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VICTORY CAPITAL HOLDINGS CORP
Form 10QSB
May 09, 2003

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

FORM 10-QSB

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

For the quarterly period ended March 31, 2003

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

For the transition period from December 31, 2002 to March 31, 2003

Commission File No. 2-76219-NY

VICTORY CAPITAL HOLDINGS CORPORATION
Fka New Environmental Technologies Corporation

(Name of Small Business Issuer in its Charter)

NEVADA

(State or Other Jurisdiction of
incorporation or organization)

87-0564472

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

7860 Mission Center Court, Suite 100
San Diego, California 92108

(Address of Principal Executive Offices)

Issuer's Telephone Number: (866) 570-6992

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

(1) Yes No (2) Yes No

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

Not applicable.

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

March 31, 2003

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2,620,326

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A DEVELOPMENT STAGE COMPANY)

FINANCIAL STATEMENTS

MARCH 31, 2003 AND DECEMBER 31, 2002

NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Balance Sheets

ASSETS

| | March 31, 2003 ----- (Unaudited) | December 31, 2002 ----- |
|----------------|---|-------------------------------|
| CURRENT ASSETS | | |
| Cash | \$ -- | \$ -- |
| | ----- | ----- |
| TOTAL ASSETS | \$ -- | \$ -- |
| | ===== | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

| | | |
|--|-----------|-----------|
| Accounts payable | \$ 45,008 | \$ 40,590 |
| Accounts payable - related party | 24,180 | 23,311 |
| Accrued interest payable - related party | 5,900 | 4,000 |
| | ----- | ----- |
| Total Liabilities | 75,088 | 67,901 |

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| | | |
|--|-----------|-----------|
| STOCKHOLDERS' EQUITY (DEFICIT) | | |
| Common stock authorized 100,000,000 shares at \$0.001 par value; 2,620,326 and 2,620,326 shares issued and outstanding, respectively | 2,620 | 2,620 |
| Additional paid-in capital | 153,130 | 152,642 |
| Deficit accumulated during the development stage | (230,838) | (223,163) |
| | ----- | ----- |
| Total Stockholders' Equity (Deficit) | (75,088) | (67,901) |
| | ----- | ----- |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT) | \$ -- | \$ -- |
| | ===== | ===== |

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Operations
(Unaudited)

| | For the Three Months Ended March 31, | | From Inception on January 7, 1982 Through March 31, |
|--|--|------------|---|
| | 2003 | 2002 | 2003 |
| | ----- | ----- | ----- |
| REVENUES | \$ - | \$ - | \$ - |
| EXPENSES | 5,775 | 3,633 | 224,938 |
| | ----- | ----- | ----- |
| LOSS FROM OPERATIONS | (5,775) | (3,633) | (224,938) |
| INTEREST EXPENSE | (1,900) | (400) | (5,900) |
| | ----- | ----- | ----- |
| NET LOSS | \$ (7,675) | \$ (4,033) | \$ (230,838) |
| | ===== | ===== | ===== |
| BASIC NET LOSS PER SHARE OF COMMON STOCK | \$ (0.00) | \$ (0.00) | |
| | ===== | ===== | |
| BASIC WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING | 2,620,326 | 2,620,326 | |
| | ===== | ===== | |

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

NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit)

| | Common Stock | | Additional Paid-in Capital |
|--|--------------|---------|----------------------------------|
| | Shares | Amount | |
| Balance, January 7, 1982 | - | \$ - | \$ - |
| Common stock issued for cash at \$7.50 per share | 6,000 | 6 | 45,000 |
| Common stock issued for cash at \$0.39 per share | 168,503 | 169 | 65,819 |
| Net loss from inception on January 7, 1982 through December 31, 1982 | - | - | - |
| Balance, December 31, 1982 | 174,503 | 175 | 110,819 |
| Net loss for the year ended December 31, 1983 | - | - | - |
| Balance, December 31, 1983 | 174,503 | 175 | 110,819 |
| Common stock issued for cash at \$25.00 per share | 57 | - | 1,425 |
| Common stock issued for cash at \$25.00 per share | 3 | - | 75 |
| Common stock issued for cash at \$0.25 per share | 1,580,000 | 1,580 | 38,373 |
| Net loss for the year ended December 31, 1984 | - | - | - |
| Balance, December 31, 1984 | 1,754,563 | 1,755 | 150,692 |
| Retired common stock, | (1,296,132) | (1,297) | - |
| Net loss for the year ended December 31, 1985 | - | - | - |

