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AMERICAN CAPITAL HOLDINGS INC
Form 10QSB
October 18, 2005

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-QSB
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended August 31, 2005
Commission File Number 000-50776

AMERICAN CAPITAL HOLDINGS, INC.

(Exact name of small business issuer as specified in its charter)

Florida

65-0895564

(State or other jurisdiction of
incorporation or organization)

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

100 VILLAGE SQUARE CROSSING, SUITE 202
PALM BEACH GARDENS, FLORIDA 33410

(Address of principal executive offices)

(561) 207-6395

(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the 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 [X] No []

As of August 31, 2005 the issuer had 18,632,680 shares of common stock,
\$.0001 Par Value, outstanding.

Transitional Small Business Disclosure format: Yes [] No [X]

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Paul M. Wieseneck, C.P.A.
*Regulated by the State of Florida

Independent Accountants' Report

To the Board of Directors and Stockholders
American Capital Holdings, Inc.
Palm Beach Gardens, Florida

We have reviewed the accompanying consolidated balance sheet of American Capital Holdings, Inc. as of August 31, 2005 and 2004 and the related consolidated statements of operations and cash flows for the three months ended August 31, 2005 and 2004, and statement of changes in shareholders' equity from May 31, 2004 through August 31, 2005, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of American Capital Holdings, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with U.S. generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/Wieseneck, Andres & Company, P.A.

North Palm Beach, Florida
October 17, 2005

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEET

	AUGUST 31, 2005	AUGUST 31, 2004
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 198,113	\$ 220,873
Notes Receivable	133,851	141,212
Loans Receivable Related Parties (net)	245,120	388,936
Prepaid Expenses	34,313	95,162
Marketable Securities	34,169	2,495,065
Other Current Assets	45,856	100,000
	-----	-----

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Total Current Assets	691,422	3,441,248
	-----	-----
Property and Equipment, net	42,734	40,862
	-----	-----
Other Assets		
Intangible Assets, net	462,894	1,887,116
Goodwill	980,000	8,209,071
Security Deposit	3,110	3,110
	-----	-----
Total Other Assets	1,446,004	10,099,297
	-----	-----
TOTAL ASSETS	\$ 2,180,160	\$ 13,581,407
	=====	=====
LIABILITIES & STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 76,385	\$ 23,235
Accrued Expenses	79,396	12,879
Loan Payable Related Parties	177,659	318,954
Current Portion of Notes and Loans Payable	319,950	1,059,977
	-----	-----
Total Current Liabilities	653,390	1,415,045
	-----	-----
Total Liabilities	653,390	1,415,045
	-----	-----
Stockholders' Equity		
Common Stock \$.0001 par value, 100 million shares authorized, 18,632,680 and 15,723,903 shares issued and outstanding 800,000 and 1,325,000 unissued	1,943	1,705
Paid-in-Capital	17,478,649	14,711,360
Retained Earnings Deficit	(12,697,455)	(917,386)
Accumulated Comprehensive Loss	(3,256,366)	(1,629,317)
	-----	-----
Total Stockholders' Equity	1,526,770	12,166,362
	-----	-----
TOTAL LIABILITIES & STOCHHOLDERS' EQUITY	\$ 2,180,160	\$ 13,581,407
	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED
AUGUST 31, 2005 AND 2004

	AUGUST 31, 2005	AUGUST 31, 2004
Revenues		
Net Sales	\$ -	\$ 66
Cost of Sales	(2,423)	(4,010)
	-----	-----
Gross Profit	(2,423)	(3,944)
	-----	-----
Operating Expenses		
General and Administrative	53,279	243,862
Sales and Marketing	2,000	13,551

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Amortization	-	1,299
	-----	-----
Total Operating Expenses	55,279	258,712
	-----	-----
Loss from Operations	(57,702)	(262,656)
	-----	-----
Other Income (Expense)		
Interest Income	2,411	2,464
Interest Expense	(2,637)	(12,604)
Gain / (Loss) on Disposition of Marketable Securities	(265,363)	6,636
	-----	-----
Net Other Expenses	(265,588)	(3,506)
	-----	-----
Net Loss Before Other Comprehensive Losses	(323,290)	(266,162)
	-----	-----
Other Comprehensive Income / (Loss)		
Unrealized Holding Loss During Period	(47,186)	(1,116,320)
	-----	-----
Total Comprehensive Loss	(47,186)	(1,116,320)
	-----	-----
Net Loss	\$ (370,476)	\$ (1,382,482)
	=====	=====
Basic and Diluted		
Net Loss Per Common Share	\$ (.02)	\$ (.09)
	=====	=====
Weighted Average Shares Outstanding	18,943,495	15,723,903
	=====	=====

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FROM MAY 31, 2004 THROUGH AUGUST 31, 2005

