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VICTORY CAPITAL HOLDINGS CORP
Form 10QSB
September 13, 2004

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 June 30, 2004

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

Commission File No. 2-76219-NY

VICTORY CAPITAL HOLDINGS CORPORATION

(Name of Small Business Issuer in its Charter)

NEVADA

87-0564472

(State or Other Jurisdiction of
incorporation or organization)

(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:

September 7, 2004

61,866,925 (40,666,667 is held in Treasury)
21,200,258

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2004 AND DECEMBER 31, 2003

VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Balance Sheets

ASSETS

	June 30, 2004	December 31, 2003
	----- (Unaudited)	-----
CURRENT ASSETS		
Cash	\$ --	\$ --
	-----	-----
Total Current Assets	--	--
	-----	-----
FIXED ASSETS, NET	2,153	520
	-----	-----
TOTAL ASSETS	\$ 2,153	\$ 520
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$ 32,283	\$ 28,472
Accounts payable - related party	73,158	42,604
Accrued payroll and payroll taxes	137,792	111,956
	-----	-----
Total Liabilities	243,233	183,032
	-----	-----

STOCKHOLDERS' EQUITY (DEFICIT)

Common stock authorized 100,000,000 shares at

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\$0.001 par value; 21,200,258 and 16,120,258 shares issued and outstanding, respectively	21,200	16,120
Additional paid-in capital	1,765,363	617,493
Deficit accumulated during the development stage	(2,027,643)	(816,125)
	-----	-----
Total Stockholders' Equity (Deficit)	(241,080)	(182,512)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 2,153	\$ 520
	=====	=====

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2004	2003	2004	2003
	-----	-----	-----	-----
REVENUES	\$ --	\$ --	\$ --	\$ --
	-----	-----	-----	-----
EXPENSES				
Consulting expense	--	327,332	965,450	327,332
Salaries and wages	--	20,000	144,000	20,000
General and administrative	41,517	32,599	53,705	38,374
	-----	-----	-----	-----
Total Expenses	41,517	379,931	1,163,155	385,706
	-----	-----	-----	-----
LOSS FROM OPERATIONS	(41,517)	(379,931)	(1,163,155)	(385,706)
OTHER INCOME (EXPENSE)				
Loss on extinguishment of debt	--	--	(48,363)	--
Interest expense	--	--	--	(1,900)
	-----	-----	-----	-----
Total Other Income	--	--	(48,363)	--

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NET LOSS	\$ (41,517)	\$ (379,931)	\$ (1,211,518)	\$ (387,606)
BASIC LOSS PER SHARE OF COMMON STOCK	\$ (0.00)	\$ (0.03)	\$ (0.06)	\$ (0.05)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	21,200,258	11,890,279	19,387,291	7,280,910

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit)

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
	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	--	--	--	(39,597)
Balance, December 31, 1982	174,503	175	110,819	(39,597)
Net loss for the year ended December 31, 1983	--	--	--	(71,397)
Balance, December 31, 1983	174,503	175	110,819	(110,994)
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	--

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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	(110,994)
Retired common stock,	(1,296,132)	(1,297)	--	--
Net loss for the year ended December 31, 1985	--	--	--	--
Balance, December 31, 1985	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1986	--	--	--	--
Balance, December 31, 1986	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1987	--	--	--	--
Balance, December 31, 1987	458,431	\$ 458	\$ 150,692	\$ (110,994)

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
	Shares	Amount		
Balance, December 31, 1987	458,431	\$ 458	\$ 150,692	\$ (110,994)
Net loss for the year ended December 31, 1988	--	--	--	--
Balance, December 31, 1988	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1989	--	--	--	--

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Balance, December 31, 1989	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1990	--	--	--	--
Balance, December 31, 1990	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1991	--	--	--	--
Balance, December 31, 1991	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1992	--	--	--	--
Balance, December 31, 1992	458,431	458	150,692	(110,994)
Net loss for the year ended December 31, 1993	--	--	--	--
Balance, December 31, 1993	458,431	458	150,692	(110,994)
Canceled common stock	(316,000)	(316)	--	--
Net loss for the year ended December 31, 1994	--	--	--	(6,656)
Balance, December 31, 1994	142,431	142	150,692	(117,650)
Common stock issued for services at \$0.001 per share	2,357,895	2,358	--	--
Net loss for the year ended December 31, 1995	--	--	--	(49,097)
Balance, December 31, 1995	2,500,326	\$ 2,500	\$ 150,692	\$ (166,747)

