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

FORM 10-K

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

For the fiscal year ended December 31, 2009

Commission file number 0-53270

PREPAID CARD HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada	76-0222016
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)
20251 S.W. Acacia St. #200 Newport Beach, CA	92660
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 949 250 9556 ext 123

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
None	N/A

Securities registered pursuant to Section 12(g) of the Act:

Common Stock ($0.001 par value)
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. [ ] Yes [x] No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. [ ] Yes [x] No

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. [x] Yes [ ] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec. 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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 definition of "accelerated filer, large accelerated filer and smaller reporting company" as defined in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[ ]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
(Do not check if a smaller reporting company)			

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

The aggregate market value of the common equity held by non-affiliates of the registrant as of June 30, 2009 was $3,070,156.

The number of shares of the registrant's common stock outstanding as of April 14, 2010 was 391,653,890 shares.

Prepaid Card Holdings, Inc.

TABLE OF CONTENTS

Part I

Part II

Part III

Part IV

PART I

Item 1. Business

A. Business Development

Prepaid Card Holdings, Inc., a Nevada Corporation (the "Company"), through its wholly-owned operating subsidiaries Berman Marketing Group, Inc., a California Corporation ("BMG") and Merchant Processing International, Inc. dba Bank Freedom ("Bank Freedom")[1], is in the business of marketing and management of general use prepaid cards.

The Company was originally incorporated on October 8, 1986 as Nately National Corporation, and on April 7, 1987 changed its name to National HealthCare Alliance, Inc. to better reflect the business of the Company at the time. On June 22, 2005, the Ninth Judicial District Court of the State of Nevada entered an order granting custodianship of the Company to Robert K. McBride, due to the finding that the Company had been abandoned by its prior management. Mr. McBride was elected sole director and appointed officer of the Company.

On October 11, 2007, the Company acquired BMG as its operating business. The Company then changed its name to Berman Holdings, Inc. on November 2, 2007 to better reflect its operating business, and changed its trading symbol from NHAL to BRMN. The Company changed its name to Prepaid Card Holdings, Inc. on May 2, 2008 to better reflect its operating business and changed its trading symbol from BRMN to PPDC. BMG was formed on February 2, 2007 by the Company's president, Bruce Berman. On March 8, 2008, the Company acquired Merchant Processing International, Inc. dba Bank Freedom ("Bank Freedom") from the Company's president, Bruce Berman, as its second operating business. Our operations are currently divided between BMG and Bank Freedom. BMG manages marketing operations, while Bank Freedom manages our prepaid card products, including the processing, banking, printing, customer service, and infrastructure necessary for the management and delivery of prepaid cards. Bank Freedom also manages our merchant processing services portfolio, discussed in more detail below. The Company has not been in bankruptcy, receivership, or any similar proceeding, and, to the best knowledge of management, is not in default on the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the issuer to make any material payments.

The Company began operations in February 2008 as it began the process of accepting orders and shipping the Bank Freedom Prepaid MasterCard, which was first shipped to its customers approximately March 1, 2008. Prior to that, the Company was in the development stage and focused on establishing relationships with key operational partners.

B. Financial Information about Segments

As defined by generally accepted accounting principles ("GAAP"), we do not have any segments separate and apart from our business as a whole. Accordingly, there are no measures of revenue from external customers, profit and loss, or total assets aside from what is reported in the Financial Statements attached to this Form 10.

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[1] Bank Freedom operates in the prepaid card market solely through an agreement with a third party issuing bank. It is not a traditional commercial "bank" and, other than offering card association branded payment cards directly to consumers through its issuing bank, does not participate in other typical commercial banking services such as making loans, accepting deposits, etc.

C. Business of the Company

Executive Summary

Prepaid Card Holdings, Inc., through its wholly owned subsidiary Bank Freedom, is an established brand in the Prepaid Debit Card Industry. The industry, which is still in its infancy, was created to offer a banking solution to the estimated 60,000,000 adult Americans who do not have either a bank account or credit card and are known as the "Underbanked" or "Underserved" demographic. The underbanked are everyday people who use financial services not provided by traditional banks. These include payday loans, check cashing, and money orders. The unfulfilled need of this demographic is the lack of a credit and/or debit card. The underbanked, for various reasons, do not have or cannot get a checking account and/or credit card. Without a branded VISA or MasterCard, the underbanked are restricted from making everyday purchases that require plastic.

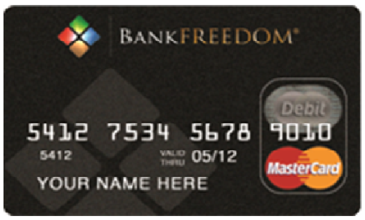
It is estimated that only 5%-10% of the market for prepaid debit cards has been penetrated to date. According to the Associated Press on March 2, 2010, industry analysts stated that $291 Billion was loaded onto prepaid cards in 2009 and the prepaid market is estimated to grow 22% per year each year for the next 3 years and estimated that $526 Billion will be loaded onto prepaid cards in 2012. According to MasterCard, 2009 was the first year in MasterCard's history as a company that more money was spent on debit cards than credit cards

Our Prepaid Debit Card Programs

Under license from MasterCard International, Inc. and Visa U.S.A. Inc., Bank Freedom markets and manages several prepaid card programs, including: the Bank Freedom Prepaid MasterCard and the Bank Freedom Prepaid Visa Card, for consumers; the Bank Freedom MasterCard Prepaid Expense Card for businesses to manage, control, and track employee spending; and the Bank Freedom Payroll MasterCard for businesses to eliminate issuing paper paychecks and pay employee wages with a payroll card. Bank Freedom is also the program manager for the AFSCME Advantage Prepaid MasterCard program. AFSCME is a 1.6 million member Union (American Federation of State, County and Municipal Employees). Bank Freedom has received all the necessary approvals and intends to launch the Card Now Prepaid MasterCard for consumers in July of 2010.

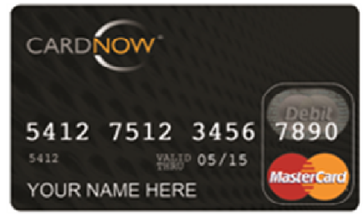
Bank Freedom's prepaid debit cards work like a virtual bank account plus a MasterCard or Visa debit card to make purchases. Customers can load money and fund their Bank Freedom card accounts in multiple ways. They can direct deposit their paycheck or government issued benefits checks, deposit cash to their card accounts at one of over 50,000 cash load retailers nationwide (estimated to expand to 100,000 retailers in 2011), or transfer money from one Bank Freedom card account to another Bank Freedom card account. Once our customers deposit funds to their card account they can use their prepaid debit card anywhere MasterCard or Visa debit is accepted to make purchases and at over 1,000,000 ATMs worldwide for cash access. Customers can log on to our cardholder website to check their account balance, transfer funds, and use our bill payment system to pay bills electronically or send paper checks to anyone.

Card Programs



General Spend & Expense

Visa General Spend



Co Branding

Co Branding

General Spend

General Spend

Our transaction processing platform works in real-time and will not permit customers to pay a bill, send a check, make purchases, or withdraw funds at an ATM unless the funds are available in their card account. Customers cannot overdraft their card account which is one of their biggest challenges. The average American pays $300 a year in overdraft fees with a traditional bank account.

Types of Prepaid Cards

Our card products include several types of prepaid card:

- General Purpose Reloadable (GPR) Cards – Intended for the underbanked consumer, our target demographic is one that will set up direct deposit of their pay check and use their prepaid MasterCard or Visa Card for day to day purchases and as a bill payment solution. Within this model, they act and behave much like a normal banked individual. We also have customers that only deposit cash on to their cards, as well as customers who use both direct deposit and add cash.

- Private Label co-branded Card Programs – The prepaid card industry is growing at a significant rate. It is one of the few industries that is actually expanding while other industries are shrinking. With Bank Freedom's internet presence, we are getting business leads from companies who desire to monetize their customer/membership base by issuing private label co-branded prepaid cards. We believe these co-branded opportunities offer growth potential for Bank Freedom.

- Business Travel and Expense Cards –Business cards earn a higher interchange rate than consumer cards which translates to additional income for Bank Freedom per dollar spent by the cardholder.

- Payroll Cards – Introduced to employees by their employers, the Bank Freedom Payroll MasterCard is identical to our GPR product with slightly lower fees. Ordered and shipped in bulk, the program offers businesses of all sizes a paperless solution for payroll, which reduces overall costs while bringing a banking solution to their underbanked employees. Our payroll product does not require complex integration or programming, and works seamlessly with most payroll systems that support direct deposit.

<u>Our Prepaid Cards</u>

Bank Freedom Prepaid MasterCard and Visa Cards: Our Bank Freedom Prepaid MasterCard® cards were first shipped in March, 2008 and our Bank Freedom Visa Cards were first shipped in October 2008. . Since we launched our card programs a total of approximately $126,000,000 has been loaded onto Bank Freedom cards by our cardholders through direct deposit and via our reloading partner, Green Dot. In 2008, $32,000,000 was loaded on to Bank Freedom Prepaid Cards by our customers, and in 2009, $72,500,000 was loaded.

Bank Freedom Prepaid MasterCard targeted at the Hispanic community*:* On June 1, 2008 we launched a Spanish language version website for our Bank Freedom Prepaid MasterCard® Card program. Spanish speaking customers can go to www.bancolibertadtarjeta.com and order a Bank Freedom Prepaid MasterCard from a website entirely in Spanish. Bank Freedom has always had bilingual customer service agents and a bilingual website for its customers to access their prepaid card accounts; however, to help new Spanish speaking customers to better understand the benefits of the product they are ordering, we released this all-Spanish enrollment website.

<u>Card Association Support Agreement</u>

On July 2, 2009, the Company entered into a support agreement with a major Card Association to offer their prepaid cards to the Company's customers in a preferred manner in exchange for various support considerations. On August 27, 2009, the Company received $200,000 from the association of which part was a bonus and part was marketing support.

<u>AFSCME Advantage Prepaid MasterCard</u>

Bank Freedom, through a third party marketing agreement, is the program manager for the AFSCME Advantage Prepaid MasterCard. AFSCME (American Federation of State, County and Municipal Employees) with its 1.6 million members is estimated to be the second largest union in America. The AFSCME card program is up and running and AFSCME members have begun slowly ordering our prepaid cards. The company intends to use part of the funds from this offering to directly market its prepaid cards to members of AFSCME.

<u>FIS: Fidelity National Information Systems</u>

FIS is our new core transaction processor and a leader in prepaid card transaction processing, having processed over $28 billion in loaded funds in 2008. By leveraging the FIS platform we are able to deliver greater reliability and provide market-leading features and functionality to our cardholders. FIS delivers banking and payments technologies to more than 14,000 financial institutions and businesses in over 100 countries worldwide. FIS maintains processing and technology relationships with 40 of the top 50 global banks, including nine of the top 10. FIS has an $8 Billion market cap as reported by the New York Stock Exchange, where it is listed under the symbol "FIS".

Cash Reloading Agreement

In December, 2007, Bank Freedom entered into an exclusive agreement with Green Dot to provide cash loading services for card programs managed by Bank Freedom. In May, 2008, Green Dot offered Bank Freedom branding on its point of purchase displays nationally. Green Dot has point of purchase displays in Walgreens, K-Mart and CVS/Pharmacy locations throughout the US.

