US SECURITIES & EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-QSB

(X) Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2005.

( ) Transition report under Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission File Number 0-24185

CENTRAL AMERICAN EQUITIES CORP.

Florida	65-0636168
(State or other jurisdiction of incorporated or organization)	(IRS Employer Identification Number)

Hotel Alta, Alto de las Palomas
Santa Ana, Costa Rica
Mailing Address: Interlink 964, PO Box 02-5635, Miami, FL 33102
(Address of Principal Executive Offices)

+011 (506) 282-4160
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:
None
Securities registered under Section 12(g) of the Exchange Act:

Common Stock, $.001 Par Value

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding twelve (12) months (or for such shorter period that registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety (90) days. YES (X) NO ( ).

The number of shares outstanding on September 30, 2005 of each of the issuer's classes of common equity:

2,141,553 shares of Common Stock, $0.001par value

Transitional Small Business disclosure format (check one)
YES [X] NO [ ]

DOCUMENTS INCORPORATED BY REFERENCE

Annual Report on Form 10-KSB of Registrant for the year ended December 31, 1998, 1999, 2000, 2001, 2002, 2003, and 2004.

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL INFORMATION

Central American Equities Corp. (the “Company” or “CAE”) is a US hospitality company, incorporated in the State of Florida, and based in Santa Ana, Costa Rica. The Company owns and operates hotels, restaurants, and real property in Costa Rica. All CAE activities are related to the Company’s hotels in Costa Rica, and, as such, are reported as one operating segment (per FASB Statement No. 131). Financial statements follow.

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheet

	September 30, 2005
ASSETS	
Current assets	
Cash and cash equivalents	40,890
Account receivable	70,126
Inventory	27,506
Prepaid expenses	157
Total Current Assets	138,679
Buildings and equipment, Net of depreciation	5,396,337
Total Assets	5,535,016
LIABILITY & STOCKHOLDER EQUITY	
Current liabilities	
Accounts payable	73,689
Note Payable Current Portion	88,000
Accrued expenses	87,741
Total Current Liabilities	249,430
Long-Term Liabilities	
Long term debt	161,176
Due to officers	86,409
Total Long-Term Liabilities	247,585
Total Liabilities	497,014
Stockholders' equity	
Common stock – $.001 par value; 25,000,000 authorized, 2,141,553 issued and outstanding	2,142
Preferred stock - $.001 par value; 1,000,000 shares authorized, 0 issued and outstanding	0
Additional paid-in capital	10,400,016
Accumulated other comprehensive Income	21,997
Retained deficit	(5,386,153)
Total Stockholder Equity	5,038,002
Total liabilities & stockholders' Equity	5,535,016

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES

Consolidated Statement of Operations

	For the 3-month period ended September 30,		For the 9-month period ended September 30,	
	2004	2005	2004	2005
Revenues	$ 212,824	$ 295,347	923,166	$1,053,080
Cost of Services	99,423	85,039	339,928	284,476
Gross Profit	113,401	210,308	583,238	768,604
Operations				
General & Administrative	129,880	192,338	500,242	574,411
Depreciation	42,307	42,307	128,723	128,167
	172,187	234,645	628,965	702,578
Other Expense				
Interest Exp	6,629	5,436	49,578	82,730
Asset Sale (net)	0	0	59,703	0
	6,629	5,436	109,281	82,730
Income taxes	0	0	0	0
NET INCOME (Loss)	$ (65,415)	$ (29,773)	$ (155,008)	$ (16,704)
Weighted Average share of Common Stock Outstanding	19,789,268	2,141,553	19,789,268	2,141,553
Gain (Loss) per Common Share	$ (0.01)	$ (0.01)	$(0.01)	$ (0.01)

See Notes to Consolidated Financial Statements

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Statements of Cash Flow
For the Nine Months Ended September 30,

