

Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

AMERICAN CAPITAL HOLDINGS INC

Form 10QSB

October 12, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

Form 10-QSB

☒ ANNUAL REPORT UNDER OR OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended November 30, 2006  
-----

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-50776  
-----

AMERICAN CAPITAL HOLDINGS, INC.  
-----

(Exact name of small business issuer as specified in its charter)

Florida  
-----

65-0895564  
-----

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

1016 CLEMMONS STREET, SUITE 302  
JUPITER, FLORIDA 33477  
-----

(Address of principal executive offices)

(561) 745-6789  
-----

(Issuer's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the 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 is a shell company (as defined in  
Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 30, 2006 the issuer had 21,110,680 shares of common stock,  
\$.0001 Par Value, outstanding.

Transitional Small Business Disclosure format: Yes ☐ No ☒

AMERICAN CAPITAL HOLDINGS, Inc.

Form 10-QSB

NOVEMBER 30, 2006

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

## INDEX

PAGE NO.

### PART I FINANCIAL INFORMATION

ITEM 1	FINANCIAL STATEMENTS	
	Independent Accountants' Report . . . . .	3
	Consolidated Balance Sheets: November 30, 2006 and May 31, 2006 (Unaudited) . . . . .	4
	Consolidated Statements of Operations: Six Months Ended November 30, 2006 and 2005 . . . . .	5
	Consolidated Statements of Operations: Three Months Ended November 30, 2006 and 2005 . . . . .	6
	Consolidated Statement of Changes in Shareholders' Equity: from May 31, 2005 Through November 30, 2006 . . . . .	7
	Consolidated Statements of Cash Flows: for the Six Months Ended November 30, 2006 and 2005 . . . .	8
	Notes to Consolidated Financial Statements . . . . .	10
ITEM 2	Management's Discussion and Analysis or Plan of Operation . .	20
ITEM 3	Controls and Procedures . . . . .	23

### PART II OTHER INFORMATION

ITEM 1	Legal Proceedings . . . . .	24
ITEM 2	Unregistered Sales Of Equity Securities and Use Of Proceeds . . . . .	24
ITEM 3	Defaults Upon Senior Securities . . . . .	24
ITEM 4	Submission Of Matters to a Vote Of Security Holders. . . . .	24
ITEM 5	Other Information . . . . .	24
ITEM 6	Exhibits . . . . .	24
SIGNATURES AND CERTIFICATIONS . . . . .		25
Exhibit 31.1	Certification required under Section 302 of the Sarbanes-Oxley Act of 2002 by the CEO . . . .	26
Exhibit 31.2	Certification required under Section 302 of the Sarbanes-Oxley Act of 2002 by the CFO . . . .	27
Exhibit 32	Certification of CEO and CFO Pursuant to . . . . Section 906 of the Sarbanes-Oxley Act . . . . .	28

2

Wieseneck, Andres & Company, P.A.  
Certified Public Accountants  
772 U. S. Highway 1, Suite 100  
North Palm Beach, Florida 33408  
(561) 626-0400

Thomas B. Andres, C.P.A.\*, C.V.A.

FAX (561) 626-3453

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Paul M. Wieseneck, C.P.A.

\*Regulated by the State of Florida

### Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of  
American Capital Holdings, Inc.  
Jupiter, Florida

We have reviewed the accompanying consolidated balance sheet of American Capital Holdings, Inc. as of November 30, 2006 and May 31, 2006 and the related consolidated statements of operations for the six month and three-month periods ended November 30, 2006 and 2005, the consolidated statement of cash flows for the six-month period ending November 30, 2006 and the consolidated statement of changes in shareholders' equity from May 31, 2005 through November 30, 2006. These financial statements are the responsibility of the company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with standards of the U.S. generally accepted auditing standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/Wieseneck, Andres & Company, P.A.

North Palm Beach, Florida  
October 9, 2007

3

#### AMERICAN CAPITAL HOLDINGS, INC. CONSOLIDATED BALANCE SHEETS

	NOVEMBER 30, 2006	MAY 31, 2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,151	\$ 5,287
Notes Receivable	143,819	143,569
Loans Receivable Related Parties (net)	258,161	423,517
Prepaid Expenses	99,377	55,543
	-----	-----
Total Current Assets	502,507	627,916
	-----	-----

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Property and Equipment, net	30,779	35,979
Other Assets		
Marketable Securities	358,600	-
Intangible Assets, net	8,938	8,938
Insurance Licenses	19,600	19,600
Security Deposit	2,435	2,435
Total Other Assets	389,573	30,973
TOTAL ASSETS	\$ 922,860	\$ 694,868
LIABILITIES & STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 295,929	\$ 242,203
Accrued Expenses	257,257	181,999
Loan Payable Related Parties	326,032	183,727
Current Portion of Notes and Loans Payable	325,450	325,450
Total Current Liabilities	1,204,668	933,379
Total Liabilities	1,204,668	933,379
Stockholders' Equity		
Common Stock \$.0001 par value, 100 million shares authorized, 21,110,680 and 18,908,680 shares issued and outstanding 800,000 and 800,000 unissued	2,191	1,971
Paid-in-Capital	17,546,163	17,523,121
Retained Deficit	(17,830,162)	(17,763,603)
Total Stockholders' Equity	(281,808)	(238,511)
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 922,860	\$ 694,868

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

4

## AMERICAN CAPITAL HOLDINGS, INC. CONSOLIDATED STATEMENT OF OPERATIONS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2006 AND 2005

	NOVEMBER 30, 2006	NOVEMBER 30, 2005
Revenues		
Net Sales	\$ -	\$ -
Cost of Sales	(5,200)	(4,977)
Gross Profit	(5,200)	(4,977)
Operating Expenses		
General and Administrative, net of reimbursed expenses of	34,629	261,393

