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DCAP GROUP INC/  
Form 10QSB  
November 12, 2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

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

For the quarterly period ended September 30, 2002  
or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
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Commission File Number: 0-1665  
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DCAP GROUP, INC.  
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(Exact name of small business issuer as specified in its charter)

Delaware

36-2476480  
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(State or other jurisdiction of  
incorporation or organization)

(I.R.S Employer Identification No.)

1158 Broadway, Hewlett, NY

11557  
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(Address of principal executive offices)

(Zip Code)

(516) 374-7600  
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(Registrant's telephone number, including area code)

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

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. ( X ) Yes ( ) No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS

Indicate by check mark whether the registrant has filed all documents and  
reports required to be filed by Sections 12, 13 or 15(d) of the Securities  
Exchange Act of 1934 subsequent to the distribution of securities under a plan

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confirmed by a court. ( ) Yes ( ) No

### APPLICABLE ONLY TO CORPORATE ISSUESERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 12,353,402 shares as of October 31, 2002

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#### SIGNATURES

#### Forward Looking Statements

This Quarterly Report contains forward-looking statements as that term is

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defined in the federal securities laws. The events described in forward-looking statements contained in this Quarterly Report may not occur. Generally these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of our plans or strategies, projected or anticipated benefits from acquisitions made or to be made by us, or projections involving anticipated revenues, earnings or other aspects of our operating results. The words "may," "will," "expect," "believe," "anticipate," "project," "plan," "intend," "estimate," and "continue," and their opposites and similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties, risks and other influences, many of which are beyond our control, that may influence the accuracy of the statements and the projections upon which the statements are based. Factors which may affect our results include, but are not limited to, the risks and uncertainties associated with undertaking different lines of business, the lack of experience in operating certain new business lines, the decline in the number of insurance companies offering insurance products in our markets, the volatility of insurance premium pricing, government regulation, competition from larger, better financed and more established companies, the possibility of tort reform and a resultant decrease in the demand for insurance, the uncertainty of litigation with regard to our hotel lease, the dependence on our executive management, our ability to continue to obtain the necessary financing to operate our premium finance business, and our ability to raise additional capital which may be required in the near term. Any one or more of these uncertainties, risks and other influences could materially affect our results of operations and whether forward-looking statements made by us ultimately prove to be accurate. Our actual results, performance and achievements could differ materially from those expressed or implied in these forward-looking statements. We undertake no obligation to publically update or revise any forward-looking statements, whether from new information, future events or otherwise.

### Explanatory Note

Throughout this Quarterly Report, the words "DCAP Group," "we," "our," and "us" refer to DCAP Group, Inc. and the operations of DCAP Group, Inc. as a whole. References to "DCAP Insurance" in this Quarterly Report mean our wholly-owned subsidiary, Dealers Choice Automotive Planning Inc., and affiliated companies. References to "Barry Scott Companies" in this Quarterly Report mean our wholly-owned subsidiary, Barry Scott Companies, Inc. (which we acquired on August 30, 2002), and its subsidiaries.

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## PART I. FINANCIAL INFORMATION

### Item 1. FINANCIAL STATEMENTS

DCAP GROUP, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

September 30, 2002

#### ASSETS

##### CURRENT ASSETS:

Cash and cash equivalents	\$ 560,757
Accounts receivable, net of allowance for doubtful accounts of \$40,000	592,574
Notes receivable from former officer	34,428

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Prepaid expenses and other current assets	155,323
	-----
Total current assets	1,343,082
	-----
PROPERTY AND EQUIPMENT, net	297,135
	-----
OTHER ASSETS:	
Goodwill	619,382
Other intangibles, net	290,978
Deposits and other assets	66,700
	-----
Total other assets	977,060
	-----
	\$ 2,617,277
	-----
LIABILITIES AND STOCKHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 756,737
Current portion of long-term debt	22,047
Current portion of capital lease obligations	114,421
Deferred revenue	79,169
Debentures payable	154,200
	-----
Total current liabilities	1,126,574
	-----
LONG-TERM DEBT	729,124
	-----
CAPITAL LEASE OBLIGATIONS	131,390
	-----
DEFERRED REVENUE	24,829
	-----
STOCKHOLDERS' EQUITY:	
Common Stock, \$.01 par value; authorized 40,000,000 shares; issued 16,068,018 shares	160,680
Preferred Stock, \$.01 par value; authorized 1,000,000 shares; 0 shares issued and outstanding	-
Capital in excess of par	10,242,409
Deficit	(8,869,074)
	-----
	1,534,015
Treasury Stock, at cost, 3,714,616 shares	(928,655)
	-----
	605,360
	\$ 2,617,277

See notes to condensed consolidated financial statements.