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
Shares	Amount		
-----	-----	-----	-----

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Balance, December 31, 1995	2,500,326	\$ 2,500	\$ 150,692	\$ (166,747)
Common stock issued for services at \$0.001 per share	120,000	120	--	--
Net loss for the year ended December 31, 1996	--	--	--	(1,681)
Balance, December 31, 1996	2,620,326	2,620	150,692	(168,428)
Net loss for the year ended December 31, 1997	--	--	--	(3,517)
Balance, December 31, 1997	2,620,326	2,620	150,692	(171,945)
Net loss for the year ended December 31, 1998	--	--	--	(2,479)
Balance, December 31, 1998	2,620,326	2,620	150,692	(174,424)
Net loss for the year ended December 31, 1999	--	--	--	(6,307)
Balance, December 31, 1999	2,620,326	2,620	150,692	(180,731)
Net loss for the year ended December 31, 2000	--	--	--	(9,011)
Balance, December 31, 2000	2,620,326	2,620	150,692	(189,742)
Net loss for the year ended December 31, 2001	--	--	--	(19,461)
Balance, December 31, 2001	2,620,326	2,620	150,692	(209,203)
Contributed capital for rent and officer compensation	--	--	1,950	--
Net loss for the year ended December 31, 2002	--	--	--	(13,960)
Balance, December 31, 2002	2,620,326	2,620	152,642	(223,163)
Contributed capital for rent and officer compensation	--	--	488	--
Capital contributed by shareholders through forgiveness of accounts payable and interest	--	--	77,415	--
Balance forward	2,620,326	\$ 2,620	\$ 230,545	\$ (223,163)

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Stockholders' Equity (Deficit) (Continued)

	Common Stock		Additional Paid-in Capital	Deficit Accumulated During the Development Stage
	Shares	Amount		
Balance forward	2,620,326	\$ 2,620	\$ 230,545	\$ (223,163)
Common stock issued for services at \$0.025 per share	13,389,932	13,390	321,358	--
Common stock issued for services at \$0.61 per share	100,000	100	60,900	--
Common stock issued for services at \$0.47 per share	10,000	10	4,690	--
Net loss for the year ended December 31, 2003	--	--	--	(592,962)
Balance, December 31, 2003	16,120,258	16,120	617,493	(816,125)
Common stock issued for services at \$0.16 per share (unaudited)	1,000,000	1,000	159,000	--
Common stock issued for services at \$0.17 per share (unaudited)	1,800,000	1,800	304,200	--
Common stock issue for services at \$0.165 per share (unaudited)	800,000	800	131,200	--
Common stock issued for services at \$0.215 per share (unaudited)	30,000	30	6,420	--
Common stock issued for debt at \$0.45 per share (unaudited)	150,000	150	67,350	--
Common stock issued for services at \$0.40 per share (unaudited)	300,000	300	119,700	--
Common stock issued for services at \$0.34 per share (unaudited)	700,000	700	237,300	--
Common stock issued for services at \$0.41 per share (unaudited)	300,000	300	122,700	--

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Net loss for the three months ended June 30, 2004 (unaudited)	--	--	--	(1,211,518)
	-----	-----	-----	-----
Balance, June 30, 2004 (unaudited)	21,200,258	\$ 21,200	\$ 1,765,363	\$ (2,027,643)
	=====	=====	=====	=====

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Consolidated Statements of Cash Flows
(Unaudited)

	For the Six Months Ended June 30,		From Inception on January 7, 1982 Through June 30,
	2004	2003	2004
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (1,211,518)	\$ (387,606)	\$ (2,027,643)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation	60	30	140
Loss on extinguishment of debt	48,363	--	48,363
Stock issued for services	1,085,450	327,332	1,488,436
Contributed capital for rent and officer compensation	--	488	2,438
Increase in accounts payable and accounts payable - related party	53,502	42,756	205,994
Increase to accrued liabilities	25,836	17,600	133,792
	-----	-----	-----
Net Cash Used by Operating Activities	1,693	600	(148,480)
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(1,693)	(600)	(2,293)
	-----	-----	-----
Net Cash Used by Investing Activities	(1,693)	(600)	(2,293)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of common stock for cash	--	--	150,773
	-----	-----	-----

