

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

CITIZENS CAPITAL CORP
Form 10KSB
April 17, 2001

United States
Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-KSB

(Mark One)

Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2000.

Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.

Commission file number: 0-24344

Citizens Capital Corp.
(Name of Small Business Issuer as specified in its charter)

Texas 75-2368452
(State or other jurisdiction (IRS Employer
of incorporation organization) Identification No.)

1223 E. Beltline Rd., Suite 1223, DeSoto, Texas 75115 * Mailing Address: P. O.
Box 670406, Dallas, Texas 75367
(Address of principal executive offices)

Issuer's telephone number, including area code: (972) 960-2643

Securities to be registered pursuant to Section 12(b) of the Act:
None

Securities to be registered pursuant to Section 12(g) of the Act:
Class A; no par; common stock

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will 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-KSB or any amendment to Form 10-KSB.

The issuers revenues for the fiscal year ended December 31, 2000 were \$62,448.

The aggregate market value of the voting common equity held by non-affiliates of the registrant on April 1, 2001, based on the closing bid price of the common stock on the NASD Over-the-Counter Bulletin Board on that date was \$200,300.

Indicated below is the number of shares outstanding of each class of the issuer's common stock as of April 1, 2001: 48,022,500 shares of common stock, no par value.

DOCUMENTS INCORPORATED BY REFERENCE

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

None of the following documents are hereby incorporated by reference into Part I, Part II or Part III of Form 10-KSB herein: (1) annual report to security holders; (2) proxy or information statement; or (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act").

Transitional Small Business Disclosure Format:

Yes [] No [x]

CITIZENS CAPITAL CORP.

INDEX TO THE DECEMBER 31, 2000 FORM 10-KSB

	Page No. -----
PART I	
Item. 1 Description of Business	3
Item 2. Description of Property	12
Item 3. Legal Proceedings	12
Item 4. Submission of Matters to a Vote of Security Holders	12
PART II	
Item 5. Market for Registrant's Common Equity and Related Shareholder Matters	13
Item 6. Management's Discussion and Analysis	13
Item 7. Financial Statements	15
Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	27
PART III	
Item 9. Directors, Executive Officers, Promoters and Control Persons; Compliance with Section 16(a) of the Exchange Act.	27
Item 10. Executive Compensation	30
Item 11. Security Ownership of Certain Beneficial Owners and Management	32
Item 12. Certain Relationships and Related Transactions	33
Item 13. Exhibits, List and Reports on Form 8-K	33

PART I

Item 1. Business

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

General

Citizens Capital Corp. (the "Company") is a development stage holding company which seeks to acquire and/or develop those operating entities, assets and/or marketing rights which may provide the Company with an entrance into new market segments or serve as a complimentary addition to existing operations, assets, products or services.

Through its three 97% owned subsidiaries: Landrush Realty Corporation ("Landrush"); Media Force Sports & Entertainment Inc. ("Media Force"); and SCOR Brands Inc. ("SCOR"), the Company's plans contemplate operating in the following three segments: 1) home equity loan marketing; commercial and residential real estate investment and development; 2) publishing and 3) the design, marketing and distribution of branded athletic shoes and apparel respectively. Operations since inception have primarily included expenditures related to the organization of the Company's proposed business ventures and the prototype development of its branded products and services. Unless otherwise noted, references to the Company relate to Citizens Capital Corp. and its subsidiaries Landrush; Media Force and SCOR, collectively.

The Company was incorporated under the laws of the State of Texas on March 12, 1991 as Let Us, Inc.. The Company's articles of incorporation were amended in the State of Texas on March 30, 1992 changing the issuer's corporate name from Let Us, Inc. to Citizens Capital Corp..

For the purpose of entering into the home equity loan market segment; the Company organized a subsidiary, Landrush Realty Corporation on August 15, 1995. Also on August 15, 1995, the Company sold the trademarks and exclusive marketing rights to two of its residential home equity brands, The Texas Home Equity ReFund(R) and The Cash-Out Mortgage ReFinancer(R) to Landrush in exchange for 19,000,000 shares of Landrush common stock. On June 13, 1997, the Company sold the trademark and exclusive marketing rights to its third residential home equity brand: The Home Equity Cashier(R) to Landrush in exchange for 333,334 shares of Landrush common stock.

For the purpose of entering into the print media market segment, the Company organized a subsidiary, Media Force Sports & Entertainment Inc. on June 13, 1997. Also on June 13, 1997, the Company sold the trademark, publishing and exclusive marketing rights to its Black Financial~News print publication to Media Force in exchange for 19,333,334 shares of Media Force common stock.

For the purpose of entering into the athletic shoe and apparel market segment, the Company organized a subsidiary, SCOR Brands Inc. on June 13, 1997. On November 20, 1997, the Company sold the trademark and exclusive marketing rights to its SCOR(R) brand athletic shoe and apparel logo to SCOR in exchange for 19,333,334 shares of SCOR common stock.

Product and Research Development

The Company funds research and development activities as required to accomplish its product research and development goals.

During its 2000 fiscal year, the Company did not undertake any material level of expenditures for product research or development.

