

VICTORY CAPITAL HOLDINGS CORP  
Form 10KSB  
April 18, 2005

**U. S. Securities and Exchange Commission**  
Washington, D. C. 20549

**FORM 10-KSB**

**[X] ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

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

For the transition period from January 1, 2003 to December 31, 2004

*Commission File No. 002-76219NY*

**VICTORY CAPITAL HOLDINGS CORPORATION**

fka New Environmental Technologies Corporation

(Name of Small Business Issuer in its Charter)

NEVADA	87-0564472
-----	-----
(State or Other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

27762 Antonio Parkway  
Suite L1-497  
Ladera Ranch, CA 92694  
(Address of Principal Executive Offices)

Issuer's Telephone Number: (866) 279-9257

Securities Registered under Section 12(b) of the Exchange Act: None.

Securities Registered under Section 12(g) of the Exchange Act: None.

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

(1) Yes [X] No [ ] (2) Yes [ ] No [X]

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Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [ ]

State Issuer's revenues for its most recent fiscal year: December 31, 2003; None.

State the aggregate market value of the common voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within the past 60 days.

April 14, 2005 - \$1,215,514. There are 22,100,258 shares of common voting stock of the Registrant held by non-affiliates. During the past year, there has been a limited "public market" for shares of common stock of the Registrant, so the Registrant has arbitrarily valued these shares on the basis of the closing bid price on this date.

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes [ ] No [ ]

None; not applicable.

(APPLICABLE ONLY TO CORPORATE REGISTRANTS)

State the number of shares outstanding of each of the Issuer's classes of common equity, as of the latest practicable date:

April 15, 2005 : 22,100,258 shares of common stock issued and outstanding

**DOCUMENTS INCORPORATED BY REFERENCE**

A description of "Documents Incorporated by Reference" is contained in Part III, Item 14.

**Transitional Small Business Issuer Format Yes [X] No [ ]**

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## PART I

### **Item 1. Description of Business.**

#### **Business Development.**

#### **Corporate Developments.**

Victory Capital Holdings Corporation formerly known as New Environmental Technologies Corporation (our "Company") was organized under the laws of the State of Nevada on January 7, 1982, under the name "All Things, Inc." Our Company was formed for the purpose of engaging in all lawful businesses. Our Company's initial authorized capital consisted of 100,000,000 shares of \$0.001 par value common voting stock.

On March 21, 1985, Our Company's name was changed to "New Environmental Technologies Corporation." On April 28, 2003, Our Company's name was ultimately changed again to "Victory Capital Holdings Corporation."

Copies of the initial Articles of Incorporation of our Company and the Certificates of Amendment to the Articles of Incorporation were attached to our Annual Report on Form 10KSB for the year ended December 31, 1999. By this reference our Company's Annual Report on Form 10KSB for the year ended December 31, 1999, is incorporated herein. See Part III, Item 14.

#### **Business.**

Our Company has had no material business operations since 1989. In 2004, our Company began the search for the acquisition of assets, property or business that may benefit our Company and its stockholders. Our goal is bring value to the company and to its shareholders through such acquisitions. Each merger and acquisition we approach is done with the intention to position the company into markets and sectors where excellent growth is anticipated. The company plans to retain a percentage of stock ownership in each subsidiary while spinning them out as their own new public company. The balance of the stock will be distributed to the company's shareholders at the time of spin out of the new public. This is a non-dilutive method to increase shareholder value as we grow and maintain a position in the market segments selected.

Subsequent to the end of 2004, a Share Exchange Agreement has been entered into with Union Media News Corporation. Union Media News has an exclusive marketing opportunity to market a variety of goods and services to approximately 30,000,000 union members in North America. Each union member will be given an email address, which the local union will use to communicate and deliver news regarding real time issues with the membership. Additionally Union Media will offer to the membership lower cost Internet connection, both dial-up and high speed, local and long distance telephone service, insurance products, mortgages and finance offerings, and from time to time various goods like computers, televisions, and other related items. The main goal is to harness the purchasing power of the total union membership.