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| | | | |
|--|---------|--------|------------|
| Balance, December 31, 1985 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1986 | - | - | - |
| Balance, December 31, 1986 | 458,431 | \$ 458 | \$ 150,692 |

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)

| | Common Stock | | Additional Paid-in Capital |
|--|--------------|--------|----------------------------------|
| | Shares | Amount | |
| Balance, December 31, 1986 | 458,431 | \$ 458 | \$ 150,692 |
| Net loss for the year ended December 31, 1987 | - | - | - |
| Balance, December 31, 1987 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1988 | - | - | - |
| Balance, December 31, 1988 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1989 | - | - | - |
| Balance, December 31, 1989 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1990 | - | - | - |
| Balance, December 31, 1990 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1991 | - | - | - |
| Balance, December 31, 1991 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1992 | - | - | - |

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| | | | |
|--|-----------|--------|------------|
| Balance, December 31, 1992 | 458,431 | 458 | 150,692 |
| Net loss for the year ended December 31, 1993 | - | - | - |
| Balance, December 31, 1993 | 458,431 | 458 | 150,692 |
| Canceled common stock | (316,000) | (316) | - |
| Net loss for the year ended December 31, 1994 | - | - | - |
| Balance, December 31, 1994 | 142,431 | \$ 142 | \$ 150,692 |

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)

| | Common Stock | | Additional Paid-in Capital |
|--|--------------|--------|----------------------------------|
| | Shares | Amount | |
| Balance, December 31, 1994 | 142,431 | \$ 142 | \$ 150,692 |
| Common stock issued for services at \$0.001 per share | 160,000 | 160 | - |
| Common stock issued for services at \$0.001 per share | 2,197,895 | 2,198 | - |
| Net loss for the year ended December 31, 1995 | - | - | - |
| Balance, December 31, 1995 | 2,500,326 | 2,500 | 150,692 |
| Common stock issued for services at \$0.001 per share | 120,000 | 120 | - |
| Net loss for the year ended December 31, 1996 | - | - | - |
| Balance, December 31, 1996 | 2,620,326 | 2,620 | 150,692 |
| Net loss for the year ended December 31, 1997 | - | - | - |

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| | | | |
|--|-----------|----------|------------|
| Balance, December 31, 1997 | 2,620,326 | 2,620 | 150,692 |
| Net loss for the year ended December 31, 1998 | - | - | - |
| Balance, December 31, 1998 | 2,620,326 | 2,620 | 150,692 |
| Net loss for the year ended December 31, 1999 | - | - | - |
| Balance, December 31, 1999 | 2,620,326 | 2,620 | 150,692 |
| Net loss for the year ended December 31, 2000 | - | - | - |
| Balance, December 31, 2000 | 2,620,326 | \$ 2,620 | \$ 150,692 |

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Stockholders' Equity (Deficit) (Continued)

| | Common Stock | | Additional Paid-in Capital |
|---|--------------|----------|----------------------------------|
| | Shares | Amount | |
| Balance, December 31, 2000 | 2,620,326 | \$ 2,620 | \$ 150,692 |
| Net loss for the year ended December 31, 2001 | - | - | - |
| Balance, December 31, 2001 | 2,620,326 | 2,620 | 150,692 |
| Contributed capital for rent and officer compensation | - | - | 1,950 |
| Net loss for the year ended December 31, 2002 | - | - | - |
| Balance, December 31, 2002 | 2,620,326 | 2,620 | 152,642 |
| Contributed capital for rent and officer compensation (unaudited) | - | - | 488 |
| Net loss for the three months ended March 31, 2003 (unaudited) | - | - | - |

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| | | | | | |
|--|-----------|----|-------|----|---------|
| Balance, March 31, 2003 (unaudited) | 2,620,326 | \$ | 2,620 | \$ | 153,130 |
|--|-----------|----|-------|----|---------|

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

| | For the Three Months Ended March 31, | |
|--|--|------------|
| | 2003 | 2002 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (7,675) | \$ (4,033) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Stock issued for services | - | - |
| Contributed capital for rent and officer compensation | 488 | - |
| Increase in accounts payable and accounts payable - related party | 7,187 | 4,023 |
| Net Cash Used by Operating Activities | - | (10) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | - | - |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Issuance of common stock for cash | - | - |
| Net Cash Provided by Financing Activities | - | - |
| NET DECREASE IN CASH | - | (10) |
| CASH AT BEGINNING OF PERIOD | - | 10 |
| CASH AT END OF PERIOD | \$ - | \$ - |