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Net Cash Provided by Financing Activities	--	--	150,773
NET DECREASE IN CASH	--	--	--
CASH AT BEGINNING OF PERIOD	--	--	--
CASH AT END OF PERIOD	\$ --	\$ --	\$ --
CASH PAID FOR:			
Interest	\$ --	\$ --	\$ --
Income taxes	\$ --	\$ --	\$ --
SCHEDULE OF NON CASH FINANCING ACTIVITIES			
Stock issued for services	\$ 1,085,450	\$ 334,748	\$ 1,488,436
Contributed capital for rent and officer compensation	\$ --	\$ 488	\$ 2,438
Contributed capital by shareholders	\$ --	\$ --	\$ 77,415

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

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VICTORY CAPITAL HOLDINGS CORPORATION AND SUBSIDIARIES
(A Development Stage Company)
Notes to the Consolidated Financial Statements
June 30, 2004 and December 31, 2003

NOTE 1 - CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated 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 June 30, 2004 and 2003 and for all periods presented have been made.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's December 31, 2003 audited consolidated financial statements. The results of operations for the period ended June 30, 2004 is not necessarily indicative of the operating results for the full year.

NOTE 2 - GOING CONCERN

The Company's consolidated financial statements are prepared using

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accounting principles generally accepted in the United States of America 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 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 consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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

Plan of Operation.

Our Company has launched 3 unique service products and is now managing several marketing programs designed to increase our existing subscriber base for our OnDemand and Global Card products. During our 2nd Quarter, OnDemand enrolled 3 nationally recognized corporate accounts, which represent a 3rd quarter rollout of over 75,000 customers in North America. Our average Monthly Subscription Revenue (MSR) represents \$13.97 yet we anticipate increasing our MSR with the launch of our VoIP (Voice over Internet Protocol) UnityVoice product, set to launch 3rd Quarter. It is our goal to complete the roll-out of these corporate customers by December 31, 2004.

Our Company's plan of operation for the next quarter is to continue executing the business plans of our subsidiary Companies in the following sectors: (a) Technology, (On Demand Communications Corp.) (b) Finance, (Global Card, Inc.) and Media. 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.

Item 3. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

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Victory Capital Holdings Corporation's President and Secretary/Treasurer have evaluated the company's disclosure controls and procedures as of September 07, 2004, and they concluded that these controls and procedures are effective.

(b) Changes in Internal Controls

There are no significant changes in internal controls or in other factors that could significantly affect these controls subsequent to September 07, 2004.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

The Company was a named defendant in an unlawful detainer action filed in Los Angeles County, California. During the 2nd Quarter the Company's legal representation entered final settlement and the matter has been dismissed with prejudice.

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.

On November 17, 2003 the Company relieved Jersey Transfer and Trust Company of the duties as the Company's Transfer Agent and engaged Mellon Investor Services to fill these duties and responsibilities.

Harold Gregg, the Company's Chairman and Interim CEO, owns 0% of the Company's common stock, is eligible under the Performance Agreement dated January 1, 2004, which is valid through December 31, 2004, to be issued 10% of the Company's common stock at a .10 share price. These shares will be issued in the event that the business plan referenced above in item 2. is either met or exceeded.

Mr. Gregg, also serves as General Counsel for Ascot Investments, Inc., which holds 4.0% of the Company's common stock. In addition, Mr. Gregg serves as General Counsel of Ascot Aviations, Inc. and CTSO, Inc., which both hold 4.0% of the Company's common stock. Mr. Gregg currently holds a seat on the Board of Directors of Ascot Investments, Inc. Both Ascot Aviations, Inc. and CTSO, Inc. are portfolio holdings of Ascot Investments, Inc.

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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 thereunto duly authorized.

Victory Capital Holdings Corporation
fka New Environmental Technologies Corporation

Date: 09/10/04

By: /s/Harold Gregg

Harold Gregg
Director and CEO
Secretary and Treasurer

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Harold Gregg, President of Victory Capital Holdings Corporation, (the "Registrant"), certify that:

1. I have reviewed this Annual Report on Form 10-QSB ("the Annual Report") of the Registrant;
2. Based on my knowledge, this Annual 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 Annual 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;
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 Annual Report is being prepared;
 - b) evaluated the effectiveness of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this Annual Report (the "Evaluation Date"); and

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- c) presented in this Annual 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; and
6. The Registrant's other certifying officer and I have indicated in this Annual 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: September 10, 2004

Signature: /s/ Harold Gregg

Harold Gregg
President

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 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. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report.
- 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report. Date: September 10, 2004

/s/ Harold Gregg

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Harold Gregg
Chairman of the Board and Treasurer
(principal executive officer)
(principal financial officer)