During its 2000 fiscal year, the Company's Landrush subsidiary furthered its research related to its contemplated residential and commercial real estate development ventures. Landrush has completed development of its Home Equity

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Cashier(R) and Cash-Out Mortgage(R) branded home equity mortgage products. During fiscal year 2001, Landrush intends to continue pursuing opportunities to initiate marketing campaigns for both the Equity Cashier(R) and Cash-Out Mortgage(R) branded products.

During its 2000 fiscal year, the Company's Media Force subsidiary did not undertake any material level of product development cost. Media Force has completed the development of its Black~Financial(R) News publication. During fiscal year 2001, Media Force intends to continue pursuing opportunities to initiate a marketing campaign in conjunction with the initial publishing of its Black~Financial(R) News publication.

During its 2000 fiscal year, the Company's SCOR subsidiary did not undertake any material level of product development cost. During fiscal year 2000, SCOR completed development of its SCOR(R) brand line of basketball, golf, running, outdoor and sport sandal footwear. During fiscal year 2001, SCOR intends to move its basketball, golf, running, outdoor and sport sandal footwear lines to production.

Acquisition of Plant and Equipment

On July 1, 2000, the Company acquired the assets, equipment and operations of DeSoto, Texas based Taylor Printing & Graphics for \$31,000. Subsequent to this acquisition, the Company integrated the operations of Taylor Printing & Graphics into Media Force Signs Graphics & Media, a newly formed division of its Media Force Sports & Entertainment, Inc. unit.

Change in Numbers of Employees

During fiscal year 2000 in conjunction with its acquisition of Taylor Printing & Graphics, the Company through the newly formed Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment, Inc. unit added one new employee. During fiscal year 2001, the Company and its subsidiaries anticipates that it may have a material change in the number of employees that are required to manage and support the planning, administrative, finance and accounting, marketing, sales and the day to day operational aspects of: 1) its current operations or 2) any operating entity which may be acquired by the Company or its subsidiaries.

Financial Information About Industry Segments

The Company is a development stage company. The following table sets forth revenue; operating profit or loss; and identifiable assets; by industry segment attributable to the Company's last three (3) fiscal years. The Company has completed development of its initial products. The Company intends to continue to pursue opportunities for market implementation of its products and services during fiscal year 2001. As such, the Company's financial performance set forth in the table hereof by industry segment may not be indicative of future performance results. As such, any prospective investor in securities of the Company should refer to and carefully consider the Company's consolidated financial statements and the accompanying notes thereto located in the section entitled "Financial Statements Index".

4

Year		
1998	1999	2000
-----	-----	-----

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Sales to unaffiliated customers:

Real Estate:	0	0	0
Mortgage Loans	0	0	0
Residential/Commercial Development	0	0	0
Media:	0	0	0
Printing	0	0	62,088
Athletic Products	0	0	0
Footwear	0	0	0
Apparel	0	0	0
Equipment	438	0	0
Inter-segment sales or transfers:			
Real Estate	0	0	0
Media	0	0	0
Athletic Products	0	0	0
Operating profit or loss			
Real Estate	-5,784	0	0
Media	-5,784	0	-48,492
Athletic Products	-5,784	0	0
General Administration		-18,203	-105,726
Identifiable assets:			
Real Estate	120	109	99
Media	120	109	31,410
Athletic Products	120	109	99

Narrative Description of Business

Principal Products Produced and Services Rendered

The Company, through its Landrush; Media Force; and SCOR subsidiaries currently offers or intends to offer products and/or services in each of the following three market segments:

- 1) home equity loan marketing; commercial and residential real estate investment and development.
- 2) commercial printing, publishing.
- 3) the design, marketing and distribution of branded athletic shoes.

The principal products intended to be offered by Landrush are: The Cash-Out Mortgage ReFinancer(R) and The Home Equity Cashier(R) home equity loan products. Landrush owns the registered trademarks and has the exclusive marketing and distribution rights to each of the products.

The principal consumer for each of the two products are residential homeowners whose home market value exceeds the remaining mortgage balance on their home. The difference between a home's market value and the mortgage loan balance owed on the home represents the homeowner's equity in their property. By obtaining a new mortgage at a value which approximates a percentage of the home's current market value, a homeowner may utilize the cash proceeds from a newly issued mortgage to pay off their existing mortgage loan balance. The residual cash balance remaining after the homeowner pays off of their existing mortgage loan balance represents the homeowner's home equity. This residual cash balance may be utilized by the homeowner for any personal or business purpose desired.

Each of Landrush's two branded home equity loan products are targeted for primary distribution through both mortgage and residential real estate brokers. For the fiscal years ended December 31, 1998; December 31, 1999 and December 31, 2000, Landrush's home equity products had not been commercially marketed, distributed or otherwise introduced into the their respective market segments and did not contribute to the Company's consolidated revenue.

