

Crown Equity Holdings, Inc.
Form 10-Q
November 25, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended **September 30, 2014**

OR

“ TRANSITION REPORT UNDER SECTION 13 OF 15(d) OF THE EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number **000-29935**

CROWN EQUITY HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or
organization)

33-0677140

(IRS Employer Identification No.)

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11226 Pentland Downs Road, Las Vegas, NV 89141

(Address of principal executive offices)

(702) 448-1543

(Issuer's telephone number)

5440 West Sahara Avenue, Suite 205, Las Vegas, NV 89146

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the Company is a large accelerated filer, an accelerated file, non-accelerated filer, or a smaller reporting company.

Large accelerated filer	..	Accelerated filed	..
Non-accelerated filer	..	Smaller reporting company	x

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

As of November 21, 2014, there were 545,292 shares of Common Stock of the issuer outstanding.

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PART I: FINANCIAL INFORMATION**Item 1. Financial Statements (Unaudited)**

Crown Equity Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2014	December 31, 2013
Assets		
Current assets		
Cash	\$ 7,239	\$ 1,088
Marketable securities	7,500	10,500
Marketable securities held in related party	70,000	70,000
Loans to related parties	17,640	1,500
Total Current Assets	102,379	83,088
Property, plant and equipment, net of accumulated depreciation of \$65,555 and \$63,869	1,180	2,866
Total Assets	\$ 103,559	\$ 85,954
Liabilities and Stockholders' Deficit		
Current liabilities		
Accounts payable and accrued expenses	\$ 206,193	\$ 171,789
Accounts payable related party	5,026	5,026
Notes payable related parties	151,885	134,219
Derivative liability	76,696	-
Notes payable, net of unamortized discount of \$30,627 and \$0	87,541	15,068
Total Current Liabilities	527,341	326,102
Stockholders' deficit		
Preferred stock, \$0.001 par value, 10,000,000 shares authorized, 9,000,000 shares undesignated authorized	-	-
Series A convertible preferred stock, \$0.001 par value, 1,000,000 shares authorized, 100,000 and no shares issued and outstanding	100	-
Common stock, \$0.001 par value, 490,000,000 shares authorized 459,596 and 439,096 shares issued and outstanding	460	439

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Additional paid-in capital	9,555,084	8,818,705
Accumulated deficit	(9,979,426)	(9,059,292)
Total stockholders' deficit	(423,782)	(240,148)
Total liabilities and stockholders' deficit	\$ 103,559	\$ 85,954

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

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Crown Equity Holdings, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Revenue	\$ -	\$ 150	\$ -	\$ 44,530
Revenue from related party	-	20,000	-	20,000
Total revenue	-	20,150	-	64,530
Direct material costs	-	-	-	151
Operating expenses	61,525	92,801	475,310	153,976
Loss from operations	(61,525)	(72,651)	(475,310)	(89,597)
Other income (expense)				
Interest expense	(16,937)	(4,329)	(32,021)	(12,897)
Losses on equity method investment - related party	-	-	-	(132,988)
Loss on related party debt conversion	(370,806)	-	(370,806)	-
Loss on derivative liability	(36,696)	-	(36,696)	-
Other income (expense)	230	686	(2,301)	3,127
Unrealized gain (loss) on marketable securities	(6,500)	77,250	(3,000)	34,450
Total Other Income (Expense)	(430,709)	73,607	(444,824)	(108,308)
Net loss	\$ (492,234)	\$ 956	\$ (920,134)	\$ (197,905)
Net loss per share - basic and diluted	(1.07)	0.00	(2.02)	(0.45)
Weighted average number of common shares outstanding - basic and diluted	459,596	439,096	455,766	439,464

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

Crown Equity Holdings, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended	
	September 30,	
	2014	2013
Cash flows from operating activities		
Net loss	\$ (920,134)	\$ (197,905)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1,686	16,781
Common stock issued for services	266,500	-
Loss on conversion of related party debt	370,806	-
Loss on derivative liability	36,696	-
Amortization of debt discount	9,373	-
Unrealized loss (gain) on marketable securities	3,000	(34,450)
Loss on equity method investments in related party	-	132,988
Marketable securities received for revenue	-	(25,550)
Changes in operating assets and liabilities:		
(Increase) decrease accounts receivable	-	(1,650)
(Increase) decrease prepaid expenses	-	35,000
Increase (decrease) in accounts payable and accrued expenses	54,414	56,987
Net cash used in operating activities	(177,659)	(17,799)
Cash flows from investing activities		
Advances to related parties	(16,140)	-
Net cash used in investing activities	(16,140)	-
Cash flows from financing activities		
Payments on notes payable	-	(2,000)
Payments on related party notes payable	(3,500)	(4,000)
Borrowings on notes payable	103,100	18,567
Borrowings on related party notes payable	100,350	6,100
Net cash provided by financing activities	199,950	18,667
Net increase in cash	6,151	868
Cash, beginning of period	1,088	1,209
Cash, end of period	\$ 7,239	\$ 2,077
Supplemental disclosure of cash flow information		
Interest paid	\$ 22	\$ 45
Income taxes paid	-	-
Noncash investing and financing activities		