		2004	2005
Cash flows from operating activities:			
Net Income	$	(132,254)	(16,704)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Unrealized Loss on Foreign Exchange		(20,316)	(20,000)
Depreciation and amortization		128,723	128,167
Decrease (increase) in:			
Accounts receivable		17,175	18,624
Inventory		8,882	(2,817)
Prepaid expense and other		(8,635)	6,056
Increase (decrease) in:			
Accounts payable		(4,748)	(25,405)
Accrued expenses		(59,977)	(125,938)
Net cash used in operating activities:		(71,151)	(38,017)
Cash flows from investing activities:			
Capital expenditures		(43,750)	(24,975)
Change in common and preferred stock		0	(18,722)
Payment received on sale of asset		635,000	0
Net cash used in investing activities		591,250	(43,697)
Cash flows from stock options exercised:			
Proceeds from stock options exercised		0	20,000
Net cash from stock options exercised		0	20,000
Cash flows from financing activities:			
Proceeds from loans		(76,000)	(76,000)
Proceeds from loans from officers		(291,302)	49,639
Net cash provided by financing activities:		(367,302)	(26,361)
Net increase (decrease) in cash		152,798	(88,076)
Cash – beginning of period		85,955	128,966
Cash – end of period		238,753	40,890

CENTRAL AMERICAN EQUITIES CORP. AND SUBSIDIARIES
Statements of Cash Flow
For the Six Months Ended June 30,

	2004	2005
Supplemental Disclosures of cash flow information:		
Cash Paid for Interest	49,578	16,871
Cash Paid for Income Taxes	0	0
Non-cash Transactions:		
Shares Issued for Services	0	55,000

See Notes to Consolidated Financial Statements

Note 1 -Summary of Accounting Policies

Nature of Business

Central American Equities Corp. and Subsidiaries (the "Company") was incorporated under the laws of the State of Florida on January 23, 1996. The Company is in the business of owning and operating hotels, restaurants, and real property in Costa Rica.

Financial Statement Presentation

The consolidated un-audited interim financial statements of the Company as of September 30, 2005 and for the three and nine month periods ending September 30, 2005, included herein, have been prepared in accordance with the instructions for Form 10QSB under the Securities Exchange Act of 1934, as amended, and Article 10 of Regulation S-X under the Securities Act of 1933, as amended. The December 31, 2004 Consolidated Balance Sheet was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles. Certain information and note disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations relating to interim consolidated financial statements.

In the opinion of management, the accompanying consolidated un-audited interim financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to fairly present the financial position of the Company as of September 30, 2005, and the results of their operations for the three and nine month periods ending September 30, 2005 and 2004, and their cash flows for the nine months ending September 30, 2005 and 2004.

The results of operations for such periods are not necessarily indicative of results expected for the full year or for any future period. These financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2004 and 2003 and related notes included in the Company's Form 10-KSB filed with the Securities and Exchange Commission.

Cash and Cash Equivalents
For purposes of the statement of cash flows all certificates of deposits with maturities of 90 days or less, were deemed to be cash equivalents.

Property and Equipment
Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed provided using the straight-line method over the estimated useful lives of five for equipment, seven years for furniture and fixtures and forty years for buildings and improvements.

Note 1 -Summary of Accounting Policies (continued)

Repairs and maintenance costs are expensed as incurred while additions and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gain or losses are reflected in earnings.

Estimates
Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
The Company records revenue at the point of service and maintains its corporate records for both financial statement and tax return purposes on the accrual method of accounting.

Foreign Exchange
Assets and liabilities of the Company, which are denominated in foreign currencies, are translated at exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates throughout the year. The unrealized translation gains and loses are accumulated in a separate component of stockholders’ equity translation exchange gains and losses are reflected in net earnings.

Fair Value of Financial Instruments
The carrying amount of the Company's financial instruments, which principally include cash, note receivable, accounts payable and accrued expenses, approximates fair value due to the relatively short maturity of such instruments.

The fair value of the Company's debt instruments is based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At December 31, 2004 and 2003, respectively, the carrying value of all financial instruments was not materially different from fair value.

Income Taxes
The Company has net operating loss carryovers of approximately $5.4 million as of December 31, 2004, expiring in the years 2012 through 2023. However, based upon present Internal Revenue regulations governing the utilization of net operating loss carryovers where the corporation has issued substantial

Note 1 -Summary of Accounting Policies (continued)

additional stock, most of this loss carryover may not be available to the Company.

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, effective July 1993. SFAS No.109 requires the establishment of a deferred tax asset for all deductible temporary differences and operating loss carry-forwards. Because of the uncertainties discussed in Note 2, however, any deferred tax asset established for utilization of the Company's tax loss carry-forwards would correspondingly require a valuation allowance of the same amount pursuant to SFAS No. 109. Accordingly, no deferred tax asset is reflected in these financial statements.

Note 2 -Going Concern

As shown in the accompanying financial statements, the Company incurred a net loss of approximately $238,000 during the year ended December 31, 2004 that raise doubt about the entity's ability to continue as a going concern.