We will continue to execute on our plan to bring value to our shareholders and our company through mergers and acquisitions. Some of the acquisitions will be held as subsidiaries, while others will be spun out to our shareholders as described above. In all cases, we will continue to search for business opportunities that require capital and management assistance to grow.

**Effect of Existing or Probable Governmental Regulations on Business.**

**Sarbanes-Oxley Act.**

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act imposes a wide variety of new regulatory requirements on publicly-held companies and their insiders. Many of these requirements will affect us. For example:

- \* Our chief executive officer and chief financial officer must now certify the accuracy of all of our periodic reports that contain financial statements;
- \* Our periodic reports must disclose our conclusions about the effectiveness of our disclosure controls and procedures; and
- \* We may not make any loan to any director or executive officer and we may not materially modify any existing loans.

The Sarbanes-Oxley Act has required us to review our current procedures and policies to determine whether they comply with the Sarbanes-Oxley Act and the new regulations promulgated thereunder. We will continue to monitor our compliance with all future regulations that are adopted under the Sarbanes-Oxley Act and will take whatever actions are necessary to ensure that we are in compliance.

**Penny Stock.**

Our common stock is "penny stock" as defined in Rule 3a51-1 of the Securities and Exchange Commission. Penny stocks are stocks:

- \* with a price of less than five dollars per share;
- \* that are not traded on a "recognized" national exchange;
- \* whose prices are not quoted on the NASDAQ automated quotation system; or
- \* in issuers with net tangible assets less than \$2,000,000, if the issuer has been in continuous operation for at least three years, or \$5,000,000, if in continuous operation for less than three years, or with average revenues of less than \$6,000,000 for the last three years.

Section 15(g) of the Exchange Act and Rule 15g-2 of the Securities and Exchange Commission require broker/dealers dealing in penny stocks to provide potential investors with a document disclosing the risks of penny stocks and to obtain a manually signed and dated written receipt of the document before making any transaction in a penny stock for the investor's account. You are urged to obtain and read this disclosure carefully before purchasing any of our shares.

Rule 15g-9 of the Securities and Exchange Commission requires broker/dealers in penny stocks to approve the account of any investor for transactions in these stocks before selling any penny stock to that investor.

This procedure requires the broker/dealer to:

- \* get information about the investor's financial situation, investment experience and investment goals;
- \* reasonably determine, based on that information, that transactions in penny stocks are suitable for the investor and that the investor can evaluate the risks of penny stock transactions;

\* provide the investor with a written statement setting forth the basis on which the broker/dealer made his or her determination; and

\* receive a signed and dated copy of the statement from the investor, confirming that it accurately reflects the investors' financial situation, investment experience and investment goals.

Compliance with these requirements may make it harder for our stockholders to resell their shares.

**Reporting Obligations.**

Section 14(a) of the Exchange Act requires all companies with securities registered pursuant to Section 12(g) of the Exchange Act to comply with the rules and regulations of the Securities and Exchange Commission regarding proxy solicitations, as outlined in Regulation 14A. Matters submitted to stockholders of our Company at a special or annual meeting thereof or pursuant to a written consent will require our Company to provide our stockholders with the information outlined in Schedules 14A or 14C of Regulation 14; preliminary copies of this information must be submitted to the Securities and Exchange Commission at least 10 days prior to the date that definitive copies of this information are forwarded to our stockholders.

We are also required to file annual reports on Form 10-KSB and quarterly reports on Form 10-QSB with the Securities Exchange Commission on a regular basis, and will be required to timely disclose certain material events (e.g., changes in corporate control; acquisitions or dispositions of a significant amount of assets other than in the ordinary course of business; and bankruptcy) in a current report on Form 8-K.

**Small Business Issuer.**

The integrated disclosure system for small business issuers adopted by the Securities and Exchange Commission in Release No. 34-30968 and effective as of August 13, 1992, substantially modified the information and financial requirements of a "Small Business Issuer," defined to be an issuer that has revenues of less than \$25,000,000; is a U.S. or Canadian issuer; is not an investment company; and if a majority-owned subsidiary, the parent is also a small business issuer; provided, however, an entity is not a small business issuer if it has a public float (the aggregate market value of the issuer's outstanding securities held by non-affiliates) of \$25,000,000 or more. We are deemed to be a "small business issuer."