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

	\$217,793 and \$653,300	
Sales and Marketing	-	2,000
	-----	-----
Total Operating Expenses	34,629	263,393
	-----	-----
Income/(Loss) from Operations	(39,828)	(268,370)
	-----	-----
Other Income (Expense)		
Interest Income	5,668	2,429
Interest Expense	(32,398)	(18,260)
Gain / (Loss) on Disposition of Marketable Securities	-	(215,363)
	-----	-----
Net Other Expenses	(66,559)	(231,192)
	-----	-----
Net Loss Before Other Comprehensive Losses	(66,559)	(499,562)
Other Comprehensive Income / (Loss)		
Unrealized Holding Loss During Period	-	(73,220)
	-----	-----
Total Comprehensive Loss	-	(73,220)
	-----	-----
Net Loss	\$ (66,559)	\$ (572,782)
	=====	=====
Basic and Diluted		
Net Loss Per Common Share	\$ (.003)	\$ (.031)
	=====	=====
Weighted Average Shares Outstanding	20,202,287	18,240,000
	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

5

AMERICAN CAPITAL HOLDINGS, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE THREE MONTHS ENDED  
NOVEMBER 30, 2006 AND 2005

	NOVEMBER 30, 2006	NOVEMBER 30, 2005
Revenues		
Net Sales	\$ -	\$ -
Cost of Sales	(2,600)	(2,554)
	-----	-----
Gross Profit	(2,600)	(2,554)
Operating Expenses		
General and Administrative reimbursed expenses of \$85,150 and \$91,224	8,487	208,114
	-----	-----
Total Operating Expenses	8,487	208,114
	-----	-----

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Loss from Operations	(11,087)	(210,668)
Other Income (Expense)		
Interest Income	2,014	18
Interest Expense	(10,493)	(15,622)
Gain (Loss) on Disposition of Marketable Securities	-	50,001
Net Other Income/(Expense)	8,480	34,396
Net Loss	(19,566)	(176,272)
Comprehensive Income / (Loss)		
Unrealized Holding Loss During Period	-	(26,034)
Net Loss and Comprehensive Loss	\$ (19,566)	\$ (202,305)
Basic and Diluted Net Loss Per Common Share	\$ (.001)	\$ (.011)
Weighted Average Shares Outstanding	21,110,680	18,646,966

Read accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

6

## AMERICAN CAPITAL HOLDINGS, INC. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FROM MAY 31, 2005 THROUGH NOVEMBER 30, 2006

	Number of Shares Issued	At Par Value \$.0001	Add'l Paid in Capital	Retained Deficit	Accum. other Comprehen- sive Inc.	Total Stockholder Equity
Bal 5/31/05	17,398,903	\$1,870	\$16,581,195	\$(15,378,157)	\$(152,718)	\$1,052,190
Sale of Common Stock	143,750	14	259,986	-	-	260,000
Conversion of debt and accrued interest to equity	590,027	59	632,468	-	-	632,527
Issuance of 500,000 shares previously recorded as unissued	500,000	-	-	-	-	-
Sale of Common Stock	26,000	3	46,997	-	-	47,000
Warrants Issued						

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

and exercised,						
Payment for						
Accrued Interest						
Payable	250,000	25	2,475	-	-	2,500
Adjustment to Prior						
Years Unrealized						
Holding Loss	-	-	-	-	152,718	152,718
Dividends Paid	-	-	-	(621,327)	-	(621,327)
Net Loss	-	-	-	(1,764,119)	-	(1,764,119)
Bal 05/31/06	18,908,680	1,971	17,523,121	(17,763,603)	0	(238,511)
Stock issued	2,202,000	220	23,042	0	0	23,262
Net Operating Loss	0	0	0	(66,559)	0	(66,559)
Bal 11/30/06	21,110,680	\$2,191	\$17,546,163	(17,830,162)	\$ 0	\$ (281,808)
	=====	=====	=====	=====	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

7

## AMERICAN CAPITAL HOLDINGS, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED NOVEMBER 30, 2006 AND 2005

	NOV. 30, 2006	NOV. 30, 2005
Cash Flows From Operating Activities		
Cash received from customers	\$ 0	\$ 0
Cash paid to suppliers of goods and services	(174,143)	(77,769)
Income Taxes Paid	-	-
Interest Paid	(12,740)	(12,604)
Interest Received	66	24
Net Cash Flows Used in Operating Activities	(186,817)	(90,349)
Cash Flows From Investing Activities		
Purchase of Equipment	0	(6,563)
Deposit Made on Insurance Carrier into Escrow	0	0
Return of Investment Deposit	0	10,000
Sale of Marketable Securities	0	0
Purchase of Marketable Securities	0	0
Net Cash Flows Provided By (Used In) Investing Activities	0	3,437
Cash Flows From Financing Activities		
Loans from Related Companies	252,800	161,032
Loans to Related Companies	0	(62,000)
Repayment of Loans from Related Companies	(99,419)	(176,677)

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Payment for Debtor in Possession financing	0	(115,186)
Proceeds from Sale of Stock	29,300	190,750
Payments on Notes Payable	0	(125,000)
	<hr/>	<hr/>
Net Cash Flows Provided By Financing Activities	(182,6817)	(127,081)
	<hr/>	<hr/>
Net Increase / (Decrease) in Cash	(4,136)	(213,992)
	<hr/>	<hr/>
Cash and Cash Equivalents at Beginning of Period, June 1, 2006 and 2005	5,287	400,488
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Period, Nov. 30, 2006 and 2005	\$ 1,151	\$ 186,495
	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

8

AMERICAN CAPITAL HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED NOVEMBER 30, 2006 AND 2005