The Company has received additional financing through the sale of a non-performing asset, continues to control expenses, and evaluates the ongoing performance of the Company’s assets. The ability of the Company to continue as a going concern is dependent on the success of application and techniques. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note, however, that the Company was cash-flow positive for the nine-month period ending September 30, 2005.

Note 3 -Property and Equipment

As of December 31, 2004 plant and equipment consisted of the following:

Land	$249,547
Buildings	5,995,553
Machinery and equipment	125,535
Furniture and fixtures	286,635
Computer equipment	73,693
	6,730,963
Less accumulated depreciation	1,231,434
	$ 5,499,529

Note 3 -Property and Equipment (continued)

Depreciation expense in the amount of $171,722 and $183,292 has been recorded for the years ended December 31, 2004 and 2003 respectively.

Note 4 – Common Stock

A total of 19,864,268 shares of common stock were outstanding as of December 31, 2004.

In March 2005, the board awarded Michael Caggiano, the CEO of the Company, 500,000 options to purchase common stock at $0.04 per share. Mr. Caggiano exercised those options.

In April 2005, Medical Ventures Group, the holder of 1,000,000 shares of Class "A" Convertible Preferred Stock elected to convert those shares to Common Stock. At the time of conversion, board director P. James Voloshin held controlling interest in Medical Ventures Group. Subsequent to the conversion, Mr. Voloshin sold the shares of Common Stock to Richard Wm. Talley, a board director of the Company.

In May 2005 the Company awarded several employees of the Company a total of 50,000 shares of Common stock. As such, as of May 22, 2005 there were 21,414,268 Shares of Common Stock at $0.001 par value and no (0) shares of Class "A" Convertible Preferred Stock issued and outstanding.

On May 23, 2005, the Company's board of directors unanimously approved a 1 for 10 reverse split of the Company's common stock. This reverse split went into effect at the beginning of business on June 7, 2005. This reduced the Company's outstanding shares of common stock to 2,141,553 shares (all fraction per certificate ownerships are rounded up).

Note 5 -Notes Payable

The Company has $200,876 outstanding against a $500,000 line of credit with Banco BCT. In February 2002, the Company restructured the loan. The current terms include a loan term of 70 months; an annual interest rate of prime plus 3.75%, and monthly principal payments that vary with the high and low occupancy periods of Hotel Alta. Monthly principal payments in year one will vary from $3,000 to $12,000.

The funds advanced under this line of credit were used to supplement cash flow for operating expenses and construction costs. The note is collateralized by property of the Company.

Included in notes payable at September 30, 2005 is a note payable to shareholder, dated July 21, 2000, of $48,300. The note payable bears interest at 20% and was due July 22, 2002.

Note 6 -Notes Payable – Related Parties

Notes payable to officers or former officers of the Company as of September 30, 2005 are as follows:

Amounts payable to officers dated November 30, 2000 with interest at 5% with no set terms for prepayment

Michael Caggiano	$44,547
Richard Talley	$36,671
	$81,218

Amounts payable to former officer dated November 30, 2000 with no interest with no set terms for prepayment

Rosenmiller	$5,190
	$5,190

Note 7 - Commitments and Contingencies

The Company has a month-to-month lease for 1 acre of property. Minimum rentals in the year ending December 31, 2005 are $18,000

Included as a liability on the balance sheet is an accrued expense in the amount of about $10,000 for non-payment of sales taxes for Hotel Alta. The amount listed is an accurate reflection on the amount past due at that time not including penalties or interest.

Penalties and interest were not included as the government had an amnesty program that forgave penalties and interest on all past taxes paid by April 30, 2003. The Company planned to have the cash available to pay past taxes by selling a beach property called Tropicana before April 30. Instead, through negotiations with the government the Company offered part of the property to the government in lieu of payment. Before April 30 the government accepted the property and began an appraisal to see how much of the past taxes it would cover. In August 2003, the government reversed course on the offer to accept the property. They demanded full payment of the back taxes including penalties and interest. As of September 30, 2005, the Company had paid down the tax liability by about $230,000, but is disputing the interest and penalties.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS

Central American Equities Corp. (the "Company" or "CAE") is a US hospitality company, based in Santa Ana, Costa Rica and incorporated in the State of Florida on January 23, 1996. The Company specializes in providing high-quality food and lodging in unique natural settings in Costa Rica. The Company is in the business of owning and operating hotels and restaurants and real property in Costa Rica. The first year of full operation of the Company's hotels was 1998.