Landrush also may acquire existing residential, commercial, industrial, retail and hotel properties to lease and/or operate. Landrush may seek the purchase of raw land to facilitate the development of mixed use projects to include residential, commercial, industrial, retail and hotel sites. For the fiscal years ended December 31, 1998; December 31, 1999 and December 31, 2000, Landrush had not acquired nor developed any residential or commercial real estate assets and did not contribute to the Company's consolidated revenue.

The principal product planned for publishing and distribution by Media Force is the Black Financial~News(R) publication. The Black Financial~News(R) is planned to be a national weekly news publication whose topics provide an intersection where people, production, commerce and investment have an opportunity to meet.

The principal market for Media Force's Black Financial~News(R) publication is the African American community and those merchandisers who would like to target and promote the sell of their products and/or services to the African American consumer market.

Media Force intends to market its Black Financial~News(R) publication by direct subscription, through news stands, newspaper/magazine distributors, and through various retail chain establishments, churches and church based organizations. For the fiscal years ended December 31, 1998; December 31, 1999 and December 31, 2000, Media Force's Black Financial~News(R) publication had not initiated publishing and thereby did not generate any advertising receipts or contribute to the Company's consolidated revenue.

On July 1, 2000, the Company acquired DeSoto, Texas based Taylor Printing & Graphics and integrated this operation into Media Force Signs Graphics & Media, a newly formed division of Media Force. During fiscal year 2000, Media Force Signs Graphics & Media contributed \$62,088 to the Company's consolidated revenue.

The principal products intended for production by SCOR are the SCOR(R) brand line of basketball, golf, running and casual shoes. The SCOR(R) brand line of shoes are primarily intended for both the urban and suburban teenage markets.

SCOR intends to utilize its online SCOR Store at www.scorbrands.com; SCOR Store retail outlets and mail order catalogs to market its SCOR(R) brand line of shoes directly to consumers. SCOR also intends to market its SCOR(R) brand line of products through local, regional and national retail sporting goods and footwear stores as such distribution opportunities become available. For the fiscal years ended December 31, 1998 and December 31, 1999, SCOR products had not yet been commercially marketed and distributed on a significant basis and contributed \$438 and \$0 respectively to the Company's consolidated revenue. During Fiscal year 2000, SCOR completed development of its SCOR(R) brand line of basketball; golf; running; and casual shoes, however, for the fiscal year ended December 31, 2000, SCOR did not generate any receipts or contribute to the Company's consolidated revenue.

Description of the Status of Products or Services

As of December 31, 2000, the development of product prototypes have been completed for each of the Company's three subsidiaries.

Development of Landrush's Cash-Out Mortgage ReFinancer(R) and Home Equity Cashier(R) branded home equity mortgage loan products have been completed. Landrush has the exclusive marketing rights for each of the two branded products and intends to pursue opportunities to introduce said products during fiscal year 2001. Development of Media Force's Black Financial~News(R) publication has been completed. Media Force has the exclusive marketing rights for the Black

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Financial~News(R) publication and intends to pursue opportunities to introduce said products during fiscal year 2001.

6

The Company acquired DeSoto, Texas based Taylor Printing & Graphics effective July 1, 2000 and integrated this operation into Media Force Signs Graphics & Media, a newly formed division of Media Force. During fiscal year 2001, the Company intends to pursue opportunities to establish additional Media Force Signs Graphics & Media outlets.

Development of SCOR's SCOR(R) brand basketball, golf, running and casual shoe lines have been completed. SCOR, has the exclusive marketing rights for the SCOR(R) brand products and intends to pursue opportunities to introduce its full line of branded products into the consumer marketplace during fiscal year 2001.

Sources and Availability of Raw Materials

The intended operations of the Company's subsidiaries shall be dependent upon sources and/or the availability of raw materials for the initiation and completion of its contemplated business ventures.

Landrush's purposed residential and commercial development ventures are highly dependent upon sources and the availability of raw materials. Landrush may source and use such raw materials as: steel beams, wood, bricks, cement, and plastic. Landrush's general building contractors may make direct use of said raw materials during the course of any proposed, contracted building assignment. All material sources of raw materials which may be needed by Landrush to carry out its contemplated residential and commercial development ventures are generally available in sufficient supply.

Media Force's Black Financial~News(R) publication shall be dependent upon a ready source of paper and ink for print production. Media Force intends to initially utilize the printing services of third party commercial printer to carry out the initial printing of its Black Financial~News(R) publication. Sources of paper and ink are generally available through a number of third party commercial printers which are available to Media Force.

SCOR's branded shoe lines shall be dependent upon a ready source of natural and synthetic rubber, vinyl and plastic compounds, foam cushioning materials, nylon, canvas, and leather. SCOR's proposed apparel products are dependent upon the use of natural and synthetic fabrics, treads and specialized performance fabrics designed to repel rain, retain heat, or efficiently transport body moisture. SCOR's shoe lines shall be produced by third party, contract manufacturers located in Mexico, South Korea, China, Canada and/or the United States. Contract manufacturers typically buy raw materials in bulk, as needed for production. Raw materials necessary to produce SCOR's branded footwear is generally available in or is delivered to the countries where the manufacturing process takes place. The contract manufacturers who have been identified to produce SCOR's branded shoe lines have not experienced any material level of difficulties in satisfying raw material requirements used for production.

