

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

United EcoEnergy Corp.  
Form 10-Q  
May 14, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

OR

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

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

Commission file number 814-00717

UNITED ECOENERGY CORP.  
(Exact Name of Registrant as Specified in Its Charter)

NEVADA  
(State or Other Jurisdiction of  
Incorporation or Organization)

84-1517723  
(I.R.S. Employer  
Identification No.)

409 Brevard Avenue, Cocoa, FL  
(Address of Principal Executive Offices)

32922  
(Zip Code)

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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

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

The number of shares of the Registrant's Common Stock, \$0.001 par value, outstanding as of May 1, 2008, was 32,781,639 shares.

TABLE OF CONTENTS

PAGE NO.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Balance Sheets as of March 31, 2008 and December 31, 2007

F-1

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Schedule of Investments as of March 31, 2008	F-2
Statements of Operations for the three-month periods ended March 31, 2008 and 2007	F-3
Statements of Cash Flows for the Three-month periods ended March 31, 2008 and 2007	F-4
Notes to Financial Statements	F-5
Item 2. Management Discussion and Analysis of Financial Condition and Results of Operations	3
Item 3. Quantitative and Qualitative Disclosures about Market Risk	9
Item 4. Controls and Procedures	9
PART II. OTHER INFORMATION	10
Item 1. Legal Proceedings	10
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	10
Item 3. Defaults Upon Senior Securities	10
Item 4. Submission of Matters to a Vote of Security Holders	10
Item 5. Other Information	10
Item 6. Exhibits and Reports on Form 8-K	11
Signatures	11

PART I. FINANCIAL INFORMATION  
Item 1. Financial Statements.

UNITED ECOENERGY CORP.		BALANCE SHEETS	
2007	March 31, 2008	December 31,	
	(unaudited)	-----	
---			
Assets:			
Cash and cash equivalents	\$ 8,142	\$	31
Due from affiliate	21,400		20,800
Rent deposit	972		972
	-----		-----
Total Current Assets	30,514		21,803
Other Assets:			
Investments in Portfolio Companies	-		-
	-----		-----
Total Assets	\$ 30,514		21,803
	=====		=====
Liabilities and Stockholders?			
Equity (Deficit)			
Accounts payable	\$ 36,282	\$	37,826
Other current liabilities:			
Accrued interest	7,527		5,467
Due to affiliate	200,000		187,500
Short term loans	105,000		80,000

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Total current liabilities	348,809	310,793
Long term Liabilities:	-	-
Total Liabilities	348,809	310,793
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Common stock, par value \$0.001 authorized 150,000,000 shares, issued 32,781,639 shares at March 31, 2008 and 28,781,639 shares at December 31, 2007	32,782	28,782
Convertible preferred stock, par value \$0.001, authorized 5,000,000 shares, issued 0 shares at March 31, 2008 and 1,000,000 shares at December 31, 2007.	-	1,000
Additional paid-in capital	123,742	126,742
Accumulated deficit	(474,819)	(445,514)
Total Stockholders' Equity (Deficit):	(318,295)	(288,990)
Total Liabilities and Stockholders' Equity (Deficit):	\$ 30,514	\$ 21,803
Net Asset value per common share	\$ (0.00971)	\$ (0.01004)

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

UNITED ECOENERGY CORP.  
SCHEDULE OF INVESTMENTS (unaudited)  
March 31, 2008

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

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

UNITED ECOENERGY CORP.  
STATEMENTS OF OPERATIONS

	For the three months ended	
	March 31, 2008	March 31, 2007
	(unaudited)	(unaudited)
	-----	-----
Investment income:		
Interest income	\$ -	\$ -
Dividend income	-	-
Other income	-	-
	-----	-----
Total income	-	-
Operating expenses:		
Investment advisory fees		
Base fee	-	-
Incentive fee	-	-
Capital gains fee	-	-
	-----	-----
Total investment advisory fees	-	-
General & administrative:		
Consulting expenses	21,250	75,000
Rent expense	1,450	1,800
Interest expense	2,060	-
Professional fees	-	-
Other expenses	4,545	1,850
	-----	-----
Total operating costs	29,305	78,650
	-----	-----
Net investment loss	(29,305)	(78,650)
	-----	-----
Net realized income from disposal of investments	-	-

