RUBICON FINANCIAL INC
Form 10-Q
May 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

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

Commission file number 000-29315

RUBICON FINANCIAL INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**13-3349556**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

19200 Von Karman Avenue
Suite 350
Irvine, California 92612

(Address of principal executive offices)

(949) 798-7220

(Registrant’s telephone number, including area code)

Copies of Communications to:
Stoecklein Law Group
4695 MacArthur Court, 11th Floor
Newport Beach, CA 92660
(949) 798-5541
Fax (949) 258-5112

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 x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨

Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company x

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

The number of shares of Common Stock, $0.001 par value, outstanding on April 30, 2008, was 11,360,662 shares, which includes 501,389 shares authorized but unissued.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

Rubicon Financial Incorporated
Condensed Consolidated Balance Sheets

	March 31, 2008 (Unaudited)	December 31, 2007 Audited
Assets		
Current assets:		
Cash	$ 947,560	$ 1,892,541
Marketable securities	846,000	956,000
Accounts receivable	178,440	-
Prepaid expenses	82,975	90,999
Notes receivable – related party	28,024	5,192
Other current assets	6,900	800
Total current assets	2,089,899	2,945,532
Fixed assets, net of accumulated depreciation of $21,463 and $14,633, respectively	104,791	59,104
Investments	515,078	175,000
Total assets	$ 2,709,768	$ 3,179,636
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 91,114	$ 79,775
Accrued expenses	34,306	23,352
Investment obligation	87,500	104,000
Deferred revenue	52,093	35,109
Accrued interest payable – related party	58,394	54,493
Notes payable – related party	160,539	160,539
Total current liabilities	483,946	457,268
Stockholders' equity		
Preferred stock, $0.001 par value, 10,000,000 shares authorized, no shares issued and outstanding as of March 31, 2008 and December 31, 2007, respectively	-	-
Common stock, $0.001 par value, 50,000,000 shares authorized, 10,724,273 and 10,724,273 shares issued and outstanding as of March 31, 2008 and December 31, 2007, respectively	10,724	10,724
Common stock owed but not issued, 636,389 and 559,790 as of March 31, 2008 and December 31, 2008, respectively	636	559
Additional paid in capital	15,360,931	15,077,094

Unamortized shares and options issued for services		(2,530,313)		(2,878,413)
Other comprehensive losses		(154,000)		(359,000)
Accumulated (deficit)		(10,462,156)		(9,128,556)
Total stockholders' equity		2,225,822		2,722,368
Total liabilities and stockholders' equity	$	2,709,768	$	3,179,636

The accompanying notes are an integral part of the condensed consolidated financial statements.

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Rubicon Financial Incorporated
Condensed Consolidated Statements of Operations
(Unaudited)

	For the Three Months Ended March 31, 2008	2007
Revenue	$ 95,220	$ 20,798
Expenses:		
Direct costs	13,950	1,354
Consulting	49,710	73,087
Professional fees	115,934	156,000
Executive compensation	442,929	351,528
General and administrative expenses	325,985	73,201
Depreciation	6,830	2,962
Impairment of goodwill	-	122,500
Total operating expenses	955,338	780,632
Net operating (loss)	(860,118)	(759,834)
Other income (expense):		
Interest expense	(1,530)	(179)
Interest expense – related party	(3,900)	(5,526)
Interest income	13,195	17,095
Minority interest (loss)	(59,923)	-
Total other income (expense)	(52,158)	11,390
Net (loss)	(912,276)	(748,444)
Other comprehensive (loss)	(315,000)	-
Total comprehensive (loss)	$ (1,227,276)	$ (748,444)
Weighted average number of common shares Outstanding – basic and fully diluted	11,323,253	12,627,412
Net (loss) per share – basic and fully diluted	$ (0.11)	$ (0.06)

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

Rubicon Financial Incorporated
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Three Months Ended March 31,	
	2008	2007
Cash flows from operating activities	$ (912,276)	$ (748,444)
Adjustments to reconcile net (loss) to net cash (used) in operating activities:		
Depreciation	6,830	2,962
Impairment of goodwill	-	122,500
Minority interest losses	59,923	-
Amortization of prepaid share-based compensation	348,100	186,465
Shares and options issued for services	10,000	232,208
Changes in operating assets and liabilities		
Accounts receivable	(208,770)	1,095
Prepaid expenses	8,024	(190,590)
Interest receivable	(976)	(477)
Accounts payable	11,339	(73,646)
Accrued liabilities	10,954	(7,726)
Investment obligation	(16,500)	-
Deferred revenue	16,984	(4,137)
Interest payable	-	(496)
Interest payable – related party	3,901	4,056
Net cash (used) by operating activities	(662,467)	(476,230)
Cash flows from investing activities		
Proceeds for notes receivable	-	(51,674)
Purchase of fixed assets	(52,515)	(4,251)
Purchase of investments	(400,000)	-
Net cash (used) in investing activities	(452,515)	(55,925)
Cash flows from financing activities		
Cash acquired with merger	-	9,670
Proceeds from notes payable	-	219
Payments on notes payable	-	(2,389)
Sale of common stock	170,000	-
Net cash provided by financing activities	170,000	7,500
Net (decrease) in cash	(944,981)	(524,655)
Cash – beginning	1,892,541	1,901,124
Cash – ending	$ 947,560	$ 1,376,479
Supplemental disclosure		
Interest paid	$ 1,530	$ 1,568
Income taxes paid	$ -	$ -

Shares and options issued for services	$	10,000	$	418,673

The accompanying notes are an integral part of the condensed consolidated financial statements.

RUBICON FINANCIAL INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1- Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and reflect all adjustments which, in the opinion of management, are necessary for a fair presentation. All such adjustments are of a normal recurring nature. The results of operations for the interim period are not necessarily indicative of the results to be expected for a full year. Certain amounts in the prior year statements have been reclassified to conform to the current year presentations. The statements should be read in conjunction with the financial statements and footnotes thereto included in our audit for the year ended December 31, 2007.

We were originally incorporated in the State of Delaware on April 28, 1986 ("Inception") and formerly known as Art World Industries ("AWI"). On August 6, 2002, we changed our name to ISSG, Inc. In addition, on March 9, 2004, we completed the acquisition of a wholly-owned subsidiary, Dial-A-Cup, Inc., a Nevada Corporation. Further, on June 2, 2005, we completed a merger with Rub Investments Ltd., ("Rub") on September 6, 2006 we changed our name to Rubicon Financial Incorporated. Effective February 1, 2007, we completed a merger with Rubicon Financial Insurance Services, Inc. a Nevada corporation ("RFIS"), pursuant to an agreement and plan of merger. The agreement and plan of merger provided that ISSG Sub, Inc. our wholly owned subsidiary, merged with and into RFIS, with RFIS as the surviving corporation and new wholly owned subsidiary. We issued 50,000 shares of our common stock in exchange for 100% of the outstanding shares of RFIS. On February 13, 2007, we formed a wholly owned subsidiary, Rubicon Securities, Inc., a Nevada corporation. Effective May 11, 2007, we acquired Rubicon Real Estate and Mortgages, Inc., a California corporation ("RREM"), pursuant to an agreement and plan of merger. The agreement and plan of merger provided that DeeSound, Inc. our wholly owned subsidiary, merged with and into RREM, with RREM as the surviving corporation and new wholly owned subsidiary. We issued 1,159,000 shares of our common stock in exchange for 100% of the outstanding shares of RREM.