Patents, Trademarks, Licenses, Franchises and Concessions

The Company utilizes trade and/or service marks on a substantial number of the products and/or services proposed for offering by its Landrush; Media Force; and SCOR subsidiaries. The Company believes that having distinctive marks that are unique and readily identifiable is a very important factor in creating and maintaining a market for its products and services, in identifying the Company and its subsidiaries and in distinguishing its products and services from the other products and services offered in the market place. The Company and its

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

subsidiaries consider its trade and service brands to be amongst its most valuable assets.

7

The Cash-Out Mortgage ReFinancer(R) and The Home Equity Cashier(R); brand marks are registered trademarks of the Company and/or its subsidiaries. The Company and its subsidiaries have the exclusive right to use and market said trademarks in the market place. The registrations in effect for each of the trademarks expires in the year 2008.

The Black Financial~News(R) brand mark is a registered trademark of the Company and/or its subsidiaries. As such, the Company and its subsidiaries have the exclusive right to use and market said trademarks in the market place. The registrations in effect for the trademark expires in the year 2008.

The SCOR(R) brand mark is a registered trademark of the Company and/or its subsidiaries. As such, the Company and its subsidiaries have the exclusive right to use and market said trademarks in the market place. The registrations in effect for the trademark expires in the year 2008.

Seasonal Nature of Business

Demand for the products and services contemplated by the Company and its subsidiaries are influenced by seasonal changes, as well as, changes in consumer attitudes and demand. The Company and its subsidiaries may experience fluctuations in sales volume during a given year as a result of seasonal changes or changes in consumer attitudes.* The Company believes that the mix of its proposed product for sale may vary considerably from time to time as a result of changes in seasonal, gender and geographic demand.

The Company believe that the relative popularity of various sports and fitness activities, as well as, changing design trends may affect the demand for SCOR's planned shoes products. As such, SCOR believes that it must respond to trends and shifts in consumer preferences by adjusting the mix of its contemplated product offerings, develop new styles and categories and influence consumer buying preferences through aggressive marketing and the utilization of efficient production and inventory techniques.

The Company believes that changes or fluctuations in interest rates may adversely impact Landrush's proposed home equity products as these products are tied directly to the cost of money, as related to the rate of interest charged to obtain a mortgage loan. The Company also believes that fluctuations in interest rates may impact Landrush's ability to place home equity mortgage financing necessary to funded loans.

Inventory Requirements

The footwear industry that the Company's SCOR subsidiary proposes to operate in is generally characterized by specialized shoe companies, apparel companies, sports equipment companies and large companies having diversified lines of products primarily serving the retail store market segment. Those companies who have a large retail store customer base generally offer ordering programs which allow their retailers to order product five to six months in advance of delivery with the guarantee that a certain percentage of the orders will be delivered within a preset time and at a fixed price. These companies generally maintain strategically located distribution facilities in order to warehouse new products prior to delivery to their retail customers. In order to better manage inventory and working capital, several of the larger companies in the athletic footwear and apparel industry maintain company operated retail outlets which primarily carry b-grade and close out merchandise.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

To maintain the lowest possible level of inventory and thereby better manage working capital requirement, SCOR may market its proposed SCOR(R) brand line of athletic shoes and apparel directly to customers utilizing mail order catalogs. Sales generated by mail order catalog are generally pre-paid by the customer. Prepaid sales generally allow a company to have a higher level of control over inventory and correspondingly reduces working capital requirements.

8

SCOR may also pre-determine the initial styles, colors and categories of the products it will offer for a given sport. Once the styles and categories are determined, SCOR may warehouse and maintain a minimum 120 day inventory of those products, style and color categories which are known to take up to 90 days to design, produce and ship.

SCOR may warehouse and maintain a minimum 30 day inventory of those contemplated apparel items which are known to take up to 14 days to design, produce and ship. Said product and style categories shall require pre-payment and may be shipped directly when ordered. All contemplated products to be produced may require that SCOR make working capital investments in the production of said products prior to delivery. Payment for recreational customer direct purchases shall generally be due and payable to SCOR at the time that a given product is ordered. SCOR may make thirty (30) day credit terms available to certain institutional customers who are credit worthy and may provide all of its customers with credits and/or refunds for merchandise returned due to product defect.

Dependence of Segment on a Single Customer

For its fiscal year ended December 31, 2000, neither the Company nor any of its subsidiaries were dependent upon a single customer or a few customers for the generation of product sales.

Sales Order Backlog

For its fiscal year ended December 31, 2000, neither the Company nor any of its subsidiaries currently have any firm or unfirm sales order backlog. Moreover, neither the Company nor any of its subsidiaries have any firm or unfirm sales order backlog for the fiscal years ended December 31, 1998; 1999 and 2000 respectively.

Renegotiation; Termination of Business or Contracts

During its fiscal year ended December 31, 2000, no portion of the Company's contemplated business nor the contemplated business of any of its subsidiaries, were subject to any form of renegotiation preceding nor were they subject to the renegotiation or termination of any major or minor government contracts or contracts otherwise.