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Net unrealized appreciation in investments	-	-
	-----	-----
Net decrease in stockholders? equity resulting from operations	\$ (29,305)	\$ (78,650)
	=====	=====
Basic and diluted net decrease in stockholders? equity per common share resulting from operations	\$ (0.0009)	\$ (0.0027)
	=====	=====
Weighted number of common shares outstanding-basic	32,781,639	28,781,639
	=====	=====
Weighted number of common shares outstanding-diluted	32,781,639	32,781,639
	=====	=====

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

UNITED ECOENERGY CORP.  
STATEMENT OF CASH FLOWS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2008 and 2007  
(unaudited)

	For the three months ended	
	March 31, 2008	March 31, 2007
	Unaudited)	(unaudited)
	-----	-----
Cash flows from operating activities:		
Net decrease in stockholders? equity from operations	\$ (29,305)	\$ (78,650)
Adjustments to reconcile net decrease in stockholders? equity from operations to net cash provided (used) in operating activities:		
Increase (decrease) in accounts payable	(1,544)	5,284
Increase in accrued interest	2,060	-
Increase in amounts due to affiliate	12,500	22,500
Increase in amounts due from affiliate	(600)	(5,000)
	-----	-----
Net cash provided (used) in operating activities	(16,889)	(55,866)
Cash flows from financing activities:		
Net proceeds from issuance of short- term debt	25,000	80,000
	-----	-----
Net cash provided by financing activities	25,000	80,000
	-----	-----
Net increase in cash	8,111	24,134
Cash, beginning of period	31	24,169
	-----	-----
Cash, end of period	\$ 8,142	\$ 48,303
	=====	=====

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

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

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

### Note 1. Organization and Financial Statement Presentation

United EcoEnergy Corp. (United EcoEnergy or Company), a Nevada corporation, was organized on February 28, 1997 and is a closed-end investment company that filed an election to be treated as a business development company (BDC) under the Investment Company Act of 1940, (the 1940 Act) in February 2006. Prior to the election to be treated as a BDC, the Company had been a development stage company and had not engaged in any operating business activity.

As a BDC, the company is subject to the filing requirements of the Securities Exchange Act of 1934 and has elected to be subject to Sections 55 to 65 of the 1940 Act, which apply only to BDCs. The Company is not a registered investment company under the 1940 Act, however, and is not required to file the semi-annual and annual reports required to be filed by registered investment companies under Section 30 of the 1940 Act. As a BDC, the Company also is not eligible to file its periodic reports under the 1934 Act as a small business issuer, and therefore files its periodic reports on applicable Forms 10-Q and 10-K, rather than Forms 10-KSB or 10-QSB. As a BDC, the Company also is subject to the normal financial reporting requirements of Regulation S-X issued by the SEC, but is not subject to Section 6 of Regulation S-X, which provides specific rules for financial reporting of registered investment companies.

The original focus of the Company was primarily on investments in alternative energy companies, including bio-fuel companies. Changes in the alternative energy market and the inability to locate or close on suitable portfolio investments in this market caused the Company to re-think its market focus, a process which is on-going. At December 31, 2007, the Company had no net assets invested in alternative energy companies or other portfolio companies.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for financial information and the instructions to Form 10-K, including Regulation S-X. As a BDC, and therefore as a non-registered investment company, the Company is subject to the normal financial reporting rules of Regulation S-X, as adopted by the SEC, in accordance with Regulation S-X 5.01. It is specifically not subject to Section 6 of Regulation S-X, governing the financial reporting of registered investment companies. The accompanying financial reports have been prepared in accordance with the requirements of Regulation S-X, as explained and interpreted in the Audit and Accounting

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Guide

for Investment Companies of the American Institute of Certified Public Accountants (May 1, 2007) (the Audit Guide).

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

No common shares were issued during the year ended December 31, 2007 or the quarter ended March 31, 2008; however, the 1 million shares of Series A Convertible Preferred Stock outstanding at December 31, 2007 converted automatically into 4 million shares of common stock, as provided in the Statement of Preferences for the Preferred Stock.

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

### Note 2. Significant Accounting Policies

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

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

#### Investments:

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

#### (b) Valuation:

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

(2) Short-term investments which mature in 60 days or less, such as U.S. Treasury bills, are valued at amortized cost, which approximates market value.