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	Nine months ended September 30,	
	2002	2001
	-----	-----
Revenues:		
Commissions and fees	\$1,276,675	\$1,683,438
Rooms	618,271	714,227
Premium finance revenue	855,668	125,325
Other	10,489	20,015
	-----	-----
Total revenues	2,761,103	2,543,005
	-----	-----
Operating Expenses:		
Selling, general and administrative	2,229,298	3,117,367
Depreciation and amortization	107,416	222,878
Property operation and maintenance	29,258	48,548
	-----	-----
Total operating expenses	2,365,972	3,388,793
	-----	-----
Operating Income (Loss)	395,131	(845,788)
Other (Expense) Income:		
Interest income	3,373	14,743
Interest expense	(44,193)	(44,747)
Gain on sale of store	-	56,043
	-----	-----
	(40,820)	26,039
	-----	-----
Income (loss) before income taxes and minority interest	354,311	(819,749)
Provision for income taxes	9,332	20,621
	-----	-----
Income (loss) before minority interest	344,979	(840,370)
Minority interest	1,936	7,254
	-----	-----
Net income (loss)	\$ 343,043	\$ (847,624)
	=====	=====
Net income (loss) per common share:		
Basic	\$ 0.03	\$ (0.06)
	=====	=====
Diluted	\$ 0.03	\$ (0.06)
	=====	=====
Weighted average number of shares outstanding:		
Basic	11,474,281	15,068,018
	=====	=====
Diluted	11,656,367	15,068,018
	=====	=====

See notes to condensed consolidated financial statements.

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### DCAP GROUP INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended September 30,	
	2002	2001
Revenues:		
Commissions and fees	\$ 577,440	\$ 339,877
Rooms	200,586	215,619
Premium finance revenue	428,572	85,123
Other	3,585	2,518
Total revenues	1,210,183	643,137
Operating Expenses:		
Selling, general and administrative	882,861	512,755
Depreciation and amortization	39,958	50,972
Property operation and maintenance	9,360	17,946
Total operating expenses	932,179	581,673
Operating Income	278,004	61,464
Other (Expense) Income:		
Interest income	1,122	5,341
Interest expense	(15,293)	(14,105)
	(14,171)	(8,764)
Income before income taxes and minority interest	263,833	52,700
Provision for income taxes	8,089	317
	255,744	52,383
Income before minority interest	255,744	52,383
Minority interest	-	12,402
	255,744	39,981
Net income	\$ 255,744	\$ 39,981
Net income per common share:		
Basic	\$ 0.02	\$ -
Diluted	\$ 0.02	\$ -
Weighted average number of shares outstanding:		
Basic	11,712,098	15,068,018
Diluted	12,105,812	15,068,018

See notes to condensed consolidated financial statements.

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DCAP GROUP, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (UNAUDITED)

