

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the quarterly period ended September 30, 2008

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File number 814-00721

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**

(Exact Name of Registrant as Specified in Its Charter)

NEVADA  
(State or Other Jurisdiction of  
Incorporation or Organization)

84-1517721  
(I.R.S. Employer  
Identification No.)

P.O. Box 307, Cocoa, FL  
(Address of Principal Executive Offices)

32923-0307  
(Zip Code)

(321)-433-1136  
(Registrants Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports  
required to be filed by Section 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. Yes ☒ No ☐

Indicate by check mark whether the Registrant is an accelerated filer  
(as defined by Rule 12b-2 of the Act). Yes ☐ No ☒

Indicate by check mark whether the registrant is a shell company (as  
defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the Registrants Common Stock, \$0.001 par  
value, outstanding as of November 1, 2008, was 34,407,600 shares.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements.

## AMERICAN DEVELOPMENT &amp; INVESTMENT FUND, INC.

## BALANCE SHEETS

	September 30, 2008 (unaudited)	December 31, 2007
Assets:		
Cash and cash equivalents	\$ 3,197	\$ (41)
Total Current Assets	3,197	\$ (41)
Other Assets		
Investments in Portfolio Companies	-	-
Total Other Assets	-	-
Total Assets	\$ 3,197	\$ (41)
Liabilities and Stockholders		
Equity (Deficit)		
Accounts payable	\$ 10,910	\$ 90,702
Due to affiliate	3,550	7,950
Total current liabilities	14,460	98,652
Long term Liabilities:	-	-
Total Liabilities	14,460	98,652
Commitments and contingencies		
Stockholders Equity:		
Common stock, par value \$0.001 authorized 50,000,000 shares, issued 34,407,600 shares at September 30, 2008 and 30,283,200 at December 31, 2007	34,408	30,283
Convertible preferred stock, par value \$0.001, authorized 5,000,000 shares, issued 0 shares at September 30, 2008 and 1,000,000 shares at December 31, 2007	-	1,000
Additional paid-in capital	113,740	85,665
Accumulated deficit	(159,411)	(215,641)
Total Stockholder Equity (Deficit):	(11,263)	(98,693)
Total Liabilities and Stockholders' Equity (Deficit):	\$ 3,197	\$ (42)
Net Asset value per common share	\$ (0.000327)	\$ (0.00288)

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

AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.  
SCHEDULE OF INVESTMENTS (unaudited)  
September 30, 2008

Portfolio Investments	Industry	Amount or Number	Cost	Fair Value	% of Net assets
-----	-----	-----	-----	-----	-----
--	--	--	\$ -	\$ -	-
Total			----- \$ -	----- \$ -	----- -
			=====	=====	=====

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

AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.  
STATEMENTS OF OPERATIONS

	For the three and nine months ended			
	September 30, 2008		September 30, 2007	
	(unaudited)		(unaudited)	
	3 months	9 months	3 months	9 months
	-----	-----	-----	-----
Investment income:				
Interest income	\$ -	\$ -	\$ -	\$ -
Dividend income	-	-	-	-
Other income	-	-	-	-
	-----	-----	-----	-----
Total income	-	-	-	-
Operating expenses:				
Investment advisory fees				
Base fee	-	-	-	-
Incentive fee	-	-	-	-
Capital gains fee	-	-	-	-
	-----	-----	-----	-----
Total investment advisory fees	-	-	-	-
General & administrative:				
Consulting expenses	-	22,500	28,500	68,500
Rent expense	550	3,550	2,650	5,350
Professional fees	-	5,583	2,333	8,499
Other expenses	150	562	460	460
	-----	-----	-----	-----
Total operating costs	700	32,195	33,943	82,809
	-----	-----	-----	-----
Net investment loss	(700)	(32,195)	(33,943)	(82,809)
	-----	-----	-----	-----
Net realized income from disposal of investments	-	-	-	-
Net unrealized appreciation in investments	-	-	-	-
	-----	-----	-----	-----
Net decrease in stockholders equity resulting from operations	\$ (700)	\$ (32,194)	\$ (33,943)	\$ (82,809)
	=====	=====	=====	=====
Basic and diluted net decrease in stockholder equity per common share resulting from operations	\$ (0.000020)	\$ (0.00094)	\$ (0.001120)	\$ (0.00273)
	=====	=====	=====	=====
Weighted number of common shares outstanding-basic	34,407,600	34,375,477	30,283,200	30,283,200
	=====	=====	=====	=====
Weighted number of common shares outstanding-diluted	34,407,600	34,375,477	34,283,200	34,283,200
	=====	=====	=====	=====