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Common stock returned and cancelled	\$	-	\$	2,133
Related party debt and accrued interest converted to preferred stock		99,194		-
Debt discount due to derivative liability		40,000		-

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

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Crown Equity Holdings, Inc.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements of Crown Equity Holdings Inc. (“Crown Equity”) have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited consolidated financial statements and notes thereto contained in Crown Equity’s December 31, 2013 Annual Report filed with the SEC on Form 10-K. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the financial statements which would substantially duplicate the disclosure contained in the audited financial statements for the most recent fiscal year end December 31, 2013 as reported on Form 10-K, have been omitted. Certain prior period amounts have been reclassified to conform to current period presentation.

NOTE 2 – GOING CONCERN

As shown in the accompanying financial statements, Crown Equity has an accumulated deficit of \$9,979,426, and a working capital deficit of \$424,962 as of September 30, 2014. Unless profitability and increase in shareholders’ equity continues, these conditions raise substantial doubt as to Crown Equity’s ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

Crown Equity continues to review its expense structure reviewing costs and their reduction to move towards profitability. The Company’s expenses are planned to decrease as a percent of revenue resulting in profitability and increased shareholders’ equity.

NOTE 3 – MARKETABLE SECURITIES

Marketable securities are classified as available-for-sale and are presented in the consolidated balance sheet at fair market value.

Per Accounting Standards Codification 820 “*Fair Value Measurement*”, fair values defined establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements.

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ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Crown Equity has classified these marketable securities at level 1 with a fair value of \$77,500 and \$80,500 as of September 30, 2014 and December 31, 2013, respectively.

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of September 30, 2014:

Description	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance as of September 30, 2014
Assets:				
Marketable securities	\$ 7,500	\$ -	\$ -	\$ 7,500
Marketable securities held in related party	70,000	-	-	70,000
Total	\$ 77,500	\$ -	\$ -	\$ 77,500

Assets and Liabilities Measured at Fair Value on a Recurring Basis as of December 31, 2013:

Description	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Balance as of December 31, 2013
Assets:				
Marketable securities	\$ 10,500	\$ -	\$ -	\$ 10,500
Marketable securities held in related party	70,000	-	-	70,000
Total	\$ 80,500	\$ -	\$ -	\$ 80,500

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Per Accounting Standards Codification 825 “ *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of FASB Statement No. 115* ”, an entity is permitted to irrevocably elect fair value on a contract-by-contract basis for new assets or liabilities within the scope of ASC 825 as the initial and subsequent measurement attribute for those financial assets and liabilities and certain other items including property and casualty insurance contracts. Entities electing the fair value option are required to (i) recognize changes in fair value in earnings and (ii) expense any up-front costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which it has elected the fair value option, and similar assets and liabilities measured using another measurement attribute. An entity can accomplish this either by reporting the fair value and non-fair-value carrying amounts as separate line items or by aggregating those amounts and disclosing parenthetically the amount of fair value included in the aggregate amount. Crown Equity adopted ASC 825 during the third quarter of fiscal 2009 and elected the fair value option for their marketable securities.

NOTE 4 – EQUITY METHOD INVESTMENT IN RELATED PARTY

The Company’s ownership percentage in Cleantech Transit, Inc. was 43% as of September 30, 2014 and December 31, 2013, respectively. During late 2012, the Company’s ownership percentage exceeded 20% and the Company began accounting for this investment under the equity method. It was accounted for as an available-for-sale investment during the nine months ended September 30, 2014.

Cleantech has had no revenues since inception. Enterprise valuation was used to value this inactive entity and the equity method is used for ongoing reporting.

As of September 30, 2014 and December 31, 2013, the carrying value of the equity method investment held in related party was zero.