### Reconciliation of Net Loss to Net Cash Flows Used in Operating Activities

	NOVEMBER 30, 2006	NOV. 30, 2005
Net Income (Loss)	\$ (66,559)	\$ (572,782)
Add Non-Cash Items:		
Other Comprehensive Income	0	73,220
Valuation Loss	0	262,237
Depreciation	5,200	4,977
Cash was increased by:		
Increase in Accrued Expenses	75,258	97,151
Increase in Accounts Payable	53,726	32,244
Decrease in Prepaid Expenses	0	12,604
Cash was decreased by		
Increase in Prepaid Expenses	(43,834)	0
Marketable Securities received for services	(210,608)	-
	<hr/>	<hr/>
Net Cash Flows Used in Operating Activities	\$ (186,817)	\$ (90,349)
	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

9

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED NOVEMBER 30, 2006

NOTE A - DESCRIPTION OF BUSINESS

American Capital Holdings, Inc. (American Capital Holdings) is a Florida Corporation whose primary business consists of insurance and proprietary financial products designed to utilize tax incentives, and mitigate the impact of balance sheet liabilities. The Company's main office is located at 1016 Clemmons Street, Suite 302, Jupiter, Florida 33477, and the telephone number is (561) 745-6789.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Use of Estimates

The Company maintains its accounts on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Actual results could differ from those estimates.

Revenue Recognition

Revenue and dividends from investments are recognized at the time the investment dividends are declared payable by the underlying investment. Capital gains and losses are recorded on the date of sale of the investment.

Cash

Cash consists of deposits in banks and other financial institutions having original maturities of less than ninety days.

Allowance for Doubtful Accounts

It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts.

Depreciation

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method.

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

### Amortization

The accounting for a recognized intangible asset acquired after June 30, 2001 is based on its useful life to the Company. If an intangible asset has a finite life, but the precise length of that life is not known, that intangible asset shall be amortized over management's best estimate of its useful life. An intangible asset with a indefinite useful life is not amortized. The useful life to an entity is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of that entity.

### Investments

Investments are stated at the lower of cost or market value.

10

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED NOVEMBER 30, 2006

### NOTE C - BUSINESS COMBINATION

The company acquired the net assets of I.S. Direct New York, an unrelated company, through a reverse merger with its wholly owned subsidiary of I.S. Direct Agency, Inc. The acquisition was accounted for as a business combination in accordance with SFAS 141, paragraphs nine through twelve. I.S. Direct, Inc. issued its shares of American Capital common stock it received in the exchange of its stock at its inception with American Capital for the net assets of I.S. Direct New York. The assets acquired by I.S. Direct, Inc., a wholly owned subsidiary, include life and health insurance licenses to operate in all fifty states, \$980,000 and website and software costs for \$20,000. The two assets of I.S. Direct are included in the Consolidated Balance Sheet of American Capital Holdings, Inc. All intercompany transactions have been eliminated at consolidation. The licenses and software costs have been written down to their estimated fair value at May 31, 2006.

### NOTE D - NOTES RECEIVABLE

Notes Receivable at November 30, 2006 and May 31, 2006 consist of the following:

	Nov 30 06	May 31 06
	-----	-----
8% non-collateralized notes due on demand.		
Interest is payable quarterly. Included in the balance		
is \$31,913 and 31,663 of accrued interest receivable.	\$ 131,913	\$ 131,663
 Nine 8% promissory notes purchased from holders of notes		
with Air Media Now, Inc. By mutual agreement of both		
parties, these notes are not accruing interest.	11,906	11,906
	-----	-----
Total Notes Receivable	\$ 143,819	\$ 143,569
	=====	=====

### NOTE E - LOANS RECEIVABLE RELATED PARTIES

The loans receivable from related corporate entities are non-collateralized, non-interest bearing and are due on demand. As of May 31, 2006, eCom, a related party, owed American Capital \$186,496. As of November 29, 2004, eCom has been adjudicated as a Chapter 11 Debtor in the involuntary bankruptcy proceedings of the United States Bankruptcy Court - Southern District of Florida (In Re: Case No. 04-34535 BKC-SHF). Pending bankruptcy court approval of eCom's Reorganization Plan, which is expected in due course, there should

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

not be a material affect on the financial condition of American Capital.

11

## AMERICAN CAPITAL HOLDINGS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS SIX MONTHS ENDED NOVEMBER 30, 2006

### NOTE E - LOANS RECEIVABLE RELATED PARTIES - CONTINUED

The loans due American Capital as of November 30, 2006 and May 31, 2006 are as follows:

	November 30, 2006	May 31, 2006
	-----	-----
eCom eCom.com Inc.	191,996	186,496
AmEnviro, Inc.	43,098	52,098
USA Performance Products	3,457	3,783
A Super Deal.com	0	25,782
Swap and Shop.net	0	20,930
A Classified Ad	0	21,169
Diamond Energy	0	20,080
Green Energy Group	0	20,043
CRT Holdings, Inc. (FL)	0	26,671
eSecureSoft Company	0	22,580
American Environmental, Inc.	325	22,600
Other	19,285	1,285
	-----	-----
Total	\$ 258,161	\$ 423,517
	=====	=====

### NOTE F - INVESTMENTS

#### Available-for-Sale Securities:

eCom eCom.com, Inc. is a Florida Corporation and trades on the OTC/PINK:ECEC. The Company, which was the former parent of USA SportsNet Company, now American Capital Holdings, Inc., owns 1,437,100 common shares of eCom. The Company's investment amounts to 2.9% of the outstanding shares of eCom.