Business Model and Strategy

When we drafted our business plan in 2007 to enter the prepaid card space our assessment was that most competitors were using a check cashing mentality of "let's overcharge the underbanked because they don't have any alternative". We made a decision from the beginning to establish a pricing model that was based on where we believed the market was heading.

Our Bank Freedom business model is to acquire customers who adopt our products as their primary transaction account (PTA). Whether for business or consumer, when a customer assimilates our card accounts into their day to day management of funds, Bank Freedom gains higher retention, additional transaction volume which generates additional fee revenue.

Our business strategy includes marketing campaigns to acquire customers, and then an education process to adopt the prepaid card into their daily financial management. This will require continuous marketing and touch points both prior to and after customer acquisition.

Bank Freedom Prepaid Card Revenue

We derive revenues through multiple sources. Those sources may include:

1. Transaction Fees – As customers use their cards, we may collect fees that include
   a. Domestic and International ATM transaction fees
   b. Debit purchase and PIN decline fees
   c. Monthly maintenance fees (waived with direct deposit)
   d. Bill payment and check writing
   e. Money Conversion Fees – For transactions that involve an international source, up to 3% of total dollar volume in transaction fees.

2. Interchange – Bank Freedom receives interchange revenue on Signature transactions. The interchange Bank Freedom receives is paid by the merchant, not by our cardholder. The interchange fee Bank Freedom receives on signature transactions is usually in excess of 1% of the amount the customer spends at any merchant.

3. Private Label Application Fees – for private label opportunities, Bank Freedom intends to collect an application fee for the set up and development of custom prepaid card programs.

4. Card Purchase Fees – Our Business Travel and Expense programs charge a one-time application fee to businesses as well as annual fees paid upon ordering the card. Our Payroll program charges an application fee and card issuance fee to the employer.

Bank Freedom Prepaid Card Pricing

We believe there is a threshold the unbanked consumer will pay for the benefits of a prepaid card. So far, this threshold has yet to be determined. Major players in the market have successfully entered the market, but with estimates of only 5% to 10% market penetration. Pricing is critical to a long-standing relationship with our targeted demographic. We believe there are several key strategic concepts that will move our card offering beyond the current thinking. In particular:

Do not gouge the customer: There is a perception that prepaid cards offer issuers an opportunity to gouge the customers. We believe this is a problematic strategy as more and more issuers find their way into the market.

Offer Free Services: Everyone likes getting something free, including our targeted demographic.

We will determine the optimal type and amount of pricing in order to maximize our penetration of the market.

Marketing

Using our management's unique and diverse experience in the direct response marketing and credit card processing fields, we have developed and offer the Bank Freedom Prepaid MasterCard and the Bank Freedom Prepaid VISA card. These cards target the 60 million customers who have difficulty securing credit cards and or bank accounts.

During the company's first year in the prepaid card market, our goal was to acquire new prepaid card customers. This was accomplished through:

- Direct marketing and establishing a client base; and
- Maintaining a broad range of prepaid card services and offerings;

In order to create awareness of our prepaid cards, the company did the following:

- Launched a comprehensive direct marketing campaign;
- Created competitive pricing models;
- Implemented our business plan quickly by leveraging existing technology infrastructure previously developed for marketing to the underbanked, leveraging our CEO's experience in marketing and customer service of the underbanked, and our management team's experience in Internet marketing and technologies; and
- Developed a nationally recognized brand.

Our Value Proposition

Through established direct marketing methods known to our executive staff, we offered the following value points to our potential customers:

- *Provide access to electronic financial networks for all people:* 10% to 13% of U.S. households, primarily low-to-moderate-income, minorities, and recent immigrants, do not have bank accounts. This represents 60 million people who do not have access to the purchasing online, travel reservation system, and the convenience of debit and ATM networks.

- *Safer than Cash:* If the card is lost or stolen, the consumer does not lose the cash. This is important with younger customers and the elderly.

- *Bill Pay:* Through online bill pay, consumers can pay bills at significantly reduced cost than money orders or retail payment outlets.

- *Payroll and Benefits Check Direct Deposit:* Consumers can have their payroll check and/or government issued benefits checks directly deposited to their card at no cost. This eliminates the typical 3% rate check cashing services offer to the unbanked and the underserved.

- *Access to cash via the worldwide ATM Network:* Access to cash without the hassle of check cashing services 24/7.

- *Consumer Recourse:* Cash has no recourse. When a consumer wants to return the product when cash is involved they are at the mercy of the retailer for a refund. Leveraging the VISA/MasterCard associations, the consumer has alternative recourse for refunds.

- *Easy Approval:* No credit check, no employment necessary; customers only need valid ID for approval. This is ideal for people with credit and banking problems.

- *Send Money to Anyone:* Using our remittance services, customers can send money to any person in the U.S.

<u>Marketing Tools</u>

We have directly marketed our prepaid cards using the following means:

- Direct Radio and television to web (sending customers to the internet to order)
- Email campaigns to managed opt-in lists of individuals known to have credit issues and or in need of a credit card.
- Affiliate networks including banner and contextual ads.
- Search Engine Optimization (SEO).
- Social Media Optimization (SMO).
- Pay-per-click (PPC) and Search Engine Marketing (SEM) campaigns
- Direct mail

<u>Competitive Advantages</u>

Several companies have a meaningful presence in the prepaid card industry. Their presence extends to the Internet and an occasional TV or radio ad with little air time. Some of our competitors market their cards through retail store fronts. Our competitors include: All Access (Net Spend), Green Dot, RushCard, Western Union, AccountNow, Ready Debit and Vision.

There are many other small, general spending prepaid card programs that do not represent significant market share or recognition. They focus on the internet as their main strategy of application and enrollment. We believe this creates a competitive advantage for the Company and allows us to truly leverage our marketing skills to exploit a more dynamic marketing strategy, including in the areas of direct response and other media markets.

Marketing Technology and Infrastructure

Our technology foundation is capable of handling more than 50,000 orders per day through scalable platforms using Microsoft's SQL Server, multi-redundant databases, web servers, routers, and switches. This primary hardware is housed in a full rack within a locked private cage located at the Cox Communication Business Collocation facility in Ranch Santa Margarita, CA. We have back up redundancy hardware for testing failover, and disaster recovery purposes located at Millennium Systems in Irvine, CA and a virtual private server for redundant web site hosting through Verio, an NTT Communications Company. All technology is highly customizable allowing unlimited number of web sites access to common databases while tracking unlimited marketing campaigns allowing us to concentrate on the most profitable marketing channels. We will pay approximately $1,478 a month for the hosting of this hardware and software. We will also pay for any software or hardware modifications we request.

We own approximately 1,000 prepaid keyword related website URLs that can be hosted all at the same time with this system. Through minute by minute detailed reporting, we can tailor marketing messages and focus on key geographic and demographics using internet, print, radio, and television. .

Operations

Operational Partnerships

Operationally, there are five key partnership components we must have to issue prepaid cards. They are:

1. Issuing bank
2. Card Association (MasterCard and/or Visa)
3. Processor
4. Card Fulfillment
5. Cash Load Network

Issuing Bank: An issuing bank is a bank that offers card association branded payment cards directly to consumers and businesses. Merchant Processing International, Inc. DBA Bank Freedom ("Bank Freedom"), signed an agreement on November 19, 2007 with Meta Payment Systems, to issue our branded prepaid cards. Meta Payment Systems is the largest issuing bank for program manager sponsored prepaid card products within the US. We began issuing prepaid cards through MetaBank in February 2008.

Card Associations: A card association is a network of issuing banks and acquiring banks that process payment cards of a specific brand, including Visa, MasterCard, American Express, etc. Bank Freedom has been approved by MasterCard and currently issues the Bank Freedom Prepaid MasterCard®. Bank Freedom has also been approved by Visa and currently issues the Bank Freedom Prepaid Visa® Card.

Processor: A processor is a company that connects to the various networks (Visa, MasterCard, Discover, STAR, Cirrus, etc.) and handles the core transactions. They also provide services for customer care (to the end user), an interactive voice response ("IVR") telephone-based customer service system, and web based services for balance inquiries, dispute resolution, replacement cards, and other support issues. From 2008 through April, 2010, Bank Freedom processed its transactions through I2C, Inc. processing services. Bank Freedom is currently in the process of switching its core processor services from I2C, Inc. to FIS with the intentions of opening all new prepaid cards through FIS going forward. FIS is a leader in prepaid card transaction processing, having processed over $28 billion in loaded funds in 2008. By leveraging the FIS platform we are able to deliver greater reliability and provide market-leading features and functionality to our cardholders. FIS delivers banking and payments technologies to more than 14,000 financial institutions and businesses in over 100 countries worldwide. FIS maintains processing and technology relationships with 40 of the top 50 global banks, including nine of the top 10. FIS has an $8 Billion market cap as reported by the New York Stock Exchange, where it is listed under the symbol "FIS".

Card Fulfillment: Card Fulfillment entails card plastic creation, programming, personalization/embossing, and shipping the prepaid cards and collateral to new cardholders. Bank Freedom signed an agreement with EFT Source for card printing, personalization, and fulfillment services on December 14, 2007. EFT Source provides printing, inventory, and delivery of Bank Freedom's prepaid cards processed through I2C, Inc. Bank Freedom intends to utilize FIS-owned card fulfillment services for prepaid cards processed through FIS. Bank Freedom intends to maintain its relationship with EFT Source.

Cash Load Network: The cash load network is a company that allows your customers to load cash on to their card accounts. Green Dot is our current cash load network partner. Customers can use the Green Dot MoneyPak for loading cash onto their prepaid card accounts. The Green Dot MoneyPak is available in over 50,000 retail locations including Wal-Mart, Walgreens, CVS/Pharmacy, Rite Aid, Radio Shack, Kroger, Ralphs, Food4Less and Fred Meyer, consumers can purchase a MoneyPak at any Green Dot retailer location. We are also approved by MoneyGram to allow our customers to load money to their prepaid card accounts at any of the 40,000 MoneyGram locations throughout the US. We have an exclusive agreement with Green Dot that expires in December 2010. We do not intend to renew that exclusive agreement although we hope to negotiate the continued usage of Green Dot on a non exclusive basis however there can be no assurance that we will reach such an agreement with Green Dot. We are in the implementation stages with MoneyGram and plan to load cash to customer card accounts through MoneyGram in December 2010. We are also in the negotiating process with Western Union and intend to load cash to customer card accounts through Western Union in December 2010.

<u>*In-House Operations*</u>

Our operations consist of the following major groups. They are:

Sales and Marketing: To acquire customers, we have engaged in aggressive marketing campaigns to drive prospects to our websites to order their prepaid card.

Activation: Critical to our success is the activation and initial loading of the card. We use a separate customer service marketing effort that uses email to contact low activity card accounts to increase card activations and loads.

Secondary Marketing: We engage in a persistent touch process that reminds the customers to use their card (reload, ATM, pay bills, etc). This revenue generating group (part of internet marketing) is critical to ongoing profitability and card usage.

Customer Service: We provide 24/7 customer service to our cardholders in both English and Spanish. We handle all inbound customer services calls between the hours of 8:00 AM and 5:00 PM, Monday to Friday with our internal staff of customer service representatives.