	Nine months ended September 30,	
	2002	2001
	-----	-----
Cash flows from operating activities:		
Net income (loss)	\$343,043	\$ (847,624)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	107,416	222,878
Forgiveness of note receivable	-	141,454
Provision for bad debts	8,819	151,009
Minority interest in net income	1,936	7,254
Gain on sale of store	-	(56,043)
Decrease (increase) in assets:		
Accounts receivable	(67,351)	38,868
Prepaid expenses and other current assets	7,696	(14,771)
Deposits and other	(5,434)	6,918
Decrease in liabilities:		
Accounts payable and accrued expenses	(80,989)	(601,577)
Deferred revenue	(23,131)	(197,120)
	-----	-----
Net cash provided by (used in) operating activities	292,005	(1,148,754)
	-----	-----
Cash flows from investing activities:		
Decrease in notes and other receivables, net	4,667	156,237
Acquisition of property and equipment	(10,023)	(25,577)
Acquisition of Barry Scott Companies	(325,000)	-
Acquisition of minority interest	(40,000)	-
Proceeds from sale of property and equipment	36,610	-
Deposits on sale of stores	-	739,115
Proceeds from sale of DCAP stores	-	104,976
	-----	-----
Net cash (used in) provided by investing activities	(333,746)	974,751
	-----	-----
Cash flows from financing activities:		
Principal payment of long-term debt and capital lease obligations	(84,943)	(213,422)
Proceeds from private placement	500,000	-
Decrease in due to officer	(33,333)	-
	-----	-----
Net cash provided by (used in) financing activities	381,724	(213,422)
	-----	-----
Net increase (decrease) in cash and cash equivalents	339,983	(387,425)
Cash and cash equivalents,		

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beginning of period	220,774	759,309
	-----	-----
Cash and cash equivalents, end of period	\$560,757	\$371,884
	=====	=====

Supplemental schedule of noncash investing  
and financing activities:

Acquisition of business	\$525,000	\$ -
	=====	=====

See notes to condensed consolidated financial statements.

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### DCAP GROUP, INC. AND SUBSIDIARIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001 (UNAUDITED)

1. The Condensed Consolidated Balance Sheet as of September 30, 2002, the Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2002 and 2001 and the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2002 and 2001 have been prepared by us without audit. In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly in all material respects our financial position as of September 30, 2002, results of operations for the three and nine months ended September 30, 2002 and 2001 and cash flows for the nine months ended September 30, 2002 and 2001. This report should be read in conjunction with our Annual Report on Form 10-KSB for the year ended December 31, 2001.

2. Summary of Significant Accounting Policies:  
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a. Principles of consolidation

The accompanying consolidated financial statements include the accounts of all subsidiaries and joint ventures in which we have a majority voting interest or voting control. All significant intercompany accounts and transactions have been eliminated.

b. Revenue recognition

We recognize commission revenue from insurance policies at the beginning of the contract period, on income tax preparation when services are completed, and on automobile club dues equally over the contract period. Franchise fee revenue is recognized when substantially all of our contractual requirements under the franchise agreement are completed. Refunds of commissions on the cancellation of insurance policies are reflected at the time of cancellation.

Premium financing fee revenue is earned based upon the origination of premium finance contracts sold by agreement to third parties. The contract fee gives consideration to an estimate as to the collectability of the loan amount. Periodically, actual results are compared to estimates previously recorded, and adjusted accordingly.

Revenues from room sales are recorded at the time services are performed.



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### c. Website Development Costs

Technology and content costs are generally expensed as incurred, except for certain costs relating to the development of internal-use software, including those relating to operating our website, that are capitalized and depreciated over two years. No costs were incurred during the nine months ended September 30, 2002.

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### d. Reclassifications

Certain reclassifications have been made to the consolidated financial statements for the three and nine months ended September 30, 2001 to conform with the classifications used for the three and nine months ended September 30, 2002.

3. Acquisition of Barry Scott Companies. On August 30, 2002, we acquired all the outstanding capital stock of Barry Scott Companies at a price of \$850,000. Barry Scott Companies consists of a holding company and three insurance agencies with 20 store locations throughout New York State. The insurance agencies derive substantially all of their income from commissions and fees associated with the sale of automobile insurance. The acquisition allows for the expansion of our geographical footprint within New York State and allows for us to capitalize on operational and administrative efficiencies.

The goodwill amount recorded at August 30, 2002 is comprised of the following: (i) the excess of the purchase price over the tangible net assets and identified intangibles acquired; and (ii) the estimated direct transaction costs associated with the acquisition.

Our condensed consolidated statements of operations include the revenues and expenses of Barry Scott Companies from August 30, 2002.