In the year ending May 31, 2006, by mutual agreement, the Company's entire investment of marketable securities in eCom eCom.com, Inc was transferred to a note holder reducing the note payable to zero. The original cost basis for these marketable securities was \$254,869. Through May 31, 2005, a net unrealized holding loss in the amount of \$152,718 had been recognized. As a result of the transfer, an unrealized holding gain of the amount of \$152,718, which eliminated the Accumulated Comprehensive Loss, and a loss on the disposition of marketable securities in the amount of \$20,339 was recognized in the Consolidated Statement of Operations at May 31, 2006. Also as a result of the transfer, the following balance sheet account was adjusted; the company's remaining investment in eCom eCom, \$102,151 was written down to zero.

Shares issued to American Capital Holdings during the three months ended November 30, 2006 for services rendered are as follows:

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

12

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED NOVEMBER 30, 2006

## NOTE F - INVESTMENTS - CONTINUED

Company name	Shares issued on Nov. 30, 2006	Total Shares held on Nov. 30, 2006	Cost of Shares held on Nov. 30, 06
-----	-----	-----	-----
eSecureSoft Company	1,051,166	4,492,564	\$ 44,926
USAS Digital	1,042,500	7,352,497	73,525
Green Energy Group	0	3,786,626	37,866
AAB National	1,042,500	4,133,590	41,336
A Classified Ad	1,045,562	4,331,554	43,315
Core Medical Group	1,050,563	4,326,692	43,267
A Super Deal	1,042,500	4,842,420	48,424
MyZipSoft	0	2,594,058	25,941
-----	-----	-----	-----
Marketable Securities	6,274,791	35,860,001	\$ 358,600

As a part of an acquisition of ACHI on January 12, 2004, the Company acquired approximately 53 million shares or 90% of the outstanding common shares of Air Media Now!, Inc. (Air Media Now). Air Media Now owned the rights to market certain intellectual property that had never been fully developed by its previous owners. Air Media Now has no assets but is currently traded on the pink sheets (AMNW:PK). The stock was trading at \$.01 at May 31, 2006. Air Media Now has not filed financial statements subsequent to December 31, 2002 with the Securities and Exchange Commission. American Capital Holdings, Inc. wrote off any and all of its recorded investment in Air Media Now as an impairment expense in the year ended May 31, 2004. Air Media Now is a consolidated subsidiary of American Capital Holdings at November 30, 2006 and May 31, 2006.

## NOTE G - PROPERTY AND EQUIPMENT

Equipment is stated at cost less depreciation. As of November 30, 2006, equipment consisted of computer hardware, software, and office furniture and equipment. Depreciation expense of \$5,200 and \$10,100 has been recorded for the periods ending November 30, 2007 and May 31, 2006 respectively.

## NOTE H - PREPAID EXPENSES

Prepaid expenses consist primarily of amounts paid for auditing work for the Company, along with marketing and research material to be used for investor relations.

## NOTE I - INTANGIBLE ASSETS

Intangible assets consist of website software development costs, and fees related to applications for patents and trademarks. The intangible assets are not in use and are currently not being amortized.

13

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED NOVEMBER 30, 2006

## NOTE J - OTHER ASSETS

Other assets consist primarily of security deposits on the lease of office facilities.

## NOTE K - LOAN PAYABLE RELATED PARTY

As of November 30, 2006 and May 31, 2006 loans payable to shareholders in the amount of \$326,032 and \$183,727 are due on demand.

## NOTE L - NOTES PAYABLE

Promissory Notes as of November 30, 2006 and May 31, 2006 consisted of:

	November 30, 2006	May 31, 2006
	-----	-----
Four interest bearing, non-collateralized loans.		
The loans have various maturities throughout 2006.	\$ 325,450	\$ 325,450
	-----	-----
Total Notes Payable	325,450	325,450
Less Current Portion	(325,450)	(325,450)
	-----	-----
Net Long-term Debt	\$ 0	\$ 0
	=====	=====
The short-term notes payable mature as follows:		
November 30, 2006	\$ 325,450	\$ 325,450
	-----	-----
Total Notes Payable	\$ 325,450	\$ 325,450
	=====	=====

The notes and loans can be converted to shares of the Company's \$.0001 par value common stock at the option of the holder. The notes pay interest at 10% per annum. Interest is paid quarterly. The loan can be converted at 80% of the average closing price of Company's common stock for the preceding five (5) consecutive trading days with a floor of \$1. Prior to the year ended May 31, 2004, the holder of approximately \$830,000 of debt plus accrued interest agreed to convert \$500,000 of his debt to common stock. The \$500,000 was recognized as converted to equity in 2004. The 500,000 of common shares remained unissued at May 31, 2004 and 2005. In June 2004 (year ended May 31, 2005) the same creditor loaned another \$250,000 to the Company. In the year ended May 31, 2006, the Company, by mutual agreement, converted the remaining debt plus all accrued interest outstanding, a total of approximately \$581,000, to equity for 590,027 shares of common stock of the company. The 500,000 shares of common stock unissued in 2004, were issued during August 2005 (year ended May 31, 2006).

## NOTE M - WARRANTS

The Company has issued 1,005,000 detachable warrants for each dollar of debt as described in Note L above. Management has determined that the value of the detachable warrants to be \$.01 on the date of issuance and have charged paid in capital \$10,050 during the period. Each warrant entitles the holder to

14

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SIX MONTHS ENDED NOVEMBER 30, 2006

## NOTE M - WARRANTS - CONTINUED

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

purchase one (1) share of common stock at \$.01. The Company also issued 400,000 warrants to one of the former owners of IS Direct Agency for providing his insurance licensing in all fifty states. The warrants can be exercised for \$.01 each. An additional 216,209 warrants were issued in connection with the Spaulding acquisition, one warrant for every ten shares owned. Each unit of Spaulding entitled the owner to one warrant with an exercise price of \$6.00.