Note 2 – Summary of significant accounting policies

Concentration of credit risk for cash deposits
Financial instruments that potentially subject us to credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At March 31, 2008, we had approximately $700,791 in excess of FDIC insured limits.

Reclassifications
Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Note 3 – Marketable Securities

On November 27, 2007, we entered into a Share Purchase Agreement with American International Industries, Inc. ("AMIN") whereby we agreed to issue 1,000,000 shares of our common stock in exchange for 200,000 shares of AIMN and $1,000,000 in cash. We recorded marketable securities of $1,000,000 representing the fair market value of $5 per share on the date of agreement. On March 31, 2008, we evaluated the fair value of the securities and recorded other comprehensive loss in the amount of $154,000 to adjust the recorded value to the market value at the balance sheet date.

Note 4 – Notes receivable

On April 18, 2008, we amended a note receivable in the amount of $20,000 with our subsidiary, Rubicon Real Estate and Mortgage ("RREM"), whereby Joel Newman, the former President of RREM accepted full liability for the principal balance of $20,000. The amended terms require principal and interest payments monthly in the amount of $898. The amended note bears interest at a rate of 6% per annum and matures on April 18, 2009. On March 18, 2008, we received the initial payment of $898 representing principal in the amount of $798 and interest of $100. The outstanding principal balance as of March 31, 2008 was $19,202. On April 3, 2008, we revised the loan agreement to extend the initial one-year term an additional twelve months (See Note 9).

In addition, Mr. Newman owes us $5,000 in the form of a demand note, which accrues interest at a rate of 6% per annum. As of March 31, 2008, the principal balance owed was $5,000 and accrued interest receivable was $267.

Note 5 - Investments

We maintain a 24.9% interest in Maximum Financial Investment Group, Inc. ("MFIG"), and AIS Financial ("AIS"), private brokerage firms. We have recorded our investment in accordance with the equity method whereby the carrying value of the investment is adjusted based on the net income or losses and any dividends paid. As of March 31, 2008 we recorded minority interest losses totaling $16,519 representing a loss of $16,757 from MFIG and income of $238 from AIS. The adjusted value of our investment was $33,243 and $80,238, respectively.

Previously, we owned a 15% interest in Grant Bettingen, Inc. ("GBI") a private brokerage firm. We had accounted for our investment as "Available for Sale" as required by FAS 115. On January 23, 2008, we entered into Amendment No. 2 to the Merger Agreement with GBI. Pursuant to the amendment, the termination date was extended from March 31, 2008 to June 30, 2008. In addition, we agreed to deposit an additional $200,000 with GBI.

On March 7, 2008, we entered into Amendment No. 3 to the Merger Agreement whereby GBI agreed to sell us an additional 6% of its outstanding shares prior to the closing for a purchase price of $400,000. Pursuant to the amendment, we agreed to apply the $200,000 previously advanced pursuant to Amendment No. 2 towards the additional purchase. On February 29, 2008, we paid $100,000 towards the remaining balance of $200,000 with the remaining $100,000 to be paid to GBI in such increments as may be agreed to by and between the Parties. As of March 31, 2008, our investment in GBI was $401,597 and we had a remaining investment obligation in the amount of $87,500.

Due to our increase in ownership from 15% to 21%, we have adjusted accounting treatment of our investment in GBI from "Available for Sale" to the equity method. As a result, we have expensed $315,000 of previously unrecognized other comprehensive losses and recorded minority interest losses in the amount of $43,403 as of March 31, 2008.

Note 6 – Notes payable – related party

Previously, our operations have been funded by the founder of Dial-A-Cup, our wholly owned subsidiary. As of March 31, 2008, total amounts loaned to the Company by this officer were $156,014. The proceeds loaned have been used to fund operations and for the development of a prototype of Dial-A-Cup's beverage dispenser. The note bears interest of 10% per annum and is due on demand. During the three months ended March 31, 2008 and 2007, we recorded $3,901 and $5,529, respectively, of interest expense related to the note.

Note 7 – Stockholders' equity

During the three months ended March 31, 2008, we sold subscriptions to purchase 85,000 shares of our par value common stock for cash totaling $170,000 or $2 per share. We paid fees in connection with the sale of our common stock, totaling $26,000 which was deducted from the proceeds. As of March 31, 2008 the shares were un-issued.

On March 26, 2008, we authorized the issuance of 5,000 shares of our common stock to an employee as a bonus for past services. The fair value of the shares on the date of grant was $10,000 which was expensed as additional compensation. At March 31, 2008 the shares were un-issued.

On March 31, 2008, we cancelled 13,401 shares previously authorized and unissued pursuant to an agreement with our former Chief Financial Officer.

Note 8 – Warrants and options

During the three months ended March 31, 2008, we cancelled 200,000 options previously granted to the former President of RREM, upon his resignation. The options had not vested.

A summary of outstanding stock options and warrants as of March 31, 2008 is as follows:

	Options			Warrants		
Outstanding 01/01/08	1,500,000	$	1.79	100,000	$	3.00
Granted	-		-	-		-
Cancelled	(200,000)		1.00	-		-
Exercised	-		-	-		-
Outstanding 3/31/08	1,300,000	$	1.91	100,000	$	3.00
Vested as of 03/31/08	1,000,000	$	1.75	100,000	$	3.00

Note 9 – Commitments

On March 27, 2008, we entered into an employment agreement with our President, Mr. Terence Davis. Pursuant to the agreement, Mr. Davis shall receive annual compensation in the amount of $96,000 commencing on April 1, 2008 and expiring on March 31, 2009. Mr. Davis salary will be paid in accordance with normal company policy.

Note 10 – Subsequent events

On April 2, 2008, we sold 45,000 shares of our common stock for cash totaling $90,000 and we issued these shares and 85,000 additional shares (130,000 in total) of our common stock pursuant to previously received subscription agreements.

On April 2, 2008, we issued 5,000 shares previously authorized to an employee of the Company.

On April 3, 2008, we entered into an agreement with our former Chief Financial Officer, Michael Sederoff, for the lock-up of 25,000 shares of our common stock currently held by Mr. Sederoff. Pursuant to the agreement, Mr. Sederoff has agreed not to sell, pledge or hedge the aforementioned securities for a period expiring on February 1, 2010.