The following pro forma results were developed assuming the acquisition of Barry Scott Companies had occurred on January 1, 2001:

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Revenues	\$1,766,630	\$1,512,921	\$5,062,479	\$4,844,964
Net Income (loss)	221,405	133,833	416,546	(1,169,524)
Net Income (loss) per share	0.02	0.01	0.03	(0.07)

The above unaudited pro forma condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the condensed consolidated results of operations that actually would have been realized had we and Barry Scott Companies been a combined company during the specified periods.

4. The results of operations and cash flows for the three and nine months ended September 30, 2002 are not necessarily indicative of the results to

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be expected for the full year.

5. Segment and Related Information. We have three reportable business segments: Insurance, Premium Finance and Hotel. The Insurance segment sells retail auto, motorcycle, boat, life, business, and homeowner's insurance and franchises. In addition, this segment offers tax preparation services and automobile club services for roadside emergencies. The Premium

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Finance segment offers property and casualty policyholders loans to finance the policy premiums. The Hotel segment operates the International Airport Hotel in San Juan, Puerto Rico. The Hotel caters generally to commercial and tourist travelers in transit.

Summarized financial information concerning our reportable segments is shown in the following tables:

Nine Months Ended September 30, 2002	Insurance	Premium Finance	Hotel	Other(1)	Total
Revenues from external customers	\$1,276,675	\$855,668	\$628,760	\$ -	\$2,761,103
Interest income	1,534	-	1,551	288	3,373
Interest expense	44,193	-	-	-	44,193
Depreciation and amortization	95,803	-	11,613	-	107,416
Segment (loss) profit	(29,814)	669,741	49,438	(346,322)	343,043
Segment assets	2,000,784	250,464	245,962	120,067	2,617,277

Nine Months Ended September 30, 2001	Insurance	Premium Finance	Hotel	Other(1)	Total
Revenues from external customers	\$1,683,438	\$125,325	\$728,483	\$ 5,759	\$2,543,005
Interest income	2,501	-	2,183	10,059	14,743
Interest expense	44,747	-	-	-	44,747
Depreciation and amortization	212,554	-	10,324	-	222,878
Segment (loss) profit	(760,566)	116,341	95,757	(299,156)	(847,624)
Segment assets	2,087,831	38,542	280,929	200,337	2,607,639

(1) Column represents corporate-related items

6. Private Placement. Effective August 30, 2002, we issued an aggregate of 1,000,000 shares of common stock for \$500,000, or \$.50 per share, in a private transaction.

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### Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

#### Results of Operations

Our net income for the nine months ended September 30, 2002 was \$343,043 as compared to a net loss of \$847,624 for the nine months ended September 30, 2001.

During the nine months ended September 30, 2002, revenues from our insurance-related operations were \$1,276,675 as compared to \$1,683,438 during the nine months ended September 30, 2001. The decline in revenues was generally due to the sale (and conversion to franchise status) of eight DCAP offices effective as of March 28, 2001, offset by revenues for the month of September 2002 from Barry Scott Companies, which was acquired on August 30, 2002.

Premium finance revenues increased \$730,343 during the nine months ended September 30, 2002 as compared to the nine months ended September 30, 2001. This increase was the result of (i) our renegotiation in September 2001 of our agreement regarding the sale of premium finance receivables that has given rise to increased revenues per transaction, (ii) an increase in the number of franchises utilizing our premium finance services, and (iii) an expansion of our premium finance marketing efforts to non-DCAP insurance agencies.

Hotel revenues decreased \$99,723 between the nine months ended September 30, 2001 and 2002 primarily due to the decline in air traffic following the terrorist attack of September 11, 2001.

Our selling general and administrative expenses for the nine months ended September 30, 2002 were \$888,069 less than for the comparable period in 2001. This decrease were primarily due to the sale of stores discussed above offset by expenses for the month of September 2002 resulting from the operation of Barry Scott Companies. Further, our depreciation and amortization expenses decreased \$115,462 between the nine months ended September 30, 2001 and 2002 primarily due to the sale of the stores, a write-off of goodwill as a result of the store sales, and a write off of fixed assets during the fourth quarter of 2001.