Merchant Processing Services

In addition to our primary business of our Bank Freedom prepaid cards, since 2005 we have realized revenue by selling merchant processing services for retail companies nationally, receiving revenues in the form of commissions paid as a percentage of credit card volume for the retailers engaged.

From 2005 to September 2007, Bank Freedom focused exclusively on selling merchant services that enable US businesses to accept credit and debit cards. As a result, Bank Freedom built a portfolio of merchant accounts that generate commissions on each credit card transaction processed by the business.

In October of 2007, Bank Freedom changed its focus and dedicated its resources to developing prepaid card solutions. .

On October 30, 2009, Bank Freedom entered into a Purchase Agreement with a third party to assign its rights, title, benefit, privileges and interest in receiving compensation for merchant services provided to Payment Resource International, LLC. The purchase price for the assignment of the portfolio to third party was agreed to be $274,835.03. The Company completed the purchase transaction and received net proceeds of $184,557 in cash on October 30, 2009 after making payments of $90,278 owed to third parties.

On February 5, 2010, the Company assigned its rights to receive compensation and other benefits based upon the processing activity of certain merchants, herein referred to as “Merchant Portfolio”, from Spectrum Business Solutions, Inc. to a non-affiliated third party for $100,000. The Company has received $50,000 towards such assignment and agreed to execute a promissory note guaranteed by the two shareholders of the third party, to receive the remaining $50,000 no later than May 3, 2010. As part of this assignment, the Company also agreed to recommend to all its agents to submit all future merchant processing accounts to this third party. With the assignment of this portfolio, the Company is exiting agent based merchant processing however the Company is maintaining its merchant processing relationships to be a valued added service for its prepaid business clients.

Other Matters

Employees

Not including our executive officers, Prepaid Card Holdings, Inc. and its subsidiaries currently have 6 employees, all of which are full time. We believe our relationship with our employees is good.

Independent Contractors

The company has several independent contractors that work on a revenue sharing basis.

Research and Development

During the last two full fiscal years, we have not engaged in any research and development activities. In the event that we undertake research and development activities in the future, the costs of those efforts will not be bourn directly by our consumers.

Intellectual Property

We have applied for trademarks for “Bank Freedom”, “Bank Freedom Card”, and “A card for everyone”, Card Now, CardNow, Bank Free, Bank Free Card.

On February 24, 2009 “Bank Freedom” trademark was issued registration number 3581447. On September 30, 2008 “A Card For Everyone” trademark was issued registration number 3507604. On August 4, 2009 “CardNow” trademark was issued registration number 3664391. On August 4, 2009 “Card Now” trademark was issued registration number 3664390 “Bank Freedom Card” “Bank Free” and “Bank Free Card” are still pending.

Regulation

Open loop prepaid cards are subject to several forms of regulation. The most notable of these regulations include the Electronics Funds Transfer Act; the Anti-money Laundering and Bank Secrecy Act; the customer identification program of the Patriot Act; customer security and privacy provisions of the Gramm Leach Bylie act; and the funds availability requirement of Regulation CC. Due to a recent change, the Company is not subject to the requirements of Regulation E.

As open loop prepaid cards are essentially bank accounts, we anticipate that our business will continue to be heavily regulated. Although we have experience in this area, and we have taken the necessary steps to comply with regulations, compliance can represent a costly expense and there is no assurance that the steps we have taken and will take will be sufficient to prevent adverse regulatory action. If we are unable to successfully comply with all relevant regulation, it could materially affect our business.

We currently produce no product and conduct no activity that is subject to environmental laws. All manufacturing is undertaken by a third party. Nevertheless, it is possible that our activities could fall within the ambit of environmental regulation in the future. If so, compliance with environmental laws could become a significant cost, and could materially affect our business.

Item 1A. Risk Factors

Not required by smaller reporting companies.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company currently operates in a 1,378 square foot space in an office located in Newport Beach, CA.. The office is in good condition.

Bank Freedom, the Company’s wholly owned operating subsidiary, is renting this space under a lease from L&J properties which expires in December, 2010. The Company intends to renew its lease before the expiration and knows of no reason the landlord would not allow the renewal on approximately the same terms it has now. Monthly rent is due on the first of each month in the amount of $2,756.

Item 3. Legal Proceedings

Processor

We believe our processor, I2C, Inc., overcharged us a significant amount. They sent a bill which we are disputing for lack of documentation. Our contract calls for arbitration and we are going forward with it. We tried to mediate but could not reach an agreement. We are in the process of switching processors to FIS an $8 billion NYSE company in May and anticipate no service interruption over the dispute.

Robert McBride and Bruce Barton

On August 3, 2009, the Company reached an agreement in principal to settle lawsuits brought by Robert McBride and Bruce Barton against the Company. Under the terms of the settlement, the Company agreed to pay Mr. McBride a total of $60,000 to purchase 6,000,000 shares of the Company's common stock from him. Additionally, a convertible note issued to Mr. McBride in the amount of up to $50,000, which is convertible into 400,000 shares of non reversible stock, was agreed to be reduced to 300,000 shares of non reversible stock. If after two years of the agreement date the Company does not complete a reverse split of its common stock and pays all required settlement payments to Mr. McBride, the convertible note and underlying 300,000 shares of non reversible stock will be canceled. Mr. McBride and Mr. Barton released all claims against the Company and all of its officers and directors, Bruce Berman, Merchant Processing International Inc. DBA Bank Freedom, Berman Marketing Group Inc. and Berman Investment Group.

The Company received 6,000,000 shares of its common stock from Mr. McBride and on November 12, 2009 cancelled these shares. Pursuant to the terms of the settlement agreement, the Company has paid Mr. McBride $30,000 as of December 31, 2009 and an additional payment of $5,000 on January 15, 2010.

Robert Christiansen

The Company's Executive Vice President of Business Development, Robert Christiansen was terminated by the Company on August 6, 2009. On September 10, 2009, the Company filed a lawsuit against Mr. Christiansen and on December 22, 2009, the Company settled the lawsuit. As part of the settlement, the Company received back 21,250,000 shares of its common stock held by Mr. Christiansen. Mr. Christiansen also held an option to purchase up to 63,750,000 options at $0.0001 per share from the Company's CEO, Bruce Berman. Mr. Christiansen also released all rights to any of those unexercised options, and in exchange, the Company paid $15,000 to Mr. Christiansen. Each party extended mutual releases. On January 15, 2010, the Company cancelled 21,250,000 shares of common stock received pursuant to the settlement of its lawsuit. In addition, Bruce Berman the Company's Chief executive Officer granted from his personal stock holdings 63,750,000 options to four key members of the Company's management team.

Vendor Dispute

During the year ended December 31, 2008, the Company had a dispute with one of its vendors over the amount of about $360,000. On January 13, 2009, the Company agreed to a settlement of this dispute. We have agreed to execute a note in the amount of $182,900 at 4% simple annual interest payable monthly over three years, whereby we will pay $5399.64 a month

Other than the foregoing, the Company is not a party to any material legal proceedings and, to the Company's knowledge, no such proceedings are threatened or contemplated by any party.

Item 4. [Removed and Reserved]

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted in United States markets on the Pink Sheets, maintained by Pink Sheets LLC, a privately owned company headquartered in New York City, under the symbol "PPDC." There is no assurance that the common stock will continue to be traded on the Pink Sheets or that any liquidity exists for our shareholders.

Market Price

The following table shows the high and low per share price quotations of the Company's common stock as reported by the Pink Sheets for the periods presented. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not necessarily represent actual transactions. The Pink Sheets market is extremely limited and the prices quoted by brokers are not a reliable indication of the value of the common stock. The periods presented represent fiscal quarters, with the fourth quarter of each year ending on December 31.

	HIGH	LOW
Fiscal 2010		
First Quarter	.015	.0019
Fiscal 2009		
First Quarter	.035	.01
Second Quarter	.13	.01
Third Quarter	.09	.04
Fourth Quarter	.021	.001
Fiscal 2008		
First Quarter	0.17	0.06
Second Quarter	0.13	0.07
Third Quarter	0.16	0.04
Fourth Quarter	0.13	0.03

As of April 14, 2010, the Company had 1,000,000,000 shares of common stock authorized with 391,653,890 issued and outstanding and 27,166,209 freely tradable shares in the public float. These shares were held by approximately 270 shareholders of record and the Company estimates by more than 300 beneficial shareholders.

Penny Stock Regulations

Our common stock is quoted in United States markets on the PinkSheets, maintained by PinkSheets LLC, a privately owned company headquartered in New York City, under the symbol "PPDC." On April 7, 2010, the last reported sale price of our common stock was $0. 0125 per share. As such, the Company's common stock may be subject to provisions of Section 15(g) and Rule 15g-9 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), commonly referred to as the "penny stock rule."

Section 15(g) sets forth certain requirements for transactions in penny stocks, and Rule 15g-9(d) incorporates the definition of "penny stock" that is found in Rule 3a51-1 of the Exchange Act. The SEC generally defines "penny stock" to be any equity security that has a market price less than $5.00 per share, subject to certain exceptions. As long as the Company's common stock is deemed to be a penny stock, trading in the shares will be subject to additional sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors.

Dividends

The Company has not issued any dividends on the common stock to date, and does not intend to issue any dividends on the common stock in the near future. We currently intend to use all profits to further the growth and development of the Company.

Recent Sales of Unregistered Securities

In Fiscal 2009 and the interim period through the date of this report, we issued or cancelled the following unregistered shares of securities:

On April 2, 2010, the Company executed a Revolving Promissory Note with an officer and director to borrow a principal sum of $50,000 for a one year term. The interest rate payable for such loan was agreed to be the interest rate charged to the officer and director on the revolving credit line by the third party. In the event the Company does not pay the amount due on or before the maturity date, the Company agreed to pay liquidated damages of 1.5% simple monthly interest on any amounts outstanding, due on each one month anniversary of the maturity date. The Company also agreed to grant 5,000,000 stock options at an exercise price of $0.01 per share as consideration for making this revolving line available to the Company. The Company has not borrowed any funds against the April 2, 2010. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On March 3, 2010, the Company received in cash $50,000 from a third party and executed a Convertible Promissory Note to pay the principal sum of $50,000 for a one year term. The term of maturity of the Convertible Promissory Note is one year and interest rate is 12% simple interest per annum. In the event the Company does not pay the amount due on or before the maturity date, the Company agreed to pay liquidated damages of 1.5% simple monthly interest on any amounts outstanding, due on each one month anniversary of the maturity date. The Company also agreed to grant 5,000,000 stock options at an exercise price of $0.01 per share as consideration for making this loan available to the Company. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On January 15, 2010, the Company cancelled 21,250,000 shares of common stock returned by a former executive officer of the Company pursuant to the terms of a settlement agreement executed on December 22, 2009.