On April 3, 2008, we entered into an agreement with our former President of RREM, Joel Newman, whereby we agreed to extend Mr. Newman's amended note for an additional one year period in exchange for a lock-up agreement on 284,000 shares of our common stock currently held by Mr. Newman for a period expiring on March 15, 2010.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objections of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements or belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words "may," "could," "estimate," "intend," "continue," "believe," "expect" or "anticipate" or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the dates on which they are made. We do not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we make in future filings of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The factors impacting these risks and uncertainties include, but are not limited to:

- inability to raise additional financing for working capital;
- our ability to successfully compete in the financial services industry;
- actions and initiatives taken by both current and potential competitors;
- inability to locate potential mergers and acquisitions within the financial services industry and integrate acquired companies into our organization;
- deterioration in general or regional (especially Southern California) economic, market and political conditions;
- deterioration in both the lending markets and the real estate markets in general;
- the level of volatility of interest rates as well as the shape of the yield curve;
- the fact that our accounting policies and methods are fundamental to how we report our financial condition and results of operations, and they may require management to make estimates about matters that are inherently uncertain;
- adverse state or federal legislation or regulation that increases the costs of compliance, or adverse findings by a regulator with respect to existing operations;
- changes in U.S. GAAP or in the legal, regulatory and legislative environments in the markets in which we operate;
- inability to efficiently manage our operations;
- inability to achieve future operating results;
- the unavailability of funds for capital expenditures;

- our ability to recruit and hire key employees;
- the inability of management to effectively implement our strategies and business plans; and
- the other risks and uncertainties detailed in this report.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see “Risk Factors” in this document and in our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Overview of Current Operations

We are a publicly-traded financial service holding company with three wholly-owned operating subsidiaries: (i) Rubicon Financial Insurance Services, Inc. (“RFIS”), a full service insurance agency offering personal lines, life and commercial insurance products to individuals and companies primarily in the State of California; (ii) Rubicon Real Estate and Mortgages, Inc. (“RREM”), which provides professional assistance in the fields of residential and commercial real estate and mortgage loans in California; and (iii) Dial-A-Cup, which has developed a hot-water dispensing system that will brew one fresh cup of coffee, tea, hot chocolate, soup, etc. on demand.

On July 31, 2007, we entered into a Separation and Distribution Agreement with our wholly-owned subsidiary, Dial-A-Cup, whereby we agreed to spin-out at least 50% of the shares of Dial-A-Cup common stock owned by us to our shareholders on a one for ten basis. The Separation and Distribution Agreement also provides that Dial-A-Cup will take all of the businesses, assets and liabilities relating to the Dial-A-Cup business previously held by us. Dial-A-Cup intends to file a registration statement on Form S-1 to register the shares of Dial-A-Cup common stock to be distributed and the record date will be set as the 10th day following effectiveness of the registration statement. As of the date of this filing, the Form S-1 has not been filed.

Overview of Financial Services

We have established our headquarters in Orange County, California to capitalize on the perceived large and affluent demographic base for our products in the financial services industry. The types of financial services we offer are: insurance, both personal and commercial; mortgage loan and real estate services, both residential and commercial; and in the future we intend to offer retail brokerage services; securities market making; on-line trading; as well as investment banking services for small to mid-sized companies. Each subsidiary providing these services will be an individually licensed corporation doing business under the parent holding company and is intended to allow us to become a unique, single-source, financial services provider.

In addition to our operating subsidiaries, we entered into a merger agreement with Grant Bettingen, Inc. (“GBI”), a licensed firm providing diversified investment banking and securities transaction services. The merger with GBI is subject to closing conditions, including approval by the Financial Industry Regulatory Authority (“FINRA”) of GBI’s change in management/ownership. Upon closing of the merger, GBI will become another of our wholly-owned subsidiaries. Additionally, on September 7, 2007, we executed a share purchase agreement for the purchase of 16 shares of GBI, which represented approximately 15% of the issued and outstanding equity shares of GBI. On March 18, 2008, the share purchase agreement was amended and we agreed to purchase an additional 9 shares of GBI common stock (which represented approximately 6% of the outstanding securities of GBI following completion of this additional purchase, bringing our total equity ownership in GBI to approximately 21%) for an additional $400,000, payable in the following increments: conversion of the $200,000 net capital deposit previously deposited with GBI in January 2008; $100,000 that was advanced to GBI on February 29, 2008; and an additional $100,000 in three equal installments over the 90 days following execution of the amendment to the share purchase agreement. In the event the merger is not consummated, GBI has the right to repurchase the initial 16 shares from us upon certain conditions for a period of 24 months from the termination date of the merger.

We have also acquired 24.9% interest in two FINRA licensed broker/dealers; Maximum Financial Investment Group, Inc. (“Maximum”) and AIS Financial, Inc. (“AIS”). Maximum focuses on wholesale and online trading and AIS focuses on retail and institutional business. Additionally, we have the right to purchase the remaining 75.1% of AIS upon certain conditions, mainly the approval by FINRA of AIS’ change in ownership, which we anticipate satisfying during fiscal 2008.

As we continue to expand our operations into a new line of business of an independent boutique firm offering multiple financial services, we intend to continue to acquire other financial service companies to eventually become a single-source provider of financial services to our clientele, with Rubicon being the holding company of these various financial services entities. We intend to utilize a cross-marketing strategy between all of the acquired companies to provide various product offerings to clients with the ability to gather all the assets and financial services of clients specific and customized to their needs.

Results of Operations for the three months ended March 31, 2008 and 2007 compared.

The following tables summarize selected items from the statement of operations for the three months ended March 31, 2008 compared to the three months ended March 31, 2007.

Revenue:

	Three months ended		Increase / (Decrease)	
	March 31, 2008	March 31, 2007	$	%
Revenues	$ 95,220	$ 20,798	$ 74,422	358%

Revenues for the three months ended March 31, 2008 were $95,220 compared to revenues of $20,798 for the comparable three months ended March 31, 2007. This resulted in an increase in revenues of $74,422, from the previous year. During 2007 we acquired our wholly owned subsidiaries RFIS and RREM. Our increased revenues are directly attributable to the revenue derived from these two subsidiaries. At March 31, 2007, RFIS had earned commissions of $20,798 compared to $70,052 at March 31, 2008. RREM was acquired on May 4, 2007 and therefore had no reported earnings at March 31, 2007. During the three months ended March 31, 2008, RREM had commissions and fees earned in the amount of $25,168.

Expenses:

	Three months ended			
	March 31, 2008	March 31, 2007	Increase / (Decrease)	
			$	%
Direct Costs	$ 13,950	$ 1,354	$ 12,596	930%
Consulting	49,710	73,087	(23,377)	(32)%
Professional fees	115,934	156,000	(40,066)	(26)%
Executive compensation	442,929	351,528	91,401	26%
General and administrative expenses	325,985	73,201	252,784	345%
Depreciation	6,830	2,962	3,868	131%
Impairment expense	-	122,500	(122,500)	-
Total operating expenses	955,338	780,632	174,706	22%
Other income (expenses)	(52,158)	11,390	(63,548)	(558)%
Net (loss)	$ (912,276)	$ (748,444)	$ 163,832	22%

Direct Costs

Our direct costs are comprised of commissions paid to associates and miscellaneous fees related directly to the sale of our insurance products and mortgage services. These costs have a direct relationship to our revenue and will increase or decrease as revenue increases or decreases. As of March 31, 2008, we had direct costs of $13,950 compared to $1,354 for the three months ended March 31, 2007. During the first quarter of 2008, our revenue increased 358% while our direct costs increased 930% or $12,596. The substantial increase is primarily the result of the inclusion of direct costs attributable to our mortgage services activities.