As of September 30, 2005, CAE owned Hotel Alta in Santa Ana (a suburb of the capital city of San Jose) and Sunset Reef (on the Pacific Ocean in Mal Pais near the protected Cabo Blanco Reserve). CAE also owned and operated La Luz Restaurant (located in Hotel Alta) and ATP-Costa Rica (a full-service reservation, travel planning and in-bound tour operation based in Costa Rica). The Company sold Restaurant Tropicana in June 2004. On September 30, 2005, the Company had approximately 60 full-time, part-time and contract employees.

The following is management's discussion and analysis of significant factors that affected the Company's financial position during the three-month period ended September 30, 2005.

Results of Operations

Comparison of Operations for the 3-Month Periods Ended September 30, 2005 and 2004

During the three-month period ending September 30, 2005, the traditional low season for tourism in Costa Rica, the Company continued to improve from the prior year. Much of the improvement was registered at Hotel Alta. During the third quarter of 2005, occupancy at Hotel Alta increased by 62% from the same period in 2004 growing from about 45% to 73%. Sunset Reef's occupancy also grew, rising from 15% in July 2004 to 61% in July 2005 (Sunset Reef was closed in August of 2004 and in September 2004 and 2005, so comparative occupancy statistics for the two years are not available.)

Several factors contributed to the jump in occupancy. Importantly, the number of tourists traveling to Costa Rica continued to increase. Several management programs over the past two years have helped the hotel capture more than its proportional share of this increased flow. Hotel Alta's webpage (www.thealtahotel.com) and web-marketing campaigns (including search-engine positioning and strategic placement of click-through advertisements) have resulted in significant increases in on-line reservations. Hotel Alta's and Sunset Reef's listings on Hotels.com and Expedia.com have increased the Hotel's exposure worldwide. Using web advertisements and announcements, management has been better able to control inventory by running single-day specials during low occupancy periods. The jump in occupancy at Sunset Reef in July was also partly due to increased reservations for the Sunset Reef Woman's Surf Camp.

Again in 2005, CAE took the opportunity to close Sunset Reef Hotel in September to repair and paint the building, upgrade the rooms and bathrooms, install new air conditioners, and clean and paint the pool area. Simultaneously, CAE also reconfigured the Sunset Reef staff; paying and liquidating benefits, and hiring staff on new contracts.

During the third quarter of 2005 revenues increased markedly, rising to $295,347. This represents an increase of approximately $83,000 or 39% from the same period in 2004. The cost of services and general and administrative costs did not increase as rapidly as revenues. During the three-month period ended September 30, 2005,the cost of services and G&A increase by about 21% from the previous year.

Income improved considerably. During the three-month period ended September 30, 2005 the Company earned approximately $18,000 before depreciation of about $42,000 and interest costs of about $5,000. The net loss, including depreciation and interest, was about $30,000. By comparison, the Company had net losses of about $65,000 during the third quarter of 2004.

The Company balance sheet also improved. The Company continued to pay down its $500,000 note to BCT. As of September 30, 2005, the loan to BCT had a balance of about $200,000, a reduction of $76,000 since the beginning of the year (some of the balance is accounted for in the "Note Payable: Current Portion" of the balance sheet). Accrued expenses (which includes taxes owed to Tributacion, the Costa Rica tax authority) declined by $125,000 since December 31, 2004. Total liabilities declined by about $178,000 during the past 9 months. The balance sheet does not, however, show a contingency in the event that Hotel Alta loses its suit against Tributacion (see Item 1 below for a full discussion).

Future Direction

Over the past year, management has discussed the advantages and disadvantages of continuing to operate its current business while remaining a publicly trading company. Foremost was the cost to the Company of remaining a publicly trading company, as it is expensive and time consuming. For this reason, the board has questioned the value of remaining a publicly trading Company and is reviewing whether it is in the best interests of the shareholders to operate the hotels as a public entity. As such, we are exploring the idea of selling the hotels and seeking out business opportunity candidates to merge into the Company.

On May 23, 2005, the Company's board of directors unanimously approved a 1 for 10 reverse split of the Company's common stock. This reverse split went into effect at the beginning of business on June 7, 2005. This action reduced the Company's outstanding shares to 2,141,553 shares.