The Securities and Exchange Commission, state securities commissions and the North American Securities Administrators Association, Inc. ("NASAA") have expressed an interest in adopting policies that will streamline the registration process and make it easier for a small business issuer to have access to the public capital markets.

**Number of Employees.** Our Company currently has one employee.

**Item 2. Description of Property.**

Our Company has no property and limited assets; its principal executive office address and telephone number are provided to us by Jon Fullenkamp, our Company's CEO. The Company is accruing \$1,500 per month payable to Mr. Fullenkamp for this address and phone number.

**Item 3. Directors, Executive Officers, and Significant Employees****Identification of Directors and Executive Officers.**

The following table sets forth the names and the nature of all positions and offices held by all directors and executive officers of our Company for the calendar years ending December 31, 2002 and 2001, and to the date hereof, and the period or periods during which each such director or executive officer served in his or her respective positions.

		Date of	Date of
	Positions	Election or	Termination
Name	Held	Designation	Resignation
----	----	-----	-----
Jon Fullenkamp	CEO/President	9/04	*
	Director	1/04	*
Harold Gregg	Director/Interim CEO	4/03	1/04
	Secretary/Treasurer		
Richard Zinman	CEO	5/03	10/03
George Sharp	Various Interim **	12/03	3/04
TJ Culbertson	CEO/Director	10/03	3/04
	Secretary/Treasurer		

\* Presently serves in the capacities indicated.

\*\* Acted as an independent contractor, providing services to the various subsidiaries.

**Term of Office.**

The term of office of the current directors shall continue until the annual meeting of stockholders. The annual meeting of the Board of Directors immediately follows the annual meeting of stockholders, at which officers for the coming year are appointed.

**Business Experience.**

Mr. Fullenkamp joined Victory Capital Holdings Corporation in September 2004 and became the Chairman & CEO in January 2005. Additionally he has served in key executive management leadership positions with Verb Exchange, TagMaster Incorporated, IDmicro Incorporated, and CFN.

**Family Relationships.**

None

**Involvement in Certain Legal Proceedings.**

Except as indicated below and to the knowledge of management, during the past five years, no present or former director, person nominated to become a director, executive officer, promoter or control person of our Company:

- (1) Was a general partner or executive officer of any business by or against which any bankruptcy petition was filed, whether at the time of such filing or two years prior thereto;
- (2) Was convicted in a criminal proceeding or named the subject of a pending criminal proceeding (excluding traffic violations and other minor offenses);
- (3) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting, the following activities:
  - (i) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;
  - (ii) Engaging in any type of business practice; or
  - (iii) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of federal or state securities laws or federal commodities laws;
- (4) Was the subject of any order, judgment or decree, not subsequently reversed, suspended or vacated, of any federal or state authority barring, suspending or otherwise limiting for more than 60 days the right of such person to engage in any activity described above under this Item, or to be associated with persons engaged in any such activity;
- (5) Was found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any federal or state securities law, and the judgment in such civil action or finding by the Securities and Exchange Commission has not been subsequently reversed, suspended, or vacated; or
- (6) Was found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding by the Commodity Futures Trading Commission has not been subsequently reversed, suspended or vacated.

**Item 4. Executive Compensation.**

No officer or director of our Company has received any compensation of any kind in the past two years.

**Termination of Employment and Change of Control Arrangement.**

Should the resignation, retirement or other termination of Jon Fullenkamp's employment with our Company or its subsidiaries result from a change in control of our Company, or his responsibilities change following a change in control of our Company, our Company has agreed to compensate him.

**Item 5. Security Ownership of Certain Beneficial Owners and Management.**

No officer, director or employee of our Company owns any stock in the Company.

To the knowledge of management, there is no one shareholder who owns 10% or more of the stock of our Company, and there are no present arrangements or pledges of our Company's securities which may result in a change in control.