	Number of Shares Issued	At Par Value \$.0001	Add'l Paid in Capital & Treasury Stock	Retained Earnings (Loss)	Accum. other Comprehen- sive Inc.	Total Stockholder Equity
	-----	-----	-----	-----	-----	-----
Bal. 5/31/04	15,723,903	\$ 1,702	\$14,686,363	\$ (651,224)	\$ (512,997)	\$13,523,844
Sale of 25,000 shares of Common Stock - unissued	-	3	24,997	-	-	25,000
Accumulated other Comprehensive Loss	-	-	-	-	(1,116,320)	(1,116,320)
Net Operating Loss	-	-	-	(266,162)	-	(266,162)
	-----	-----	-----	-----	-----	-----
Bal. 8/31/04	15,723,903	1,705	14,711,360	(917,386)	(1,629,317)	12,166,362

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Comprehensive Loss for the period from 9/01/04 to 5/31/04	-	-	-	-	(1,579,863)	(1,579,863)
Net Operating Loss for the period from 9/01/04 to 5/31/04	-	-	-	(9,944,734)	-	(9,944,734)
(1,579,863)						
Sale of 1,675,000 shares Common Stock	1,675,000	168	1,899,832	-	-	1,900,000
Sale of 733,777 shares Common Stock	733,777	73	892,454	-	-	892,527
Issuance of 500,000 shares previously recorded as unissued	500,000	-	-	-	-	-
Comprehensive Loss for the period from 9/01/05 to 8/31/05	-	-	-	-	(47,186)	(47,186)
Dividends Paid	-	-	-	(1,025,699)	-	(1,025,699)
Dividends Declared	-	-	-	(485,926)	-	(485,926)
Net Operating Loss	0	0	0	(323,290)	0	(323,290)
Bal. 8/31/05	18,632,680	\$1,943	\$17,478,649	(12,697,455)	\$(3,256,366)	\$1,526,770

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2005 AND 2004

	AUGUST 31, 2005	AUGUST 31, 2004
Cash Flows From Operating Activities		
Cash received from customers	\$ 0	\$ 66
Cash paid to suppliers of goods and services	(55,221)	(270,080)
Income Taxes Paid	-	-
Interest Paid	(12,604)	(10,616)
Interest Received	24	204
Net Cash Flows Used in Operating Activities	(67,801)	(280,426)
Cash Flows From Investing Activities		
Purchase of Equipment	(6,563)	(1,400)
Deposit Made on Insurance Carrier into Escrow	0	(100,000)
Return of Investment Deposit	10,000	0
Sale of Marketable Securities	0	776,636
Purchase of Marketable Securities	0	(375,000)
Net Cash Flows Provided By (Used In) Investing Activities	(3,437)	300,236

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Cash Flows From Financing Activities		
Loans from Related Companies	167,907	1,084,993
Repayment of Loans from Related Companies	(152,608)	(906,543)
Payment for Debtor in Possession financing	(115,186)	0
Proceeds from Sale of Stock	143,750	25,000
Purchase of Notes Receivable	(50,000)	0
Payments on Notes Payable	(125,000)	(25,000)
Net Cash Flows Provided By Financing Activities	(131,137)	178,450
Net Increase / (Decrease) in Cash	(202,375)	198,260
Cash and Cash Equivalents at Beginning of Period, June 1, 2005 and 2004	400,488	22,614
Cash and Cash Equivalents at End of Period, August 31, 2005 and 2004	\$ 198,113	\$ 220,874

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED AUGUST 31, 2005 AND 2004

Reconciliation of Net Loss to Net Cash Flows Used in Operating Activities

	AUGUST 31, 2005	AUGUST 31, 2004
Net Income (Loss)	\$ (370,476)	\$ (1,382,482)
Cash was increased by:		
Increase in accrued expenses		
Other Comprehensive Income	47,186	1,116,320
Valuation Loss	262,237	0
Amortization	0	1,299
Depreciation	2,423	4,010
Increase in Accrued Expenses	26,958	1,858
Cash was decreased by:		
Gain on Sale of Marketable Securities	0	(6,636)
Decrease in Accounts Payable	(28,503)	(4,571)
Increase in Prepaid Expenses	(7,626)	(10,224)
Net Cash Flows Used in Operating Activities	\$ (67,801)	\$ (280,426)

Supplemental Disclosures
Of Non Cash Investing and

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Financing Activities:

On February 29, 2004 the Company acquired approximately \$137,000 in notes receivable, common and preferred stock in various entities valued at \$3.1 million, equipment of \$47,000, intangible assets of \$6,000, intellectual property valued at \$3.5 million, various prepaid assets valued at \$92,000, goodwill of \$7.2 million and assumed \$1,005,000 in debt for the issuance of 13,226,147 shares of the Company's common stock.