On January 10, 2010, the Company issued 15,000,000 shares of common stock on the exercise of options granted to Rick Galasieski, an officer and director of the Company, at an exercise price of $0.001 per share, for a total of $15,000. The Company agreed to reduce the exercise price from $0.075 in consideration for Mr. Galasieski agreeing to exercise the options immediately. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

On August 3, 2009, the Company reached an agreement in principal to settle lawsuits brought by Robert McBride and Bruce Barton against the Company. Under the terms of the settlement, the Company received 6,000,000 shares of its common stock from Mr. McBride and on November 12, 2009 cancelled these shares. Additionally, a convertible note issued to Mr. McBride in the amount of up to $50,000, which is convertible into 400,000 shares of non reversible stock, was agreed to be reduced to 300,000 shares of non reversible stock.

On April 27, 2009, the Company issued warrants to two employees to purchase 250,000 shares of common stock each at an exercise price of $0.025. The warrants vest on January 1, 2010, and expire on January 1, 2015 or upon termination of their employment. This issuance was completed in accordance with Section 4(2) of the Securities Act in an offering without any public offering or distribution. These shares are restricted securities and include an appropriate restrictive legend.

Purchases of Equity Securities

None.

Item 6. Selected Financial Data

Not required by smaller reporting companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation

FORWARD LOOKING STATEMENTS: STATEMENTS ABOUT OUR FUTURE EXPECTATIONS ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF APPLICABLE FEDERAL SECURITIES LAWS, AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. WHEN USED HEREIN, THE WORDS "MAY," "WILL," "SHOULD," "ANTICIPATE," "BELIEVE," "APPEAR," "INTEND," "PLAN," "EXPECT," "ESTIMATE," "APPROXIMATE," AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY SUCH FORWARD-LOOKING STATEMENTS. THESE STATEMENTS INVOLVE RISKS AND UNCERTAINTIES INHERENT IN OUR BUSINESS, INCLUDING THOSE SET FORTH UNDER THE CAPTION "RISK FACTORS" IN THIS DISCLOSURE STATEMENT, AND ARE SUBJECT TO CHANGE AT ANY TIME. OUR ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THESE FORWARD-LOOKING STATEMENTS. WE UNDERTAKE NO OBLIGATION TO UPDATE PUBLICLY ANY FORWARD-LOOKING STATEMENT.

Financial Statements

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the following financial statements included in this report, and their accompanying notes (the “Financial Statements”):

Financial Statements for the Year Ended December 31, 2009 (Unaudited)

- Consolidated Balance Sheet at December 31, 2009.
- Consolidated Statement of Operations for the Year ended December 31, 2009.
- Consolidated Statement of Cash Flows for the Year ended December 31, 2009.
- Consolidated Statement of Stockholders Equity at December 31, 2009.

NOTE REGARDING UNAUDITED FINANCIAL STATEMENTS. As of the date of this report, the Company has not engaged an auditor to audit its 2009 financial statements. The Financial Statements contained herein are accordingly unaudited and subject to change once the Company engages an auditor and conducts a complete audit. To the best knowledge of management, the information and data provided herein do not contain any material misstatement or omissions of fact.

The Financial Statements have been prepared in accordance with generally accepted accounting policies in the United States ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following plan of operation are quoted in United States dollars.

Liquidity and Capital Resources

Our liquidity requirements arise principally from our working capital needs, including the cost of goods and marketing costs. Although in the future we intend to fund our liquidity requirements through a combination of cash on hand and revenues from operations, for the year ended December 31, 2009, the Company had a net income of $160,103, but as of the year end we had $1,110,365 in total liabilities and an accumulated deficit of $3,213,379. We do not believe this level of income is sufficient to sustain our operations without additional capital.

Accordingly, our ability to initiate our plan of operations and continue as a going concern is currently dependent on our ability to increase profits and raise external capital. We have raised $350,000 on the issuance of three convertible notes in 2008, and an additional $90,000 on the issuance of two convertible notes in 2010. We believe that it will be very difficult to obtain any form of debt financing without equity conversion terms due to our current lack of revenues from operations and the current state of our balance sheet, including a lack of hard assets against which to borrow. Accordingly, we are focusing on obtaining equity financing. However, with the economic turmoil in the finical markets today we are concerned about the ability to raise any capital at all. .

From November, 2007, through September, 2008, the Company raised approximately $2,164,237 in three private offerings, before costs. In January 2010 we raised $15,000 on the exercise of options held by one of our directors. We may be required to seek additional funding subsequent to this private offering.

Results of Operations - 2009 vs. 2008

Revenues

During the year ended December 31, 2008, merchant processing services realized revenues of $697,263 and the Bank Freedom prepaid card realized revenues of $1,681,454 for a total of $2,378,717. This represents an increase of 133% or $1,359,821 from $1,018,896 for the same period last year. The increase is the result of the growth of both our prepaid card services and our merchant processing portfolio. We expect our prepaid card services to continue to grow as we continue our marketing campaign to attract more cardholders.

Cost of Sales

During the year ended December 31, 2009, we incurred $668,066 in costs directly attributed to our sales. This represents an increase of 57%% or $242,720 over $425,346 realized in the same period last year. The increase is primarily due to the growth of our prepaid card services. In 2009, Cost of Sales included bank and MasterCard Association fees, merchant processing fees, and fulfillment costs.

Expenses

During the year ended December 31, 2009, we incurred $1,498,341 in expenses from operations. This represents a 53% or $1,707,396 decrease from $3,248,555 realized in the same period last year. Expenses consisted of the following:

Expenses:	**2009**	**2008**	**Increase (Decrease)**	**% Increase (Decrease)**
Sales and marketing	$106,342	$1,361,243	($1,254,901)	(92%)
Professional Fees	211,590	422,520	($210,930)	(50%)
Depreciation	2,349	1,272	$1,077	85%
General and Administrative	1,178,060	1,338,541	($160,481)	(12%)
Related Party - Rent Expense	-	82,161	($82,161.00)	(100%)

Sales and Marketing – Consist of internet marketing to potential cardholders using various affiliate marketing channels and pay-per-click campaigns. This category also includes direct mail, radio commercial production, radio air time, and printing expense necessary to attract new cardholders. The 92% decrease from 2008 is attributable to the aggressive marketing campaign we conducted in 2008 as we rolled out our prepaid cards. Sales and marketing will continue to fluctuate greatly due to the varying amount of time and money we commit to marketing from time to time.

Professional Fees – Consist of accounting, legal and other professional fees including the cost of the fair market value for the stock provided to investor representatives for investor referrals. The 50% decrease in professional fees is primarily due to the costs of our private offering and registration statement in 2008. We anticipate this expense remaining at or around its 2009 levels for the foreseeable future.

Depreciation – Consists of depreciation of property and equipment. We attribute the increase in depreciation to the acquisition of additional depreciable property and equipment in 2009.

General and Administrative – Consists of insurance, office supplies and expense, payroll expenses, investor referral fees and other miscellaneous expenses. We believe the 12% decrease represents the mild fluctuation we expect to occur each year based on the varying needs of the Company.

Related Party– Rent Expense – Consists of office space rental. In 2009 we no longer leased office space from a related party, and do not anticipate incurring this expense in the future.

Off-Balance Sheet Arrangements

None

Significant Employee Changes

On January 29, 2009, Rick Galasieski was elected as a director of the Company and appointed as Vice President and Corporate Secretary of the Company. On July 15, 2009, Mr. Galasieski was promoted to Senior Vice President.

On August 6, 2009, the Company terminated Executive Vice President Robert Christiansen . On September 19, 2009, John Weber, Jr. resigned as a consultant to the Company and as head of the Company's Accounting Advisory Board. Mr. Weber was previously the Company's Vice President of Finance, the principal financial officer of the Company.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

None.

Item 8. Financial Statements and Supplementary Data

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
December 31, 2009

	December 31, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 100,283	$ 83,011
Receivables, net	200,990	79,472
Prepaid expenses and other current assets	41,630	33,100
Total Current Assets	342,903	195,583
Property and Equipment, net	5,583	4,420
Other Assets		
Deposits	10,000	10,000
Total Assets	$ 358,486	$ 210,003
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable and accrued expenses	$ 268,632	$ 272,099
Deferred liability	52,825	-
Common stock to be issued	15,000	-
Interest payable - related party	13,624	2,768
Note payable - related party	340,585	197,269
Note payable	74,128	58,551
Total Current Liabilities	764,794	530,687
Long Term Liabilities		
Note payable - related party	277,003	466,960
Note payable	68,568	124,338
Total Long Term Liabilities	345,571	591,298
Total Liabilities	1,110,365	1,121,985
Commitments and Contingencies	-	-
Stockholders' Deficit		
Common stock - authorized 1,000,000,000 shares, $0.001 per share, 397,903,890 shares and 403,903,890 shares issued and outstanding	397,904	403,904
Additional paid in capital	2,063,597	2,057,597
Accumulated deficit	(3,213,379)	(3,373,483)
Total Stockholders' Deficit	(751,879)	(911,982)
Total Liabilities and Stockholders' Deficit	$ 358,486	$ 210,003

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
December 31, 2009

	For the year ended December 31, 2009	2008
Revenues		
Card operations	$ 1,681,454	$ 614,793
Processing services	697,263	404,103
Total revenues	2,378,717	1,018,896
Cost of sales	668,066	425,346
Gross Profit	1,710,651	593,550
Operating Expenses		
Sales and marketing	106,342	1,361,243
Professional fees	211,590	422,520
Depreciation	2,349	1,272
General and administrative	1,178,060	1,338,541
Related party - rent expense	-	82,161
Total operating expenses	1,498,341	3,205,737
Income (Loss) from Operations	212,310	(2,612,187)
Non-Operating Income (Expenses)		
Interest income	207	-
Interest expense	(29,390)	(8,424)
Interest expense - related party	(19,871)	(31,994)
Other	34	1,952
Total non- operating expenses	(49,019)	(38,466)
Income (Loss) Before Income Taxes	163,291	(2,650,653)
Provision for income taxes	3,188	2,400
Net Income (Loss)	$ 160,103	$ (2,653,053)
Income (Loss) per common share - basic and diluted	$ 0.0004	$ (0.0070)
Weighted average shares outstanding during the period - basic and diluted	402,548,391	377,763,729

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT (UNAUDITED)
December 31, 2009

	Common Stock		Preferred Stock		Subscriptions	Additional Paid in	Retained Earnings	
	Shares	Amount	Shares	Amount	Receivable	Capital	(Deficit)	Total
Balance - December 31, 2007	476,873,589	$ 476,874	-	$ -	$ (114,163)	$ 935,569	$ (720,430)	$ 577,850
Shares issued for combination	2,500,000	22,500	-	-	-	(732,348)	-	(709,848)
Subscriptions received	-	-	-	-	114,163	-	-	114,163
Shares issued for cash	29,187,500	29,188	-	-	-	1,400,049	-	1,429,237
Shares returned to treasury	(127,500,000)	(127,500)	-	-	-	127,500	-	-
Shares issued for services	3,342,801	3,343	-	-	-	326,327	-	329,670
Shares cancelled	(500,000)	(500)	-	-	-	500	-	-
Net loss	-	-	-	-	-	-	(2,653,053)	(2,653,053)
Balance - December 31, 2008	403,903,890	403,904	-	-	-	2,057,597	(3,373,483)	(911,982)
Shares cancelled per settlement	(6,000,000)	(6,000)	-	-	-	6,000	-	-
Net Income	-	-	-	-	-	-	160,103	160,103
Balance - December 31, 2009	397,903,890	$ 397,904	-	$ -	$ -	$ 2,063,597	$ (3,213,380)	$(751,879)