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| | ===== | ===== | ===== | ===== |
|--|-------|-------|-------|-------|
| CASH PAID FOR: | | | | |
| Interest | \$ | - | \$ | - |
| Income taxes | \$ | - | \$ | - |
| SCHEDULE OF NON CASH FINANCING ACTIVITIES | | | | |
| Stock issued for services | \$ | - | \$ | - |
| Contributed capital for rent and officer Compensation | \$ | 488 | \$ | - |

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

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION
(A Development Stage Company)
Notes to the Financial Statements
March 31, 2003 and December 31, 2002

NOTE 1 - CONDENSED FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by the Company without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2003 and 2002 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's December 31, 2002 audited financial statements. The results of operations for the period ended March 31, 2003 and 2002 are not necessarily indicative of the operating results for the full years.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the

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Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include seeking opportunities to merge with an existing operating company. In the interim, the shareholders of the Company will cover all operating expenses. Management cannot provide any assurances that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

NOTE 3 - SUBSEQUENT EVENTS

On April 14, 2003, the Company reached an agreement with a shareholder to satisfy outstanding bills for legal services, of \$22,278, in exchange for a cash payment of \$12,881. The difference will be recorded as a contribution of additional paid-in capital occurring in the three months ended June 30, 2003.

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NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION (A Development Stage Company) Notes to the Financial Statements March 31, 2003 and December 31, 2002

NOTE 3 - SUBSEQUENT EVENTS (Continued)

On April 14, 2003, the Company's president and CEO paid \$14,278 towards the satisfaction of certain company accounts payable. This will result in the reclassification of accounts payable to accounts payable - related party for \$14,278 during the three months ended June 30, 2003.

On April 14, 2003, shareholders accounting for 2,279,077 shares, or 87% of the Company's outstanding common stock, entered into a share purchase agreement whereby all of the common stock held by the aforementioned shareholders was exchanged in consideration for \$275,000. As a result, the purchasers have established a controlling interest in the Company.

On April 14, 2003, the Company accepted the resignation of its president and CEO, David C. Merrell. In his place, the Company has appointed Harold Gregg as interim president and CEO.

On May 2, 2003, the Company reached an agreement with the Company's former president and CEO to satisfy outstanding obligations and accrued interest related to cash advances made to the Company, of \$44,358. As the former president and CEO continues to own a significant number of shares of the Company's common stock, the amount will be considered as a contribution of additional paid-in capital occurring in the three months ended June 30, 2003.

ITEM 2. PLAN OF OPERATIONS

Safe Harbor Statement

This Form 10-QSB contains certain forward-looking statements. For this purpose any statements contained in this Form 10-QSB that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "estimate" or "continue" or comparable terminology are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors.

Plan of Operations

The Company has little cash and has experienced losses. As of March 31, 2003, the Company had \$ 0 cash on hand. As of that date the Company had \$75,088 in outstanding liabilities.

As of the date of this report, the Company has yet to generate positive cash flow. The Company has financed its operations primarily through the sale of common stock.

The Company believes that its current cash needs can be met either through the sale of additional stock or through loans. Should the Company obtain a business opportunity, however, it may be necessary to raise additional capital. This may be accomplished by selling common stock of the Company.

Management of the Company has defined several business opportunities in the technology, finance and media sectors for the Company during the next twelve months.

ITEM 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Based on an evaluation under the supervision and with the participation of the our management as of a date within 90 days of the filing date of this Quarterly Report on Form 10-QSB, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, are effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Controls. There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation. There were no significant deficiencies or material weaknesses, and therefore there were no corrective actions taken. However, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events and there is no certainty that any design will succeed in achieving its stated goal under all potential future considerations, regardless of how remote.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None; not applicable.

Item 2. Changes in Securities.

None; not applicable.

Item 3. Defaults Upon Senior Securities.

None; not applicable.

Item 4. Submission of Matters to a Vote of Security Holders.

None; not applicable.

Item 5. Other Information.

None; not applicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits.

None.

(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 there unto duly authorized.

New Environmental Technologies Corporation

Date: 05/08/03

By /s/ Harold Gregg

Harold Gregg
Director and President
Secretary and Treasurer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Harold Gregg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Victory Capital Holdings Corporation fka New Environmental Technologies Corporation.
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 annual report.
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

Date: May 8, 2003

/s/ Harold Gregg

Harold Gregg
President and Director and Treasurer
(principal executive officer)
(principal financial officer)