contribution.

Our agent expansion and recruiting program includes several components which are tailored to the specific needs of individual agent groups. Each of these situations has differing characteristics and are addressed and evaluated on a case-by-case basis. The options we consider to support a new sales agent's business expansion include signing bonuses, short-term advances, non-interest bearing loans, long-term advances and interest bearing loans.

Loans have been utilized in a limited number of sales agent opportunities and the loan proceeds are restricted in use. Such funds can be used by independent sales agents only to invest in operating facilities, equipment and personnel, which typically includes both sales and operating staff. These are viewed by us as contributing to future revenue enhancement that we will benefit from.

On July 8, 2011 pursuant to the Acquisition Agreement we acquired substantially all of the operations of the Significant Agent's truck agent business. The purchase price for the acquired assets totaled approximately \$10 million and principally consisted of an unconditional release and discharge of the Significant Agent from approximately \$9.4 million of indebtedness due to us and our affiliated entities plus the assumption of certain liabilities. Goodwill recognized in this transaction amounted to \$9.8 million and other intangible assets amounted to \$0.2 million. Pursuant to the Acquisition Agreement, all previous contractual arrangements between us and the Significant Agent were terminated, including the option to convert a portion of outstanding loans into a 25% equity ownership interest in the Significant Agent's business; provided, however, we agreed to continue to provide the Significant Agent with certain support services for its retained businesses through December 31, 2011 and entered into a brokerage agent agreement with the Significant Agent. For additional information see Note 5 – Subsequent Event and Form 8-K and Form 8-K/A filed on July 13, 2011 and September 23, 2011, respectively.

Liquidity and capital resources

During the past two years, our sources for cash have been the cash flow generated from operations and available borrowings under our line of credit. At September 30, 2011, we had an outstanding balance of \$18.4 million under our line of credit and approximately \$15.8 million available for drawdown. Giving effect to the transaction described in Note 5 – Subsequent Event, which occurred in November 2011, the outstanding balance under our line of credit was \$12.5 million and approximately \$14.2 million was available for drawdown.

In April 2011, we modified our credit facility with Regions Bank to (a) increase our line of credit from \$30 million to \$35 million, (b) extend the maturity date from March 2012 to June 2014, and (c) change the interest rate from LIBOR plus 2.5% with a floor ranging from 3.0 – 3.5% to LIBOR plus 1.75% - 2.25%, with no floor, subject to the maintenance of the following financial covenants: 1) fixed charge coverage ratio not less than 1.30:1; 2) funded debt to EBITDA ratio not more than 7.50:1 for 2010, 6.00:1 for 2011, 5.00:1 for 2012, and 4.00:1 for 2013 and thereafter; and 3) working capital ratio not less than 1.00:1. As of September 30, 2011 we were in compliance, and not at risk of breach, with respect to each of these covenants.

We believe that we have sufficient working capital to meet our short-term operating needs.

At September 30, 2011, we had liquid assets of approximately \$139,000. Available cash is used to reduce borrowings on our line of credit.

The total amount of debt outstanding as of September 30, 2011 and 2010 was \$18.4 million and \$20.1million, respectively. The following table presents our debt instruments and their weighted average interest rates as of September 30, 2011 and 2010, respectively:

	<u>Balance</u>	<u>Weighted Average Rate</u>	<u>Balance</u>	<u>Weighted Average Rate</u>
	<u>2011</u>		<u>2010</u>	
Line of Credit	18,379,000	2.24%	20,120,000	3.00%

Inflation had no material impact on our revenues or the results of operations for the period ended September 30, 2011.

Critical accounting policies

Preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Note 1 of the Notes to Financial Statements includes a summary of the significant accounting policies and methods used in the preparation of our financial statements. The most significant areas involving our estimates and assumptions are described below. Actual results could differ materially from our estimates under different assumptions or conditions.

Revenue recognition

Gross revenues from transportation services consist of the total dollar value of services purchased by shippers. Gross profits are gross revenues less the direct costs of transportation. Revenue is recognized upon the delivery of freight, at which time the related transportation cost, including commission, is also recognized. At that time, our obligations are completed and collection of receivables is reasonably assured. Gross revenues and profits from agent support services consist primarily of interest on interest bearing loans.

Accounting Standards Codification Topic 605-45 “Revenue Recognition – Principal Agent Considerations” (ASC 605-45), establishes criteria for recognizing revenues on a gross or net basis. We are the primary obligor in our transactions, have all credit risk, maintain substantially all risk and rewards, have discretion in selecting the supplier, and latitude in pricing decisions. Accordingly, we record all transactions at the gross amount, consistent with the provisions of ASC 605-45.

Income on all loans is recognized on the interest method. Accrual of interest is suspended at the earlier of the time at which collection becomes doubtful or the loan becomes delinquent. Interest income on impaired loans is recognized either as cash is collected or on a cost-recovery basis as conditions warrant.

Allowance for doubtful accounts

We continuously monitor the creditworthiness of our customers and have established an allowance for amounts that may become uncollectible in the future based on current economic trends, our historical payment and bad debt write-off experience, and any specific customer related collection issues.

Intangible assets

Goodwill represents the excess between the purchase price and the fair value of the net assets acquired. Goodwill is not amortized, but is tested at least annually for impairment using a fair value approach. Other intangible assets are primarily comprised of non-competition agreements which are being amortized on a straight-line basis of the estimated useful lives of three years.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a smaller reporting company we are not required to provide the information required by this Item.

Item 4. CONTROLS AND PROCEDURES**(a) Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our president and chief financial officer, carried out an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in the Securities Exchange Act of 1934, as amended (the “Exchange Act”) Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report (the “Evaluation Date”). Based upon that evaluation, the president and chief financial officer concluded that as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms and (ii) is accumulated and communicated to our management, including our president and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II - OTHER INFORMATION**Item 6. EXHIBITS**

Exhibit No.	Description
10.1	Asset Purchase Agreement dated July 8, 2011 (1)
10.2	Third Amendment to the Loan and Security Agreement, dated November 1, 2011, between the Company and Regions Bank .*
31A	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31B	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32A	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32B	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS(2)	XBRL Instance Document
101.CAL(2)	XBRL Taxonomy Extension Schema Document
101.SCH(2)	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB(2)	XBRL Taxonomy Extension Label Linkbase Document
101.PRE(2)	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF(2)	XBRL Taxonomy Extension Definition Linkbase Document

*Filed as an exhibit hereto.

(1) Filed with the SEC on July 13, 2011 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference.

(2) Furnished with this report. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

SIGNATURES

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

AUTOINFO, INC.

/s/ Harry Wachtel

Harry Wachtel
President and Chief Executive Officer
(Principal Executive Officer)

/s/ William Wunderlich

William Wunderlich
Chief Financial Officer
(Principal Financial Officer)

Date: November 14, 2011