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
December 31, 2009

	For the year ended December 31,	
	2009	**2008**
Cash Flows From Operating Activities		
Net Income (Loss)	$ 160,103	$ (2,653,053)
Depreciation	2,349	1,272
Bad debts	190,832	-
Common stock issued for services	-	352,169
(Increase) decrease in current assets		
Accounts receivable	(312,351)	(79,472)
Prepaid expenses and other current assets	(8,530)	(43,100)
Increase (Decrease) in current liabilities		
Accounts payable and accrued expenses	(3,467)	268,645
Interest payable – related party	10,856	-
Deferred liability	52,825	-
Net Cash Provided By (Used In) Operating Activities	92,618	(2,153,539)
Cash Flows From Investing Activities		
Business combination and fixed assets	-	(734,067)
Purchase of property and equipment	(3,512)	-
Net Cash Used in Investing Activities	(3,512)	(734,067)
Cash Flows From Financing Activities		
Cash proceeds from issuance of note payable	-	1,288,782
Cash payments on notes payable	(40,193)	(353,125)
Cash payments on notes payable – related party	(46,641)	(85,771)
Cash proceeds from issuance of common stock	15,000	1,429,237
Cash proceeds from collections of subscriptions receivable	-	114,163
Net Cash Provided by (Used In) Financing Activities	(71,834)	2,393,286
Net Increase (Decrease) in cash	17,272	(494,320)
Cash and Cash Equivalents - Beginning Balance	83,011	577,331
Cash and Cash Equivalents - Ending Balance	$ 100,283	$ 83,011

Supplemental Disclosures:		
Interest Paid	$ 14,798	$ 35,002
Income Taxes Paid	$ 843	$ -

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

PREPAID CARD HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
December 31, 2009

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

Prepaid Card Holdings, Inc. formerly Berman Holdings, Inc. (the "Company"), was incorporated under the name Nately National Corporation in the state of Nevada on October 8, 1986 and then changed its name to National Health Care Alliance, Inc. The Company was dormant until October 11, 2007 when it acquired Berman Marketing Group, a wholly-owned subsidiary as its operating business. In October 2007, the name of the Company was changed from National Health Care Alliance, Inc. to Berman Holdings, Inc. In March 2008, the Company acquired Merchant Processing International, Inc. from a related party, and it became a wholly-owned subsidiary of the Company. In May 2008, the Company changed its name to Prepaid Card Holdings, Inc. The Company currently trades under the symbol PPDC.PK on Pink OTC Markets Inc. which provides the leading inter-dealer electronic quotation and trading system in the over-the-counter (OTC) securities market.

The Company is in the prepaid general use debit, ATM, POS and signature based card market. The Company's primary target audience is the non-banked and underserved individuals in the country.

Basis of Presentation/Going Concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company has incurred consistent losses and has a negative stockholders' equity. These conditions raise substantial doubt as to the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Berman Marketing Group, Inc. and Merchant Processing International, Inc. All material inter-company balances and transactions have been eliminated on consolidation. The acquisition of Merchant Processing International, Inc. has been accounted for as a transfer of assets under common control, and accordingly is accounted for in all periods presented.

Stock Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation," establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation, the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the market value for the stock on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model. The Company did not realize any professional services during the year ended December 31, 2009 and therefore, did not record any stock based compensation expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

Fair Value of Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, other current assets, accounts payable, accrued interest and due to related party, the carrying amounts approximate fair value due to their short maturities.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company defines cash equivalents as all highly liquid debt instruments purchased with a maturity of three months or less, plus all certificates of deposit.

Accounts Receivable

Accounts receivable consist of processing fees and charges from banks on the amounts transacted for the previous month. The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

Allowance for doubtful debts amounted to $112,494 and $0 as of December 31, 2009 and December 31, 2008, respectively.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the assets from three to five years. Expenditures for maintenance and repairs are charged to expense as incurred.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist of cash and cash equivalents and accounts receivables. The Company places its cash with high quality financial institutions and at times may exceed the FDIC $250,000 insurance limit. The Company extends credit based on an evaluation of the customer's financial condition, generally without collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses, as required.

Impairment of Long-Lived Assets

SFAS No. 144 requires that long-lived assets to be disposed of by sale, including those of discontinued operations, be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. SFAS No. 144 also establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used.

Revenue Recognition

The Company recognizes revenues both from merchant processing services and activity charges for card usage. These fees are based on individual transactions and recorded at the time of occurrence.

For the merchant processing services, the Company earns revenues in the form of commissions paid resulting from a percentage of credit card volume for the retailers engaged. This revenue is recognized on a monthly basis under the accrual basis of accounting.

For the Bank Freedom prepaid cards operations, the Company earns revenues through fees charged to the cardholders. Those sources may include:

- Interchange
- Bill pay fees
- Domestic and International ATM transaction fees
- Debit purchase and PIN decline fees
- Monthly maintenance fees

These fees are charged on the card and recognized as revenue immediately.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." Deferred taxes are provided on the liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings (Loss) Per Share

The Company reports earnings (loss) per share in accordance with SFAS No. 128, "Earnings per Share." Basic earnings (loss) per share is computed by dividing income (loss) available to common shareholders by the weighted average number of common shares available. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Diluted earnings (loss) per share has not been presented separately since the effect of the assumed conversion of options and warrants to purchase common shares would have an anti-dilutive effect.

Recently Issued Accounting Pronouncements

In August 2009, the FASB issued Accounting Standards Update ("ASU") 2009-05, which amends ASC Topic 820, Measuring Liabilities at Fair Value, which provides additional guidance on the measurement of liabilities at fair value. These amended standards clarify that in circumstances in which a quoted price in an active market for the identical liability is not available, we are required to use the quoted price of the identical liability when traded as an asset, quoted prices for similar liabilities, or quoted prices for similar liabilities when traded as assets. If these quoted prices are not available, we are required to use another valuation technique, such as an income approach or a market approach. These amended standards became effective for us beginning in the fourth quarter of fiscal year 2009 and are not expected to have a significant impact on our consolidated financial statements.

In September 2009, the Financial Accounting Standards Board ("FASB") issued guidance related to revenue recognition for multiple element deliverables which eliminates the requirement that all undelivered elements must have objective and reliable evidence of fair value before a company can recognize the portion of the consideration that is attributable to items that already have been delivered. Under the new guidance, the relative selling price method is required to be used in allocating consideration between deliverables and the residual value method will no longer be permitted. This guidance is effective prospectively for revenue arrangements entered into or materially modified in 2011 although early adoption is permitted. A company may elect, but will not be required, to adopt the amendments retrospectively for all prior periods. The Company is currently evaluating this guidance and has not yet determined the impact, if any, that it will have on the consolidated financial statements.

In October 2009, the FASB issued ASU 2009-13, "Multiple-Deliverable Revenue Arrangements", now codified under FASB ASC Topic 605, "Revenue Recognition", ("ASU 2009-13"). ASU 2009-13 requires entities to allocate revenue in an arrangement using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. ASU 2009-13 should be applied on a prospective basis for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with early adoption permitted. Management is currently evaluating the potential impact of ASU2009-13 on our financial statements.

In October, 2009, the FASB issued ASU 2009-15, "Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing", now codified under FASB ASC Topic 470 "Debt", ("ASU 2009-15"), and provides guidance for accounting and reporting for own-share lending arrangements issued in contemplation of a convertible debt issuance. At the date of issuance, a share-lending arrangement entered into on an entity's own shares should be measured at fair value in accordance with Topic 820 and recognized as an issuance cost, with an offset to additional paid-in capital. Loaned shares are excluded from basic and diluted earnings per share unless default of the share-lending arrangement occurs. The amendments also require several disclosures including a description and the terms of the arrangement and the reason for entering into the arrangement. The effective dates of the amendments are dependent upon the date the share-lending arrangement was entered into and include retrospective application for arrangements outstanding as of the beginning of fiscal years beginning on or after December 15, 2009. Management is currently evaluating the potential impact of ASU 2009-15 on our financial statements.

In December 2009, under FASB ASC Topic 860, "Transfers and Servicing." New authoritative accounting guidance under ASC Topic 860, "Transfers and Servicing," amends prior accounting guidance to enhance reporting about transfers of financial assets, including securitizations, and where companies have continuing exposure to the risks related to transferred financial assets. The new authoritative accounting guidance eliminates the concept of a “qualifying special-purpose entity” and changes the requirements for derecognizing financial assets. The new authoritative accounting guidance also requires additional disclosures about all continuing involvements with transferred financial assets including information about gains and losses resulting from transfers during the period. The new authoritative accounting guidance under ASC Topic 860 will be effective January 1, 2010 and is not expected to have a significant impact on the Company’s financial statements.

Reclassifications

Certain comparative amounts have been reclassified to conform to the current period’s presentation.

Note 2 – Related Party Transactions

The Company issued 22,500,000 shares of common stock for the acquisition of Merchant Processing International, Inc., an entity which was owned by the majority stockholder of the Company.

The Company executed a promissory note with its President for a principal sum of $750,000 bearing interest at 5% per annum, due over 48 months starting July 1, 2008. On January 1, 2009, the interest rate was adjusted to 3.25% per annum. The principal amount outstanding on the promissory note was $617,588 at December 31, 2009 and accrued interest payable on the promissory note amounted to $13,624 at December 31, 2009.

Starting February 1, 2009, the Company’s President reduced his salary by approximately 70%.

The Company was obligated under a sub-lease arrangement with Berman Investment Group, a related party, for hardware and software usage for $1,800 per month. The sub-lease agreement expired in November 2008. No expenses for the sub-lease were incurred during the year ended December 31, 2009.

The Company also sub-leased its rental space from Berman Investment Group until December 31, 2008, an entity owned by a related party, for approximately $3,500 per month. The Company recorded rent expense from related party amounting to $0 and $14,000 for the year ended December 31, 2009 and 2008, respectively.

Note 3 – Business Combination

In March 2008, the Company accounted for the acquisition of Merchant Processing International, Inc. as a business combination under common management and common control, for the amount paid for Merchant Processing International, Inc. in excess of its book value. The Company issued 22,500,000 shares of common stock to a related party, at par value of $0.001 per share valued at $22,500, and executed a promissory note for $750,000, for a total consideration of acquisition valued at $772,500. The consideration paid exceeded the book value of the assets acquired by $732,348, which was charged against additional paid in capital.

Note 4 – Accounts Receivable

The Company has accounts receivable from banks on the amounts transacted for the previous month consisting of processing fees and charges. Accounts receivable consist of:

	December 31, 2009		December 31, 2008	
Trade	$	112,494	$	-
Meta Bank		180,735		78,773
Commissions		1,327		700
Card Association Incentives		9,547		-
Other		9,381		-
		313,484		79,473
Less: Allowance for doubtful accounts		(112,494)		-
	$	200,990	$	79,473

Note 5 – Property and Equipment

Property and equipment consist of the following:

	December 31, 2009		December 31, 2008	
Furniture and fixtures	$	8,648	$	8,648
Computer equipment		7,193		3,682
		15,841		12,330
Less: Accumulated depreciation		(9,799)		(7,910)
Property and equipment, net	$	6,042	$	4,420

Depreciation expense for the twelve months periods ended December 31, 2009 and 2008 was $2,349 and $1,272, respectively.

