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VICTORY CAPITAL HOLDINGS CORP
Form 10QSB
November 12, 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 September 30, 2003

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

For the transition period from June 30, 2003 to September 30, 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

87-0564472

(State or Other Jurisdiction of
incorporation or organization)

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

9663 Santa Monica Blvd, Suite 806
Beverly Hills, California 90210

(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 30, 2003

16,110,258

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VICTORY CAPITAL HOLDINGS CORPORATION
 (Formerly New Environmental Technologies Corporation)
 (A Development Stage Company)

FINANCIAL STATEMENTS

September 30, 2003 and December 31, 2002

1

VICTORY CAPITAL HOLDINGS CORPORATION
 (FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
 (A Development Stage Company)
 Balance Sheets

ASSETS

	September 30, 2003 (Unaudited)	December 31, 2002
	-----	-----
CURRENT ASSETS		
Cash	\$ --	\$ --
	-----	-----
Total Current Assets	--	--
FIXED ASSETS, NET		
	540	--
	-----	-----
TOTAL ASSETS	\$ 540	\$ --
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$ 6,647	\$ 40,590
Accounts payable - related party	28,181	23,311
Accrued payroll and payroll taxes	86,190	--
Accrued interest payable - related party	--	4,000
	-----	-----
Total Liabilities	121,018	67,901

STOCKHOLDERS' EQUITY (DEFICIT)

Common stock authorized 100,000,000 shares at \$0.001 par value; 16,110,258 and 2,620,326 shares issued and outstanding, respectively	16,110	2,620
Additional paid-in capital	554,303	152,642

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Deferred consulting expense	--	--
Deficit accumulated during the development stage	(690,891)	(223,163)
	-----	-----
Total Stockholders' Equity (Deficit)	(120,478)	(67,901)
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 540	\$ --
	=====	=====

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

2

VICTORY CAPITAL HOLDINGS CORPORATION
(FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
(A Development Stage Company)
Statements of Operations
(Unaudited)

	For the Three Months Ended September 30,		For the For the Nine Months Ended September 30,	
	2003	2002	2003	2002
REVENUES	\$ --	\$ --	\$ --	\$ --
EXPENSES				
Consulting expense	7,416	--	334,748	--
General and administrative	72,706	2,075	131,080	7,694
Total Expenses	80,122	2,075	465,828	7,694
LOSS FROM OPERATIONS	(80,122)	(2,075)	(465,828)	(7,694)
INTEREST EXPENSE	--	--	(1,900)	--
NET LOSS	\$ (80,122)	\$ (2,075)	\$ (467,728)	\$ (7,694)
BASIC LOSS PER SHARE OF COMMON STOCK	\$ (0.01)	\$ (0.00)	\$ (0.05)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	16,110,258	2,620,326	10,252,668	2,620,326

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

3

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

	Common Stock		Additional Paid-in Capital	Deferred Consulting Expense	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	--	--
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	--	--	--	--	--

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Balance, December 31, 1986	458,431	\$ 458	\$ 150,692	\$ --	\$ (110,994)
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The accompanying notes are an integral part of these financial statements.

4

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

	Common Stock		Additional Paid-in Capital	Deferred Consulting Expense	Deficit Accumulated During the Development Stage
	Shares	Amount			
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)
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	--	--	--	--	--
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)	--	--	--

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Net loss for the year ended December 31, 1994	--	--	--	--	(6,656)
Balance, December 31, 1994	142,431	\$ 142	\$ 150,692	\$ --	\$ (117,650)

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

5

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

	Common Stock		Additional	Deferred	Deficit
	Shares	Amount	Paid-in Capital	Consulting Expense	Accumulated During the Development Stage
Balance, December 31, 1994	142,431	\$ 142	\$ 150,692	\$ --	\$ (117,650)
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	--	--	--	--	(49,097)
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)

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Net loss for the year ended December 31, 2000	--	--	--	--	(9,011)
Balance, December 31, 2000	2,620,326	\$ 2,620	\$ 150,692	\$ --	\$ (189,742)

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

6

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

	Common Stock		Additional Paid-in Capital	Deferred Consulting Expense	Deficit Accumulated During the Development Stage
	Shares	Amount			
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 (unaudited)	--	--	488	--	--
Capital contributed by shareholders through forgiveness of accounts payable and interest (unaudited)	--	--	77,415	--	--
Issued 12,500,000 shares to consultants and advisors for services rendered at \$0.025 per share (unaudited)	12,600,000	12,600	302,400	--	--
Issued 899,932 shares of common stock for prepaid consulting services at \$0.025 per share (unaudited)	899,932	890	21,358	(22,248)	--

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Amortization of deferred consulting expense as of September 30, 2003 (unaudited)	--	--	--	22,248	--
Net loss for the nine months ended September 30, 2003 (unaudited)	--	-	--	--	(467,728)
Balance, September 30, 2003	16,110,258	\$ 16,110	\$ 554,303	\$ --	\$ (690,891)