Consulting

During the three months ended March 31, 2008, we incurred $49,710 in consulting expenses compared to $73,087 in consulting expenses for the three months ended March 31, 2007, a decrease of $23,377 or 32%. As we have completed our initial acquisitions, our need for outside services has declined due to our increase in employees. Though we anticipate a continued need for specialized outside consulting services, it is our goal to employ sufficient internal staff to meet the majority of our operational needs.

Professional fees

Our professional fees decreased $40,066 from $156,000 for the three months ended March 31, 2007 to $115,934 for the three months ended March 31, 2008. During the three month period ended March 31, 2007, our legal and accounting fees were elevated due to our acquisition of RFIS on February 1, 2007. Our current quarter decline was anticipated and we further anticipate lower professional fees through the remainder of the year.

Executive compensation

Executive compensation consists of salaries paid to our officers as well as equity compensation. During the three months ended March 31, 2008 our executive compensation was $442,929 , of which $348,100 (approximately 79%) represented the amortization of prepaid equity-based compensation. This is compared to $351,528, of which $186,465 represented the amortization of prepaid equity-based for the three months ended March 31, 2007. Our increase of $91,401 was due to the additional officers employed subsequent to March 31, 2007. Through our acquisitions, we have added two additional officers, one each in RFIS and RREM. Further, our overall growth has created the need for a full-time operations officer, which was filled during the three months ended March 31, 2008.

General and administrative expenses

General and administrative expenses were $325,985 for the three months ended March 31, 2008 versus $73,201 for the comparable period of three months ended March 31, 2007, which resulted in an increase of $252,784. As we acquired our wholly owned subsidiaries, RFIS and RREM, we also acquired the overhead expenses required to operate each business. During fiscal 2007, we had just emerged from a development stage status and had not yet commenced the full operations of our insurance and mortgage service businesses. It is our expectation these cost will remain consistent throughout the remainder of this year.

Depreciation expense

We will incur normal depreciation expense calculated on a straight-line basis for all assets in service. Our depreciation for the three months ended March 31, 2008 was $6,830 compared to $2,962 for the three months ended March 31, 2007. As we develop our current business plan, we anticipate continued capital expenditures which will result in an increase in our depreciation expense until such point we have met our depreciable capital asset needs.

Total operating expenses

Our overall operating expenses were $955,338 for the three months ended March 31, 2008 versus $780,632 for the three months ended March 31, 2007, which resulted in an increase of $174,706 or 22%. We had anticipated an increase due to our prior year acquisitions and our emergence from a development stage status with the full commencement of operations. We experienced the most significant increase in our general and administrative expenses which was to be expected as we acquired the fully operational businesses of RFIS and RREM.

Other income (expenses)

Other income is currently comprised of interest earned on our deposit accounts with our financial institution and totaled $13,195 for the three months ended March 31, 2008 compared to $17,095 for the three months ended March 31, 2007. The decrease was due to our lower cash balance during the first quarter of 2008.

Our other expenses include interest expense, minority interest losses and recognition of other comprehensive losses from our available for sale investments. Interest expense was $5,430 compared to $5,705 for the three months ended March 31, 2008 and 2007, respectively. Losses from our minority interest investments were $59,923 for the three months ended March 31, 2008. At March 31, 2007, we had not yet acquired our minority interests and therefore no minority interest earnings or losses were recognized.

Net loss

Our net loss for the three months ended March 31, 2008 was $912,276 compared to $748,444 for the three months ended March 31, 2007, an increase in net loss of $163,832 or 22%. The increase in net loss is directly attributable to our increases in executive compensation, general and administrative expenses and losses attributable to our minority interest investments.

Other comprehensive losses

On March 7, 2008, we acquired an additional 6% interest in Grant Bettingen, Inc. (“GBI”), a private brokerage firm, bringing our total minority ownership interest to 21%. We have accounted for the transfer of category as a result of our increased ownership interest, pursuant to the guidance of FAS 115 whereby all previous comprehensive losses were immediately recognized through earnings and all current earnings, losses and dividends, where applicable, have been recognized based on our pro rata ownership. We have recorded other comprehensive losses in the amount of $315,000 in connection with our investment in GBI.

OPERATION PLAN

During the next twelve months we plan to seek financing opportunities to enhance our growth plan that will include the acquisition of private companies in the financial services industry beyond our current acquisitions or interests in financial services entities.

We are continually evaluating our development opportunities and financing opportunities in order to maintain our overall development plan. To accelerate the development program we plan to enhance our business relationships by building our client base through cross referrals. This economic strategy may allow us to utilize our own financial assets toward the growth of our current holdings, pursue the acquisition of strategic assets or companies and generally expand our existing operations.

Because of our limited operating history we have yet to generate any significant revenues from our financial service platform (only $95,220 during the quarter ended March 31, 2008). Our activities have been limited to the development of insurance services, development of residential and commercial real estate sales and mortgage loans and the negotiation of various acquisitions. Consequently, we have incurred the expenses of a start-up.

Our future financial results will depend primarily on: (i) the ability to continue to source and screen potential acquisitions; (ii) the ability to develop existing services; (iii) the ability to complete the GBI merger; (iv) the ability to purchase the remaining equity interests in AIS; and (v) the ability to fully implement our development program, which is dependent on the availability of capital resources. There can be no assurance that we will be successful in any of these respects, or that we will be able to obtain additional funding to increase our current capital resources.

Satisfaction of our cash obligations for the next 12 months.

Historically, our plan of operation has been stalled by a lack of adequate working capital. During the first quarter of 2008, we raised an additional $170,000 through a private placement and as of March 31, 2008, we had available cash of $947,560. We believe these funds will help progress our move into the financial services industry and will assist in potential mergers and acquisitions of financial services entities. However, if and when our funding requirements increase, we may raise additional funds through either equity or debt financing.

Summary of any product research and development that we will perform for the term of our plan of operation.

We do not anticipate performing any additional significant product research and development under our plan of operation with Dial-A-Cup, RFIS, RREM or in the financial services industry.

Expected purchase or sale of plant and significant equipment.

We do not anticipate the purchase or sale of any plant or significant equipment; as such items are not required by us at this time.

Significant changes in the number of employees.

Currently we have full-time employment agreements in place with three of our executive officers; Joseph Mangiapane, Jr. (CEO), Terence Davis (President) and Thomas Jandt (EVP of Business Development). The parent company has a total of 5 full time employees including the officers listed above.

In conjunction with the RFIS merger, RFIS entered into an employment agreement with Todd Torneo, to serve as its President. Currently, RFIS has 4 full time agents and 1 administrative person.

As a result of the merger with RREM, RREM entered into an employment agreement with Joel Newman, to serve as its President, which was subsequently terminated upon the resignation of Mr. Newman in March of 2008. On March 13, 2008, RREM entered into an employment agreement with its new president, Craig Triance, one of our directors. A copy of Mr. Triance's employment agreement is attached hereto as Exhibit 10.14. Additionally, RREM has 5 full time personnel assisting in the mortgage and real estate units of RREM.