See accompanying summary of accounting policies, notes to financial statements and independent accountants' review report.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2005

NOTE A - DESCRIPTION OF BUSINESS

American Capital Holdings, Inc. (American Capital Holdings) is a Florida Corporation whose primary business consists of insurance and proprietary financial products designed to utilize tax incentives, and mitigate the impact of balance sheet liabilities. The Company's main office is located at 100 Village Square Crossing, Suite 202, Palm Beach Gardens, Florida 33410, and the telephone number is (561) 207-6395.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation, Use of Estimates

The Company maintains its accounts on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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

Revenue and dividends from investments are recognized at the time the investment dividends are declared payable by the underlying investment. Capital gains and losses are recorded on the date of sale of the investment.

Cash

Cash consists of deposits in banks and other financial institutions having original maturities of less than ninety days.

Allowance for Doubtful Accounts

It is the policy of management to review the outstanding accounts receivable at year end, as well as the bad debt write-offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible

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amounts.

Depreciation

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method.

Amortization

The accounting for a recognized intangible asset acquired after June 30, 2001 is based on its useful life to the Company. If an intangible asset has a finite life, but the precise length of that life is not known, that intangible asset shall be amortized over management's best estimate of its useful life. An intangible asset with a indefinite useful life is not amortized. The useful life to an entity is the period over which the asset is expected to contribute directly or indirectly to the future cash flows of that entity.

Investments

Investments are stated at the lower of cost and market value.

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2005

NOTE C - NOTES RECEIVABLE

Notes Receivable at August 31, 2005 consist of the following:	2005	2004
8% non-collateralized notes due on demand.	-----	-----
Interest is payable quarterly. Included in the balance		
Is \$21,945 of accrued interest receivable.	\$ 121,945	\$ 113,970
A 4% note convertible to common stock of		
Solid Imaging, LTD, interest is payable at maturity.	-	27,241
Nine 8% promissory notes purchased from holders of notes		
With Air Media Now, Inc.	11,906	-
A 5% non-collateralized surplus note that Cosmopolitan Life Insurance		
has the right to repay, provided Cosmopolitan has sufficient capital		
operate as a stipulated premiums life insurance company.		
Included in the balance is \$3,125 of accrued interest.	-	-
	-----	-----
Total Notes Receivable	\$ 133,851	\$ 141,212
	=====	=====

Management has made a determination that the \$25,000 note receivable from Solid Imaging, LTD was uncollectible, and has written off the amount due and accrued interest of \$27,737 as a loss on investment on May 31, 2005. Management has made a determination that the \$250,000 note receivable from Cosmopolitan Life Insurance Company was uncollectible, and has written off the amount due and accrued interest of \$12,238 as a loss on investment on August 31, 2005. All of the other notes receivable have been determined to be collectable and therefore, management has not established an allowance for doubtful accounts.

NOTE D - LOANS RECEIVABLE RELATED PARTIES

The loans receivable from related corporate entities are non-collateralized, non-interest bearing and are due on demand. As of August 31, 2005, eCom, a related party, owed American Capital \$71,086. As of November 29, 2004, eCom has been adjudicated as a Chapter 11 Debtor in the involuntary bankruptcy proceedings of the United States Bankruptcy Court - Southern District of Florida (In Re: Case No. 04-34535 BKC-SHF).

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Pending bankruptcy court approval of eCom's Reorganization Plan, which is expected in due course, there should not be a material affect on the financial condition of American Capital.

The loans due as of August 31, 2005 are as follows:

eCom eCom.com Inc.	186,334
American Environmental, Inc.	47,446
USA Performance Products	3,783
Other	7,557

Total	\$ 245,120
	=====

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2005

NOTE E - INVESTMENTS

The assets acquired by ACHI from Spaulding, and subsequently acquired by the Company from ACHI, consisted primarily of equity ownership positions in ten developing companies. The companies included: Smart Pill Holding Corp., Brilliant Roadways, Inc., @Visory, LLC., eSmokes, Inc., Efficien, Inc., IS Direct Agency, Inc., Solid Imaging, Ltd., Century Aerospace Corporation, Traffic Engine, Inc. and Metroflex, Inc.

American Capital wrote off its remaining interests in these companies with the exception of IS Direct Agency, Inc., as a charge to Accumulated Comprehensive Loss of \$(2,279,500) for the period ending May 31, 2005.

Available-for-Sale Securities:

eCom eCom.com, Inc. is a Florida Corporation and trades on the OTC/PINK:ECEC. The company, which was the former parent of USA SportsNet Company, now American Capital Holdings, Inc., owns 1,437,100 common shares of eCom. The Company's investment amounts to 2.9% of the outstanding shares of eCom. The cost for this investment as of August 31, 2005 was \$254,869. On August 31, 2005 the market value based on a closing bid price of 0.021 per share was \$34,169. The difference in cost versus market value is recorded as a deficit in Accumulated Other Comprehensive Income of \$220,700.

NOTE F - PROPERTY AND EQUIPMENT

Equipment is stated at cost less depreciation. As of August 31, 2005, equipment consisted of computer hardware, software, and office furniture and equipment. Depreciation expense of \$2,423 and 4,010 has been recorded for the three months ending August 31, 2005 and 2004 respectively.