NOTE 5 – RELATED PARTY TRANSACTIONS

As of December 31, 2013, the company had outstanding notes payable to related parties of \$134,219. During the nine months ended September 30, 2014, the Company borrowed an additional \$100,350 under related party notes and made aggregate payments on these notes payable of \$3,500. The notes are unsecured, bear interest between 0% and 12% and mature between November 19, 2012 and on demand. As of September 30, 2014 and December 31, 2013, \$96,209 of these notes was past due and in default bearing interest at 18% per annum. As of September 30, 2014, the aggregate outstanding balance under these related party notes payable was \$151,885. These notes payable are with various officers and directors of the Company and with entities controlled by officers or directors of the Company including Montse Zaman, Phoenix Consulting Services Inc., Tisa Capital Corp., Ken Bosket, Mark Vega and Almulfo Saucedo.

During the nine months ended September 30, 2014, a related party converted debt of \$79,184 and accrued interest of \$20,010 into 100,000 shares of Series A preferred stock. The fair value of the preferred stock was determined to be \$470,000 resulting in a loss on the conversion of related party debt of \$370,806.

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In July 2013 the Company entered into a management consultant contract with Cleantech Transit, Inc., a related party, for consulting services through June 30, 2014. The terms of the agreement call for \$20,000 per month to be paid in two equal installments of cash and may be terminated by either party 30 days after written notice is given. Due to the nature of the close relationship between the parties, the Company will record this income upon receipt of the actual cash payments. There were no cash receipts and there was no revenue recognized under this agreement during the nine months ended September 30, 2014.

As of September 30, 2014 and December 31, 2013, the Company held an aggregate of 7,000,000 common shares of American Video Teleconferencing, Inc. valued at \$70,000 as of September 30, 2014 and December 31, 2013. American Video Teleconferencing, Inc. became a related party in 2014 due to common officers and Directors.

During 2013, the Company loaned \$1,500 to Cleantech Transit. The loan is unsecured, bears no interest and is due on demand. The \$1,500 was outstanding as of September 30, 2014 and December 31, 2013.

During the nine months ended September 30, 2014, the Company made advances to related party entities controlled by officers or directors of the Company of \$16,140. This balance was outstanding as of September 30, 2014 and it bears no interest and is due on demand.

As of September 30, 2014 and December 31, 2013, the Company had a payable of \$5,026 to Montse Zaman. The payable is unsecured, bears no interest and due on demand.

NOTE 6 – NOTES PAYABLE

During the nine months ended September 30, 2014 and September 30, 2013, the Company borrowed \$103,100 and \$18,567, respectively from non-related third parties. The notes are unsecured, due on demand and do not bear interest. \$40,000 of the borrowings during the nine months ended September 30, 2014 is convertible into common stock of the Company at a 50% discount to the quoted market price for the Company's common stock. This conversion option qualifies as a derivative liability and was accounted for as such (see Note 8). As of September 30, 2014 and December 31, 2013, the aggregate unpaid principal balance under these notes was \$87,541 and \$15,068, net of unamortized debt discount of \$30,627 and \$0, respectively.

NOTE 7 – EQUITY

During the nine months ended September 30, 2014, the Company issued an aggregate of 20,500 common shares for services valued at \$266,500.

The Company effected a 2,000 for 1 reverse split of its common stock on June 9, 2014 and amended its authorized stock to include 490,000,000 shares of common stock and 10,000,000 shares of preferred stock. All share and per share amounts herein have been retroactively restated to reflect the split.

The Company issued 100,000 shares of Series A preferred stock on September 23, 2014 to a related party for the conversion of debt and accrued interest (see Note 5). These shares carry a conversion right of 100 shares of common stock for each preferred share held.

NOTE 8 – DERIVATIVE LIABILITY

The Company accounts for derivative financial instruments in accordance with ASC 815, which requires that all derivative financial instruments be recorded in the balance sheets either as assets or liabilities at fair value.

The Company's derivative liability is an embedded derivative associated with one of the Company's convertible promissory notes. The convertible promissory note was issued on July 14, 2014, (the "Note"), is a hybrid instruments which contain an embedded derivative feature which would individually warrant separate accounting as a derivative instrument under Paragraph 815-10-05-4. The embedded derivative feature includes the conversion feature to the Note. Pursuant to Paragraph 815-10-05-4, the value of the embedded derivative liability have been bifurcated from the debt host contract and recorded as a derivative liability resulting in a reduction of the initial carrying amount (as unamortized discount) of the notes, which are amortized as debt discount to be presented in other (income) expenses in the statements of operations using the effective interest method over the life of the notes.

The embedded derivative within the note have been valued using the Black Scholes approach, recorded at fair value at the date of issuance; and marked-to-market at each reporting period end date with changes in fair value recorded in the Company's statements of operations as "change in the fair value of derivative instrument".