In December 2005 the Company will hold its annual meeting and, at that time, ask shareholders to vote on several important proposals related to future opportunities. These proposals include:

> **Proposal 3.** Change the articles of incorporation to create a new class of super-voting preferred shares. These shares will be used by the board of directors to vote for merger opportunities. (The preferred shares issued to the board of directors will NOT increase the Company ownership of individual board members.)
>
> **Proposal 4.** Change the articles of incorporation to increase the authorized number of common shares to 100 million. These shares may be used to facilitate a business combination and will not be used to dilute current shareholder value in the assets of the Company.

The board of directors has unanimously approved these proposals. By creating super-voting preferred shares, the board can move quickly to negotiate a future business combination without the obligation of a special meeting, a new proxy or a shareholder vote. To date the board has engaged in several negotiations with other companies concerning a possible merger. One of the key reasons for the failure of these discussions is the board's inability to act quickly and decisively.

Once we receive a positive vote on these proposals we plan to find a suitable merger candidate for the Company, negotiate the best possible agreement for shareholders, and engage in a business combination. Although the Company has reviewed several business plans for possible business combinations, at this time, the Company has not entered into any letters of intent. There is no assurance that management will enter into a business combination.

Liquidity and Capital Resources

During the first nine months of 2005, the Company recorded positive net cash flow going into the beginning of the high season months. However, prior to this filing, Company operations had resulted in losses. The Company has limited, albeit improving, cash liquidity and capital resources. The Company plans to hold sufficient cash in reserve to protect against cash flow needs during the remainder of 2005.

ITEM 3. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these controls during the last fiscal quarter. The Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Occasionally in the past there have been actions against Central American Equities' subsidiaries in the Costa Rican Labor Court that had been brought by former employees who had been dismissed by the Company due to poor performance or insubordination. These employees dispute the reason for their dismissal and, as such, claim they are entitled to additional monetary compensation. The Company considers these actions to be routine litigation that is incidental to the business (as defined under Reg. Section 228.103). It is anticipated that any contingent liability stemming from these claims would be immaterial to the Company. In the third quarter of 2005 there were no such claims brought nor pending against the Company.

Legal Proceedings and Potential Liability

Hotel Alta v. Tributacion

On November 2002, Hotel Alta owed Tributacion (the Costa Rican taxing authority) approximately $240,000 in unpaid sales taxes. These taxes have been listed on past balance sheets as an accrued expense and had been fully reported to the government of Costa Rica. The Costa Rica government offered to all companies in Costa Rica amnesty from interest and penalties for back taxes paid by April 30, 2003. Prior to April 30, 2003, CAE, unable to pay these taxes in cash, proposed that the debt be resolved with the exchange of property worth an equivalent value (part of the parcel in Playa Carmen where Restaurante Tropicana is located). It is the Company's contention that Tributacion accepted this offer on or before April 30, 2003 and began a process of appraising the property to determine how much of the tax liability was to be cancelled. However, in August 2003, Tributacion notified the Company that it would not accept the property in lieu of payment (in whole or in part) and demanded that the Company immediately pay the past due taxes with interest and penalties.

Between August 2003 and August 2004 the Company attempted to negotiate with Tributacion concerning the amount of taxes owed and the applicability and legality of interest and penalties related to those taxes. These negotiations were unsuccessful. As such, on September 13, 2004 the Company brought suit against Tributacion in the Costa Rican constitutional court for not accepting the offer of property in exchange for the outstanding tax liability. The refusal of the offer denied the opportunity for the Company to successfully meet the tax amnesty deadline.

In December 2004, the Company was notified that the constitutional court had declined to accept the case, directing the Company to first present the case in the lower civil courts. In February 2005, the Company initiated the process of filing this case in Costa Rica's civil courts. Believing it has been denied due process and equal treatment under Costa Rican law, management plans to pursue the case vigorously. As of September 30, 2005, the case was still pending in civil court.

It is difficult to evaluate the likelihood of an unfavorable outcome in this case but we estimate it to be at or below 50%. If an unfavorable outcome results, the Company may be liable for interest and penalties of more than $175,000.

Pinkham and Pinkham v. CAE

On November 2, 2005, Pinkham and Pinkham, the Company's former auditor, sued CAE in the United States District Court for the District of New Jersey, at Civil Action No. 05-CV-4899. Pinkham and Pinkham claims that CAE owes approximately $105,000 for past auditing services; this sum includes alleged unpaid principal and interest. Pinkham and Pinkham also seeks to recover its attorney's fees from CAE. Finally, Pinkham and

Pinkham claims that CAE is liable for punitive damages as a result of its purported intentional bad faith in dealing with Pinkham and Pinkham.