The amortized cost method involves valuing a security at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of the

difference between the principal amount due at maturity and cost. Short-term securities which mature in more than 60 days are valued at current market quotations by an independent pricing service or at the mean between the bid and ask prices obtained from at least two brokers or dealers (if available, or

otherwise by a principal market maker or a primary market dealer).

#### Investments

in money market mutual funds are valued at their net asset value as of the close of business on the day of valuation.

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

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

direction of our board of directors.

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

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

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

As part of the fair valuation process, the Audit Committee of the Company will review the preliminary evaluations prepared by the Investment Advisor engaged by the Board of Directors, as well as managements valuation recommendations and the recommendations of the Investment Committee.

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

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

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

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

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

### Federal and State Income Taxes:

The Company has not elected to be treated as, and is not, a regulated investment company and does not presently intend to comply with the requirements of the Internal Revenue Code of 1986 (the Code), applicable to regulated investment companies. A regulated investment company is required to distribute at least 90% of its investment company taxable income to shareholders, which the Company does not expect to do for the foreseeable future. Therefore, the Company must make appropriate provision for income taxes in accordance with SFAS 109, Accounting for Income Taxes, using the liability method, which requires the recognition of deferred assets and liabilities for the expected future tax consequences of temporary differences between carry amounts and tax basis of assets and liabilities. At March 31, 2008, the Company has approximately \$474,820 of net operating loss carry-forwards available to affect future taxable



## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

income and has established a valuation allowance equal to the tax benefit of the net operating loss carry-forwards as realization of the asset is not assured. The net operating loss carry-forwards may be limited under the change of control provisions of the Internal revenue Code, Section 382.

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

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

#### Dividends and Distributions:

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

#### Consolidation:

As an investment company, the Company will only consolidate subsidiaries which are also investment companies. At March 31, 2008, the Company did not have any consolidated subsidiaries.

#### Financial instruments:

The fair values of all financial instruments approximate their carrying values.

#### Recent Accounting Pronouncements

In December, 2007, the FASB issued FAS No. 141(R), Business Combinations, and SFAS No. 160, Accounting and Reporting of Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51. FAS No. 141(R) is required to be adopted concurrently with SFAS No. 160. These standards are effective for fiscal years beginning after December 15, 2008 and will apply prospectively to business combinations completed on or after that date. Early adoption is prohibited. FAS 141(R) requires changes in accounting for acquisitions and FAS 160 will change the accounting for minority interests. The Company is evaluating the impact of these statements on its financial statements.

### Note 3. Portfolio Investments

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

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

investments.

Note 4. Related Party Agreements and Transactions.

Investment Advisory Agreement

The Company has entered into an Investment Advisory Agreement with United  
UNITED ECOENERGY CORP.

NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

Note 4. Related Party Agreements and Transactions continued)

EcoEnergy Advisors, LLC (the Investment Advisor) under which the Investment Advisor, subject to the overall supervision of the board of directors of the Company, will provide investment advisory services to the Company. United EcoEnergy Advisors, LLC is owned equally by Patrick Donelan and Adam Mayblum. Mr. Mayblum and Mr. Donelan are also the equal owners of Enterprise Partners, LLC, which holds 9,997,900 of our common stock, representing approximately 30.5 percent of the common shares outstanding. Mr. Mayblum also serves as a director of the Company.

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

The Incentive Fee consists of two parts, as follows:

(i) One part will be calculated and payable quarterly in arrears based on the pre-Incentive Fee net investment income for the immediately preceding calendar quarter. For this purpose, pre-Incentive Fee net investment income means interest income, dividend income and any other income (including any other fees, such as commitment, origination, structuring, diligence, consulting fees that the Corporation receives from portfolio companies, but excluding fees for providing managerial assistance) accrued by the Company during the calendar quarter, minus the operating expenses of the Company for the quarter (including the Base Management Fee, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the Incentive Fee). Pre-Incentive Fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that the Company has not yet received in cash and includes the proportionate share of the portfolio companies net income allocable to equity holdings that has not been distributed as dividends. Pre-Incentive Fee net investment income does not include any realized capital gains, realized capital losses or unrealized capital appreciation or depreciation. Pre-Incentive Fee net investment income, expressed as a rate of return on the value of the Corporation's net assets at the end of the immediately preceding calendar quarter, will be compared to a hurdle rate of 1.75% per quarter (7% annualized). The Company will pay the Adviser an Incentive Fee with respect to the pre-Incentive Fee net investment income in each calendar quarter as follows:

(1) no Incentive Fee in any calendar quarter in which the pre-Incentive Fee

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

net investment income does not exceed the hurdle rate; (2) 100% of the pre-Incentive Fee net investment income with respect to that portion of such pre-Incentive Fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter (8.75% annualized); and (3) 20% UNITED ECOENERGY CORP.

NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

### Note 4. Related Party Agreements and Transactions (Continued)

of the amount of the pre-Incentive Fee net investment income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized). These calculations will be appropriately pro-rated for any period of less than three months and adjusted for any share issuances or repurchases during the current quarter.

(ii) The second part of the Incentive Fee (the Capital Gains Fee) will be determined and payable in arrears as of the end of each fiscal year (or upon termination of this Agreement as set forth below), commencing on March 31, 2009, and will equal 20.0% of the realized capital gains of the Company for the 2008 calendar year, if any, computed net of all realized capital losses and unrealized capital depreciation at the end of such year; provided that the Capital Gains Fee determined as of March 31, 2009 will be calculated for a period of shorter than twelve calendar months to take into account any net realized capital gains, if any, computed net of all realized capital losses and unrealized capital depreciation for the period ending March 31, 2009. The amount of capital gains used to determine the Capital Gains Fee shall be calculated at the end of each applicable year by subtracting the sum of the Cumulative Aggregate Realized Capital Losses and Aggregate Unrealized Capital Depreciation of the Company from the Cumulative Aggregate Realized Capital Gains. If this number is positive at the end of such year, then the Capital Gains Fee for such year is equal to 20.0% of such amount, less the aggregate amount of any Capital Gains Fees paid in all prior years. In the event that the Agreement terminates as of a date that is not a calendar year end, the termination date is treated as though it were a calendar year end for purposes of calculating and paying a Capital Gains Fee.

No investment advisory fees have been accrued for the year ended December 31, 2007 or the quarter ended March 31, 2008.

On April 1, 2006, the Company entered into a Consulting Agreement with William Mackey, our former President and CEO, to cover his services until such time as the Company completed its first portfolio investment in the alternative energy market and appoints a permanent CEO. Under the terms of the Consulting Agreement, Mr. Mackey was entitled to an initial signing amount of \$22,500 and thereafter to a monthly consulting fee of \$7,500, payable on the 15th of each month. Enterprise Partners has paid the accrued amounts due to Mr. Mackey through July, 2007, and the total accrued balance at March 31, 2008 of \$200,000 as accrued amounts due to affiliate includes these payments. The amounts due are non-interest bearing and payable on demand. In October, 2007, Mr. Mackey resigned as Chairman and CEO of the Company and his consulting agreement was terminated. A balance of \$22,500 is due to Mr. Mackey under his Consulting Agreement through October, 2007, and Mr. Mackey has agreed to defer payment of the amount due until the Company has received an additional \$500,000 in capital contributions. The \$22,500 due to Mr. Mackey is included in accounts payable.

Amounts due from affiliate totaling \$21,400 at March 31, 2008 represent short-term, non-interest bearing advances to an affiliated company.

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

UNITED ECOENERGY CORP.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2008  
 (unaudited)

Note 4. Related Party Agreements and Transactions (Continued)

Managerial Assistance

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

Note 5. Stockholders' Equity (Deficit).

The following table reflects the changes in the stockholders' equity (deficit) of the Company from December 31, 2005 to March 31, 2008:

Accumulated Deficit	Total	Shares		Additional Par Value		Paid-in Capital
		Common	Preferred	Common	Preferred	
-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 2005	\$ (21,880)	284,689	-	\$ 285	\$ -	\$ 3,924
		=====	=====	=====	=====	=====
Stock split (100 for 1)	-	28,468,900	-	28,184	-	(28,184)
Issuance of convertible preferred stock - 60,000	-	-	1,000,000	-	1,000	59,000
Issuance of common - 44,400	-	177,600	-	178	-	44,222
Issuance of common - 10,100	-	40,600	-	41	-	10,059
Issuance of common - 37,815	-	94,539	-	94	-	37,721
Net loss (191,160)	(191,160)	-	-	-	-	-
-----	-----	-----	-----	-----	-----	-----
Balance 12/31/2006	\$ (217,249)	28,781,639	1,000,000	\$ 28,782	\$ 1,000	\$126,742
		=====	=====	=====	=====	=====
Net loss	-	-	-	-	-	-