Our insurance-related operations during the nine months ended September 30, 2002, on a stand-alone basis, generated a net loss of \$29,814 as compared to a net loss of \$760,566 for the nine months ended September 30, 2001 (after giving effect to a gain of \$56,043 on the sale of our ownership interest in a DCAP store). Our premium finance operations during the nine months ended September 30, 2002, on a stand-alone basis, generated a net profit of \$669,741 as compared to a net profit of \$116,341 during the comparable period in 2001. The operations of the hotel during the nine months ended September 30, 2002, on a stand-alone basis, generated net income of \$49,438 as compared to a net income of \$95,757 for the nine months ended September 30, 2001. Losses from corporate-related items not allocable to reportable segments were \$346,322 during the nine months ended September 30, 2002 as compared to \$299,156 for the nine months ended September 30, 2001.

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#### Liquidity and Capital Resources

As of September 30, 2002, we had \$560,757 in cash and cash equivalents and working capital of \$216,508. As of December 31, 2001, we had \$220,774 in cash

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and cash equivalents and a working capital deficiency of \$598,263.

Cash and cash equivalents increased between December 31, 2001 and September 30, 2002 primarily due to (i) net cash of \$292,005 provided by operating activities for the nine months ended September 30, 2002 based on our net income of \$343,043 and depreciation and amortization expenses of \$107,416 for the period, offset by an increase in current assets of \$65,089 and a decrease in current liabilities of \$104,120 for the period; and (ii) net cash of \$381,724 provided by financing activities for the nine months ended September 30, 2002 based on proceeds from a private placement of \$500,000, offset primarily by principal payments of long-term debt and capital lease obligations of \$84,943 for the period; offset by (iii) net cash of \$333,746 used in investing activities for the nine months ended September 30, 2002 based primarily on our payment of \$325,000 at the closing of our acquisition of Barry Scott Companies.

Liquidity at September 30, 2002 was sufficient, in the opinion of management, to meet our cash requirements for the 12 month period ending September 30, 2003.

We have no current commitments for capital expenditures.

### Item 3. CONTROLS AND PROCEDURES

Within 90 days prior to the filing date of this report, our Chief Executive Officer and Chief Financial Officer conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in alerting him in a timely manner to material information required to be included in our SEC reports. In addition, our Chief Executive Officer and Chief Financial Officer reviewed our internal controls, and there have been no significant changes in our internal controls or in other factors that could significantly affect those controls subsequent to the date of our last evaluation.

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## PART II. OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

None

### Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Effective August 30, 2002, we issued an aggregate of 1,000,000 shares of common stock for \$500,000, or \$.50 per share, in a private transaction to Jack Seibald and Stephanie Seibald, jointly (500,000 shares), and SDS Partners I, Ltd. (500,000 shares).

The above offering of shares was exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 4(2) thereof as a transaction not involving any public offering. We reached this determination based on the following: (i) the investors represented that they were "accredited investors" and acquired the shares for their own account; (ii) the certificates representing the shares of common stock bear restrictive legends permitting transfer only upon the registration of the shares or pursuant to an exemption from such registration requirements; and (iii) we did not offer or sell the shares by any form of general solicitation or general advertising.

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Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

3(a) Certificate of Incorporation, as amended

3(b) By-laws, as amended

99 Certificate of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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(b) Reports on Form 8-K

Two Current Reports on Form 8-K were filed by us during the quarter ended September 30, 2002 as follows:

(i) Date of Report: August 30, 2002  
Items reported: 2 and 7

(ii) Date of Report: September 3, 2002  
Items reported: 5 and 7

### SIGNATURES

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

DCAP GROUP, INC.

Dated: November 12, 2002

By: /s/ Barry Goldstein  
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Barry Goldstein  
President, Chairman of the Board,  
Chief Executive Officer, Chief  
Financial Officer and Treasurer  
(Principal Executive, Financial  
and Accounting Officer)

### Certification

I, Barry Goldstein, Chief Executive Officer and Chief Financial Officer of DCAP Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of DCAP Group, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
  - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

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6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 12, 2002

/s/ Barry Goldstein

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Barry Goldstein  
Chief Executive Officer and  
Chief Financial Officer