Competition

The Company's Landrush subsidiary, Home Equity Cashier(R) and Cash-Out Mortgage ReFinancer(R) branded home equity loan products, contemplate operating in the home equity loan market. The home equity loan market is a competitive and widely disbursed market segment which generally consist of either large or boutique financial institutions who provide wholesale mortgage loan underwriting services through a network of regional and/or national retail mortgage loan originators. These mortgage loan originators may be affiliated representatives of the funding mortgage underwriter or they be independent mortgage brokers. The industry is characterized by keen interest rate competition. The underwriting institutions

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

who have access to the capital markets are generally able to secure funds at a more favorable overall cost. These cost factors, manifested in the form of loan interest rates, are then passed to borrowers through the underwriter's network of regional and/or national retail mortgage loan originators.

Countrywide Home loans; Norwest Mortgage, North American, Fannie Mae; Freddie Mac, Cityscape Financial Corporation, Conesco and Washington Mutual are amongst the industry's leading market participants.

Landrush believes that it may face competitive risk in its attempts to gain market share from its more established competitors. However, Landrush believes that through the utilization of various alternative methods of product creation; marketing, distribution and gaining access to the capital markets it may achieve a higher initial level of market results than would otherwise be likely.

9

The Company's Media Force subsidiary, Black Financial~News(R) branded product, contemplates operating in the specialty news media market segment. The specialty news media market segments is characterized by many niche market publishers offering their publications to local, regional and/or national audiences. The publications content attempts to appeal to the interests and/or needs of a specific target market audience. The publication then provides merchandisers with a captive readership audience in which the merchandiser's products and services may be advertised, and sold.

Media Force anticipates that it will be in competition on a local level with various non-financial, niche market publishers whose target audience is the African American community. The USA Today; Wall Street Journal; Black Enterprise Magazine publications are amongst the leading national specialty news market participants who Media Force shall be in competition with on various levels.

The Company believes that Media Force may face tremendous competitive risk in its attempts to gain market share from its more established competitors. However, Media Force believes that through the utilization of various alternative methods of marketing and distribution, it may achieve a higher initial level of operational results than would otherwise be likely.

The Company's SCOR subsidiary, SCOR(R) brand line of shoes, contemplates operating in the athletic footwear and apparel industry. The athletic footwear and apparel industry is keenly competitive in the United States and on a worldwide basis in the areas of new product development, price, product identity, marketing, distribution, and customer service support. SCOR anticipates that it will compete with an increasing number of specialized athletic shoe and apparel companies. The intense competition and the rapid changes in technology, as well as, consumer preferences for existing athletic footwear and apparel brands may constitute significant risk factors for SCOR.

Nike, Reebok, Adidas, Converse, Puma, And 1 and Fila are amongst the leading market participants in the footwear and apparel industry. Given the proprietary nature existing production, marketing and distribution processes, SCOR may face tremendous competitive risk in its attempts to gain market share from its more established competitors. However, SCOR believes that through the utilization of various alternative methods of product production, marketing and distribution, it may achieve a higher initial level of market results than would otherwise be attainable.

Research & Development Expenditures

Neither the Company nor its Landrush, Media Force or SCOR subsidiaries incurred any product research and development cost during fiscal year 2000.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

The Company believes that the research and development efforts of the Company and its subsidiaries are key factors in its future success. As such, the Company may increase the amount of manpower and financial resources which are allocated to research and development as related to the various products and services contemplated to be offered by the Company and its subsidiaries.

Compliance with Federal, State, and Local Provisions

For the Company's fiscal year end December 31, 1998; 1999 and 2000 respectively, there were no material or immaterial items or issues of federal, state or local compliance as related to the developmental operations of the Company or of any of its subsidiaries.

During the Company's 2001 fiscal year, the Company does not anticipate making any material or immaterial capital expenditures on items or issues necessary for federal, state or local compliance as related to the developmental operations of the Company or of any of its subsidiaries.

10

Number of Employees

The Company currently employs one active employee. Until the Company initiates and expands the contemplated operations of its three subsidiary units and/or consummates future acquisition transactions as they become available, the Company's Chief Executive Officer, Billy D. Hawkins has served and will continue to serve as the managing director of the Company and its subsidiaries. Mr. Hawkins is currently in charge of the day to day operations of the Company. Mr. Hawkins has not and does not currently receive any salary compensation from the Company in exchange for his services on behalf of the Company and its shareholders.

In conjunction with the Company's July 1, 2000 acquisition of DeSoto, Texas based Taylor Printing & Graphics and its subsequent integration into the Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment Inc. unit, the Company added one new employee during fiscal year 2000.

During fiscal year 2001, both the Company and its subsidiaries anticipate adding additional staff as its contemplated ventures are marketed and distributed into the marketplace.

Financial Information about Foreign and Domestic Operations and Export Sales

The Company is a development stage company. The following table sets forth domestic and foreign revenue; operating profit or loss; identifiable assets; and export sales attributable to the Company's last three fiscal years. The initial launch and availability of the Company's products and/or services into their respective market segments is currently intended for implementation during the Company's 2001 fiscal year. As such, the Company's financial performance set forth in the table hereof for domestic and/or foreign operations may not be indicative of future performance results.