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

AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.  
STATEMENT OF CASH FLOWS  
SEPTEMBER 30, 2008 and September 30, 2007  
(unaudited)

For the nine months ended  
September 30, 2008    September 30, 2007  
Unaudited)                (unaudited)  
-----

Cash flows from operating activities:

Net decrease in stockholders equity from operations	\$ (32,195)	\$ (82,809)
Adjustments to reconcile net decrease in stockholders equity from operations to net cash used in operating activities:		
Increase in accounts payable	8,633	68,249
Increase (decrease) in amounts due to affiliates	(4,400)	2,500
Decrease in subscription payable	-	(39,960)
	-----	-----
Net cash used in operating activities	(27,962)	(52,020)
Cash flow from financing activities:		
Net proceeds from issuance of common stock	31,200	39,960
	-----	-----
Net cash provided by financing activities	31,200	39,960
	-----	-----
Net (decrease) increase in cash	3,238	(12,060)
Cash, beginning of period	(41)	12,036
	-----	-----
Cash, end of period	\$ 3,197	\$ (24)
	=====	=====

Significant non-cash transaction:

Accounts payable contributed as capital	\$ 87,350	\$ -
	=====	=====

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

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 1. Organization and Interim Financial Statements**

American Development & Investment Fund, Inc. (American Development or the Company), a Nevada corporation, was organized in February, 1997 and filed an election to be treated as a business development company (BDC) under the Investment Company Act of 1940, (the 1940 Act) in March 2006. Prior to the election to be treated as a BDC, the Company had been a development stage company and had not engaged in any operating business activity. As a result of the election to be treated as a BDC under the 1940 Act and the commencement of its operations as a BDC, the Company is no longer a shell company and filed the necessary information regarding the change of its status in its Form 10-K report for the year ended December 31, 2005.

As a BDC, the company is subject to the filing requirements of the Securities Exchange Act of 1934 and has elected to be subject to Sections 55 to 65 of the 1940 Act, which apply only to BDCs. The Company is not a registered investment company under the 1940 Act, however, and is not required to file the semi-annual and annual reports required to be filed by registered investment companies under Section 30 of the 1940 Act. As a BDC, the Company also is not eligible to file its periodic reports under the 1934 Act as a small business issuer.

As a BDC, the Company also is subject to the normal financial reporting requirements of Regulation S-X issued by the SEC, but is not subject to Section 6 of Regulation S-X, which provides specific rules for financial reporting of registered investment companies.

The Company does not intend to focus on any primary investment market, and expects to invest, under normal circumstances, at least 80.0 percent of its net assets in qualified portfolio companies in emerging growth markets. At September 30, 2008, the Company had not yet invested in any portfolio Companies, but has entered into acquisition agreements to acquire three portfolio investment companies. See, Item 5. Other Information. The Company expects to concentrate on making investments in companies having annual revenues of less than \$250.0 million and in transaction sizes of less than \$25.0 million. In most cases, these companies will be privately held or will have thinly traded public equity.