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

(228,265)	(228,265)						
-----							
Balance 12/31/2007	28,781,639	1,000,000	\$ 28,782	\$ 1,000	\$126,742		
	\$(445,514)	\$(288,989)					
Conversion of preferred stock into common stock							
	4,000,000	(1,000,000)	4,000	(1,000)	(3,000)		
-----							
Net loss	-	-	-	-	-		
	(29,305)	(29,305)					
-----							
Balance 3/31/2008	32,781,639	-	\$ 32,782	\$ -	\$123,742	\$	
	(474.819)	\$318,295					
=====							

The 1 million shares of convertible preferred shares outstanding at December 31, 2007 automatically converted into 4 million common shares during the quarter ended March 31, 2008. As a result, there were 32,781,639 common shares issued and no preferred shares issued as of March 31, 2008.

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

Note 6 FINANCIAL HIGHLIGHTS

Financial Highlights

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

	CHANGES IN NET ASSET VALUE	
	For the three months ended March 31, 2008	For the twelve months ended December 31, 2007
	-----	-----
Net asset value at beginning of period (1)	\$ (0.00882)	\$ (0.00185)
Proceeds from preferred stock	-	-
Proceeds from common stock	-	-
Net investment income	(0.00089)	(0.00697)
Net unrealized appreciation	-	-
	-----	-----
Net asset value, end of period (2)	\$ (0.00971)	\$ (0.00882)

(1) Financial highlights as of March 31, 2008 and December 31, 2007 are based on 32,781,639 common shares outstanding giving effect to the 100 for 1 forward split and the conversion of the preferred stock into common stock. The equivalent information contained in the December 31, 2007 financial reports

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

and

Form 10-K used the undiluted common share figure at the time, 28,781,639, and the financial highlights presented here have been adjusted accordingly.

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

### Note 7. OTHER MATTERS

On February 1, 2007, the Company borrowed the sum of \$50,000 from an existing minority shareholder for a six month term with interest due at maturity at the rate of 9 percent per year. The Company also issued a warrant to purchase 8,000 shares of common stock at an exercise price of \$0.40 per share for a period of two years.

On March 27, 2007, the Company borrowed the sum of \$30,000, \$15,000 each from two unrelated parties for a six month term with interest due at maturity at the rate of 9 percent per year. The Company also issued a warrant to purchase 3,000 shares of common stock to each of the parties at an exercise price of \$0.40 per share for a period of two years.

A total of \$7,267 in interest has been accrued on the above loans as of March 31, 2008.

UNITED ECOENERGY CORP.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2008  
(unaudited)

### Note 7. OTHER MATTERS (continued)

The borrowed funds were used as general working capital for the Company.

On February 22, 2008, the Company borrowed \$25,000 from Leaddog Capital, LP and issued its promissory note payable on the earlier of the date that an additional \$350,000 in capital is raised for the Company or October 22, 2008, at 10 percent interest, plus 100,000 shares of its common stock, issued on April 1, 2008.

A total of \$260 in interest has been accrued on this note as of March 31, 2008. The borrowed funds were used as general working capital for the Company.

### Note 8. Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company's financial position and operating results raise substantial doubt about the Company's ability to continue as a going concern, as reflected by the accumulated deficit of \$474,820 and recurring net losses. The ability of the Company to continue as a going concern is dependent upon acquiring suitable portfolio investments and obtaining additional capital and financing. Management's plan in this regard is to acquire portfolio investment operating entities and secure financing

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

and operating capital. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

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

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

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

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

The following analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes thereto contained elsewhere in this Form 10-Q, as well as the risk factors included in our Form 10-K filed for the year ended December 31, 2007.

#### Overview

The Company was incorporated under the Nevada General Corporation Law in February 1997 as MNS Eagle Equity Group III, Inc., and was a development stage company through the end of 2005, and until the Company changed its business model with the election to be treated as a business development company on February 28, 2006. On February 21, 2006, the Company changed its corporate name to United EcoEnergy Corp., to reflect its new business model and plan.