As of July 14, 2014 and September 30, 2014, the estimated fair value of derivative liability was determined to be \$56,003 and \$76,696, respectively. On July 14, 2014, the derivative liability was recognized with a debt discount of \$40,000 and a loss on derivative liabilities of \$16,003. During the nine months ended September 30, 2014, amortization of \$9,373 was recorded against the discount. The change in the fair value of derivative liabilities for the nine months ended September 30, 2014 was \$20,693 resulting in an aggregate loss on derivative liabilities of \$36,969.

Summary of Fair Value of Financial Assets and Liabilities Measured on a Recurring Basis

Financial assets and liabilities measured at fair value on a recurring basis are summarized below and disclosed on the balance sheets:

	Carrying Value	Fair Value Measurement Using			Total
		Level 1	Level 2	Level 3	
Derivative liabilities on conversion feature	76,696	-	-	76,696	76,696
Total derivative liabilities	\$ 76,696	\$ -	\$ -	\$ 76,696	\$ 76,696

Summary of the Changes in Fair Value of Level 3 Financial Liabilities

The table below provides a summary of the changes in fair value, including net transfers in and/or out, of all financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine months ended September 30, 2014:

Fair value, December 31, 2013	\$ -
Additions	56,003
Change in fair value	20,693
Transfers in and/or out of Level 3	-
Fair value, September 30, 2014	\$ 76,696

NOTE 9 – SUBSEQUENT EVENTS

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During October 2014, the Company issued an aggregate of 85,969 common shares for the conversion of debt totaling \$75,218.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS

This report contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Crown Equity's actual results could differ materially from those set forth on the forward looking statements as a result of the risks set forth in Crown Equity's filings with the Securities and Exchange Commission, general economic conditions, and changes in the assumptions used in making such forward looking statements.

OVERVIEW

Crown Equity Holdings Inc. ("Crown Equity") was incorporated in August 1995 in Nevada. The Company is offering its services to companies seeking to become public entities in the United States. It has launched a website, www.crownequityholdings.com, which offers its services in a wide range of fields. The Company provides various consulting services to companies and individuals dealing with corporate structure and operations globally. The Company also provides public relations and news dissemination for publicly and privately held companies.

In December, 2010, the Company formed two wholly owned subsidiaries Crown Tele Services, Inc. and Crown Direct, Inc. Crown Tele Services, Inc. was formed to provide voice over internet ("VoIP") services to clients at a competitive price and Crown Direct, Inc. was formed to provide direct sales to customers. Both entities had minimum sales during the quarter.

In March, 2011, the Company formed a wholly owned subsidiary CRWE Real Estate, Inc. as a subsidiary to engage in potential real estate holdings. The entity had minimal activity during the quarter.

The Company has focused its primary vision to using its network of websites to provide advertising and marketing services, as a worldwide online media advertising publisher, dedicated to the distribution of quality branding information. The Company offers Internet media-driven advertising services, which cover and connect a wide range of marketing specialties, as well as search engine optimization for clients interested in online media awareness. As part of its operations, the Company has utilized the services of software and hardware technicians in developing its websites and adding additional websites. This allows the Company to disseminate news and press releases for its customers as well as general news and financial information on a much bigger scale than it did previously. The Company markets its services to companies seeking market awareness of them and the services or goods that they offer. The Company then publishes information concerning these companies on its many websites. The Company is paid in cash and/or stock of the customer companies. The Company has numerous consulting and service customers and is therefore not dependent on any particular customer for a majority of its revenue.

Crown Equity's office is located at 11226 Pentland Down Road, Las Vegas, NV 89146.

As of September 30, 2014, Crown Equity had five employees and was utilizing the services of one independent contractor and consultant.

RESULTS OF OPERATIONS

Three Months Ended September 30, 2014 Compared to the Three Months Ended September 30, 2013

For the three month period ended September 30, 2014, revenues were \$0 and \$20,150 for the same period in 2013. Net loss was \$492,234 for the three month period ended September 30, 2014 and net income of \$956 was recorded for the three months ended September 30, 2013. Operating expenses were \$61,525 for the three months ended September 30, 2014 and \$92,801 for the same period in 2013. Other income and expenses for the three month period ended September 30, 2014 were other expenses of \$430,709 and other income of \$73,607 for the same quarter in 2013.

The Company incurred unrealized losses on its marketable securities during the three months ended September 30, 2014 of \$6,500 compared to unrealized gains of \$77,250 for the same period ended September 30, 2013.

Interest for the three months ended September 30, 2014 and 2013 was \$16,937 and \$4,329, respectively.