**Item 6. Certain Relationships and Related Transactions.**

**Transactions with Management and Others**

There were no material transactions, or series of similar transactions, during our Company's last three calendar years, or any currently proposed transactions, or series of similar transactions, to which our Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$50,000 and in which any director, executive officer or any security holder who is known to our Company to own of record or beneficially more than five percent of any class of our Company's common stock, or any member of the immediate family of any of the foregoing persons, had an interest.

**Certain Business Relationships.**

There were no material transactions, or series of similar transactions, during our Company's last three calendar years, or any currently proposed transactions, or series of similar transactions, to which it or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$50,000 and in which any director, executive officer or any security holder who is known to our Company to own of record or beneficially more than five percent of any class of its common stock, or any member of the immediate family of any of the foregoing persons, had an interest.

**Indebtedness of Management.**

As of December 31, 2004, our Company owed Jon Fullenkamp a signing bonus of \$50,000 and \$60,000 in incentive payments, which remain unpaid as of the date of this report.

There were no other material transactions, or series of similar transactions, during our Company's last three calendar years, or any currently proposed transactions, or series of similar transactions, to which it or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$50,000 and in which any director, executive officer or any security holder who is known to our Company to own of record or beneficially more than five percent of any class of its common stock, or any member of the immediate family of any of the foregoing persons, had an interest.

**Transactions with Promoters.**

There were no material transactions, or series of similar transactions, during our Company's last three calendar years, or any currently proposed transactions, or series of similar transactions, to which it or any of its subsidiaries was or is to be a party, in which the amount involved exceeded \$50,000 and in which any promoter or founder or any member of the immediate family of any of the foregoing persons, had an interest.

**Item 7. Legal Proceedings.**

On November 19, 2004 RingCentral, Inc. filed a complaint for breach of contract against the Company asserting they were owed by the Company \$10,000 due to under the terms of their contract. On February 15, 2005, the Company reached a settlement with the plaintiff and agreed to pay RingCentral a total of \$11,000 in several installments. This amount has been recorded as an accrued liability in the accompanying consolidated financial statements.

On December 28, 2004, the Company was served with an action for breach of contract with a former independent contractor. The complaint seeks damages in excess of \$200,000 plus punitive damages in an unstated amount. The Company denies any liability on this claim and is vigorously defending itself against it.

**PART II****Item 8. Market for Common Equity and Related Stockholder Matters.****Market Information.**

Track Data provided the following quotations. They do not represent actual transactions and they do not reflect dealer markups, markdowns or commissions.

**STOCK QUOTATIONS  
CLOSING BID**

Quarter ended	High	Low
June 30, 2003	\$2.50	\$0.03
September 30, 2003	\$0.74	\$0.35
December 31, 2003	\$0.46	\$0.15
March 31, 2004	\$0.50	\$0.13
June 30, 2004	0.40	0.12
September 30, 2004	0.17	0.07
December 31, 2004	0.11	0.05

Since April 2, 2002, our common stock has been quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. ("NASD"). Our symbol is "VTYC." However, management does not expect any established trading market to develop unless and until it has operations. In any event, no assurance can be given that any market for our Company's common stock will develop or be maintained. If a public market ever develops in the future, the sale of "unregistered" and "restricted" shares of common stock pursuant to Rule 144 of the Securities and Exchange Commission by members of management or others may have a substantial adverse impact on any such market; and all of these persons have satisfied the "holding period" under Rule 144.

**Recent Sales of Restricted Securities.**

There have been no sales of restricted securities by us during the past three years.

**Holders.**

The number of record holders of our Company's common stock as of the calendar year ended December 31, 2004 was approximately 898; these numbers do not include an indeterminate number of stockholders whose shares are held by brokers in street name. As of April 15, 2004 there are approximately 883 stockholders of record.

**Dividends.**

There are no present material restrictions that limit the ability of our Company to pay dividends on common stock or that are likely to do so in the future. Our Company has not paid any dividends with respect to its common stock, and does not intend to pay dividends in the foreseeable future.

**Item 9. Description of Exhibits.**

A table of exhibits incorporated by reference and filed with this report is included in Part III at item 14.

**Item 10. Changes in and Disagreements with Accountants.**

None.