	Year		
	1998	1999	2000
Sales to unaffiliated customers:			
United States	438	0	62,088

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Foreign	0	0	0
Sales or transfers between geographic areas:			
United States	438	0	62,088
Foreign	0	0	0
Operating Profit or Loss:			
United States:	-17,353	-18,203	-57,234
Foreign	0	0	
Identifiable assets:			
United States	1,685	3,601	31,631
Foreign	0	0	0
Export Sales:	0	0	0

11

Item 2. Description of Property

The Company maintains temporary executive offices located at: 1223 E. Beltline Rd., Suite. 116, DeSoto, Texas 75115. In preparation of its anticipated growth and the corresponding need for expanded office accommodations, the Company is actively seeking suitable permanent executive offices.

The operations of each of the Company's three subsidiaries are currently being operated out of the Company temporary executive offices located at: 1223 E. Beltline Rd., Suite. 116, DeSoto, Texas 75115.

As growth and expansion require, the Company and each of its three subsidiaries anticipates relocating to separate executive and/or operational offices during the Company's 2001 fiscal year.

Item 3. Legal Proceedings

For the December 31, 1998; 1999 and 2000 fiscal years respectively, neither the Company nor any of its subsidiaries are involved in, nor party to; any current legal proceedings nor any pending litigation brought by any federal, state, local court or regulatory agency.

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

The annual meeting of Citizens Capital Corp. shareholders was held on March 25, 2000.

The following persons were nominated and re-elected in their entirety to serve as directors of the Citizens Capital Corp.:

Billy D. Hawkins
 Hubert H. Hawkins
 Enos Harris

At the annual meeting of Citizens Capital Corp. shareholders, the sole matter in which shareholders voted on was the election of board directors. The total common shares eligible to vote were 43,022,500.

Board Nominees

 Votes For 42,210,500
 Billy D. Hawkins

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Hubert H. Hawkins	Votes Against	0
Enos Harris	Votes Withheld	0
	Vote Abstentions	812,000
	Broker Non-Votes	0

12

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is listed for trading on the NASD Over-the-Counter Bulletin Board under the symbol CAAP. The Over-the-Counter Bulletin Board is an inter-dealer quotation system whose price quotes do not reflect any retail mark-up, mark-down or commission and may not represent actual transactions. The high and low price quotes for the Company's common stock during each quarter of fiscal year 2000 is as follows:

	Stock	

2000	High	Low
----	-----	-----
First Quarter	.03	.02
Second Quarter	1.71	.1875
Third Quarter	2.25	.14
Fourth Quarter	.34	.04

As of March 31, 2001, there were approximately 49 record holders of the Company's common stock.

The Company has not paid any dividends on its common stock since its inception. Periodically, the Company will consider the payment of dividends in light of the Company's earnings, capital requirements, financial condition and other factors, but there is no assurance that the Company will decide to pay dividends in the future.

The Company is not currently subject to any restrictions which would limit its ability to pay dividends on its common equity, providing that sufficient earnings to pay said dividends, were available.

Item 6. Management's Discussion and Analysis

The following discussion of the financial condition and results of operations of the Company for its fiscal year ended December 31, 2000 should be read in conjunction with the Financial Statements and the related Notes thereto included under Item 7, "Financial Statements" located in this document. Operations since inception have primarily included expenditures related to the organization of the Company's proposed business ventures, research; the development of its prototype branded products and services. Operations since July 1, 2000, include the acquisition by the Company of DeSoto, Texas based Taylor Printing & Graphics. Subsequent to this acquisition, the Company integrated the operations of Taylor Printing & Graphics into Media Force Signs Graphics & Media, a newly formed division of its Media Force Sports & Entertainment, Inc. unit.

Liquidity And Capital Resources

Since its inception, the Company has financed its operations primarily from

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

contributions from its principle stockholder and private placements with related parties. For the periods ending December 31, 1998; 1999 and 2000, contributions from its principal stockholder totaled \$15,563, \$17,319 and \$1,623 respectively. The Company had \$377 in cash as of December 31, 2000.

The Company's operating activities generated a net loss of (\$17,353); (\$18,203) and (\$57,234) for the fiscal years ended December 31, 1998; 1999 and 2000 respectively. Losses generated during these periods were due to administrative and operating expenses exceeding revenue for the reported periods.

13

As a development stage company, the Company's products and services have not been marketed and introduced into the market place and thus have not generated sufficient revenues streams to offset administrative and operating expenses through the Company's fiscal year ended December 31, 2000. During fiscal year 2000, the Company completed research and development on its current products and services contemplated to be offered and added the operations and revenue of Taylor Printing & Graphics which was acquired July 1, 2000 and subsequent integrated into the newly formed Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment, Inc. unit. During fiscal year 2001, the Company plans to market and introduce its current branded products and services into the market place.