The accompanying financial statements are un-audited and have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and the instructions to Form 10-Q, including Regulation S-X. Accordingly, certain information and footnote disclosures normally included in audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. These financial statements should be read in conjunction with the audited financial statements that were included in the Form 10-K filed by the Company for the year ended December 31, 2008. As a BDC, and therefore as a non-registered investment company, the Company is subject to the normal financial reporting rules of Regulation S-X, as adopted by the SEC, in accordance with Regulation S-X 5.01. It is specifically not subject to Section 6 of Regulation S-X, governing the financial reporting of registered investment companies. The

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 1. Organization and Interim Financial Statements (continued)**

accompanying financial reports have been prepared in accordance with the requirements of Regulation S-X, as explained and interpreted in the Audit and Accounting Guide for Investment Companies of the American Institute of Certified Public Accountants (May 1, 2008) (the Audit Guide).

Operating results for the interim periods presented are not necessarily indicative of the results to be expected for a full year.

In March, 2006, the Company implemented a 100 for 1 forward split of its common shares. The stock split was given retroactive treatment in the accompanying financial statements.

**Note 2. Significant Accounting Policies**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported period. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

The following are significant accounting policies consistently applied by the Company and are based on Chapter 7 of the Audit Guide, as modified by Appendix A:

**Investments:**

(a) Security transactions are recorded on a trade-date basis.

(b) Valuation:

(1) Investments for which market quotations are readily available are valued at such market quotations.

(2) Short-term investments which mature in 60 days or less, such as U.S. Treasury bills, are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of the difference between the principal amount due at maturity and cost. Short-term securities which mature in more than 60 days are valued at current market quotations by an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, or otherwise by a principal market maker or a primary market dealer). Investments in money market mutual funds are valued at their net asset value as of the close of business on the day of valuation.



**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 2. Significant Accounting Policies (continued)**

(3) It is expected that most of the investments in the Company's portfolio will not have readily available market values. Debt and equity securities whose market prices are not readily available are valued at fair value, with the assistance of an independent valuation service, using a valuation policy and a consistently applied valuation process which is under the direction of our board of directors.

The factors that may be taken into account in fairly valuing investments include, as relevant, the portfolio company ability to make payments, its estimated earnings and projected discounted cash flows, the nature and realizable value of any collateral, the financial environment in which the portfolio company operates, comparisons to securities of similar publicly traded companies and other relevant factors. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of these investments may differ significantly from the values that would have been used had a ready market existed for such investments, and any such differences could be material.

As part of the fair valuation process, the Audit Committee of the Company will review the preliminary evaluations prepared by the Investment Advisor engaged by the Board of Directors, as well as managements valuation recommendations and the recommendations of the Investment Committee. Management and the Investment Advisor will respond to the preliminary evaluation to reflect comments provided by the Audit Committee. The Audit Committee will review the final valuation report and managements valuation recommendations and make a recommendation to the Board of Directors based on its analysis of the methodologies employed and the various valuation factors as well as factors that the Investment Advisor and management may not have included in their evaluation processes. The Board of Directors then will evaluate the Audit Committee recommendations and undertake a similar analysis to determine the fair value of each investment in the portfolio in good faith.

(c) Realized gains or losses on the sale of investments are calculated using the specific identification method.

(d) Interest income, adjusted for amortization of premium and accretion of discount, is recorded on an accrual basis.

(e) Dividend income is recorded on the ex-dividend date.

(f) Loan origination, facility, commitment, consent and other advance fees received by us on loan agreements or other investments are accreted into income over the term of the loan.

**Federal and State Income Taxes:**

The Company has not elected to be treated as, and is not, a regulated investment company and does not presently intend to comply with the requirements of the Internal Revenue Code of 1986 (the Code), applicable to regulated investment companies. A regulated investment company is

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 2. Significant Accounting Policies (continued)**

required to distribute at least 90% of its investment company taxable income to shareholders, which the Company does not expect to do for the foreseeable future. Therefore, the Company must make appropriate provision for income taxes in accordance with SFAS 109, Accounting for Income Taxes, using the liability method, which requires the recognition of deferred assets and liabilities for the expected future tax consequences of temporary differences between carry amounts and tax basis of assets and liabilities. At September 30, 2008, the Company has approximately \$159,411 of net operating loss carry-forwards available to affect future taxable income and has established a valuation allowance equal to the tax benefit of the net operating loss carry-forwards as realization of the asset is not assured. The net operating loss carry-forwards may be limited under the change of control provisions of the Internal revenue Code, Section 382.