CAE denies the material allegations of Pinkham and Pinkham's complaint. CAE asserts that it reached agreement with, and made payments to, Pinkham and Pinkham in respect of Pinkham and Pinkham's bills; and that, in accordance with the agreement, CAE owes a fraction of the claimed $105,000 to Pinkham and Pinkham.

CAE therefore intends to defend the case vigorously.

ITEM 2. CHANGES IN SECURITIES

A total of 19,864,268 shares of common stock were outstanding as the beginning of the fiscal year, January 1, 2005.

In March 2005, the board awarded Michael Caggiano, the CEO of the Company, 500,000 options to purchase common stock at $0.04 per share. Mr. Caggiano exercised these options in April 2005.

In April 2005, Medical Ventures Group, the holder of 1,000,000 shares of Class "A" Convertible Preferred Stock elected to convert those shares to Common Stock. At the time of conversion, board director P. James Voloshin held controlling interest in Medical Ventures Group. Subsequent to the conversion, Mr. Voloshin sold the shares of Common Stock to Richard Wm. Talley, a board director of the Company.

In May 2005 the Company awarded several employees of the Company a total of 50,000 shares of Common stock. As such, as of May 22, 2005 there were 21,414,268 Shares of Common Stock at $0.001 par value and no (0) shares of Class "A" Convertible Preferred Stock issued and outstanding.

On May 23, 2005, the Company's board of directors unanimously approved a 1 for 10 reverse split of the Company's common stock. This reverse split went into effect at the beginning of business on June 7, 2005. This reduced the Company's outstanding shares of common stock to 2,141,553 shares (all fraction-per-certificate ownerships are rounded up). There are no (0) shares of Class "A" Convertible Preferred Stock issued and outstanding.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

The Company did not default upon any securities of any kind during the three-month period that ended September 30, 2005.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company submitted no matter to a vote of its security holders during the three-month period ended September 30, 2005.

ITEM 5. OTHER INFORMATION

On May 23, 2005, the Company's board of directors unanimously approved a 1 for 10 reverse split of the Company's common stock. This reverse split went into effect at the beginning of business on June 7, 2005. This action reduced the Company's outstanding shares to 2,141,553 shares.

We took this action because we are exploring various opportunities to do a reverse merger with a profitable operating company. The Board of Directors has determined in it judgment that this is the best way to enhance shareholder value. While the Company has not entered into any letters of intent, it has reviewed several business plans of possible business combinations with the Company.

ITEM 6. EXHIBITS AND REPORTS

No exhibits are filed with this Form 10-QSB. Additional information may be found in the Annual Report on Form 10K of the Registrant for the year ended December 31, 1998, 1999, 2000, 2001, 2002, 2003, and 2004. No reports were filed on Form 8-K during the quarter of the period covered by this report.

VERIFICATION SIGNATURES

In accordance with Section 12 of the Securities and Exchange Act of 1934, the registrant caused this registration to be signed on its behalf by the undersigned, thereunto duly authorized.

CENTRAL AMERICAN EQUITIES CORP.

/s/ Michael N. Caggiano

Name: Michael N. Caggiano
Title: President and Chief Executive Officer
Date: November 15, 2005

CENTRAL AMERICAN EQUITIES CORP.

/s/ Richard Wm. Talley

Name: Richard Wm. Talley
Title: Chairman and Director
Date: November 15, 2005

CENTRAL AMERICAN EQUITIES CORP.

/s/ P. James Voloshin

Name: P. James Voloshin
Title: Director
Date: November 15, 2005

SARBANES-OXLEY ACT Section 302 CERTIFICATIONS

I, Michael Caggiano, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Central American Equities Corporation;

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

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures; and

(d) Disclosed in the report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael N. Caggiano

Michael N. Caggiano
President and Chief Executive Officer
November 15, 2005

SARBANES-OXLEY ACT SECTION 906 CERTIFICATIONS

I Michael N. Caggiano, hereby certify that:

1. The annual report of the registrant on Form 10-QSB for the quarter ended September 30, 2005 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the annual report fairly presents, in all material respects, the financial condition and results of operations of the registrant as of the dates and for the periods expressed in the quarterly report.

/s/ Michael N. Caggiano

Name: Michael N. Caggiano
Title: President and Chief Executive Officer
Date: November 15, 2005