The following is a summary of warrants through:

	Nov. 30, 2006	May 31, 2006
Outstanding warrants at the beginning of the year	0	1,621,209
Warrants issued	0	0
Warrants expired	0	1,371,209
Warrants exercised	0	250,000
	-----	-----
Warrants outstanding at the end of the year	0	0
	=====	=====

### NOTE N - DIVIDENDS

The Company pays certain expenses on behalf of the various related companies that were spun off from eCom eCom.com, Inc. The payable on the books of the spin off company, which is an account receivable on the books of American Capital Holdings, is then converted to common stock of that company. It is not the intention of American Capital to be a holding company so it, therefore, distributed the newly acquired shares of common stock, pro-rata to the current stockholders of American Capital. During the year ending May 31, 2006, the Company has converted approximately \$1,060,000 and \$623,000 from a receivable to common stock of the spin off companies in each of the respective periods. The Company distributed those shares to its own shareholders in the form of dividends paid on August 7, 2006.

### NOTE O - COMMITMENTS AND CONTINGENCIES

The Company leased approximately 1,231 square feet office facilities in Palm Beach Gardens, Florida under an operating lease of \$2,331 per month which expires on January 31, 2007. ISDA leased approximately 200 square feet of office facilities in Buffalo, NY under a month to month agreement of \$425 per month.

Future minimum lease payments including sales tax as of November 30, 2006 are:  
Fiscal Years ending:

November 30, 2006	\$ 4,662
	-----
Total Minimum Lease Payments	\$ 4,662

Rent expense for the twelve month period ending May 31, 2006 was \$35,124.

Rent expense for the six month period ending November 30, 2006 was \$13,986.

15

AMERICAN CAPITAL HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE P - INCOME TAXES

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of November 30, 2006 totals approximately \$16,000,000. These carry-forwards, which will be available to offset future taxable income, and expire beginning in May 31, 2024.

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

The Company accounts for income taxes in accordance with FASB Statement No. 109, Accounting for Income Taxes (FASB 109). Under FASB 109, income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to certain income and expenses recognized in different periods for financial and income tax reporting purposes. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred taxes also are recognized for operating losses and tax credits that are available to offset future taxable income and income taxes, respectively. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized. To facilitate the purchase of the assets of ACHI, the Company recorded a one for twenty reverse split on the Effective Date of the currently outstanding common stock, while maintaining the conversion and exercise prices of the Senior Notes, the Secured Notes, the Subordinated Notes and the related warrants. All prior period share and per-share amounts have been restated to account for the reverse split. Any fractional shares remaining after the reverse split will be paid out in cash to the shareholder on the Effective Date.

Warrants were granted to Promissory Noteholders with detachable warrants. Management has determined that the fair value of each warrant is \$0.01.

The computation of diluted loss per share before extraordinary item for the periods ended November 30, 2006 and 2005 does not include shares from potentially dilutive securities as the assumption of conversion or exercise of these would have an antidilutive effect on loss per share before extraordinary items. In accordance with generally accepted accounting principles, diluted loss per share from extraordinary item is calculated using the same number of potential common shares as used in the computation of loss per share before extraordinary items.

### NOTE Q - DEFERRED TAX ASSET

Deferred income taxes are provided for temporary differences between the financial reporting and income tax basis of the Company's assets and liabilities. Temporary differences, net operating loss carry forwards and valuation allowances comprising the net deferred taxes on the balance

16

### AMERICAN CAPITAL HOLDINGS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### NOTE Q - DEFERRED TAX ASSET - CONTINUED

sheets is as follows:

	Nov. 30, 2006	May 31, 2006
	-----	-----
Loss carry forward for tax purposes	\$ 16,000,000	\$ 16,000,000
	=====	=====
Deferred tax asset (34%)	5,600,000	5,600,000
	-----	-----
Valuation allowance	(5,600,000)	(5,600,000)
	-----	-----

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Net deferred tax asset	\$	-	\$	-
	=====		=====	

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of November 30, 2006 was approximately \$16,000,000. These carry-forwards, which will be available to offset future taxable income, will expire through the year 2024.

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

### NOTE R - CHANGE IN ACCOUNTING PRINCIPLE/ERROR

For the year ended May 31, 2005, management has determined that marketable securities with a fair value of \$433,956 should be written off due to the fact that the American Capital Holdings, Inc., owner of approximately 90% of the outstanding shares of common stock of Air Media Now, Inc., is unable to dispose of any of their controlling interest because there are no remaining assets in Air Media Now and to sell them would be unethical. Air Media now is traded on the pink sheets. This charge off increased the May 31, 2005 Net Loss by \$433,956 and the Retained Deficit by a similar amount.

### NOTE S - SUBSEQUENT EVENTS

On or about October 10, 2006, a stockholder of the Company filed suit in the California Superior Court but the lawsuit was removed to the United States District Court for the Eastern District Court of California. American Capital Holdings, the defendant, move to have the case transferred to the United States District Court for the Southern District of Florida based on the venue being improper. On February 28, 2007 the U.S. District Judge then presiding over the case granted defendant's motion and ordered that the case be transferred. The case has not yet been transferred or re-filed.

17

## AMERICAN CAPITAL HOLDINGS, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE T - RELATED PARTY TRANSACTIONS

The Company has receivables due from nine related entities. eCom eCom.com, Inc. owes \$196,450 for services paid to the Company's transfer agent and accountant, including \$100,000 of debtor-in-possession financing, as authorized by the United States Bankruptcy Court, Case No. 04-35435-SHF. Freedom 4 Wireless, Inc. owed the Company \$670,199 for working capital and inventory purchased by ACHI, and for investments into the company between March 2004 and June 2004. On February 1, 2005, this investment was converted into 47,457,356 shares of MyZipSoft, Inc. common stock. Additional advances were made after February 1, 2005, resulting in a balance due from MyZipSoft of \$108,262. On August 31, 2005 10,826,190 of shares of MyZipSoft were issued to American Capital Holdings. These MyZipSoft shares were distributed to the shareholders of record of American Capital Holdings on August 31, 2005. Additional advances to support operations were made into each of the following eight spin-offs of eCom; A Super Deal.com, Inc, Swap and Shop.net Corp, A Classified Ad, Inc, AAB National Company, Pro Card Corporation, USAS Digital Inc, USA Performance Products, and

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

eSecureSoft Company. The following shares were issued to American Capital Holdings by the following companies as compensation for these advances and services.