NOTE G - PREPAID EXPENSES

Prepaid expenses consist principally of amounts paid for auditing work for the Company, along with marketing and research material to be used for investor relations.

NOTE H - INTANGIBLE ASSETS

Intangible assets consist of website and software development costs for IS Direct, and fees related to applications for patents and trademarks.

Air Media Now!, Inc. is a Florida Corporation and trades on the OTC/PINK:AMNW.

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On February 29, 2004, a stockholder of the Company contributed 53,660,374 shares of Air Media Now!, Inc. to the Company as additional paid in capital. American Capital Holdings, Inc. owns 53,660,374 common shares of Air Media Now!, Inc. which amounts to approximately 90% of the outstanding shares of Air Media Now!, Inc. The cost for this investment as of August 31, 2005 was \$3,469,622. On August 31, 2005 the market value based on a closing bid price of .007 per share was \$433,956. The difference in cost versus market value is recorded as a deficit in Accumulated Other Comprehensive Income of \$(3,035,666). The only asset of Air Media Now!, Inc. is the right to certain intellectual property.

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2005

NOTE I - OTHER ASSETS

Other assets consist primarily of security deposits on the lease of office facilities.

NOTE J - Loan Payable Related Party

A non-interest bearing, non-collateralized loan payable to a related company in the amount of \$29,511 is due on demand. As of August 31, 2005 loans payable to shareholders in the amount of \$148,148 are due on demand.

NOTE K - NOTES PAYABLE

Promissory Notes as of May 31, 2005 consisted of:

	Aug. 31, 2005	Aug. 31, 2004
Four interest bearing, non-collateralized loans. The loans have various maturities throughout 2005.	\$ 319,950	\$ 469,950
Total Notes Payable	319,950	469,950
Less Current Portion	(319,950)	(469,950)
Net Long-term Debt	\$ 0	\$ 0
<hr style="border-top: 1px dashed black;"/>		
The short-term notes payable mature as follows: August 31, 2005	\$ 319,950	\$ 469,950
Two non-interest bearing, non-collateralized loans due on demand	\$ 0	\$ 590,027
Total Notes Payable	\$1,034,977	\$1,059,977
<hr style="border-top: 1px dashed black;"/>		

The notes and loans can be converted to shares of the Company's \$.0001 par value common stock at the option of the holder. The notes pay interest at 10% per annum. Interest is paid quarterly. The loan can be converted at 80% of the average closing price of Company's common stock for the preceding five (5) consecutive trading days with a floor of \$1. The holder of a \$500,000 10% note payable with accrued interest of \$9,315 agreed on May 7, 2004 to convert their debt to common shares. During the quarter ending August 31, 2005 this debt was converted into 590,027 shares of common stock.

NOTE L - WARRANTS

The Company has issued 1,005,000 detachable warrants for each dollar of debt as described in Note K above. Management has determined that the value of the detachable warrants to be \$.01 on the date of issuance and have charged paid in capital \$10,050 during the period. Each warrant entitles the holder to purchase

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one (1) share of common stock at \$.01. The Company also issued 400,000 warrants to one of the former owners of IS Direct Agency for providing his insurance licensing in all fifty states. The warrants can be exercised for \$.01 each. An additional 216,209 warrants were issued in connection with the Spaulding

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2005

NOTE L - WARRANTS (CONTINUED)

acquisition, one warrant for every ten shares owned. Each unit of Spaulding entitled the owner to one warrant with an exercise price of \$6.00 each.

The following is a summary of warrants through:

	Aug 31, 2005	Aug 31, 2004
Outstanding warrants at the beginning of the year	1,621,209	0
Warrants issued	0	1,621,209
Warrants expired	50,000	0
Warrants exercised	0	0
	-----	-----
Warrants outstanding at the end of the year	1,571,209	1,621,209
	=====	=====

NOTE M - COMMITMENTS AND CONTINGENCIES

The Company leases approximately 1,231 square feet office facilities in Palm Beach Gardens, Florida under an operating lease of \$3,478 per month which expires on January 31, 2006. ISDA leases approximately 200 square feet of office facilities in Buffalo, NY under a month to month agreement of \$425.00 per month.

Future minimum lease payments including sales tax as of May 31, 2005 are:
 Fiscal Years ending:

May 31, 2006	17,813

Total Minimum Lease Payments	\$ 17,813

Rent expense for the three month period ending August 31, 2005 was \$11,708.

NOTE N - INCOME TAXES

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of August 31, 2005 totals approximately \$10,928,000. These carry-forwards, which will be available to offset future taxable income, and expire beginning in May 31, 2024.

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2005

NOTE N - INCOME TAXES (CONTINUED)

The Company accounts for income taxes in accordance with FASB Statement No. 109, Accounting for Income Taxes (FASB 109). Under FASB 109, income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to certain income and expenses recognized in different periods for financial and income tax reporting purposes. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Deferred taxes also are recognized for operating losses and tax credits that are available to offset future taxable income and income taxes, respectively. A valuation allowance is provided if it is more likely than not that some or all of the deferred tax assets will not be realized.