During the year ended December 31, 2007, we entered into a consulting agreement with Kathleen McPherson whereby she agreed to provide consulting services in the area of corporate structure, marketing, strategic alliances, and other matters relating to our management and growth. The consulting agreement expires on August 30, 2008 or upon a formal employment agreement being executed with Ms. McPherson.

In the interim, we intend to use the services of independent consultants and contractors to perform various professional services when appropriate. We believe the use of third-party service providers may enhance our ability to contain general and administrative expenses.

Liquidity and Capital Resources

A critical component of our operating plan impacting our continued existence is the ability to obtain additional capital through additional equity and/or debt financing. We do not anticipate generating sufficient positive internal operating cash flow until such time as we can deliver our product to market, complete additional financial service company acquisitions and generate substantial revenues, which may take the next few years to fully realize. In the event we cannot obtain the necessary capital to pursue our strategic plan, we may have to cease or significantly curtail our operations. This would materially impact our ability to continue operations.

The following table summarizes our current assets, liabilities and working capital at March 31, 2008 compared to December 31, 2007.

	March 31, 2008	December 31, 2007	Increase / (Decrease) $	%
Current Assets	$ 2,089,899	$ 2,945,532	$ (855,633)	(29)%
Current Liabilities	483,946	457,268	26,681	6%
Working Capital	$ 1,605,953	$ 2,488,264	$ 882,311	35%

Prior to the private placements at the end of 2006 and during fiscal 2007, the inventor of Dial-A-Cup's product primarily funded our operations. As of March 31, 2008, total amounts owed in principal and interest to this individual was $214,433. The proceeds loaned have been used to fund operations and for the development of a prototype of our beverage dispenser. The note bears interest at 10% per annum and is due on demand. For the three months ended March 31, 2008, we recorded $3,901 of interest expense related to the note. As we expand our activities, we may continue to experience net negative cash flows from operations, pending receipt of additional revenues.

During fiscal 2007 we completed a private placement for $2 million and during the three months ended March 31, 2008 we raised an additional $170,000. We believe the $947,560 in cash on hand at March 31, 2008 will be sufficient to sustain operations through the third quarter of fiscal 2008. However, we may need to seek additional funding for operations through equity offerings and may need to further do so in the future through additional financing, acquisitions, joint ventures or other means available to us. There can be no assurance that we will be able to complete a transaction or complete a transaction on terms favorable to our shareholders or us.

As we continue to expand in the financial services industry, we anticipate incurring operating losses over the next twelve months. Our lack of operating history makes predictions of future operating results difficult to ascertain. Our prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results or operations, liquidity, capital expenditures or capital resources that is material to investors.

Critical Accounting Policies and Estimates

Revenue Recognition: We recognize revenue from product sales once all of the following criteria for revenue recognition have been met: pervasive evidence that an agreement exists; the services have been rendered; the fee is fixed and determinable and not subject to refund or adjustment; and collection of the amount due is reasonably assured. We will primarily derive our revenues from anticipated financial service related fees, such as commissions.

RFIS currently earns commissions paid by insurance companies which are based on a percentage of the premium charged to the policyholder and considered earned over the term of the policy. Deferred commissions are related to the unexpired terms of the policies in force. The Company recognizes revenue net of expected cancellations in accordance with Staff Accounting Bulletin (“SAB”) 13A.

Concentration of credit risk for cash deposits: Financial instruments that potentially subject the Company to credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At March 31, 2008, we had approximately $700,791 in excess of FDIC insured limits.

Recent Accounting Developments

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS No. 159”). SFAS No. 159 allows the company to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 159 is not expected to have a material impact on the Company’s financial position, results of operation or cash flows.

In December 2007, the FASB issued SFAS No. 160, “Non-controlling Interests in Consolidated Financial Statements”. This statement amends ARB 51 to establish accounting and reporting standards for the non-controlling (minority) interest in a subsidiary and for the de-consolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years and interim periods beginning after December 15, 2008. The adoption of SFAS 160 is not expected to have a material impact on the Company’s financial position, results of operation or cash flows.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 4T. Controls and Procedures.

Our Chief Executive Officer, Joseph Mangiapane, Jr., and Principal Financial Officer, Terence Davis, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this Report. Based on the evaluation, Messrs. Mangiapane and Davis concluded that our disclosure controls and procedures are effective in timely altering them to material information relating to us (including our consolidated subsidiaries) required to be included in our periodic SEC filings.

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter 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.

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against us, which may materially affect us.

Item 1A. Risk Factors.

Risks Relating To Our Business and Marketplace

We will need additional capital in the future to finance our operations, which we may not be able to raise or it may only be available on terms unfavorable to us and or our shareholders. This may result in our inability to fund our working capital requirements and harm our operational results.

We have and expect to continue to have substantial capital expenditure and working capital needs. We believe that current cash on hand and the other sources of liquidity may not be sufficient enough to fund our operations beyond the third quarter of fiscal 2008. Therefore, we may need to raise additional funds to continue our operations. Furthermore, additional funds will be needed to pursue our intentions of acquiring private companies in the financial services industry.

Additional financing might not be available on terms favorable to us, or at all. If adequate funds were not available or were not available on acceptable terms, our ability to fund our operations, take advantage of unanticipated opportunities, develop or enhance our business or otherwise respond to competitive pressures would be significantly limited.

An inability to access capital readily or on terms favorable to us could impair our ability to fund operations and could jeopardize our financial condition.

Access to funds is essential to our anticipated business of financial services. In the future we may need to incur debt or issue equity in order to fund our working capital requirements, as well as to make acquisitions and other investments. Our access to funding sources could be hindered by many factors. Those factors that are specific to our anticipated line of business include the possibility that lenders could develop a negative perception of our long-term or short-term financial prospects if we incur large trading losses or legal liabilities or if the level of our business activity decreases due to a market downturn. Similarly, our access may be impaired if regulatory authorities take significant action against us, or if our employees engage in material unauthorized or illegal activity.

The U.S. credit markets have been dealing with the effects of numerous defaults by homeowners on "subprime" mortgage loans, which may materially impact our real estate and mortgage subsidiary.

"Subprime" mortgage loan defaults could adversely impact the operations of our real estate and mortgage division. In addition, subprime mortgage loan defaults began to increase with respect to mortgages considered to be less credit risk than "subprime" mortgages. It is expected that mortgage default rates will continue to increase through the first half of 2008. These defaults have not only had a materially adverse impact on the spending power of the borrowers of such defaulted mortgage loans, but have also reduced the ability of buyers of residential properties to acquire single family residences, in addition to reductions in the value of investment portfolios containing securities affected by such mortgages. Because the real estate and mortgage division is highly dependent upon fees and commissions based upon sales and financings related to residential and investment properties, the downward trend in "subprime" mortgages may materially impact our results of operations on a consolidated basis.

We have limited operating history in the financial services industry and there can be no assurance that we will be successful in this industry.

Our proposed operations are subject to all of the risks inherent in the establishment of a new business, including licensing risks, insufficient capital, unforeseen problems, and expenses and complications encountered with the early phases of operations in a business. Moreover, our lack of an operating history in the financial services industry makes it impossible to predict whether or not we will operate profitably in the industry. While we have brought on management that is familiar with this industry, there can be no assurances that we will be able to locate, hire and retain the necessary personnel to initiate, manage and operate this new line of business, develop and implement necessary systems, obtain contracts and obtain financing as contemplated in our business strategy.