Nine Months Ended September 30, 2014 Compared to the Nine Months Ended September 30, 2013

For the nine month period ended September 30, 2014, revenues were \$0 and \$64,530 for the same period in 2013. Net loss was \$920,134 for the nine month period ended September 30, 2014 and net losses of \$197,905 were recorded for the nine months ended September 30, 2013. Operating expenses were \$475,310 for the nine months ended September 30, 2014 and \$153,976 for the same period in 2013. Other income and expenses for the nine month period ended September 30, 2014 were other expenses of \$444,824 and other expenses of \$108,308 for the same nine months in 2013.

The Company incurred unrealized losses on its marketable securities during the nine months ended September 30, 2014 of \$3,000 compared to unrealized gains of \$34,450 for the same period ended September 30, 2013. The majority of our operating expenses in the nine months ended September 30, 2014 was \$266,500 in stock issued for services. Other operating expenses included a loss on conversion of related party debt of \$370,806 and loss on derivative liability of \$36,696 for the 2014 period. Interest expense incurred during the nine month period ended September 30, 2014 was \$32,021 compared to \$12,897 for the same period in 2013.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2014, Crown Equity had current assets of \$102,379 and current liabilities of \$527,341, resulting in working capital deficit of \$424,962. Stockholders' deficit as of September 30, 2014 was \$423,782.

Net cash used in operating activities for the nine months ended September 30, 2014 was \$177,659 compared to net cash provided of \$17,999 for the same period in 2013, a net change of \$159,860.

Net cash used in investing activities was \$16,140 and zero for the nine months ended September 30, 2014 and 2013, respectively.

Net cash provided by financing activities during the nine months ended September 30, 2014 was \$199,950 compared to net cash provided of \$18,667 in 2013, an increase of \$181,283. Cash received from borrowings on notes payable and notes payable to related parties constituted all of the funds raised in both periods presented.

Our existing capital may not be sufficient to meet Crown Equity's cash needs, including the costs of compliance with the continuing reporting requirements of the Securities Exchange Act of 1934, as amended. This condition raises substantial doubt as to Crown Equity's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if Crown Equity is unable to continue as a going concern.

ITEM 3: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 12b-2 of the securities exchange act of 1934 (the "exchange act") and are not requires to provide information required under this Item.

ITEM 4T: CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Based on their evaluation of our disclosure controls and procedures(as defined in Rule 13a-15e under the Securities Exchange Act of 1934 the "Exchange Act"), our principal executive officer and principal financial officer have concluded that as of the end of the period covered by this quarterly report on Form 10-Q such disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms because of the identification of a material weakness in our internal control over financial reporting which we view as an integral part of our disclosure controls and procedures. The material weakness relates to the lack of segregation of duties in financial reporting, as our financial reporting and all accounting functions are performed by an external consultant with no oversight by a professional with accounting expertise. Our CEO and CFO do not possess accounting expertise and our company does not have an audit committee. This weakness is due to the company's lack of working capital to hire additional staff. To remedy this material weakness, we intend to engage another accountant to assist with financial reporting as soon as our finances will allow.

Changes in Internal Control over Financial Reporting

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Except as noted above, there have been no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our first quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1: LEGAL PROCEEDINGS.

None

ITEM 1A: RISK FACTORS

There have been no material changes to Crown Equity's risk factors as previously disclosed in our most recent 10-K filing for the year ending December 31, 2013.

ITEM 2: SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the nine months ended September 30, 2014, Crown Equity issued 20,500 common shares for services with a total value of \$266,500 as follows:

- 3,300 shares of common stock for compensation for \$42,900;
- 1,000 shares of common stock for consulting services for \$13,000.
- 16,200 shares of common stock for professional services for \$210,600.

ITEM 3: DEFAULTS UPON SENIOR SECURITIES.

None

ITEM 4: MINE SAFETY INFORMATION

None

ITEM 5: OTHER INFORMATION.

None

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ITEM 6: EXHIBITS

EXHIBIT
31.1 Certification of Principal Executive Officer

EXHIBIT
31.2 Certification of Principal Financial Officer

EXHIBIT
32.1 Certification of Compliance to Sarbanes-Oxley

EXHIBIT
32.2 Certification of Compliance to Sarbanes-Oxley

101.INS ** XBRL Instance Document

101.SCH ** XBRL Taxonomy Extension Schema Document

101.CAL ** XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF ** XBRL Taxonomy Extension Definition Linkbase Document

101.LAB ** XBRL Taxonomy Extension Label Linkbase Document

101.PRE ** XBRL Taxonomy Extension Presentation Linkbase Document

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

In accordance with 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.

CROWN EQUITY HOLDINGS INC.

Date: November 19, 2014

By: */s/ Kenneth Bosket*
Kenneth Bosket, CEO

By: */s/ John Scudato*
John Scudato, CFO