**Dividends and Distributions:**

Dividends and distributions to common stockholders will be recorded on the ex-dividend date. The amount, if any, to be paid as a dividend will be approved by the board of directors each quarter and will be generally based upon managements' estimate of our earnings for the quarter and our investment needs. Net realized capital gains, if any, will be reviewed at least annually as part of any distribution determination.

**Consolidation:**

As an investment company, the Company will only consolidate subsidiaries which are also investment companies. At September 30, 2008, the Company did not have any consolidated subsidiaries.

**Recent Accounting Pronouncements**

In May 2008, the FASB issued Statement of Financial Accounting Standards No. 162 ("SFAS 162"), "The Hierarchy of Generally Accepted Accounting Principles." The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for non-governmental entities. The Statement will be effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board ("PCAOB") amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." We are currently evaluating the effects, if any, that SFAS 162 may have on our financial reporting.

In December, 2007, the FASB issued FAS No. 141(R), Business Combinations, and SFAS No. 160, Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. FAS No. 141(R) is required to be adopted concurrently with SFAS No. 160. These standards are effective for fiscal years beginning after December 15, 2008 and will apply prospectively to business combinations completed on or after that date.

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 2. Significant Accounting Policies (continued)**

Early adoption is prohibited. FAS 141(R) requires changes in accounting for acquisitions and FAS 160 will change the accounting for minority interests. The Company is evaluating the impact of these statements on its financial statements.

**Note 3. Portfolio Investments**

As required by the 1940 Act, we will classify our investments by level of control. As defined in the 1940 Act, control investments are those where there is the ability or power to exercise a controlling influence over the management or policies of a company. Control is generally viewed to exist when a company or individual owns 25% or more of the voting securities of an investee company. Affiliated investments and affiliated companies are defined by a lesser degree of influence and are deemed to exist through ownership of an amount greater than 5% but less than 25% of the voting securities of the investee company. The Company currently has no controlled or affiliated investments.

**Note 4. Related Party Agreements and Transactions**

Investment Advisory Agreement

The Company has entered into an Investment Advisory Agreement with American Investment & Development Fund Advisors LLC (the Investment Advisor) under which the Investment Advisor, subject to the overall supervision of the board of directors of the Company, will manage the day-to-day operations of, and provide investment advisory services to, the Company. American Development Fund Advisors, LLC is owned equally by Patrick Donelan and Adam Mayblum. Mr. Mayblum and Mr. Donelan are also the equal owners of Enterprise Partners, LLC, our former majority Common Stockholder and the former holder of all of our Series A Convertible Preferred shares at the end of the quarter. Mr. Mayblum also serves as a director of the Company.

For providing these services the Investment Advisor will receive a fee from the Company, consisting of two components--a base management fee and an incentive fee. The base management fee will be calculated at an annual rate of 2.00% on the gross assets of the Company (including amounts borrowed). The base management fee is payable quarterly in arrears based on the average value of the Company's gross assets at the end of the two most recently completed calendar quarters and appropriately adjusted for any share issuances or repurchases during the current calendar quarter. Base management fees for any partial month or quarter will be appropriately pro-rated.

No investment advisory fees have been earned or accrued for the quarter.

Amounts due to affiliate totaling \$3,550 at September 30, 2008 represent short-term, non-interest bearing advances from a related company.

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 4. Related Party Agreements and Transactions (continued)**

Managerial Assistance

As a business development company, we will offer, and provide upon request, managerial assistance to certain of our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. The Company expects to receive fee income for providing these services.