Note 6 – Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	December 31, 2009		December 31, 2008	
Accrued Interest	$	24,903	$	2,768
Website		3,066		-
Office Expense		8,415		60,948
Insurance		5,085		1,029
Legal		43,173		1,127
Accrued Salaries		10,000		-
Marketing and Processing Costs		154,430		194,997
Other		19,560		11,230
Total	$	268,632	$	272,099

Note 7 – Notes Payable

Note Payable – Related Party

The Company is indebted to its President, a principal shareholder, for the purchase of the subsidiary. The Company executed a promissory note of $750,000, payable over 48 months bearing interest at 3.25% per annum, with final payment due on June 1, 2012. The Company is obligated to make a monthly payment on $16,764. Effective January 1, 2009, the interest rate was reduced from 5% to 3.25%. The principal balance outstanding at December 31, 2009 amounted to $617,588. Accrued interest payable to the President on the promissory note amounted to $13,624 at December 31, 2009. The Company recorded interest expense related to the promissory note of $19,871 and $31,994 in the accompanying consolidated statements of operations for the twelve months period ending December 31, 2009 and 2008, respectively.

Notes Payable – Others

The Company is indebted to a third party vendor for the purchase of marketing services. The principal balance, bearing annual interest at 4%, outstanding at December 31, 2009 amounted to $129,299 payable in monthly payments of $5,400 over 25 months.

The Company is indebted to a third party vendor for the purchase of marketing services. The principal balance, bearing annual interest at 4%, outstanding at December 31, 2009 amounted to $13,397 payable in monthly payments of $4,493 over 3 months.

The Company recorded an interest expense of $29,390 and $8,424 in the accompanying statements of operations for the twelve months ended December 31, 2009 and 2008, respectively.

Note 8 – Common Stock Transactions

On August 3, 2009, the Company reached an agreement in principal to settle lawsuits brought by Robert McBride and Bruce Barton against the Company. Under the terms of the settlement, the Company agreed to pay Mr. McBride a total of $60,000 to purchase 6,000,000 shares of the Company's common stock from him. Additionally, a convertible note issued to Mr. McBride in the amount of up to $50,000, which is convertible into 400,000 shares of non reversible stock, was agreed to be reduced to 300,000 shares of non reversible stock. If after two years of the agreement date the Company does not complete a reverse split of its common stock and pays all required settlement payments to Mr. McBride, the convertible note and underlying 300,000 shares of non reversible stock will be canceled. Mr. McBride and Mr. Barton released all claims against the Company and all of its officers and directors, Bruce Berman, Merchant Processing International Inc. DBA Bank Freedom, Berman Marketing Group Inc. and Berman Investment Group.

The Company received 6,000,000 shares of its common stock from Mr. McBride and on November 12, 2009 cancelled these shares. Pursuant to the terms of the settlement agreement, the Company has paid Mr. McBride $30,000 as of December 31, 2009 and an additional payment of $5,000 on January 15, 2010.

Note 9 – Basic and Diluted Net Income (Loss) Per Share

Net income (loss) per share is calculated in accordance with the Statement of financial accounting standards No. 128 (SFAS No. 128), “Earnings per share.” SFAS No. 128 superseded Accounting Principles Board Opinion No.15 (APB 15). Net income (loss) per share for all periods presented has been restated to reflect the adoption of SFAS No. 128. Basic net income (loss) per share is based upon the weighted average number of common shares outstanding. Diluted net income (loss) per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Weighted average number of shares used to compute basic and diluted income (loss) per share is the same since the effect of dilutive securities is anti-dilutive.

Note 10 – Income Taxes

Income tax for the years ended December 31, 2009 and 2008 is summarized as follows:

	December 31,	
	2009	**2008**
Current:		
Federal	$ -	$ -
State	3,188	2,400
Deferred taxes	-	-
	$ 3,188	$ 2,400

The following is a reconciliation of the provision for income taxes at the U.S. federal income tax rate to the income taxes reflected in the Consolidated Statements of Operations:

	December 31,	
	2009	**2008**
Tax expense (credit) at statutory rate - federal	(34%)	(34%)
State tax expense net of federal tax	(6%)	(6%)
Valuation allowance	40%	40%
Tax expense at actual rate	-	-

The tax effects of temporary differences that gave rise to significant portions of deferred tax assets and liabilities at December 31, 2009 and 2008 are as follows:

	December 31,	
	2009	**2008**
Deferred tax assets:		
Net operating loss carry forward	$ 1,286,657	$ 1,350,698
Total gross deferred tax assets	1,286,657	1,350,698
Less: Valuation allowance	(1,286,657)	(1,350,698)
Net deferred tax assets	-	-

At December 31, 2009, the Company had net operating loss carry forwards of $3,216,642 for U.S. federal income tax purposes available to offset future taxable income expiring on various dates through 2022. The Company has recorded a 100% valuation allowance on the deferred tax assets due to the uncertainty of its realization.

Note 11 – Commitment and Contingencies

On July 2, 2009, the Company entered into a five (5) year marketing support agreement with a major Card Association (“Association”) to offer their prepaid cards to the Company’s customers in a preferred manner with no less than 70% of the company’s cards issued bearing the Association’s brand. In consideration for offering the prepaid cards in a preferred manner, the Association provided a non-returnable sign-on bonus of $50,000 and agreed to provide marketing support of up to $150,000 for the Company’s actual out-of-pocket expenses during the term of the agreement and subject to certain performance criteria. In addition, the Association agreed to provide financial incentives to the Company based on achieving future processing volumes. To the extent that the entire value of marketing support is not used during the term of the agreement, any unused marketing support will be forfeited and the Company shall refund to the Association such unused amount of marketing support. On August 27, 2009, the Company received $200,000 of which $50,000 was a sign-on bonus and recorded it as revenues in the accompanying financial statements for the year ended December 31, 2009. During the year ended December 31, 2009, the Company incurred expenses of $97,175 in marketing support expense that was offset against the $150,000 received from the Association. The Company recorded in the accompanying financial statements at December 31, 2009 a deferred liability for the remaining $53,825 unused marketing support fund received from the Association. In addition, based on its processing volume the Company earned $18,101 of financial incentives from the Association during the year ended December 31, 2009 which the Company will receive on the 1st anniversary of the execution of the agreement. Each subsequent year’s marketing incentives will be paid to the Company on the respective anniversary date. The Company has recorded $18,101 as accounts receivable from the Association as of December 31, 2009.

In November 2009, the Company received an invoice from its Processor for $92,945 for service charges covering the period from January 1, 2008 to September 30, 2009. Subsequently, the Processor sent a revised invoice for services for in an amount not less than $107,984 with no details of the time period covered. The Company is disputing these charges. The Company has not recorded the additional expense of $15,039 for services in the accompanying financial statements for the period ended December 31, 2009. On February 17, 2010, the Company and the Processor agreed to mediate their dispute regarding those charges as well as other charges where the Company asserts it has been over billed by its Processor, however, such mediation was without success. On March 16, 2010, the Processor filed a complaint against the Company for their demand of not less than $107,000. The Company plans to arbitrate the dispute to defend itself.

Note 12 – Going Concern

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplate continuation of the Company as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of its liabilities in the normal course of business. The Company has an accumulated deficit of $3,213,379 and working capital deficiency of $421,890 as of December 31, 2009 and recorded net earnings of $160,103 for the year ended December 31, 2009. In view of the matters described above, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to raise additional capital, obtain financing and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Management has taken the following steps to revise its operating and financial requirements, which it believes are sufficient to provide the Company with the ability to continue as a going concern. Management devoted considerable effort during the year ended December 31, 2009 towards (i) expanding the Company's Card operations business, (ii) further streamlining and reducing costs, (iii) evaluating its distribution and marketing methods, and (iv) obtaining additional equity financing.

Note 13 –Subsequent Events

The Company's Executive Vice President of Business Development, Robert Christiansen was terminated by the Company on August 6, 2009. On September 10, 2009, the Company filed a lawsuit against Mr. Christiansen and on December 22, 2009, the Company settled the lawsuit. As part of the settlement, the Company received back 21,250,000 shares of its common stock held by Mr. Christiansen. Mr. Christiansen also held an option to purchase up to 63,750,000 options at $0.0001 per share from the Company's CEO, Bruce Berman. Mr. Christiansen also released all rights to any of those unexercised options, and in exchange, the Company paid $15,000 to Mr. Christiansen. Each party extended mutual releases. On January 15, 2010, the Company cancelled 21,250,000 shares of common stock received pursuant to the settlement of its lawsuit. In addition, Bruce Berman the Company's Chief executive Officer granted from his personal stock holdings 63,750,000 options to four key members of the Company's management team.

On January 10, 2010, the Board of Directors approved the price reduction of 15,000,000 stock options issued to Rick Galasieski, Senior Vice President of the Company ("Executive") for $0.001 per share if the Executive exercised the purchase of options immediately. The Board reached a unanimous decision to accept the option exercise effective January 5, 2010. The Company received $15,000 in cash from the Executive from the exercise of 15,000,000 options.

On February 5, 2010, the Company assigned its rights to receive compensation and other benefits based upon the processing activity of certain merchants, herein referred to as "Merchant Portfolio", from Spectrum Business Solutions, Inc. to a non-affiliated third party for $100,000. The Company has received $50,000 towards such assignment and agreed to execute a promissory note guaranteed by the two shareholders of the third party, to receive the remaining $50,000 no later than May 3, 2010. As part of this assignment, the Company also agreed to recommend to all its agents to submit all future merchant processing accounts to this third party. With the assignment of this portfolio, the Company is not exiting the merchant credit card processing business but changing from an agent based merchant processor to a 100% in house account based merchant processor. The advertising the Company does on Bank Freedom Prepaid Debit Cards has created an unanticipated lead flow of potential merchant business.

On March 3, 2010, the Company received in cash $50,000 from a third party and executed a Convertible Promissory Note to pay the principal sum of $50,000 for a one year term. The term of maturity of the Convertible Promissory Note is one year and interest rate is 12% simple interest per annum. In the event the Company does not pay the amount due on or before the maturity date, the Company agreed to pay liquidated damages of 1.5% simple monthly interest on any amounts outstanding, due on each one month anniversary of the maturity date. The Company also agreed to grant 5,000,000 stock options at an exercise price of $0.01 per share as consideration for making this loan available to the Company.

On April 2, 2010, the Company executed a Revolving Promissory Note with an officer and director to borrow a principal sum of $50,000 for a one year term. The interest rate payable for such loan was agreed to be the interest rate charged to the officer and director on the revolving credit line by the third party. In the event the Company does not pay the amount due on or before the maturity date, the Company agreed to pay liquidated damages of 1.5% simple monthly interest on any amounts outstanding, due on each one month anniversary of the maturity date. The Company also agreed to grant 5,000,000 stock options at an exercise price of $0.01 per share as consideration for making this revolving line available to the Company. The Company has not borrowed any funds against the April 2, 2010.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

In January 2010 we learned that Mr. Corso, the accountant who had been conducting the audit in the name of Gruber & Company, did not hold a current accounting license; we were later informed by Gruber & Company that Mr. Corso was incarcerated on unknown charges and was never an employee of Gruber & Company. Gruber & Company has stated that they have no association with Mr. Corso, therefore, the December 31, 2008 audited financials should not be relied on and need to be re-audited. We currently have not engaged an auditor to audit our Fiscal 2008 and 2009 financial statements.