We may not complete all of our proposed acquisitions, and even if we do, these acquired companies have not operated as a combined entity and are not fully integrated, and we may not be able to integrate them successfully.

During the first six months of 2007, we completed two mergers with (i) Rubicon Financial Insurance Services, Inc. and (ii) Rubicon Real Estate and Mortgages, Inc. At the end of the second quarter we also entered into an agreement and plan of merger with Grant Bettingen, Inc., and then subsequently acquired approximately 21% of GBI. Additionally, we have acquired minority interests in two FINRA broker/dealers. We have also entered into additional non-binding letters of intent to acquire more businesses involved in the financial services industry. Each acquisition is subject to customary closing conditions; including the completion of due diligence reasonably satisfactory to us, the negotiation and execution of a definitive agreement, required regulatory approvals, and the acquired company providing audited financial statements as required by SEC rules and regulations. We may not be able to complete all of these acquisitions if we are not satisfied with our due diligence investigation, if we are unable to negotiate definitive agreements, if we cannot obtain the required regulatory approvals, or if the companies to be acquired cannot provide the required audited financial statements.

Further, even if we are able to successfully complete all of these proposed acquisitions, the companies to be acquired have been operated as separate independent entities to date, and we may not be able to integrate the operations of these businesses successfully or institute the necessary systems and procedures, including accounting and financial reporting systems, to manage the combined enterprise on a profitable basis. Our management group has only recently been assembled and may not be able to manage the combined entity effectively or to successfully implement our operating strategies. Any inability to integrate acquired companies successfully would have a material adverse effect on our business, financial condition and results of operations.

We may not be able to retain our key personnel or hire the personnel we need to sustain and grow our business.

We face intense competition for qualified employees from businesses in the financial services industry. Our performance is highly dependent upon our ability to attract, retain, and motivate highly skilled, talented employees. These professionals are regularly recruited by other firms and may choose to change firms, in which case their clients may choose to move their assets. Given our relatively small size compared to some of our anticipated competitors, the performance of our business may be more adversely affected than our competitors would be if we lose well-performing employees and are unable to attract new ones.

Regulatory capital requirements and our holding company structure may adversely affect our ability to expand or maintain present levels of our business or impair our ability to meet our financial obligations.

We have executed definitive agreements to acquire two broker / dealers (i) Grant Bettingen, Inc. and (ii) AIS Financial, Inc. Upon consummation of these acquisitions, each will become our wholly owned subsidiary. Each of these broker-dealers is subject to the SEC's uniform net capital rule, Rule 15c3-1, which sets the minimum level of net capital a broker-dealer must maintain and also requires that a portion of its assets be relatively liquid. As we are a holding company, we will depend on dividends and other payments from our subsidiaries to fund all payments on our obligations, including any debt obligations, and potential working capital requirements. These regulatory restrictions may impede our access to funds. In addition, underwriting commitments require a charge against net capital and, accordingly, our broker/dealer subsidiaries, when acquired, ability to make underwriting commitments may be limited by the requirement that it must at all times be in compliance with the applicable net capital regulations. Each of our broker-dealer subsidiaries will also be subject to certain notification requirements related to withdrawals of excess net capital.

We are subject to strict government regulations and the failure to comply could result in disciplinary actions.

The securities industry in the United States is subject to extensive regulations under both Federal and State laws. Broker-dealers, such as GBI and AIS, and investment advisors are subject to regulations covering all aspects of their business. Recently, the securities industry has experienced a great deal of negative exposure due to alleged underwriting negligence, conflicts of interest, research improprieties and mutual fund trading improprieties. As a result, regulatory agencies and the U.S. government have intervened in an attempt to resolve these various issues. In addition, the SEC, FINRA, other self-regulatory organizations, and state securities commissions can censure, fine, issue cease-and-desist orders, or suspend or expel a broker-dealer or any of its officers or employees.

Our ability to comply with all applicable laws and rules is largely dependent on our establishment and maintenance of a system to ensure compliance with these laws and rules, as well as our ability to attract and retain qualified compliance personnel. The demands placed upon our personnel and financial resources may be too significant for us to quickly adapt to a changing regulatory environment and may impact our ability to provide or expand our services. Any disciplinary or other action imposed upon us due to claimed noncompliance in the future could have a material adverse effect on our business, financial condition and operating results.

In addition, our operations and profitability may be affected by additional legislation, changes in rules promulgated by the SEC, FINRA, other self-regulatory organizations, and state securities commissions, or changes in the interpretation or enforcement of existing laws and rules including, but not limited to, existing regulations which restrict communications between our research analysts and our other departments. We cannot assure you that such future regulations will not require us to implement additional compliance policies and that such policies will not materially increase our compliance expenses or otherwise adversely affect our business, financial condition and operating results.

We engage in the securities business that subjects us to the specific risks of that business.

The securities business is by its nature subject to various risks, particularly in volatile or illiquid markets, including the risk of losses resulting from the underwriting or ownership of securities, customer fraud, employee errors and misconduct, failures in connection with the execution of securities transactions, and litigation. Our business and profitability are affected by many other factors, including:

- Volume, size and timing of securities transactions;
- Demand for investment banking services;
- Level and volatility of interest rates;
- Availability of credit;
- Volatility of equity and debt securities held in inventory;
- Legislation affecting the business and financial communities; and
- The economy in general.

Conditions in the financial markets and the economy generally have a direct and material impact on our results of operations and financial condition. For example, our investment banking revenue, in the form of underwriting discounts, placement agent fees, and financial advisory fees, is directly related to the volume and value of the transactions in which we are involved. When uncertain or unfavorable market or economic conditions exist, the volume and size of capital-raising transactions and acquisitions and dispositions typically decrease, thereby reducing the demand for our investment banking services and increasing price competition.

A downturn in the financial markets may also result in a decline in the volume and value of trading transactions. This could lead to a decline in the revenue we receive from commissions on the execution of trading transactions and a reduction in the value of our trading positions, commissions and spreads. Sudden sharp declines in market values of securities can result in illiquid markets, making it more difficult to resell securities we own and decreasing our trading activities generally, and the failure of counterparties to perform their obligations, as well as increases in claims and litigation, including arbitration claims from clients.

We may not be able to compete successfully with other companies in the securities industry.

The securities industry is extremely competitive and our overall business will be adversely affected if we are unable to compete successfully. In recent years, significant price competition in many areas of our business, including pressure on trading spreads and commissions have reduced financial service firms' profit margins. We believe that price competition in these and other areas will continue as some of our competitors seek to obtain market share by reducing fees, commissions, or spreads. Many of these companies are larger than we are, have greater financial resources and may be more willing to lend money to businesses in connection with providing them with financial advisory services. In our proposed capital markets and investment banking businesses, we would compete against larger national and international firms with much larger capital bases that allow them to underwrite larger offerings and hold much larger trading positions.