Shares issued to American Capital Holdings during the twelve months ended May 31, 2006 and distributed to the shareholders of American Capital Holdings, Inc. to shareholders of record of American Capital Holdings as of August 31, 2005 and November 30, 2005 and February 28, 2006 are as follows:

Company name	Shares Distributed on August 31, 2005	Shares Distributed on November 30, 2005	Shares Distributed on February 28, 2006
-----	-----	-----	-----
eSecureSoft Company	6,560,606	743,531	702,425
USAS Digital	4,502,351	1,050,875	1,266,658
Pro Card Corporation	5,265,896	1,463,125	593,125
AAB National	7,099,350	952,500	836,453
A Classified Ad	3,694,725	1,722,500	728,750
Swap and Shop	3,886,226	747,475	869,375
A Super Deal	6,757,351	856,750	916,005
MyZipSoft	10,826,190	0	510,550

The Company has received loans from various Officers and Directors. As of November 30, 2006, the company owes \$124,471 to Barney Richmond and \$16,653 to Richard Turner. During the six months ended November 30, 2006 the Company received an advance from Green Energy Group (f/k/a MyZipSoft Inc.) of \$122,575.

### NOTE U - RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations with an effective date for financial statements issued for fiscal years beginning after June 15, 2002. The statement addresses financial accounting and reporting for obligations related with the retirement of tangible long-lived assets and the costs associated with asset retirement. The statement requires The recognition of retirement obligations which will,

18

AMERICAN CAPITAL HOLDINGS, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE U - RECENT ACCOUNTING PRONOUNCEMENTS - CONTINUED

therefore, generally increase liabilities; retirement costs will be added to the carrying value of long-lived assets, therefore, assets will be increased; and depreciation and accretion expense will be higher in the later years of an assets life than in earlier years. The Company adopted SFAS No. 143 at January 1, 2002. The adoption of SFAS No. 143 had no impact on the Company's operating results or financial positions.

The FASB also issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets and is effective for financial statements issued for fiscal years beginning January 1, 2002. This statement addresses financial accounting and reporting for the impairment or the disposal of long-lived asset. An impairment loss is recognized if the carrying amount of a long-lived group exceeds the sum of the undiscounted cash flow expected to result from the use and eventual disposition of the asset group. Long-lived assets should be tested at least annually or whenever changes in circumstances indicate that its carrying amount may not be recoverable. This statement does not apply to goodwill and intangible assets that are not amortized. The Company adapted SFAS No. 144 in the first quarter of 2002, and there was no impact on the Company's operating results or financial position.

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

In April 2002, the FASB issued SFAS No. 145, "Rescission of the FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections ("SFAS No. 145"). SFAS No. 145 eliminates the requirement to classify gains and losses from the extinguishment of indebtedness as extraordinary, requires certain lease modifications to be treated the same as a sale-leaseback transaction, and makes other non-substantive technical corrections to existing pronouncements. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. SFAS No. 145 was adopted on June 1, 2003 and did not have a material effect on the Company's financial position or results of operations.

The FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" and is effective for financial instruments entered into after May 31, 2003. This Statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability because that financial instrument embodies an obligation of the issuer. The Company has adopted SFAS No. 150, and there has been no impact on the Company's operating results or financial position.

Goodwill and intangible assets acquired prior to July 1, 2001 will continue to be amortized and tested for impairment in accordance with pre- SFAS No. 142 requirements until adoption of SFAS No. 142. Under the provision of SFAS No.142, intangible assets with definite useful lives will be amortized to their estimated residual values over those estimated useful lives in proportion to the economic benefits consumed. Such intangible assets remain subject to the impairment provisions of SFAS No. 121. Intangible assets with indefinite useful lives will be tested for impairment annually in lieu of being amortized. The impact of adopting SFAS Nos. 141 and 142 will not cause a material change in the Company's consolidated financial statements as of the date of this report.

19

AMERICAN CAPITAL HOLDINGS, INC.

### ITEM 2. Management's Discussion and Analysis or Plan of Operation

American Capital Holdings, Inc., ("ACH") is a holding company which owns five (5) proprietary financial products. These products are known as Guaranteed Principle Insured Convertible Securities ("GPICS (TM)"), Energy Tax Incentive Preferred Securities ("ETIPS(TM)"), Equipment Tax Incentive Convertible Securities ("ETICS(TM)"), Guaranteed Pension Accounting Contract Solutions ("GPACS(TM)") and Government Pension Accounting Contract Solutions ("GPACS(TM)"). The GPACS(TM) products are designed to provide solutions for unfunded government and private sector pension plan liability. The GPICS(TM), ETIPS(TM) and ETICS(TM) products are investment structures designed to facilitate the use of energy and depreciation tax incentives while insuring the capital investment through guarantees of principal. Our Chairman, Barney A. Richmond, has applied for a patent for one of these products, known as Government Pension Accounting Contract Solutions (GPACS(TM)). If and when the patent is granted, Mr. Richmond will assign the patent to ACH.

The GPACS(TM) and some of our other products use insurance as a part of their structures. The insurance contracts will be written through several licensed insurance carriers.