**Note 5. Stockholders' Equity.**

No shares were issued during the quarter ended September 20, 2008 and there were no changes in stockholders' equity during the quarter ended September 30, 2007, except for the \$32,195 decrease in stockholders' equity resulting from operations. In addition, \$87,350 in accounts payable was contributed to capital in the quarter ended June 30, 2008.

**Note 6. Financial Highlights**

The following is a schedule of financial highlights for the nine months ended September 30, 2008 and for the twelve months ended December 31, 2007:

	CHANGES IN NET ASSET VALUE	
	For the nine months ended September 30, 2008	For the twelve months ended December 31, 2007
Net asset value at beginning of period (1)	\$ (0.00288)	\$ (0.00101)
Proceeds from common stock	0.00091	0.00117
Adjustment to capital	0.00258	-
Net investment income	(0.00094)	(0.002304)
Net unrealized appreciation	-	-
Net asset value, end of period (2)	\$ (0.00033)	\$ (0.00288)

(1) Financial highlights as of September 30, 2008 and December 31, 2007 are based on 34,283,200 and 34,150,000 common shares outstanding, respectively, giving effect to the 100 for 1 forward split. On a fully diluted basis, there would be 34,283,200 and 34,150,000 shares outstanding as of September 30, 2008, and December 31, 2007, respectively, based on conversion of the Series A Convertible Preferred Stock into 4 million common shares, the actual conversion under the terms of the Series A Preferred Stock, at March 20, 2008.

(2) Total return based on net asset value is based upon the change in net asset value per share between the opening and ending net asset values per share in each period. The total return is not annualized.

**AMERICAN DEVELOPMENT & INVESTMENT FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008**  
**(unaudited)**

**Note 7    Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's financial position and operating results raise substantial doubt about the Company's ability to continue as a going concern, as reflected by the accumulated deficit of \$159,411 and recurring net losses. The ability of the Company to continue as a going concern is dependent upon acquiring suitable portfolio investments and obtaining additional capital and financing. Management's plan in this regard is to acquire portfolio investment operating entities and secure financing and operating capital. The 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 Discussion and Analysis of Financial Condition and Results of Operations.

This quarterly report on Form 10-Q contains forward-looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause the results of the Company to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of revenue, expenses, earnings or losses from operations or investments, or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties and assumptions referred to above include risks that are described from time to time in our Securities and Exchange Commission, or the SEC, reports filed before this report.

The forward-looking statements included in this quarterly report represent our estimates as of the date of this quarterly report. We specifically disclaim any obligation to update these forward-looking statements in the future. Some of the statements in this quarterly report constitute forward-looking statements, which relate to future events or our future performance or financial condition. Such forward-looking statements contained in this quarterly report involve risks and uncertainties.

We use words such as anticipates, believes, expects, future, intends and similar expressions to identify forward-looking statements. Our actual results could differ materially from those projected in the forward-looking statements for any reason. We caution you that forward-looking statements of this type are subject to uncertainties and risks, many of which cannot be predicted or quantified.

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto contained elsewhere in this Form 10-Q.

### Overview

The Company was incorporated under the Nevada General Corporation Law in February 1997 as MNS Eagle Equity Group, Inc., and was a development stage company through the end of 2005, and until the Company changed its business model with the election to be treated as a business development company on March 20, 2006. On March 8, 2006, the Company changed its corporate name to American Development & Investment Fund, Inc., to reflect its new business model and plan. The Company also filed an election to be treated as a Business Development Company under the Investment Company Act of 1940 by filing a Form N54-A with the SEC on March 20, 2006.