On February 27, 2006, the Company filed a Certificate of Designations for Series A Convertible Preferred Stock with the Nevada Secretary of State and the Board of Directors authorized the issuance of 1 million shares of Series A Convertible Preferred Stock to Enterprise Partners, LLC, our then majority shareholder, in exchange for the cancellation of \$60,000 in loans for funds advanced to the Company by Enterprise Partners LLC to pay off debts of the

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Company and for initial working capital. The Series A Convertible Preferred Stock was \$0.001 par value stock, and may be converted into common stock based

on a formula under which conversion is equal to 1 divided by the 30 day trailing average stock price of the common shares at the time of the conversion election, but not more than 15 common shares for each preferred share converted, or a maximum of 15 million common shares. The Series A Convertible Preferred Stock automatically converted into common stock the second anniversary of issue, at the formula price if not redeemed prior that date. The conversion of the Series A Convertible Preferred into common stock of the Company was completed during the quarter ended March 31, 2008 at a conversion formula of 4 common shares for each preferred share. A total of 4,000,000 common shares were issued on the conversion.

In January, 2007, our common shares were admitted for quotation on the OTC Bulletin Board under the symbol UEEC.

Effective February 27, 2006, the Company implemented a 100 for 1 forward split of our outstanding common shares. As a result of the forward split, there were 28,468,900 common shares then outstanding. This forward split has been reflected retroactively on our financial statements

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

As of March 31, 2008, we had not yet made any portfolio or other investments. However, we have signed a letter of intent for the acquisition of several potential portfolio companies and currently are engaged in due diligence, hopefully leading to a definitive acquisition agreement in the second quarter, ended June 30, 2008.

### Operating Activities

As of March 31, 2008, we had not yet made any portfolio or other investments.

### Critical Accounting Policies

In determining the fair value of our investments, the Audit Committee will consider valuations from an independent valuation firm, from our Investment Committee and from management

### Results of Operations

For the quarter ended March 31, 2008, we incurred consulting expenses of \$21,250, rent expense of \$1,450 and other expenses totaling \$6,605, compared to consulting expenses of \$75,000, rent expenses of \$1,800 and other expenses of \$1,850 for the quarter ended March 31, 2007. Our total expenses were \$29,305 and \$78,650, respectively for the quarters ended March 31, 2008 and 2007. We had no income reported for either quarter.

### Financial Highlights



## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

Financial highlights of the Company for the period ending March 31, 2008 are included in Footnote 6 to our Financial Statements.

### Investment Activity

There were no portfolio investments made during the three months ended March 31, 2008.

### Investment Income

We expect to generate revenue in the form of interest income on the debt securities that we own, dividend income on any common or preferred stock that we own, and capital gains or losses on any debt or equity securities that we acquire in portfolio companies and subsequently sell. Our investments, if in the form of debt securities, will typically have a term of one to ten years and bear interest at a fixed or floating rate. To the extent achievable, we will seek to collateralize our investments by obtaining security interests in our portfolio companies assets. We also may acquire minority or majority equity interests in our portfolio companies, which may pay cash or in-kind dividends on a recurring or otherwise negotiated basis. In addition, we may generate revenue in other forms including commitment, origination, structuring or due diligence fees, and possibly consultation fees. Any such fees generated in connection with our investments will be recognized as earned. We earned no investment income during the quarter ended March 31, 2008.

### Operating Expenses

Operating expenses for the quarter ended March 31, 2008 are broken down as follows:

Consulting expenses	\$	21,250
Rent		1,450
Other expenses:		
Bank fees		29
Interest		2,060
Travel		4,516
		-----
		6,605
		-----
Total operating expense		29,305

The consulting expenses were paid or due to CF Consulting, LLC, pursuant to a Consulting Agreement under which provides CFO and Chief Compliance Officer services. The rent expense represents rent paid or due to CF Consulting, LLC for sub-leasing office space, telephone, office equipment and related office services at the rate of \$450 per month under the same Consulting Agreement. The remaining expenses were paid or due to non-affiliated parties.