**Item 11. Submission of Matters to a Vote of Security Holders.**

No matter was submitted to a vote of our Company's security holders during the period covered by this Annual Report or during the previous two calendar years.

**Item 12. Compliance with Section 16(a) of the Exchange Act.**

No securities of our Company are registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, and our Company files reports under Section 15(d) of the Securities Exchange Act of 1934. Accordingly, directors, executive officers and 10 percent stockholders are not required to make filings under Section 16 of the Securities Exchange Act of 1934.

**Item 13. Management's Discussion and Analysis or Plan of Operation.**

**Plan of Operation.**

Our Company has not engaged in any material operations during the year ending December 31, 2004.

Our Company's plan of operation for the next year is to execute the current business plans of our subsidiary Companies in the technology and media sectors. Victory's business objective is to increase net operating income and net asset value by focusing its efforts and assets in companies and industries with high potential for growth, equity appreciation and overall return. The Company is principally engaged in the formation of subsidiary companies to operate in emerging markets, and incubating them from their initial stages to maturity and independence.

The Company currently owns and manages the following websites:

<http://www.vtyc.com>

<http://www.victoryholding.com> -- inactive

<http://www.victoryholdings.com> -- inactive

<http://www.globalcardinc.com> -- inactive

<http://www.wagewire.com> -- inactive

<http://www.turbocard.com> -- inactive

<http://www.on-demandcorp.com> -- inactive

<http://www.ondemandcommunications.com> -- inactive

Our Company's cash requirements during the next year will relate to the start up of Union Media, financing other acquisitions, and maintaining our Company in good standing in the State of Nevada, as well as legal fees, accounting fees, and general and administrative expenses in connection with the adoption of it's business plan. Management does anticipate that our Company may raise additional funds during the next year.

**PART F/S**

**VICTORY CAPITAL HOLDINGS CORPORATION  
AND SUBSIDIARIES  
(A Development Stage Company)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**December 31, 2004**

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
Victory Capital Holdings Corporation and Subsidiaries  
(A Development Stage Company)  
Ladera Ranch, California

We have audited the accompanying consolidated balance sheet of Victory Capital Holdings Corporation and Subsidiaries (a development stage company) as of December 31, 2004 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the years ended December 31, 2004 and 2003 and from inception on January 7, 1982 through December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Victory Capital Holdings Corporation and Subsidiaries (a development stage company) as of December 31, 2004 and the results of their operations and their cash flows for the years ended December 31, 2004 and 2003 and from inception on January 7, 1982 through December 31, 2004 in conformity with United States of America generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 5 to the consolidated financial statements, the Company is a development stage company and has a deficit working capital and stockholders' deficit along with no significant operating revenues to date which raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 5. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HJ Associates & Consultants, LLP  
Salt Lake City, Utah  
April 9, 2005

**VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES**

(A Development Stage Company)

Consolidated Balance Sheet

**ASSETS**

**CURRENT ASSETS:**

Cash	\$ -
Prepaid assets	246
Total current assets	246

Property and equipment, net of accumulated depreciation of \$369	1,924
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Total assets	\$ 2,170
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**LIABILITIES AND STOCKHOLDERS' DEFICIT**

**CURRENT LIABILITIES:**

Accounts payable	\$ 18,070
Payable - related party	147,927
Accrued expenses and liabilities	148,792
Accrued liability - related party	110,000
Total current liabilities	424,789
Total liabilities	424,789

Commitments and contingencies (Notes 6 and 8)

**Stockholders' deficit:**

Common stock, \$.001 par value; 100,000,000 share authorized; 22,100,258 issued and outstanding	22,100
Additional paid-in-capital	1,977,463
Accumulated deficit	(2,422,182)
Total stockholders' deficit	(422,619)

Total liabilities and stockholders' deficit	\$ 2,170
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The accompanying notes are an integral part of these consolidated financial statements.

**VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES**

(A Development Stage Company)  
Consolidated Statements of Operations

	For the Year Ended December 31,		For the period of Inception, from January 7, 1982 through December 31, 2004
	2004	2003	
Revenues	\$ -	\$ -	\$ -
Costs and expenses:			
General and administrative expenses	111,340	95,930	430,433
Consulting	1,304,450	393,032	1,697,482
Wages and salaries	144,000	104,000	248,000
Operating loss	(1,559,790)	(592,962)	(2,375,915)
Other income and (expenses):			
Loss from reduction in debt	(48,363)	-	(48,363)
Other income	2,096	-	2,096
	\$		
Net loss	(1,606,057)	\$ (592,962)	\$ (2,422,182)
Basic and dilutive net loss per share	\$ (0.08)	\$ (0.05)	
Weighted average number of shares outstanding	20,841,351	11,732,910	

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

**VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES**

(A Development Stage Company)

## Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional	Accumulated Deficit During	Total
	Shares	Amount	Paid-in Capital	Development Stage	
Balances at January 7, 1982	-	\$ -	\$ -	\$ -	\$ -
Common stock issued for cash at \$7.50 per share	6,000	6	45,000	-	45,006
Common stock issued for cash at \$0.39 per share	168,503	169	65,819	-	65,988
Net loss from inception on January 7, 1982					
through December 31, 1982	-	-	-	(39,597)	(39,597)
Balances at December 31, 1982	174,503	175	110,819	(39,597)	71,397
Net loss for the year ended December 31, 1983	-	-	-	(71,397)	(71,397)
Balances at December 31, 1983	174,503	175	110,819	(110,994)	-
Common stock issued for cash at \$25.00 per share	57	-	1,425	-	1,425
Common stock issued for cash at \$25.00 per share	3	-	75	-	75
Common stock issued for cash at \$0.025 per share	1,580,000	1,580	38,373	-	39,953
Net loss for the year ended December 31, 1984	-	-	-	-	-
Balances at December 31, 1984	1,754,563	1,755	150,692	(110,994)	41,453
Cancellation of common stock	(1,296,132)	(1,297)	-	-	(1,297)
Net loss for the year ended December 31, 1985	-	-	-	-	-
Balances at December 31, 1985	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1986	-	-	-	-	-
Balances at December 31, 1986	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1987	-	-	-	-	-
Balances at December 31, 1987	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1988	-	-	-	-	-
Balances at December 31, 1988	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1989	-	-	-	-	-
Balances at December 31, 1989	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1990	-	-	-	-	-
Balances at December 31, 1990	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1991	-	-	-	-	-
Balances at December 31, 1991	458,431	458	150,692	(110,994)	40,156
Net loss for the year ended December 31, 1992	-	-	-	-	-
Balances at December 31, 1992	458,431	\$ 458	\$ 150,692	\$ (110,994)	\$ 40,156

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

**VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES**

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Stock		Additional	Accumulated Deficit During	Total
	Shares	Amount	Paid-in Capital	Development Stage	
Balances at December 31, 1992	458,431	\$ 458	\$ 150,692	\$ (110,994)	\$ 40,156
Net loss for the year ended December 31, 1993	-	-	-	-	-
Balances at December 31, 1993	458,431	458	150,692	(110,994)	40,156
Cancellation of common stock	(316,000)	(316)	-	-	(316)
Net loss for the year ended December 31, 1994	-	-	-	(6,656)	(6,656)
Balances at December 31, 1994	142,431	142	150,692	(117,650)	33,184
Common stock issued for cash at \$0.001 per share	2,357,895	2,358	-	-	2,358
Net loss for the year ended December 31, 1995	-	-	-	(49,097)	(49,097)
Balances at December 31, 1995	2,500,326	2,500	150,692	(166,747)	(13,555)
Common stock issued for cash at \$0.001 per share	120,000	120	-	-	120
Net loss for the year ended December 31, 1996	-	-	-	(1,681)	(1,681)
Balances at December 31, 1996	2,620,326	2,620	150,692	(168,428)	(15,116)
Net loss for the year ended December 31, 1997	-	-	-	(3,517)	(3,517)
Balances at December 31, 1997	2,620,326	2,620	150,692	(171,945)	(18,633)
Net loss for the year ended December 31, 1998	-	-	-	(2,479)	(2,479)
Balances at December 31, 1998	2,620,326	2,620	150,692	(174,424)	(21,112)
Net loss for the year ended December 31, 1999	-	-	-	(6,307)	(6,307)
Balances at December 31, 1999	2,620,326	2,620	150,692	(180,731)	(27,419)
Net loss for the year ended December 31, 2000	-	-	-	(9,011)	(9,011)
Balances at December 31, 2000	2,620,326	2,620	150,692	(189,742)	(36,430)
Net loss for the year ended December 31, 2001	-	-	-	(19,461)	(19,461)
Balances at December 31, 2001	2,620,326	2,620	150,692	(209,203)	(55,891)
Contributed capital for rent and other compensation	-	-	1,950	-	1,950
Net loss for the year ended December 31, 2002	-	-	-	(13,960)	(13,960)
					\$
Balances at December 31, 2002	2,620,326	\$ 2,620	\$ 152,642	\$ (223,163)	(67,901)