On March 20, 2006, the Company filed a Certificate of Designations for Class A Convertible Preferred Stock with the Nevada Secretary of State and the Board of Directors authorized the issuance of 1 million shares of Class A Convertible Preferred Stock to Enterprise Partners, LLC, our then majority shareholder, in exchange for the cancellation of \$60,000 in loans for funds advanced to the Company by Enterprise Partners LLC to pay off debts of the Company and for working capital. The Class A Convertible Preferred Stock was \$0.001 par value stock, and may be converted into common stock based on a formula under which conversion is equal to 1 divided by the 30 day trailing average stock price of

the common shares at the time of the conversion election, but not more than 15 common shares for each preferred share converted, or a maximum of 15 million common shares, with an automatic conversion two years after the date of issue. The Class A Convertible Preferred Stock automatically converted into common stock following the second anniversary of issue, in March 2008, at an agreed conversion of four shares of common stock for each share of preferred stock outstanding.

Effective March 20, 2006, the Company implemented a 100 for 1 forward split of our outstanding common shares. As a result of the forward split, there were 30,150,000 common shares then outstanding. This forward split has been reflected retroactively on our financial statements.

We have elected to be treated as a business development company under the 1940 Act. Accordingly, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, including securities of private or thinly traded public U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We will typically invest under normal circumstances, at least 80% of net assets in qualified portfolio companies.

We intend to invest in companies in emerging markets and industries, most of which will have relatively short operating histories. We do not currently intend to invest in companies which may be considered as start-up companies, due to the increased risk involved. The companies in which we invest are and will be subject to all of the business risk and uncertainties associated with any growing business enterprise, including the risk that these companies may not reach their investment objective and the value of our investment in them may decline substantially or fall to zero. As of June 30, 2008, we had not yet made any portfolio or other investments.

#### Critical Accounting Policies

In determining the fair value of our investments, the Audit Committee will consider valuations from our Investment Advisor, from our Investment Committee and from management

#### Results of Operations

For the quarter ended September 30, 2008, we incurred rent expense of \$550, professional fees of \$0 and other expenses of \$150 compared to consulting expenses of \$28,500, rent expense of \$2,650 and professional expenses totaling \$2,333 for the quarter ended September 30, 2007. Our total expenses were \$700 for the quarter ended September 30, 2008 and \$33,943 for the quarter ended September 30, 2007. We had no income reported for either quarter.

#### Financial Highlights

Financial highlights of the Company for the period ending September 30, 2008 are included in Footnote 6 to our Financial Statements.

#### Investment Activity

We have not yet engaged in any portfolio investments and have not yet raised significant capital to be employed in our proposed investment activities.

## Long-Term Portfolio Investments

There were no portfolio investments made during the three months ended September 30, 2008.

## Investment Income

We expect to generate revenue in the form of interest income on any debt securities that we own, dividend income on any common or preferred stock that we own, and capital gains or losses on any debt or equity securities that we acquire in portfolio companies and subsequently sell. We also expect to receive fee income from providing management services to our portfolio companies. Our investments, if in the form of debt securities, will typically have a term of one to ten years and bear interest at a fixed or floating rate. To the extent achievable, we will seek to collateralize our investments by obtaining security interests in our portfolio companies assets. Our business model, however, is to invest primarily in equity securities of our portfolio companies and to maintain a minimal level of debt investment. We do not plan to engage in any form of leveraged investment for the foreseeable future, and will not engage in any co-investment transactions with any affiliated persons.

We expect to acquire minority or majority equity interests in our portfolio companies, which may pay cash or in-kind dividends on a recurring or otherwise negotiated basis. In addition, we may generate revenue in other forms including commitment, origination, structuring or due diligence fees, and possibly consultation fees. Any such fees generated in connection with our investments will be recognized as earned. We earned no investment income during the quarter ended September 30, 2008.

## Operating Expenses

Our primary operating expenses consist of consulting, accounting and other operating and overhead-related expenses. Operating expenses totaled \$700 for the quarter ended September 30, 2008 as compared to \$33,943 for the quarter ended September 30, 2007.