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

7

VICTORY CAPITAL HOLDINGS CORPORATION
(FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
(A Development Stage Company)
Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30,		From Inception on January 7, 1982 Through September 30, 2003
	2003	2002	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (467,728)	\$ (7,694)	\$ (690,891)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Stock issued for services	337,248	--	339,786
Contributed capital for rent and officer compensation	488	--	2,438
Depreciation	60	--	60
Changes in assets and liabilities:			
Increase in accounts payable and accounts payable - related party	48,342	7,694	116,244
Increase in accrued liabilities	82,190	--	82,190
Net Cash Provided (Used) by Operating Activities	600	--	(150,173)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(600)	--	(600)
Net Cash Used by Investing Activities	(600)	--	(600)
CASH FLOWS FROM FINANCING ACTIVITIES:			

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Issuance of common stock for cash	--	--	150,773
	-----	-----	-----
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	\$ 337,248	\$ --	\$ 339,786
Contributed capital for rent and officer compensation	\$ 488	\$ --	\$ 2,438

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

8

VICTORY CAPITAL HOLDINGS CORPORATION
(FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
(A Development Stage Company)
Notes to the Financial Statements
September 30, 2003 30, 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 September 30, 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 accounting principles generally accepted in the United States of America 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 nine months ended September 30, 2003 are not necessarily indicative of the operating results for the years ended December 31, 2003.

NOTE 2 - GOING CONCERN

The Company's financial statements are prepared using generally accepted accounting principles applicable to a going concern which

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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 capital that will allow it to acquire existing operating companies and to make equity or debt investments in existing operating companies. 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 - SIGNIFICANT 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 has been recorded as a contribution of additional paid-in capital occurring in the three months ended June 30, 2003.

9

VICTORY CAPITAL HOLDINGS CORPORATION
(FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
(A Development Stage Company)
Notes to the Financial Statements
September 30, 2003 30, 2003 and December 31, 2002

NOTE 3 - SIGNIFICANT EVENTS (Continued)

On April 14, 2003, the Company's president and CEO paid \$37,938 towards the satisfaction of certain company accounts payable. This resulted in the reclassification of accounts payable to accounts payable - related party for \$37,938 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

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appointed Harold Gregg as interim president and CEO.

On April 28, 2003, the Company's shareholders voted on and approved an amendment to the Company's articles of incorporation that changed the name of the Company to Victory Capital Holdings Corporation.

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 \$68,018. As the former president and CEO continues to own a significant number of shares of the Company's common stock, the amount has been recorded as a contribution of additional paid-in capital occurring in the three months ended June 30, 2003.

On May 30, 2003, the Company appointed Richard Zinman as the President and CEO. Mr. Zinman was awarded a three-year employment agreement with a base salary of \$240,000 per year plus certain opportunities for performance and tenure based bonuses. As of September 30, 2003, the Company has accrued \$21,600 in payroll and estimated payroll tax liabilities. Mr. Zinman resigned on October 7, 2003. The Company accrued an additional \$60,000 in the third quarter plus payroll taxes bringing the total payroll and payroll taxes payable of \$86,190.

On August 16, 2003, the Company entered into preliminary discussions to acquire a majority interest in CEC Industries, Inc. (CEC), a public company involved in the debit card/stored value card industry. On September 14, 2003, the Company determined it to be in the best interest of its shareholders to terminate the acquisition negotiations with CEC and to seek out more beneficial acquisition opportunities.

NOTE 4 - SUBSEQUENT EVENTS

Subsequent to September 30, 2003. The company formed a wholly owned subsidiary named Papadog, Inc. Papadog since changed its name to Global Card Services, Inc., and then to Global Card Incorporated (Global). Global entered into an employment agreement with an individual to serve as its Chief Executive Officer. The annual salary is to be \$96,000 per annum beginning October 7, 2003. Additionally, the Company is to

10

VICTORY CAPITAL HOLDINGS CORPORATION
(FORMERLY NEW ENVIRONMENTAL TECHNOLOGIES CORPORATION)
(A Development Stage Company)
Notes to the Financial Statements
September 30, 2003 30, 2003 and December 31, 2002

NOTE 4 - SUBSEQUENT EVENTS (continued)

issue the CEO 1,000,000 free trading shares of the Company's common stock on the date of six months from when employment commences. In addition the CEO was granted options to purchase 1,000,000 freely traded shares at an exercise price of \$0.50 per share on a date that is 12 months from the date that employment commences and options to purchase 1,000,000 freely trades shares at an exercise price of \$1.00 per share 18 months after employment commences. Global will grant to the CEO common stock equal to 5% of the outstanding shares of Global with said shares to be vested 12 months from the date the employment

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commences, additionally Global will grant to the CEO, options to purchase as additional 5% of the outstanding shares of Global at an exercise price of \$0.10 per share. These options vest 18 months after the employment commences.

11

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 Operation.

Our Company has not engaged in any material operations during the quarter ending September 30, 2003.

Our Company's plan of operation for the next quarter is to execute our business plan that positions the company to form subsidiary companies in the following industry sectors: (a) Technology, (b) Finance, and (c) Media. The Company's intention is that these subsidiaries will be incubated from their initial stages to maturity and ultimately their independence.

Our Company's foreseeable cash requirements during the next quarter will relate only to 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 quarter.

The Company may raise capital through the sale of its common stock under Rule 144 in anticipation of the need to raise additional funds, if necessary.

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

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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.

12

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.

31.1 Certification of Principal Executive
32.1 Certification of Section 906

(b) Reports on Form 8-K.

None.

13

SIGNATURES

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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: 11/11/03

By: /s/Harold Gregg

Harold Gregg
Director and CEO
Secretary and Treasurer