NOTE O - STOCKHOLDERS' EQUITY

To facilitate the purchase of the assets of ACHI, the Company recorded a one for twenty reverse split on the Effective Date of the currently outstanding common stock, while maintaining the conversion and exercise prices of the Senior Notes, the Secured Notes, the Subordinated Notes and the related warrants. All prior period share and per-share amounts have been restated to account for the reverse split. Any fractional shares remaining after the reverse split will be paid out in cash to the shareholder on the Effective Date.

Warrants were granted to Promissory Noteholders with detachable warrants. Management has determined that the fair value of each warrant is \$0.01.

The computation of diluted loss per share before extraordinary item for the year ended May 31, 2005 does not include shares from potentially dilutive securities as the assumption of conversion or exercise of these would have an antidilutive effect on loss per share before extraordinary items. In accordance with generally accepted accounting principles, diluted loss per share from extraordinary item is calculated using the same number of potential common shares as used in the computation of loss per share before extraordinary items.

NOTE P - DEFERRED TAX ASSET

Deferred income taxes are provided for temporary differences between the financial reporting and income tax basis of the Company's assets and liabilities. Temporary differences, net operating loss carry forwards and valuation allowances comprising the net deferred taxes on the balance sheets is as follows:

AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2005

NOTE P - DEFERRED TAX ASSET (CONTINUED)

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	Aug. 31, 2005	Aug. 31, 2004
	-----	-----
Loss carry forward for tax purposes	\$(10,928,260)	\$ 753,600
	=====	=====
Deferred tax asset (34%)	3,715,609	256,224
Valuation allowance	(3,715,609)	(256,224)
	-----	-----
Net deferred tax asset	-	-
	=====	=====

No provision for federal and state income taxes has been recorded because the Company has incurred net operating losses since inception. The Company's net operating loss carry-forward as of August 31, 2005 was approximately \$3,715,000. These carry-forwards, which will be available to offset future taxable income, will expire through the year 2024.

The Company does not believe that the realization of the related net deferred tax asset meets the criteria required by generally accepted accounting principles and, accordingly, the deferred income tax asset arising from such loss carry forward has been fully reserved.

NOTE Q - RELATED PARTY TRANSACTIONS

The Company has receivables due from nine related entities. eCom eCom.com, Inc. owes \$186,334 for services paid to the Company's transfer agent and accountant, including \$100,000 of debtor-in-possession financing, as authorized by the United States Bankruptcy Court, Case No. 04-35435-SHF. Freedom 4 Wireless, Inc. owed the Company \$670,199 for working capital and inventory purchased by ACHI, and for investments into the company between March 2004 and June 2004. On February 1, 2005, this investment was converted into 47,457,356 shares of MyZipSoft, Inc. common stock. Additional advances were made after February 1, 2005, resulting in a balance due from MyZipSoft of \$108,262. On August 31, 2005 10,826,190 of shares of MyZipSoft were issued to American Capital Holdings. These MyZipSoft shares were distributed to the shareholders of American Capital Holdings on August 31, 2005. Additional advances to support operations were made into each of the following eight spin-offs of eCom; A Super Deal.com, Inc, Swap and Shop.net Corp, A Classified Ad, Inc, AAB National Company, Pro Card Corporation, USAS Digital Inc, USA Performance Products, and eSecureSoft Company. These related party transactions totaled \$377,664, on August 31, 2005. The following shares were issued to American Capital Holdings by the following companies as compensation for these advances and services.

Shares issued to American Capital Holdings during the three months ended August 31, 2005 and distributed to the shareholders of American Capital Holdings, Inc. to shareholders of record of American Capital Holdings as of August 31, 2005:

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AMERICAN CAPITAL HOLDINGS, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 THREE MONTHS ENDED AUGUST 31, 2005

NOTE Q - RELATED PARTY TRANSACTIONS - (CONTINUED)

Company name	Shares distributed on August 31, 2005
eSecureSoft Company	6,560,606
USAS Digital	4,502,351
Pro Card Corporation	5,265,896

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AAB National	7,099,350
A Classified Ad	3,694,725
Swap and Shop	3,886,226
A Super Deal	6,757,351
MyZipSoft	10,826,190

The Company has received loans from various Officers and Directors. As of May 31, 2005, the company owes \$128,942 to Barney Richmond and \$19,206 to Richard Turner.

NOTE R - RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations with an effective date for financial statements issued for fiscal years beginning after June 15, 2002. The statement addresses financial accounting and reporting for obligations related with the retirement of tangible long-lived assets and the costs associated with asset retirement. The statement requires the recognition of retirement obligations which will, therefore, generally increase liabilities; retirement costs will be added to the carrying value of long-lived assets, therefore, assets will be increased; and depreciation and accretion expense will be higher in the later years of an assets life than in earlier years. The Company adopted SFAS No. 143 at January 1, 2002. The adoption of SFAS No. 143 had no impact on the Company's operating results or financial positions.