The consulting expenses were paid or due to CF Consulting, LLC, pursuant to a Consulting Agreement under which it provided CEO, CFO and Chief Compliance Officer services for a monthly fee. The consulting agreement with CF Consulting, LLC expired in April, 2008 and has not yet been renewed. Due to the delay in identifying the first portfolio acquisition, CF Consulting, LLC agreed to forego a total of \$87,350 in accumulated fees due to it under the expired consulting agreement. This concession has been recorded as a reduction in accounts payable and an increase in paid-in capital. The rent expense represents rent paid or due to CF Consulting, LLC for sub-leasing office space, telephone, office equipment and related office services at the rate of \$550 per month through May 1, 2008.

## Net Investment Income, Net Unrealized Appreciation and Net Increase in Stockholders Equity Resulting from Operations

Our investment income totaled \$0 for the quarter ended September 30, 2008 compared to \$0 for the quarter ended September 30, 2007 and \$0 for the year ended December 31, 2007. Net unrealized appreciation totaled \$0 for the quarter ended September 30, 2008 compared to \$0 for the quarter ended September 30, 2007 and \$0 for the year ended December 31, 2007.



## Financial Condition, Liquidity and Capital Resources

Our liquidity and capital resources were generated primarily from an advance of \$60,000 by our major shareholder, Enterprise Partners, LLC, which was later converted into 1 million shares of Series A Convertible Preferred Stock, and from the sale of common shares in March, 2007, for a total of \$39,960 and in the second quarter of 2008 in the amount of \$31,100. We generated no cash flows from operations. In the future, we may fund a securities or secondary offering of equity, including further exempt offerings. We may also securitize a portion of our investments in mezzanine or senior secured loans or other assets. Our primary use of funds will be investments in portfolio companies.

## Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

### Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are subject to financial market risks, including changes in interest rates, equity price risk and some of the loans in our portfolio may have floating rates in the future. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our ability to participate in the benefits of higher interest rates with respect to our portfolio of investments. During the three months ended September 30, 2008 and the twelve months ended December 31, 2007, we did not engage in any hedging activities.

### Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based on that evaluation, as of September 30, 2008, the Chief Executive Officer and the Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them to material information relating to the Company that is required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934.

## Internal Control Over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such responsibility is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, and for performing an assessment of the effectiveness of internal control

of financial reporting. Internal control over financial reporting is a process designed 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. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets that could have a material effect on the financial statements. Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

There have been no changes in our internal controls over financial reporting that occurred during the three months ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings.

The Company is not a defendant in any legal action arising out of its activities. We are not aware of any other material pending legal proceeding, and no such material proceedings are known to be contemplated, to which we are a party or of which any of our property is subject.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

A total of 124,400 shares of common stock were sold to unrelated parties during the quarter ended June 30, 2008 in private transactions for total proceeds of \$31,100. The 1 million outstanding shares of Series A Convertible Preferred Stock converted automatically into 4 million shares of common stock during the quarter ended June 30, 2008. The proceeds were used for operating expenses and payment of accrued liabilities. No common or preferred shares were issued during the three months ended September 30, 2008.

As a result, there were 34,407,600 common shares issued as of September 30, 2008 and no shares of preferred stock issued at September 30, 2008.

### Item 3. Defaults Upon Senior Securities.

Not Applicable.

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

None

Item 5. Other Information.

The Company has executed Term Sheets to acquire three separate Internet based businesses, ColoradoNewHomes, Com, Inc., RealMart realty, LLC, and Custom Business Solutions International, Ltd. and also has entered into an agreement to raise the necessary capital to complete the acquisitions. Each of the Term Sheets has been incorporated into a final Acquisition Agreement agreed to by the respective Sellers, and the Acquisition Agreements have been submitted to and approved by the Board of Directors of the Company. It is expected that the three acquisition Agreements will be closed by the end of the fiscal year, subject to obtaining the necessary funding.

Item 6. Exhibits

Exhibit	Description of Exhibit
31	Certification of Chief Executive and Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32	Certification of Chief Executive and Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350

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.

/s/ Robert Hipple

November 14, 2008

Robert Hipple  
Interim Chief Executive Officer