IS Direct is a wholly-owned subsidiary of ACH, and is a licensed insurance agency through which we will sell our products. On May 1, 2006 Vince Cherrix became President of IS Direct. Mr. Cherrix is currently licensed for property and casualty insurance, and life and health insurance and annuities in Florida, South Carolina, Pennsylvania and Maryland. With the hiring of Mr. Cherrix, the business plan of IS Direct has changed. IS Direct had expected to obtain the necessary licenses for it to operate in all 50 states, it will now focus on

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

selling its GPAC's products through agents of licensed insurance carriers. Due to the fact that the company will no longer incur the cost of maintaining licenses in all 50 states, the company wrote down the value of its goodwill associated with the insurance licenses. The company also wrote down the value of the company's website during the current fiscal year.

On October 30, 2004, we entered into an agreement to purchase 80% of Cosmopolitan Life Insurance Company. On July 8, 2005 management withdrew its application to acquire Cosmopolitan Life Insurance due to financial issues uncovered during our due diligence investigation. Management is currently looking at recovering the surplus note which requires Arkansas Department of Insurance approval.

A special meeting of the shareholders of the Company was held on December 7, 2005. A motion was passed to remove Barry M. Goldwater, Jr., Norman E. Taplin and Michael Pickens from the Board of Directors of the Company. The Company also accepted the resignations of Michael Camilleri and Matthew Salmon.

On January 6, 2006, the Company accepted the resignation of Douglas Sizemore from the Board of Directors of the Company.

ACH's principal executive offices are currently located at 1016 Clemmons St., Suite 302, Jupiter, FL 33477, and our telephone number is (561) 745-6789. The Company's fiscal year ends May 31, 2007.

20

AMERICAN CAPITAL HOLDINGS, INC.

### Business Strategy

We intend to use the financial products of our subsidiaries as solutions, addressing the needs of governmental and private sector businesses regarding unfunded pension liabilities and other post-employment benefit ("OPEB") liabilities. We also plan to sell annuities and other insurance products, through our subsidiaries, to both the public and private sectors. We also intend to invest and/or sell our proprietary ETIPS(TM) and ETICS(TM) products in the public marketplace.

Our GPACS(TM) products, which refers to both the Guaranteed Pension Accounting Contract Solutions product and the Government Pension Accounting Contract Solutions product, relate to a business method of adjusting the balance sheet of a business or governmental organization, and particularly to a system for organizing the unfunded obligations of the organization so that the liability on the balance sheet becomes offset by an asset. The product also provides a systematic investing capability to enhance the profitability of the organization and the improved treatment of tax obligations.

GPACS was created in response to the General Accounting Standards Board ("GASB") Statement 45, which generally requires state and local governmental employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as currently required pension obligations. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 do not require governments to fund their OPEB plans.

An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods. Statement 45 is effective for periods beginning after December 15, 2006, 2007, or 2008, depending on the size of the government entity based on annual revenues used for GASB 34

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

implementation requirements.

In May of 2004, the GASB issued a corresponding "plan" statement, Statement 43 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Statement 43 is effective one year prior to Statement 45. This statement requires a statement of plan net assets, statement of changes in plan net assets, schedule of funding progress, and schedule of employer contributions in the stand-alone financial reports of OPEB plans, as well as in the financial statements of governments having OPEB trust funds.

Actuarial services will be required one year earlier if the "plan" Statement 43 is applicable, unless an alternative measurement method is utilized. However, the alternative measurement method is only an option for plans with a total membership of fewer than one hundred. Many OPEB plans are currently paying benefits on a pay-as-you-go basis. If a government does not have an acceptable trust or equivalent arrangement established, actuarial valuations will not be necessary until Statement 45 is effective. Establishing a trust may be an option for funding OPEB benefits; employers should consider the impact of required actuarial services.

21

AMERICAN CAPITAL HOLDINGS, INC.

Our GPICS(TM), ETIPS(TM) and ETICS(TM) products are each investment structures designed to maximize the benefit of energy and equipment tax incentives, in order to facilitate investment in energy related and other business enterprises. An essential feature of these products is a guarantee of the principal invested, as a result of the structuring of the investment.

Our plan of operation includes the underwriting of the insurance aspects of our products through our subsidiaries. Pending approvals of our recent acquisitions of Universe and Cosmopolitan, we will use third party insurance carriers. However, upon receiving the approvals, which are expected in due course, we will retain as much premium and commission money as possible within our subsidiaries.

IS Direct currently sells primarily term and whole life insurance products. However, upon the completion of our pending proposed acquisition of Universe, the scope of products available for sale by IS Direct is expected to broaden. Universe is a life insurance company which we expect to use to underwrite the insurance policies required by our GPACS products.

### Results of Operations

Comparison of the six months ended November 30, 2006 with the six months ended November 30, 2005.

Revenue for the six month period ended November 30, 2006 was \$0 compared to \$0 recorded during the same period of the prior year.

Gross profit reflects a loss of \$5,200 in the current year versus a loss of \$4,977 for the prior years six month period. Depreciation expense contributed \$5,200 to the current years deficit in gross profit and \$4,977 to the prior years six month period deficit.

General and administrative costs of \$34,629 for the current six month period reflect costs of staffing our administrative and sales offices. This represents a \$226,764 decrease from the administrative costs incurred for the six months ending November 30, 2005. This decrease is due to the fact that overhead costs are being distributed to the spin-off companies for services rendered by staff

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

and management of American Capital Holdings.

Our operations for the six months ended November 30, 2006 resulted in a net loss of \$39,828 versus \$268,370 for the six months ended November 30, 2005. Unrealized holding losses during the prior year six month period of \$73,220 was the result of a decline in the market value of the Company's holdings in eCom eCom.com.