The FASB also issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets and is effective for financial statements issued for fiscal years beginning January 1, 2002. This statement addresses financial accounting and reporting for the impairment or the disposal of long-lived asset. An impairment loss is recognized if the carrying amount of a long-lived group exceeds the sum of the undiscounted cash flow expected to result from the use and eventual disposition of the asset group. Long-lived assets should be tested at least annually or whenever changes in circumstances indicate that its carrying amount may not be recoverable. This statement does not apply to goodwill and intangible assets that are not amortized. The Company adapted SFAS No. 144 in the first quarter of 2002, and there was no impact on the Company's operating results or financial position.

In April 2002, the FASB issued SFAS No. 145, "Rescission of the FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections ("SFAS No. 145"). SFAS No. 145 eliminates the requirement to classify gains and losses from the extinguishment of indebtedness as extraordinary, requires certain lease modifications to be treated the same as a sale-leaseback transaction, and makes other non-substantive technical corrections to

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AMERICAN CAPITAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED AUGUST 31, 2005

NOTE R - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

existing pronouncements. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002. SFAS No. 145 was adopted on June 1, 2003 and did not have a material effect on the Company's financial position or results of operations.

The FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" and is effective for financial instruments entered into after May 31, 2003. This Statement establishes standards for how an issuer classifies and measures in its statement of financial position certain financial instruments with characteristics of both

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liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability because that financial instrument embodies an obligation of the issuer. The Company has adopted SFAS No. 150, and there has been no impact on the Company's operating results or financial position.

Goodwill and intangible assets acquired prior to July 1, 2001 will continue to be amortized and tested for impairment in accordance with pre- SFAS No. 142 requirements until adoption of SFAS No. 142. Under the provision of SFAS No.142, intangible assets with definite useful lives will be amortized to their estimated residual values over those estimated useful lives in proportion to the economic benefits consumed. Such intangible assets remain subject to the impairment provisions of SFAS No. 121. Intangible assets with indefinite useful lives will be tested for impairment annually in lieu of being amortized. The impact of adopting SFAS Nos. 141 and 142 will not cause a material change in the Company's consolidated financial statements as of the date of this report.

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

American Capital Holdings, Inc., ("ACH") is a holding company which owns five (5) proprietary financial products. These products are known as Guaranteed Principle Insured Convertible Securities ("GPICS (TM)"), Energy Tax Incentive Preferred Securities ("ETIPS(TM)"), Equipment Tax Incentive Convertible Securities ("ETICS(TM)"), Guaranteed Pension Accounting Contract Solutions ("GPACS(TM)") and Government Pension Accounting Contract Solutions ("GPACS(TM)"). The GPACS(TM) products are designed to provide solutions for unfunded government and private sector pension plan liability. The GPICS(TM), ETIPS(TM) and ETICS(TM) products are investment structures designed to facilitate the use of energy and depreciation tax incentives while insuring the capital investment through guarantees of principal. Our Chairman, Barney A. Richmond, has applied for a patent for one of these products, known as Government Pension Accounting Contract Solutions (GPACS(TM)). If and when the patent is granted, Mr. Richmond will assign the patent to ACH.

The GPACS(TM) and some of our other products use insurance as a part of their structures. The insurance contracts will be written through several licensed insurance carriers. We intend to underwrite insurance policies through three subsidiaries, through which we intend to conduct our primary business

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AMERICAN CAPITAL HOLDINGS, INC.

operations. These subsidiaries are IS Direct Agency, Inc. ("IS Direct"), Universe Life Insurance Company ("Universe").

IS Direct is a wholly-owned subsidiary of ACH, and is a licensed insurance agency through which we will sell our products. IS Direct is currently licensed in twenty three states. Chris Dillon, president of IS Direct, is authorized to do business as an individual agent in 47 states and in the District of Columbia. Mr. Dillon is currently applying for licenses in the three remaining states of Alaska, Wyoming and Washington. IS Direct expects to obtain the necessary licenses for it to operate in all 50 states. In addition to placing the insurance components of our financial products, IS Direct will also sell term life products, annuities and other traditional insurance products. We expect most of the insurance products sold by IS Direct will be eventually underwritten by Universe. However, we also plan to use IS Direct to sell additional products of other licensed insurance carriers.

Universe is another wholly-owned subsidiary of ACH, which has been acquired in escrow pending approval of the change in control by the Insurance Commissioner

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of the State of Idaho. Universe is a life, health and annuities insurance carrier, which is currently licensed to operate in 23 states. Universe is in the application process to become licensed in all remaining states, and expects to obtain the necessary licenses to operate in all 50 states in the near future. We expect Universe to be domiciled in the State of South Carolina, with its principal offices in Charleston.

On October 30, 2004, we entered into an agreement to purchase 80% of Cosmopolitan Life Insurance Company. On July 8, 2005 management withdrew its application to acquire Cosmopolitan Life Insurance.