Further, consolidation in the securities industry fostered in part by changes in the regulatory framework in the U.S. has also increased competition, bolstering the capital base, product diversification, and geographic reach of some of our competitors. Finally, the emergence of alternative securities and futures trading systems via the internet and other media has offered a potentially less expensive alternative to our services. If this trend toward using alternative trading systems continues to grow, it may adversely affect our commission and trading revenue, reduce our participation in the trading markets and our ability to access market information, and result in the creation of new and stronger competitors.

Risks Relating To Our Common Stock

Because our common stock is deemed a low-priced "Penny" stock, an investment in our common stock should be considered high risk and subject to marketability restrictions.

Since our common stock is a penny stock, as defined in Rule 3a51-1 under the Securities Exchange Act, it will be more difficult for investors to liquidate their investment even if and when a market develops for the common stock. Until the trading price of the common stock rises above $5.00 per share, if ever, trading in the common stock is subject to the penny stock rules of the Securities Exchange Act specified in rules 15g-1 through 15g-10. Those rules require broker-dealers, before effecting transactions in any penny stock, to:

- Deliver to the customer, and obtain a written receipt for, a disclosure document;
- Disclose certain price information about the stock;
- Disclose the amount of compensation received by the broker-dealer or any associated person of the broker-dealer;
- Send monthly statements to customers with market and price information about the penny stock; and
- In some circumstances, approve the purchaser's account under certain standards and deliver written statements to the customer with information specified in the rules.

Consequently, the penny stock rules may restrict the ability or willingness of broker-dealers to sell the common stock and may affect the ability of holders to sell their common stock in the secondary market and the price at which such holders can sell any such securities. These additional procedures could also limit our ability to raise additional capital in the future.

If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board, which would limit the ability of broker-dealers to sell our securities and the ability of shareholders to sell their securities in the secondary market.

Companies trading on the OTC Bulletin Board, such as us, must be reporting issuers under Section 12 of the Securities Exchange Act of 1934, as amended, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. More specifically, FINRA has enacted Rule 6530, which determines eligibility of issuers quoted on the OTC Bulletin Board by requiring an issuer to be current in its filings with the Commission. Pursuant to Rule 6530(e), if we file our reports late with the Commission three times in a two-year period or our securities are removed from the OTC Bulletin Board for failure to timely file twice in a two-year period then we will be ineligible for quotation on the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of shareholders to sell their securities in the secondary market. We have not been late in any of our SEC reports through March 31, 2008.

We have the ability to issue additional shares of our common stock and shares of preferred stock without asking for stockholder approval, which could cause your investment to be diluted.

Our Certificate of Incorporation authorizes the Board of Directors to issue up to 50,000,000 shares of common stock and on July 31, 2007 we received shareholder approval of an amendment to our Certificate of Incorporation to allow for 10,000,000 shares of preferred stock. The power of the Board of Directors to issue shares of common stock, preferred stock or warrants or options to purchase shares of common stock or preferred stock is generally not subject to shareholder approval. Accordingly, any additional issuance of our common stock, or preferred stock that may be convertible into common stock, may have the effect of diluting one’s investment.

By issuing preferred stock, we may be able to delay, defer or prevent a change of control.

Our board of directors and shareholders have approved an amendment to our Certificate of Incorporation to provide for “blank check preferred” which will permit us to issue, without approval from our shareholders, a total of 10,000,000 shares of preferred stock. Our Board of Directors can determine the rights, preferences, privileges and restrictions granted to, or imposed upon, the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series. It is possible that our Board of Directors, in determining the rights, preferences and privileges to be granted when the preferred stock is issued, may include provisions that have the effect of delaying, deferring or preventing a change in control, discouraging bids for our common stock at a premium over the market price, or that adversely affect the market price of and the voting and other rights of the holders of our common stock.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

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

On February 29, 2008, we completed a private placement wherein we sold a total of 130,000 shares of our restricted common stock at $2.00 per share to 7 accredited investors for a total purchase price of $260,000, all of which was paid in cash. $170,000 was sold during the year ended December 31, 2007, with an additional $90,000 sold during the first quarter. The shares were issued on April 2, 2008. We believe that the issuance and sale of the shares was exempt from the registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2) and Regulation D, Rule 506. The shares were sold through registered broker/dealers and did not involve a public offering or general solicitation. The recipients of the shares were afforded an opportunity for effective access to our files and records that contained the relevant information needed to make their investment decision, including the financial statements and 34 Act reports. We reasonably believed that the recipients, immediately prior to the sale of the shares, had such knowledge and experience in their financial and business matters that they were capable of evaluating the merits and risks of their investment. We paid $26,000 in commissions and fees to Grant Bettingen, Inc. on the issuance and sale of the shares.

In March of 2008, Joel Newman, the president of RREM, resigned from all of his positions with RREM, which terminated his employment agreement and cancelled his 200,000 common stock options. As of the date of cancellation, the options had not fully vested.

Subsequent Issuances

On April 2, 2008, we issued 5,000 shares of our common stock to an employee for services. We believe that the issuance of shares described above was exempt from registration and prospectus delivery requirements of the Securities Act of 1933 by virtue of Section 4(2). The shares were issued directly by us and did not involve a public offering or general solicitation. The recipient of the shares was afforded an opportunity for effective access to files and records of our company that contained the relevant information needed to make his investment decision, including our financial statements and 34 Act reports. We reasonably believed that the recipient, immediately prior to receiving the shares, had such knowledge and experience in our financial and business matters that he was capable of evaluating the merits and risks of his investment. The recipient had the opportunity to speak with our management on several occasions prior to his investment decision.

On April 3, 2008, Michael Sederoff, our former chief financial officer, executed a two year lock-up agreement with us wherein Mr. Sederoff agreed not to sell his 25,000 shares of common stock, received as part of his prior employment agreement with us, for a period of two years and Mr. Sederoff waived all rights to receive the additional 13,401 shares of our common stock that had accrued under the employment agreement and were authorized for issuance as of December 31, 2007. Therefore, the 13,401 shares will not be issued and the authorization for issuance was revoked. A copy of the lock-up agreement is attached hereto as Exhibit 10.15.

Issuer Purchases of Equity Securities

We did not repurchase any of our equity securities during the quarter ended March 31, 2008.

Item 3. Defaults Upon Senior Securities.

None.

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

We did not submit any matters to a vote of our security holders during the first quarter of 2008.

Item 5. Other Information.

Davis Employment Agreement

On March 27, 2008, we entered into an employment agreement with Terence Davis, our president. The Employment Agreement provides for a one year term commencing on April 1, 2008 and expiring on March 31, 2009, with an automatic one year renewal unless otherwise terminated as described in the agreement. A copy of the agreement was filed as Exhibit 10.13 to the 10-K filed on March 31, 2008. Mr. Davis is entitled to the following compensation pursuant to the Employment Agreement.

- We have agreed to pay Mr. Davis a base salary of $8,000 per month with yearly adjustments being determined by specified criteria and our board of directors.
- Mr. Davis will be eligible to participate in our Stock Option Plan and Stock Purchase Plan during the term of his employment.
- In the event we terminate Mr. Davis' employment agreement without "cause" (as defined in the Employment Agreement) or Mr. Davis resigns with "good reason" (as defined in the Employment Agreement), Mr. Davis shall be entitled to receive, through the end of the term his base salary and incentive compensation.