### Liquidity and Capital Resources

As of November 30, 2006 current assets totaled \$502,507 compared to \$627,916 at May 31, 2006. The \$125,409 decrease in total current assets was the result of related companies paying off notes by issuing securities to the Company during the period ending November 30, 2006.

22

AMERICAN CAPITAL HOLDINGS, INC.

Accounts Payable increased from \$242,203 to \$295,929 during the current six months. Current Liabilities increased from \$933,379 at the end of the prior fiscal year to \$1,204,668 at the end of the current quarter, an increase of \$271,289 due to the increase in accounts payable and accrued expenses during the six months period ending November 30, 2006.

To the extent that additional funds are required to support operations or to expand our business, we may sell additional equity, issue debt or obtain other credit facilities through financial institutions. Any sale of additional equity securities will result in dilution to our shareholders.

### ITEM 3. CONTROLS AND PROCEDURES

Evaluation of the Company's Disclosure Controls and Internal Controls: Within the 90 days prior to the date of this Quarterly Report on Form 10-QSB, the Company evaluated the effectiveness of the design and operation of its 'disclosure controls and procedures' ("Disclosure Controls"). This 'evaluation' ("Controls Evaluation") was done under the supervision and with the participation of management, including the Chief Executive Officer/Chairman ("CEO") and Chief Financial Officer ("CFO"). As a result of this review, the Company adopted guidelines concerning disclosure controls and the establishment of a disclosure control committee made up of senior management.

#### Limitations on the Effectiveness of Controls:

The Company's management, including the CEO/CHAIRMAN and CFO, does not expect that its Disclosure Controls or its 'internal controls and procedures for financial reporting' ("Internal Controls") will prevent all error and all fraud. control system, no matter how well conceived and managed, can provide only reasonable assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

### Conclusions:

Based upon the Controls Evaluation, the CEO/CHAIRMAN and CFO have concluded that, subject to the limitations noted above, the Disclosure Controls are effective to timely alert management to material information relating to the Company during the period when its periodic reports are being prepared.

23

AMERICAN CAPITAL HOLDINGS, INC.

In accordance with SEC requirements, the CEO/CHAIRMAN and CFO note that, since the date of the Controls Evaluation to the date of this Quarterly Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

## PART II. OTHER INFORMATION

### ITEM 1. Legal Proceedings.

The Company is not a party to any legal proceedings.

### ITEM 2. Unregistered sales of equity securities and use of proceeds.

In July 2005, the Company issued 100,000 shares of common stock to an accredited investor. In August 2005, the Company issued 43,750 shares of common stock to an accredited investor. In August 2005, 1,090,027 shares of common stock were issued in cancellation of debt. In September 2005, 6,000 shares were issued to an accredited investor. In October 2005, 20,000 shares were issued to an accredited investor. In April 2006, 250,000 shares were issued to an accredited investor. In August 2006, the Company issued 2,202,000 shares of common stock for services rendered. All these shares were issued in reliance upon Section 4(2) of the Securities Act. A legend was placed on the certificates stating that the securities were not registered under the Securities Act and setting forth appropriate restrictions on their transfer or sale.

### 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:

Exhibit 31.1 Certification required under Section 302 of  
the Sarbanes-Oxley Act of 2002 by the CEO on page 26

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

Exhibit 31.2	Certification required under Section 302 of the Sarbanes-Oxley Act of 2002 by the CFO on page	27
Exhibit 32	Section 1350 Certification on page	28

24

AMERICAN CAPITAL HOLDINGS, INC.

(b) Reports on Form 8-K:  
None

## 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 hereunder duly authorized.

October 1, 2007

By: /s/ Barney A. Richmond  
Barney A. Richmond,  
Chief Executive Officer

October 1, 2007

By: /s/ Richard C. Turner  
Richard C. Turner,  
Chief Financial Officer

# Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

25

## SIGNATURES AND CERTIFICATIONS

### EXHIBIT 31.1

#### CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Barney A. Richmond, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we 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 report is 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 report (the "Evaluation Date"); and

c) presented in this 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 officer 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 function):

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.

6. The registrant's other certifying officer and I have indicated in this 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.

Dated: October 1, 2007

/s/ Barney A. Richmond

-----

Barney A. Richmond

Principal Executive Officer

### EXHIBIT 31.2

#### CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

I, Richard C. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, 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 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 officer 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 we 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 report is 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 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 officer 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 function):

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.

6. The registrant's other certifying officer and I have indicated in this 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.

Dated: October 1, 2007

/s/ Richard C. Turner

-----  
Richard C. Turner  
Chief Financial Officer

27

EXHIBIT 32

CERTIFICATIONS OF CEO AND CFO PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)

## Edgar Filing: AMERICAN CAPITAL HOLDINGS INC - Form 10QSB

In connection with the Quarterly Report of American Capital Holdings Inc., a Florida corporation (the "Company"), on Form 10-QSB for the period ending November 30, 2006 as filed with the Securities and Exchange Commission (the "Report"), Barney A. Richmond, President of the Company and Richard C. Turner, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to his knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Barney A. Richmond

-----  
Barney A. Richmond  
Principal Executive Officer  
Date: October 1, 2007

/s/ Richard C. Turner

-----  
Richard C. Turner  
Chief Financial Officer  
Date: October 1, 2007

[A signed original of this written statement required by Section 906 has been provided to American Capital Holdings, Inc. and will be retained by American Capital Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibits to Form 10-QSB will be provided to shareholders of the Registrant upon written request addressed to American Capital Holdings, Inc., 1016 Clemmons St., Suite 302, Jupiter, Florida 33477. Any exhibits furnished are subject to a reasonable photocopying charge.

The Securities and Exchange Commission has not approved or disapproved of this Form 10-QSB nor has it passed upon its accuracy or adequacy.