ACH's principal executive offices are located at 100 Village Square Crossing, Suite 202, Palm Beach Gardens, FL 33410, and our telephone number is (561) 207-6395. The Company's fiscal year ends May 31, 2005.

Business Strategy

We intend to use the financial products of our subsidiaries as solutions, addressing the needs of governmental and private sector businesses regarding unfunded pension liabilities and other post-employment benefit ("OPEB") liabilities. We also plan to sell annuities and other insurance products, through our subsidiaries, to both the public and private sectors. We also intend to invest and/or sell our proprietary ETIPS(TM) and ETICS(TM) products in the public marketplace.

Our GPACS(TM) products, which refers to both the Guaranteed Pension Accounting Contract Solutions product and the Government Pension Accounting Contract Solutions product, relate to a business method of adjusting the balance sheet of a business or governmental organization, and particularly to a system for organizing the unfunded obligations of the organization so that the liability on the balance sheet becomes offset by an asset. The product also provides a systematic investing capability to enhance the profitability of the organization and the improved treatment of tax obligations.

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AMERICAN CAPITAL HOLDINGS, INC.

GPACS was created in response to the General Accounting Standards Board ("GASB") Statement 45, which generally requires state and local governmental employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as currently required pension obligations. Annual OPEB costs for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 do not require governments to fund their OPEB plans.

An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods. Statement 45 is effective for periods beginning after December 15, 2006, 2007, or 2008, depending on the size of the government entity based on annual revenues used for GASB 34 implementation requirements.

In May of 2004, the GASB issued a corresponding "plan" statement, Statement 43 - Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Statement 43 is effective one year prior to Statement 45. This statement requires a statement of plan net assets, statement of changes in plan net assets, schedule of funding progress, and schedule of employer contributions in the stand-alone financial reports of OPEB plans, as well as in the financial statements of governments having OPEB trust funds.

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Actuarial services will be required one year earlier if the "plan" Statement 43 is applicable, unless an alternative measurement method is utilized. However, the alternative measurement method is only an option for plans with a total membership of fewer than one hundred. Many OPEB plans are currently paying benefits on a pay-as-you-go basis. If a government does not have an acceptable trust or equivalent arrangement established, actuarial valuations will not be necessary until Statement 45 is effective. Establishing a trust may be an option for funding OPEB benefits; employers should consider the impact of required actuarial services.

Our GPICS(TM), ETIPS(TM) and ETICS(TM) products are each investment structures designed to maximize the benefit of energy and equipment tax incentives, in order to facilitate investment in energy related and other business enterprises. An essential feature of these products is a guarantee of the principal invested, as a result of the structuring of the investment.

Our plan of operation includes the underwriting of the insurance aspects of our products through our subsidiaries. Pending approvals of our recent acquisitions of Universe and Cosmopolitan, we will use third party insurance carriers. However, upon receiving the approvals, which are expected in due course, we will retain as much premium and commission money as possible within our subsidiaries.

IS Direct currently sells primarily term and whole life insurance products. However, upon the completion of our pending proposed acquisition of Universe, the scope of products available for sale by IS Direct is expected to broaden. Universe is a life insurance company which we expect to use to underwrite the insurance policies required by our GPACS products.

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AMERICAN CAPITAL HOLDINGS, INC.

Results of Operations

Comparison of the three months ended August 31, 2005 with the three months ended August 31, 2004.

Revenue for the three month period ended August 31, 2004 was \$0 compared to \$66 recorded during the same period of the prior year. Revenues were recorded from commission received by our insurance subsidiary IS Direct Agency.

Gross profit reflects a loss of \$2,423 in the current year versus a loss of \$3,944 for the prior years three month period. Depreciation expense contributed \$2,423 to the current years deficit in gross profit and \$4,010 to the prior years three month period deficit.

General and administrative costs of \$53,279 for the current three month period reflect costs of staffing our administrative and sales offices. This represents a \$190,582 decrease from the administrative costs incurred for the three months ending August 31, 2004. This decrease is due to the fact that overhead costs are being distributed to the spin-off companies for services rendered by staff and management of American Capital Holdings.

Our operations for the three months ended August 31, 2005 resulted in a net loss of \$57,702 versus 262,656 for the three months ended August 31, 2004 . Unrealized holding losses during the current three month period of \$47,186 was the result of a decline in the market value of both the Company's holdings in eCom eCom.com and Air Media Now, Inc.

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Liquidity and Capital Resources

As of August 31, 2005 current assets totaled \$691,422 compared to \$3,441,248 at August 31, 2004. The \$2,749,826 decrease in total current assets was the result of distributing \$1,511,625 in the stock of the spinoff companies to the shareholders of American Capital Holdings between May 31, 2005 and August 31, 2005.

Accounts Payable increase from \$23,235 to \$76,385 during the current three months. Current liabilities decreased from \$1,415,045 at the end of the prior fiscal year to \$653,390 at the end of the current quarter, an decrease of \$761,655 due to the conversion of short term debt to common stock during the quarter ending August 31, 2005.