For the fiscal year ended December 31, 1998; 1999 and 2000 respectively, the Company used \$0; \$0 and (\$31,004) net cash respectively for investing activities. As a development stage company, the Company has not generated sufficient cash from operations to initiate any investing activities; however, cash invested in equipment during fiscal year 2000 was financed by loans and advances from stockholders.

At December 31, 2000, the Company's level of cash reserves and working capital was not sufficient to allow the Company to introduce its developed products and services into the market place. During fiscal year 2001, the Company intends to continue to pursue lines of credit; short term and/or long term borrowings necessary to fund its working capital requirements and introduction of its branded products and services in to the consumer market place.

As of the fiscal year ended December 31, 2000, the Company did not have any material commitments for capital expenditures. During fiscal year 2001, the Company anticipates making capital expenditures of approximately \$1,600,000 related to the purchase of initial inventories for its SCOR(R) Brand footwear lines and to pursue and consummate the acquisition of various operating entities as deemed suitable by the Company and to pursue the introduction of its products and/or services into the marketplace. The Company anticipates that the capital necessary for its acquisition initiatives and the introduction of its products and/or services into the marketplace shall be derived from short or long term borrowings.

Result of Operations

The Company is a development stage company whose branded products and services have not been significantly introduced, advertised, promoted or established into the marketplace as of its fiscal year ended December 31, 2000. As such, sales of the Company's branded products and services did not generate any revenues during this period.

Effective July 1, 2000, the Company acquired Taylor Printing & Graphics and subsequently integrated it into the newly formed Media Force Signs Graphics & Media division of its Media Force Sports & Entertainment, Inc. unit. The Taylor Printing & Graphics operations contributed \$62,088 to the Company's

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

revenue during the fiscal year ended December 31, 2000.

Administrative and operating expenses outpaced revenues resulting in net losses of (\$17,353); (\$18,203) and (\$57,234) for the Company's fiscal years ended December 31, 1998; 1999 and 2000 respectively.

During the first quarter of fiscal year 2001, the Company anticipates making capital expenditures of approximately \$1,600,000 related to the purchase of initial inventories for its SCOR(R) Brand footwear lines. To fund the purchase of said inventories, the Company intends to pursue loan facilities from third party lenders.

It is the Company's opinion that at the event in which its products and services are materially introduced, advertised, and distributed into the market place, there shall be an increase in the Company's revenue and profitability. It is the Company's objective to initiate a corporate mergers and acquisition program which will allow the company to "buy in revenue".

14

Item 7. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements:

	Page No. -----
Independent Auditor's Report	16
Financial Statements	
Consolidated Balance Sheet	17
Consolidated Statements of Operations	18
Consolidated Statement of Stockholder's Deficit	19
Consolidated Statements of Cash Flows	20
Notes to Consolidated Financial Statements	21

15

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Citizens Capital Corp.
Dallas, Texas

We have audited the accompanying consolidated balance sheet of Citizens Capital Corp. (a development stage company) as of December 31, 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the years ended December 31, 2000 and 1999 and the period from inception (March 12, 1991) to December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Citizens Capital Corp. as of December 31, 2000, and the results of its operations and its cash flows for the years ended December 31, 2000 and 1999 and the period from inception (March 12, 1991) to December 31, 2000 in conformity with generally accepted accounting principles.

Hein + Associates LLP
 Certified Public Accountants

Dallas, Texas
 April 10, 2001

16

CITIZENS CAPITAL CORP.
 (A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEET

December 31, 2000

ASSETS

CURRENT ASSETS:

Cash	\$	
Accounts receivable		3,

Total current assets		3,

PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$7,059		27,
--	--	-----

INTANGIBLE ASSETS, net		-----
Total assets	\$	31, =====

LIABILITIES AND STOCKHOLDERS DEFICIT

CURRENT LIABILITIES:

Current portion of loans from stockholders	\$	14,
--	----	-----

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Accounts payable and accrued liabilities	13,
Credit card cash advances	38,
Advances from stockholder	8,

Total current liabilities	75,
LOANS FROM STOCKHOLDERS, net of current portion	12,
COMMITMENT (Note 9)	
STOCKHOLDERS' DEFICIT:	
Preferred stock, \$1.00 stated value, 5,000,000 shares authorized; 1,000,000 shares issued and outstanding	1,000,
Common stock, no par value, 100,000,000 shares authorized; 40,510,000 shares issued and outstanding (\$.01 stated value)	405,
Additional paid-in capital	48,836,
Note receivable from ESOP	(50,100,
Deficit accumulated during the development stage	(197,

Total stockholders' deficit	(55,

Total liabilities and stockholders' deficit	\$ 31,
	=====

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

17

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		Period from Inception (March 12, 19 to December 31, 2
	2000	1999	
	-----	-----	-----
SALES	\$ 62,088	\$ -	\$ 62,
COST OF SALES	13,596	-	13,
	-----	-----	-----
GROSS MARGIN	48,492	-	48,
GENERAL AND ADMINISTRATIVE EXPENSES	135,726	18,203	246,
	-----	-----	-----
NET LOSS	\$ (87,234)	\$ (18,203)	\$ (197,
	=====	=====	=====
NET LOSS PER SHARE (basic and diluted)	\$ *	\$ *	