- If the Employment Agreement is terminated for "cause" (as defined in the Employment Agreement), Mr. Davis shall receive his base salary and incentive compensation through the date of termination. However, if a dispute arises between us and Mr. Davis that is not resolved within 60 days and neither party initiates arbitration, we have the option to pay Mr. Davis a lump sum of 6 months base salary as "severance payment" rather than pay Mr. Davis' salary and incentive compensation, if any, through the date of termination.
- In the event Mr. Davis becomes incapacitated by reason of accident, illness, or other disability whereby he is unable to carry on substantially all of his normal duties for a continuous period of 120 days, the Employment Agreement will terminate and Mr. Davis will receive (1) through the end of the fiscal year his incentive compensation and (2) his base salary for a 6 month period reduced by the amount of any payment received from disability insurance proceeds.
- In the event Mr. Davis dies during the term of the Employment Agreement, we will pay to the estate of Mr. Davis his incentive compensation and his base salary for a period of 6 months.

Further, Mr. Davis' employment agreement allows for him to resign for good reason upon a change in control of us. Upon his resignation for good reason, Mr. Davis would continue to receive, through the end of the Term of this Agreement (up to 1 year), his incentive compensation in accordance with the terms and conditions of his agreement and his salary at the rate then in effect.

For purposes of Mr. Davis' agreement, a change in control is defined as:

(i) a merger or consolidation in which securities possessing more than fifty percent (50%) of the total combined voting power of our outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction in a transaction approved by the stockholders, or the sale, transfer, or other disposition of more than fifty percent (50%) of the total combined voting power of our outstanding securities to a person or persons different from the persons holding those securities immediately prior to such transaction; or

(ii) the sale, transfer or other disposition of all or substantially all of the our assets in complete liquidation or dissolution of us other than in connection with a transaction described in (i) above.

Triance Employment Agreement

On March 13, 2008, RREM entered into an employment agreement with Craig Triance, one of our directors, to serve as its President. The agreement is for a term commencing on March 15, 2008 and expiring on March 31, 2009, with the option to renew by mutual written agreement unless otherwise terminated as described in the agreement. Mr. Triance will be paid a salary of $8,000 a month. A copy of Mr. Triance's agreement is attached hereto as Exhibit 10.14.

Newman Lock-Up Agreement

On April 3, 2008, we entered into a lock-up agreement with Joel Newman, the former president of RREM, whereby Mr. Newman agreed to lock-up 284,000 shares owned by him until he repays certain promissory notes, which are scheduled to be repaid on or before March 2010. A copy of Mr. Newman's lock-up agreement is attached hereto as Exhibit 10.16.

Item 6. Exhibits.

			Incorporated by reference			
Exhibit	**Exhibit Description**	**Filed herewith**	**Form**	**Period ending**	**Exhibit**	**Filing date**
2.1	Agreement and Plan of Merger Between ISSG, Inc. and Rub Investments, Inc.		8-K		2.1	05/17/05
2.2	Delaware Certificate of Merger		8-K		2.2	06/13/05
2.3	Nevada Articles of Merger		8-K		2.3	06/13/05
2.4	Merger Agreement between Rubicon Financial Incorporated, ISSG Sub, Inc. and Rubicon Financial Insurance Services		8-K		2.4	02/23/07
2.7	Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc.		8-K		2.7	07/05/07
2.7(b)	Amendment No. 1 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc.		8-K		2.7(b)	09/14/07
2.7(c)	Amendment No.2 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc., dated January 23, 2007		8-K		2.7(c)	01/24/08
2.7(d)	Amendment No. 3 to the Merger Agreement among Rubicon Financial Incorporated, RFI Sub, Inc. and Grant Bettingen, Inc., dated March 18, 2008				2.7(d)	03/21/08
2.8	Separation and Distribution Agreement by and between Rubicon Financial Incorporated and Dial-A-Cup, Inc.		8-K		2.8	08/06/07
3.1(i)(a)	ISSG, Inc. Articles of Incorporation		10-KSB	12/31/05	3.1(i)(a)	04/05/06
3.1(i)(b)	ISSG, Inc. Certificate of Correction of Articles of Incorporation		10-KSB	12/31/05	3.1(i)(b)	04/05/06
3.1(i)(c)	ISSG, Inc. Amendment to Articles of Incorporation		10-KSB	12/31/05	3.1(i)(c)	04/05/06

3.1(i)(d)	Amendment to Certificate of Incorporation changing name from ISSG, Inc. to Rubicon Financial Incorporated		8-K		3.1(i)(d)	09/08/06
3.1(i)(g)	Amendment to Certificate of Incorporation authorizing “blank check” Preferred Stock		8-K		3.1(i)(g)	08/01/07
3.1(ii)	ISSG, Inc. Bylaws		10-KSB	12/31/05	3.1(ii)	04/05/06
10.1	Agreement and Plan of Merger between ISSG, Inc. and Advantage Investment Strategies, Inc.		8-K		10.1	04/18/06
10.2	Termination Agreement between ISSG, Inc. and Advantage Investment Strategies		8-K		10.2	07/20/06
10.3	Employment Agreement with Joseph Mangiapane, Jr.		8-K		10.3	01/17/07
10.4	Employment Agreement with Todd Torneo		8-K		10.4	02/23/07
10.5	Employment Agreement with Michael Sederoff		8-K		10.5	02/23/07
10.6	Employment Agreement with Thomas Jandt		8-K		10.6	
10.7	Employment Agreement with Joel Newman		10-QSB	06/30/07	10.7	08/17/07
10.8	Stock Cancellation Agreement		8-K		10.8	08/06/07
10.9	Share Purchase Agreement between Rubicon Financial Incorporated and Grant Bettingen, Inc.		8-K		10.9	09/14/07
10.10	Consulting Agreement with Ms. Kathleen McPherson		8-K		10.10	09/14/07
10.11	Employment Agreement with Mr. Tom Collier		10-QSB	09/30/07	10.11	11/13/07
10.12	Amendment No. 1 to GBI Stock Purchase Agreement dated March 18, 2008		8-K		10.12	03/21/08
10.13	Employment Agreement with Terence Davis		10-K	12/31/07	10.13	03/31/08
10.14	Employment Agreement with Craig Triance	X				
10.15	Sederoff Lock-Up Agreement	X				
10.16	Newman Lock-Up Agreement	X				
31.1	Certification of Joseph Mangiapane, Jr., Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act	X				
31.2	Certification of Terence Davis, Principal Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act	X				
32.1	Certification of Joseph Mangiapane, Jr., Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act	X				
32.2	Certification of Terence Davis, Principal Financial Officer, pursuant to Section 906 of the Sarbanes-Oxley Act	X				

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

RUBICON FINANCIAL INCORPORATED
(Registrant)

By: /s/ Terence Davis
Terence Davis, President
(On behalf of the
Registrant and as Principal
Financial
Officer)

Date: May 13, 2008