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



**VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES**

(A Development Stage Company)

Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Stock		Additional	Accumulated Deficit During	Total
	Shares	Amount	Paid-in Capital	Development Stage	
Balances at December 31, 2002	2,620,326	\$ 2,620	\$ 152,642	\$ (223,163)	\$ (67,901)
Contributed capital for rent and officer compensation	-	-	488	-	488
Capital contributed by shareholders through forgiveness of accounts payable and interest		-	77,415	-	77,415
Common stock issued for services \$0.025 per share	13,389,932	13,390	321,358	-	334,748
Common stock issued for legal services at \$0.61 per share	100,000	100	60,900	-	61,000
Common stock issued for consulting services at \$0.47 per share	10,000	10	4,690	-	4,700
Net loss for the year ended December 31, 2003	-	-	-	(592,962)	(592,962)
Balances at December 31, 2003	16,120,258	16,120	617,493	(816,125)	(182,512)
Common stock issued for services at \$0.16 per share	1,000,000	1,000	159,000	-	160,000
Common stock issued for services at \$0.17 per share	1,800,000	1,800	304,200	-	306,000
Common stock issued for services at \$0.165 per share	800,000	800	131,200	-	132,000
Common stock issued for services at \$0.215 per share	30,000	30	6,420	-	6,450
Common stock issued for debt at \$0.45 per share	150,000	150	67,350	-	67,500
Common stock issued for services at \$0.40 per share	300,000	300	119,700	-	120,000
Common stock issued for services at \$0.34 per share	700,000	700	237,300	-	238,000
Common stock issued for services at \$0.41 per share	300,000	300	122,700	-	123,000
Common stock issued for services at \$0.27 per share	300,000	300	80,700	-	81,000
Common stock issued for services at \$0.22 per share	600,000	600	131,400	-	132,000
Net loss for the year ended December 31, 2004	-	-	-	(1,606,057)	(1,606,057)
			\$		
Balances at December 31, 2004	22,100,258	\$ 22,100	1,977,463	\$ (2,422,182)	# \$ (422,619)

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

	Common Stock		Additional	Accumulated Deficit During	Total
	Shares	Amount	Paid-in Capital	Development Stage	
Balances at December 31, 2002	2,620,326	\$ 2,620	\$ 152,642	\$ (223,163)	\$ (67,901)
Contributed capital for rent and officer compensation	-	-	488	-	488
Capital contributed by shareholders through forgiveness					

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of accounts payable and interest	-	77,415	-	77,415
Common stock issued for services \$0.025 per share	13,389,932	13,390	321,358	-
Common stock issued for legal services				334,748
at \$0.61 per share	100,000	100	60,900	-
Common stock issued for consulting services				61,000
at \$0.47 per share	10,000	10	4,690	-
Net loss for the year ended December 31, 2003	-	-	-	(592,962)
Balances at December 31, 2003	16,120,258	16,120	617,493	(816,125)
				(182,512)
Common stock issued for services at \$0.16 per share	1,000,000	1,000	159,000	-
Common stock issued for services at \$0.17 per share	1,800,000	1,800	304,200	
				160,000