To the extent that additional funds are required to support operations or to expand our business, we may sell additional equity, issue debt or obtain other credit facilities through financial institutions. Any sale of additional equity securities will result in dilution to our shareholders.

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AMERICAN CAPITAL HOLDINGS, INC.

ITEM 3. CONTROLS AND PROCEDURES

Evaluation of the Company's Disclosure Controls and Internal Controls:
Within the 90 days prior to the date of this Quarterly Report on Form 10-QSB, the Company evaluated the effectiveness of the design and operation of its 'disclosure controls and procedures' ("Disclosure Controls"). This 'evaluation' ("Controls Evaluation") was done under the supervision and with the participation of management, including the Chief Executive Officer/Chairman ("CEO") and Chief Financial Officer ("CFO"). As a result of this review, the Company adopted guidelines concerning disclosure controls and the establishment of a disclosure control committee made up of senior management.

Limitations on the Effectiveness of Controls:
The Company's management, including the CEO/CHAIRMAN and CFO, does not expect that its Disclosure Controls or its 'internal controls and procedures for financial reporting' ("Internal Controls") will prevent all error and all fraud. control system, no matter how well conceived and managed, can provide only reasonable assurance that the objectives of the control system are met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or

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procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Conclusions:

Based upon the Controls Evaluation, the CEO/CHAIRMAN and CFO have concluded that, subject to the limitations noted above, the Disclosure Controls are effective to timely alert management to material information relating to the Company during the period when its periodic reports are being prepared.

In accordance with SEC requirements, the CEO/CHAIRMAN and CFO note that, since the date of the Controls Evaluation to the date of this Quarterly Report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

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PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.

The Company is not a party to any legal proceedings.

ITEM 2. Unregistered sales of equity securities and use of proceeds.

In July 2005, the Company issued 100,000 shares of common stock to an accredited investor. In August 2005, the Company issued 43,750 shares of common stock to an accredited investor. In August 2005, 1,090,027 shares of common stock were issued in cancellation of debt. The shares were issued in reliance upon Section 4(2) of the Securities Act. A legend was placed on the certificates stating that the securities were not registered under the Securities Act and setting forth appropriate restrictions on their transfer or sale.

ITEM 3. Defaults Upon Senior Securities.

None

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

None

ITEM 5. Other Information.

None

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

(a) Exhibits:

Exhibit 31.1 Certification required under Section 302 of
the Sarbanes-Oxley Act of 2002 by the CEO on page 24

Exhibit 31.2 Certification required under Section 302 of

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the Sarbanes-Oxley Act of 2002 by the CFO on page 25

Exhibit 32 Section 1350 Certification on page 26

(b) Reports on Form 8-K:
None

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AMERICAN CAPITAL HOLDINGS, INC.

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 hereunder duly authorized.

October 17, 2005 By: /s/ Barney A. Richmond
Barney A. Richmond,
Chief Executive Officer

October 17, 2005 By: /s/ Richard C. Turner
Richard C. Turner,
Chief Financial Officer

SIGNATURES AND CERTIFICATIONS

EXHIBIT 31.1

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Barney A. Richmond, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, Inc.;
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 quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and
 - c) presented in this report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.
6. The registrant's other certifying officer and I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

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Date: October 17, 2005

/s/ Barney A. Richmond

Barney A. Richmond
Principal Executive Officer
EXHIBIT 31.2

CERTIFICATION REQUIRED UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard C. Turner, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of American Capital Holdings, Inc.;

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls.

6. The registrant's other certifying officer and I have indicated in this report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: October 17, 2005

/s/ Richard C. Turner

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Richard C. Turner
Chief Financial Officer

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EXHIBIT 32

CERTIFICATIONS OF CEO AND CFO PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

In connection with the Quarterly Report of American Capital Holdings Inc., a Florida corporation (the "Company"), on Form 10-QSB for the period ending August 31, 2005 as filed with the Securities and Exchange Commission (the "Report"), Barney A. Richmond, President of the Company and Richard C. Turner, Chief Financial Officer of the Company, respectively, do each hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to his knowledge:

(1) The Report 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 Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Barney A. Richmond

Barney A. Richmond
Principal Executive Officer
Date: October 17, 2005

/s/ Richard C. Turner

Richard C. Turner
Chief Financial Officer
Date: October 17, 2005

[A signed original of this written statement required by Section 906 has been provided to American Capital Holdings, Inc. and will be retained by American Capital Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.]

Exhibits to Form 10-QSB will be provided to shareholders of the Registrant upon written request addressed to American Capital Holdings, Inc., 100 Village Square Crossing, Suite 202, Palm Beach Gardens, Florida 33410. Any exhibits furnished are subject to a reasonable photocopying charge.

The Securities and Exchange Commission has not approved or disapproved of this Form 10-QSB nor has it passed upon its accuracy or adequacy.

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