Accordingly, on January 26, 2010 the Company entered into a consulting agreement with a licensed CPA from the State of California to assist the Company in preparing its financial statements going forward, as well as in reconciling the company's previous financial statements for accuracy and completeness.

As of the date hereof, the Company has not engaged a new certified public auditing firm. Engaging a certified public auditing firm and conducting audits on fiscal 2008 and 2009 is a priority for the Company.

Item 9A. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our management, including our Chief Executive and Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2009. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a *et seq*.) is recorded, processed, summarized, and reported, within the time periods specified in the Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of December 31, 2009.

(b) Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-a5(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. 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 our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use of disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our Chief Executive Officer, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management has concluded that our internal control over financial reporting was ineffective as of December 31, 2009 and there are material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses relate to the limited number of persons responsible for the recording and reporting of financial information, the lack of separation of financial reporting duties, and the limited size of our management team in general. We are in the process evaluating methods of improving our internal control over financial reporting, including the possible addition of financial reporting staff and the increased separation of financial reporting responsibility, and intend to implement such steps as are necessary and possible to correct these material weaknesses.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K. Under current regulations, our registered public accounting firm will not be required to opine on internal controls until fiscal 2010.

(c) <u>Change in Internal Controls</u>

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Director and Executive Officer Summary

The following table sets forth the names, ages, and principal offices and positions of our current directors, executive officers, and persons we consider to be significant employees. The Board of Directors elects our executive officers annually. Our directors serve one-year terms or until their successors are elected, qualified and accept their positions. The executive officers serve terms of one year or until their death, resignation or removal by the Board of Directors. There are no family relationships or understandings between any of the directors and executive officers. In addition, there was no arrangement or understanding between any executive officer and any other person pursuant to which any person was selected as an executive officer.

Name of Director or Officer	**Age**	**Position**
Bruce Berman	52	Chief Executive Officer, Chairman of the Board of Directors, and Principal Financial Officer
Rick Galasieski	35	Vice President, Corporate Secretary and Director

Executive Officer and Director Bios

Bruce Berman: *Chief Executive Officer, Chairman of the Board of Directors, and Principal Financial Officer*

In 2001, Mr. Berman founded Berman Investment Group LLC ("BIG"). From 2003 to 2007 at BIG, Mr. Berman led the development and marketing of over $20,000,000 in financial empowerment books and CDs, including his book, "I Got Here. You Can Too!"(R), a book on how to start, fund, and run companies that has approximately 500,000 copies in circulation, and 15 financial empowerment CD's with approximately 3,000,000 copies in circulation targeted at a similar demographic as Bank Freedom consisting of Credit and Debt Repair, Internet Marketing, Real Estate, Sales, Negotiating, using eBay, Being Your Own Boss, and Residual Income. He wrote, produced, performed, and aired ten TV commercials, twenty radio commercials and was responsible for the purchasing and airing over 100,000 spots specifically targeted at a similar demographic.

Mr. Berman was nominated by Sprint(R) for the Ernst & Young "Entrepreneur of the Year Award" for a technology development company he founded in 1999 and took public in 2000.

During 1990 to 2000 Mr. Berman was a business consultant. Mr. Berman advised companies on formation, capital raising, investor relations, mergers and acquisitions, marketing growth and becoming public. Although he never held a securities license, Mr. Berman was the beneficial owner of an NASD licensed broker-dealer he started in 1999. Other Companies founded and headed by Mr. Berman include TAEI, a pioneer in wind energy development in the US from 1983 to 1988, With TAEI, he purchased several companies within the industry including a NASD licensed broker dealer, a licensed construction company and a manufacturing facility which in a few short years employed over 100 staff. Two years after the federal and state tax credits financing wind energy expired in 1985, TAEI ended up in chapter 11 bankruptcy in 1987. For approximately a year Mr. Berman was the court-appointed trustee and negotiated the resolution of tens of millions of dollars worth of contracts. Eventually the company went chapter 7. From 1980 to 1983, Mr. Berman co founded Cal American Leasing, an equipment leasing company.

Rick Galasieski: *Senior Vice President, Corporate Secretary and Director*

Rick Galasieski serves as Vice President and director of the Company. He previously served as Vice President of Internet Marketing for Berman Marketing Group, Inc. In 2002 Mr. Galasieski founded Epic Results, Inc., an interactive internet marketing firm specializing in driving keyword targeted traffic to web properties, which he ran until joining the Company in 2007. In 2000 he co-founded EdgeFocus, Inc., which was acquired by Wireless Logic Group, a leading supplier of Wi-Fi services to multi-dwelling units across the Southwestern United States. From 2000 to 2002, he served as their Vice President of Operations and Strategic Development.

In 1998 Mr. Galasieski co-founded Broadband Digital Group, Inc. From 1998 to 2000, he was instrumental in growing this company from its inception to over 200 employees, which was acquired by Winfire, Inc., and grew to the number six broadband company in the United States at the time. The company had over 50,000 active DSL subscribers and over 500,000 desktop software clients when the subscriber base was sold off to the regional bell operating companies. Mr. Galasieski received his BS in Marketing from Arizona State University.

Legal and Disciplinary History

No officer, director or control person of the Company has been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person’s involvement in any type of business, securities, commodities, or banking activities;

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person’s involvement in any type of business or securities activities.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires our directors and officers, and persons who own more than ten percent of the Common Stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC"). SEC regulations require reporting persons to furnish us with copies of all Section 16(a) forms they file.

Based solely on our review of the copies of the Forms 3, 4 and 5 and amendments thereto furnished to us by the persons required to make such filings during fiscal 2009 and our own records, we believe that Mr. Berman failed to timely file form a form 4 to report disposition of certain of his shares as a gift in April, 2009. No other such person failed to file timely a Form 3, 4 or 5 in Fiscal 2009.

Corporate Governance.

We have not adopted a code of ethics do date. We are in the process of evaluating the standards of conduct necessary for the deterrence of malfeasance and the promotion of ethical conduct and accountability, and will determine whether a code of ethics is necessary based on our evaluation.

The Company does not have a standing Nominating Committee. There have been no changes to the procedures whereby security holders may recommend nominees to the registrant's board of directors.

The Company is not a "listed issuer" as defined by Rule 10A-3, and does not have a standing Audit Committee. We do not have a financial expert serving on our board of directors.

Item 11. Executive Compensation

Objectives and Philosophy of our Executive Compensation Program

We do not have a standing compensation committee. Our board of directors as a whole makes the decisions as to employee benefit programs and officer and employee compensation. The primary objectives of our executive compensation programs are to:

- attract, retain and motivate skilled and knowledgeable individuals;
- ensure that compensation is aligned with our corporate strategies and business objectives;
- promote the achievement of key strategic and financial performance measures by linking short-term and long-term cash and equity incentives to the achievement of measurable corporate and individual performance goals; and
- align executives' incentives with the creation of stockholder value.

To achieve these objectives, our board of directors evaluates our executive compensation program with the objective of setting compensation at levels they believe will allow us to attract and retain qualified executives. In addition, a portion of each executive's overall compensation is tied to key strategic, financial and operational goals set by our board of directors. We also generally provide a portion of our executive compensation in the form of options that vest over time, which we believe helps us retain our executives and align their interests with those of our stockholders by allowing the executives to participate in our longer term success as reflected in asset growth and stock price appreciation.

Named Executive Officers

The following table identifies our principal executive officer, our principal financial officer and our most highly paid executive officers, who, for purposes of this Compensation Disclosure and Analysis only, are referred to herein as the "named executive officers."

Name	Corporate Office
Bruce Berman	Chief Executive Officer and Principal Financial Officer
Rick Galasieski	Senior Vice President and Corporate Secretary

Components of our Executive Compensation Program

At this time, the primary elements of our executive compensation program are base salaries and option grant incentive awards, although the board of directors has the authority to award cash bonuses, benefits and other forms of compensation as it sees fit.

We do not have any formal or informal policy or target for allocating compensation between short-term and long-term compensation, between cash and non-cash compensation or among the different forms of non-cash compensation. Instead, we have determined subjectively on a case-by-case basis the appropriate level and mix of the various compensation components. Similarly, we do not rely extensively on benchmarking against our competitors in making compensation related decisions, although we may consider industry compensation trends as one of many factors in our case-by-case determination of proper compensation.

Base salaries

Base salaries are used to recognize the experience, skills, knowledge and responsibilities required of our named executive officers. Base salary, and other components of compensation, may be evaluated by our board of directors for adjustment based on an assessment of the individual's performance and compensation trends in our industry.

Equity Awards

Our stock option award program is the primary vehicle for offering long-term incentives to our executives. Our equity awards to executives have typically been made in the form of warrants. We believe that equity grants in the form of warrants provide our executives with a direct link to our long-term performance, create an ownership culture, and align the interests of our executives and our stockholders. During Fiscal 2009 the Company issued a total of 350,000 warrants to four of its non-executive employees.

Cash bonuses

Our board of directors has the discretion to award cash bonuses based on our financial performance and individual objectives. The corporate financial performance measures (revenues and profits) will be given the greatest weight in this bonus analysis. We have not yet granted any cash bonuses to any named executive officer nor have we yet developed any specific individual objectives while we wait to attain revenue and profitability levels sufficient to undertake any such bonuses.

Benefits and other compensation

Our named executive officers are permitted to participate in such health care, disability insurance, bonus and other employee benefits plans as may be in effect with the Company from time to time to the extent the executive is eligible under the terms of those plans. As of the date of this Registration Statement, with exception to health care, we have not implemented any such employee benefit plans. Mr. Berman's health care costs are paid by the company.

Current Executive Compensation

As discussed above, we have agreed to pay the Named Executive Officers an annual salary. Base salary may be increased from time to time with the approval of the board of directors. The following table summarizes the current agreed annual salary of each of the named executive officers.

Name	Annual Salary
Bruce Berman	$150,000
Rick Galasieski	$100,000

Bruce Berman, Chief Executive Officer – Mr. Berman was paid $1 for the 15 month period of October 2007 until December 31 2008. The Company had previously agreed to pay Mr. Berman an annual salary of $297,500, $24,970 monthly, beginning on January 1, 2009. Mr. Berman agreed to lower his salary and received a total of $72,292 in 2009 in salary. Effective April 1 2010 Mr. Berman is to be paid $150,000 annually. Mr. Berman has agreed to accrue $5,000 a month of his salary until the company cash flow improves.

Rick Galasieski, Senior Vice President – Mr. Galasieski effective April 1 2010 is to be paid $100,000 annually. Mr. Galasieski has agreed to accrue $833.33 a month of his salary until the company cash flow improves.

Grants of Plan-Based Awards Table for Fiscal Year 2009

The Company currently does not participate in any equity award plan. During fiscal 2009, we did not grant any equity awards under any equity award plan.

Option Exercises for Fiscal 2009

During fiscal 2009, none of the named executive officers exercised options.