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

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

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

### Financial Condition, Liquidity and Capital Resources

Our liquidity and capital resources were generated initially from an advance of \$60,000 by our then major shareholder, Enterprise Partners, LLC, which was later paid by the issuance of 1 million shares of Series A Convertible Preferred Stock. We also undertook an exempt offering of our common shares pursuant to a Form 1-E Application and Notice filed with the SEC on September 19, 2006, and accepted subscriptions for a total of 312,739 common shares, representing \$92,366 in additional working capital.

On February 1, 2007, we borrowed the sum of \$50,000 from an existing minority shareholder for a nine month term with interest due at maturity at the rate of 9 percent per year. The Company also issued a warrant to purchase 8,000 shares of common stock at an exercise price of \$0.40 per share for a period of two years. A total of \$1,849 in interest has been accrued on this loan at March 31, 2008. On March 27, 2007, the Company borrowed the sum of \$30,000, \$15,000 each from two unrelated parties for a nine month term with interest due at maturity at the rate of 9 percent per year. The Company also issued a warrant to purchase 3,000 shares of common stock to each of the parties at an exercise price of \$0.40 per share for a period of two years. On February 22, 2008, the Company borrowed \$25,000 from an unrelated party payable at 9 percent interest for 8 months, due October 22, 2008 or the earlier date when the Company has raised at least \$350,000 in new capital, plus 100,000 shares of common stock. The borrowed funds were used as general working capital for the Company.

We generated no cash flows from operations during 2007 and the current year to date through March 31, 2008. In the future, we may fund a portion of our investments through borrowings from banks, issuances of senior securities or secondary offerings of equity, including further exempt offerings. We may also securitize a portion of our investments in mezzanine or senior secured loans or other assets. Our primary use of funds will be investments in portfolio companies.

### Risk Factors

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

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

We are subject to financial market risks, including changes in interest rates, equity price risk and some of the loans in our portfolio may have floating rates in the future. We may hedge against interest rate fluctuations by using standard hedging instruments such as futures, options and forward contracts subject to the requirements of the 1940 Act. While hedging activities may insulate us against adverse changes in interest rates, they may also limit our

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

ability to participate in the benefits of higher interest rates with respect to our portfolio of investments. During the three months ended March 31, 2008 and the twelve months ended December 31, 2007, we did not engage in any hedging activities.

### Item 4. Controls and Procedures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of our management,

including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934).

Based on that evaluation, as of March 31, 2008, the Chief Executive Officer and the Chief Financial Officer have concluded that our current disclosure controls and procedures are effective in timely alerting them to material information relating to the Company that is required to be disclosed by the Company in the reports it files or submits under the Securities Exchange Act of 1934.

### Internal Control Over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing

and maintaining adequate internal control over financial reporting, as such responsibility is defined in Rule 13a-15(f) of the Securities Exchange Act of 1934, and for performing an assessment of the effectiveness of internal control

of financial reporting. Internal control over financial reporting is a process

designed to provide reasonable assurance regarding the reliability of financial

reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. Our internal control

over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of

the company are being made only in accordance with authorizations of management

and directors of the company; and (iii) provide reasonable assurance regarding

prevention or timely detection of unauthorized acquisition, use, or disposition

of assets that could have a material effect on the financial statements.

Internal control over financial reporting cannot provide absolute assurance of

achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also

## Edgar Filing: United EcoEnergy Corp. - Form 10-Q

can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

There have been no changes in our internal controls over financial reporting that occurred during the three months ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### PART II. OTHER INFORMATION

#### Item 1. Legal Proceedings.

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

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

There were no sales or issues of any equity securities by the Company in the quarter ended March 31, 2008. The 1 million outstanding shares of Series A Convertible Preferred Stock converted automatically into 4 million shares of common stock during the quarter ended March 31, 2008.

As a result, there were 32,781,639 common shares issued as of March 31, 2008 and no shares of preferred stock issued at March 31, 2008.

#### Item 3. Defaults Upon Senior Securities.

Not Applicable.

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

None.

#### Item 5. Other Information.

None.

#### Item 6. Exhibits

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

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Edgar Filing: United EcoEnergy Corp. - Form 10-Q

\_/s/\_\_\_Robert Hipple  
Robert Hipple  
Interim Chief Executive Officer

May 14, 2008

3

F-13

7