Nonqualified Deferred Compensation

We currently offer no defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified to any of our employees, including the named executive officers.

Compensation of Directors

We intend to use a combination of cash and equity-based compensation to attract and retain candidates to serve on our board of directors. We do not compensate directors who are also our employees for their service on our board of directors. Therefore, Mr. Berman and Mr. Galasieski did not receive any compensation for service on our board of directors, and we have not provided any compensation to any member of our Board of Directors to date

Compensation Committee Interlocks and Insider Participation

We do not currently have a standing Compensation Committee. Our entire board of directors participated in deliberations concerning executive officer compensation. None of our officers serve on the board of directors of any other entity whose executive officer serves on our board of directors.

Compensation Committee Report

The board of directors has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the board of directors has recommended that this Compensation Discussion and Analysis be included in this Registration Statement on Form 10.

Summary Compensation Table

The following table sets forth the total compensation paid to, or accrued by, the named executive officers during the fiscal years ended December 31, 2009 and 2008. No restricted stock awards, long-term incentive plan payout or other types of compensation, other than the compensation identified in the chart below and its accompanying notes, were paid to these executive officers during that fiscal year.

Named Executive Officer	Year	Annual Compensation Salary ($)	Annual Compensation Bonus ($)	Other Annual Compensation	Compensation Restricted Stock	Long Term Compensation Options	LTIP Payouts	All Other
Bruce Berman	2009	72,292	0	0	0	0	0	0
	2008	1	0	0	0	0	0	0
Rick Galasieski	2009	80,250	0	0	0	0	0	0
	2008	64,500	0	23,485[2]	0	0	0	0
Robert Christiansen[1]	2009	71,935	0	0	0	0	0	0
	2008	120,000	0	0	0	0	0	0

1. Mr. Christiansen was terminated for cause on August 6, 2009.
2. For part of 2008 Mr. Galasieski was a consultant to the Company, and was paid this amount for consulting services.

Outstanding Equity Awards at Fiscal Year End Table

The following table sets forth information regarding the outstanding warrants held by our named officers as of December 31, 2009.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price ($)	Option Expiration Date
Bruce Berman	-	-	-	-	-
Rick Galasieski[1]	15,000,000[2]	-	-	0.001	N/A

1. On April 2, 2010, the Company issued Mr. Galasieski 5,000,000 options at an exercise price of $0.01, which vested immediately.
2. These options were amended and exercised in the first quarter of 2010.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table shows the beneficial ownership of our common stock as of April 14, 2010. The table shows the amount of shares owned by:

(1) each person known to us who owns beneficially more than five percent of the outstanding shares of any class of the Company's stock, based on the number of shares outstanding as of April 14, 2010;
(2) each of the Company's Directors and Executive Officers; and
(3) all of its Directors and Executive Officers as a group.

IDENTITY OF PERSON OR GROUP	AMOUNT OF SHARES BENEFICIALLY OWNED	PERCENT OF SHARES BENEFICIALLY OWNED[1,2]	CLASS
Bruce Berman CEO and Chairman	292,325,000[3]	74.6%	Common
Rick Galasieski VP and Director	15,000,000	3.8%	Common
Stuart E. Feick PO Box 911 Palm Beach, FL 33480	19,825,000[4]	5.06%	Common
All Directors and Officers as a Group	307,325,000	78.4%	Common

(1) The percentage of shares owned is based on 391,653,890 shares being outstanding as of April 14, 2010. Where the beneficially owned shares of any individual or group in the following table includes any options, warrants, or other rights to purchase shares in the Company's stock, the percentage of shares owned includes such shares as if the right to purchase had been duly exercised.
(2) **Beneficial Ownership of Securities**: Pursuant to Rule 13d-3 under the Securities Exchange Act of 1934, involving the determination of beneficial owners of securities, a beneficial owner of securities is person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has, or shares, voting power and/or investment power with respect to the securities, and any person who has the right to acquire beneficial ownership of the security within sixty days through means including the exercise of any option, warrant or conversion of a security.
(3) Mr. Berman has issued options to purchase up to 63,750,000 of his shares to certain employees of the Company, including 42,500,000 to Mr. Galasieski. None of the options are exercisable in the next 6 months.
(4) Held in the name of Stuart E. Feick, Stuart E. Feick IRA, Gulfstream Asset Management Corp, Gulfstream Capital Management LTD, Anita de Vienne Tremain, and Anita de Vienne Tremain IRA.

Item 13. Certain Relationships, Related Transactions and Director Independence

Berman Investment Group LLC

Bruce Berman, the Company's Chief Executive officer, owns Berman Investment Group LLC ("BIG"). BIG allowed on a non-exclusive basis Berman Marketing Group, Inc. ("BMG"), a wholly owned subsidiary of the Company, to use its hardware, software, Data Base, Business Support Facilities and Equipment In exchange for paying the hosting cost of equipment which is approximately $1,800 per month. This agreement expired in November 2008. The agreement also required the Company to reimburse BIG for costs incurred, however BIG did not incur any costs resulting from the lease agreement.

The Company has also engaged BIG as a consultant. The Company is also required to reimburse BIG for costs incurred, however BIG has not incurred any costs resulting from the consulting agreement and is currently not seeking reimbursement.

Bank Freedom

Prior to March 8, 2008, Bruce Berman, the Company's Chief Executive Officer, owned Merchant Processing International, Inc. dba Bank Freedom ("Bank Freedom"). Bank Freedom was a registered Independent Sales Organization ("ISO") with Columbus Bank and Trust and was authorized by Visa and MasterCard as a merchant account provider that specializes in all areas of bankcard processing. Bank Freedom discontinued being an ISO of Columbus Bank and Trust in March 2010. Bank Freedom is currently an ISO with Spectrum Merchant Services for the purposes of providing merchant processing services to small businesses. Bank Freedom has been approved by a sponsoring bank as well as MasterCard and Visa to issue prepaid debit cards.

Bank Freedom had an exclusive agreement with BMG to pay BMG 80% of the gross revenue it receives for all debit card issued. Because of the acquisition of Bank Freedom, this agreement is canceled.

Effective January 25, 2008, the Company entered into an Acquisition and Stock Purchase Agreement to purchase all 600 shares of Bank Freedom, representing 100% of the issued and outstanding common stock, from Mr. Berman. In consideration for the controlling stake in Bank Freedom, the Company issued Mr. Berman 22,500,000 shares of common stock, and executed a note in the amount of $750,000, payable in monthly installments over two years with a simple interest rate of 7.25%. This agreement was approved by a majority of disinterested shareholders of the Company. Following the transaction, the Company filed a dba to do business as "Bank Freedom." The Company has recently filed in California to change the name of Merchant Processing International, Inc., dba Bank Freedom to Bank Freedom, Inc.

On July 3, 2008, the Company restructured the note owed to Mr. Berman. The term of the note was increased from two years to four years, the interest rate was changed from a fixed 7.25% to prime, not to exceed 7.25%, and reduced fixed payments from $31,250 of principal plus interest to $17,272, which includes both principal and interest. The prime rate is currently 5%. A majority of the directors not including Mr. Berman has determined this restructuring to be in the best interest of the Company and its shareholders. In January of 2009 the interest rate on the note was dropped to 3.25% which creates a payment of $16,764.69.

The principal amount outstanding on the promissory note was $582,261.36 as of March 31,2010 and is approximately 10 months past due. Effective April 1, 2010, the Company renegotiated the note for a 4 year term at 3.25% with a payment of $12,952.40 a month. Mr. Berman also agreed to discount the note 30% if paid off in 2010.

Leased Property

The Company previously operated at 18500 Von Karman Suite 530, Irvine, CA 92612. BMG, the Company's wholly owned operating subsidiary, rented this space on a sublease from BIG under a lease from The Irvine Company. The lease expired December, 2008, and we now operate out of an office located in Newport Beach, CA.

Director Independence

The Company is not listed on any national exchange, or quoted on any inter-dealer quotation service, that imposes independence requirements on any committee of the Company's directors, such as an audit, nominating or compensation committee. The Company does not have any independent directors on its Board. The company's Board of Directors consists of Bruce Berman and Rick Galasieski, neither of whom are independent.

Item 14. Principal Accounting Fees and Services

The following is a summary of the fees paid to the Company's independent public accounting firm, for the fiscal years ended December 31, 2008 and 2009.

	2009*	2008*
Audit fees	$ -	$ -
Audit-related fees	-	-
Tax fees	-	-
All other fees	-	-
Total	$ -	$ -

*In January 2010 we learned that Mr. Corso, the accountant who had been conducting the audit in the name of Gruber & Company, was incarcerated on unknown charges and did not hold a current accounting license; we were later informed by Gruber & Company that Mr. Corso was never an employee of Gruber & Company. Gruber & Company has stated that they have no association with Mr. Corso, therefore, the December 31, 2008 audited financials should not be relied on and need to be re-audited. We currently have not engaged an auditor to audit our Fiscal 2008 and 2009 financial statements.

Accordingly, no monies have been paid to a certified independent public accounting firm. For Fiscal 2008, the Company paid to Mr. Corso $15,000 for auditing services.

Audit Committee Pre-Approval of Services of Principal Accountants

The Company does not have a standing audit committee. The Board as a whole has the authority and responsibility to select, evaluate, determine the compensation of, and, where appropriate, replace the independent auditor. After determining that providing the non-audit services is compatible with maintaining the auditor's independence, the board pre-approves all audits and permitted non-audit services to be performed by the independent auditor, except for *de minimus* amounts. If it is not practical for the board to meet to approve fees for permitted non-audit services, the board has authorized its chairman, currently Mr. Berman, to approve them and to review such pre-approvals with the Board at its next meeting.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Financial statements and schedules.

The following consolidated financial statements of Prepaid Card Holdings, Inc. and Subsidiaries are included herein by reference to the pages listed in "Item 8. Financial Statements and Supplementary Data":

Consolidated Balance Sheets as of December 31, 2008 and 2009

Consolidated Statements of Operations for the years ended December 31, 2008, and 2009

Consolidated Statements of Changes in Shareholders' Interest for the years ended December 31, 2008 and 2009

Consolidated Statements of Cash Flows for the years ended December 31, 2008 and 2009

Notes to Consolidated Financial Statements

Exhibits

The following Exhibits are included herein:

31.1 Certification of the Principal Executive and Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Rule 13a-14(a) or Rule 15d-14(a)).

32.1 Certification by the Principal Executive and Principal Financial Officer of Prepaid Card Holdings, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PREPAID CARD HOLDINGS, INC.
(the registrant)

By \s\ Bruce Berman
Bruce Berman
Chairman, Chief Executive Officer, and
Principal Financial Officer

Date: April 15, 2010

Exhibit 31.1

CERTIFICATION

I, Bruce Berman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Prepaid Card Holdings, Inc. (the "Company");

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

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

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

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

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

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

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

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

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

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

Date: April 15, 2010

/s/ Bruce Berman
Bruce Berman
Chief Executive Officer and Principal Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of Prepaid Card Holdings, Inc. (the "Company") on Form 10-K for the year ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bruce Berman, Chief Executive Officer and Principal Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, except insofar as the financial statements have not yet been audited; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bruce Berman
Bruce Berman
Chief Executive Officer and Principal Financial Officer
April 15, 2010