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

=====

* Less than \$.01 per share

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

18

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Preferred Stock		Common Stock		Addi Pai Cap
	Shares	Amount	Shares	Amount	
Common stock issued founder upon incorporation	-	\$ -	300	\$ 3	\$
Common stock issued founder December 24, 1993	-	-	22,499,700	224,997	(2
Preferred stock issued November 1, 1994	1,000,000	1,000,000	-	-	(9
Contributions by stockholder at various dates prior to 1997	-	-	-	-	
Cumulative net loss through December 31, 1996	-	-	-	-	
BALANCES, December 31, 1996	1,000,000	1,000,000	22,500,000	225,000	(1,1
Common stock issued for brand and service marks November 14, 1997	-	-	3,000,000	30,000	(
Contributions by stockholder during 1997	-	-	-	-	
Net loss for the year	-	-	-	-	
BALANCES, December 31, 1997	1,000,000	1,000,000	25,500,000	255,000	(1,1
Common stock issued to ESOP May 8, 1998	-	-	15,000,000	150,000	49,9
Contributions by stockholder during 1998	-	-	-	-	
Net loss for the year	-	-	-	-	
BALANCES, December 31, 1998	1,000,000	1,000,000	40,500,000	405,000	48,7
Contributions by stockholder during 1999	-	-	-	-	

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Net loss for the year	-	-	-	-	-
BALANCES, December 31, 1999	1,000,000	1,000,000	40,500,000	405,000	48,8
Common stock issued and options for services	-	-	10,000	100	
Contribution by stockholder during 2000	-	-	-	-	
Net loss for year	-	-	-	-	
BALANCES, December 31, 2000	1,000,000	\$1,000,000	40,510,000	\$405,100	\$48,8

	Accumulated Deficit	Totals
	-----	-----
Common stock issued founder upon incorporation	\$ -	\$ -
Common stock issued founder December 24, 1993	-	-
Preferred stock issued November 1, 1994	-	12,000
Contributions by stockholder at various dates prior to 1997	-	56,096
Cumulative net loss through December 31, 1996	(65,271)	(65,271)
BALANCES, December 31, 1996	(65,271)	2,825
Common stock issued for brand and service marks November 14, 1997	-	-
Contributions by stockholder during 1997	-	9,307
Net loss for the year	(9,657)	(9,657)
BALANCES, December 31, 1997	(74,928)	2,475
Common stock issued to ESOP May 8, 1998	-	-
Contributions by stockholder during 1998	-	15,563
Net loss for the year	(17,353)	(17,353)
BALANCES, December 31, 1998	(92,281)	685
Contributions by stockholder during 1999	-	17,319
Net loss for the year	(18,203)	(18,203)

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

BALANCES, December 31, 1999	(110,484)	(199)
Common stock issued and options for services	-	30,100
Contribution by stockholder during 2000	-	1,623
Net loss for year	(87,234)	(87,234)
	-----	-----
BALANCES, December 31, 2000	\$ (197,718)	\$ (55,710)
	=====	=====

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

19

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2000	1999	Dece
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	\$ (87,234)	\$ (18,203)	\$
Adjustments to reconcile net loss to cash used by operating activities:			
Expenses paid by stockholder	1,623	17,319	
Services paid for with stock and options	30,100	-	
Depreciation and amortization	3,617	290	
Increase in accounts receivable	(3,487)	-	
(Increase) decrease in prepaid expenses	1,000	(1,000)	
Increase (decrease) in accounts payable	13,939	(1,000)	
Increase in credit card cash advances	34,618	3,800	
	-----	-----	-----
Net cash (provided) used by operating activities	(5,824)	1,206	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of equipment	(31,004)	-	
Payment for intangible assets	-	-	
	-----	-----	-----
Net cash used by investing activities	(31,004)	-	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Sale of stock and contribution by stockholder	-	-	
Loans from stockholders	26,714	-	
Stockholders advances	8,270	-	
	-----	-----	-----
Net cash provided by financing activities	34,984	-	
	-----	-----	-----

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

NET INCREASE IN CASH	(1,844)	1,206
CASH, beginning of period	2,221	1,015
	-----	-----
CASH, end of period	\$ 377	\$ 2,221
	=====	=====
SUPPLEMENTAL INFORMATION -		
Interest paid during year	\$ 1,718	\$ -
	=====	=====

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

20

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Background

Citizens Capital Corp. (the "Company") is a development stage holding company with plans to acquire and/or develop operating entities, assets and/or marketing rights which provide the Company with an initial entry into new markets or serve as complementary additions to existing operations, assets and/or products.

Currently, the Company's plans contemplate operating in the following three market segments: 1) residential mortgage loan marketing, commercial and residential real estate investment and development; 2) news print publishing and 3) the design, marketing and distribution of branded athletic shoes and apparel, through its three 97% owned subsidiaries: Landrush Realty Corporation ("Landrush"); Media Force Sports & Entertainment, Inc. ("Media Force"); and SCOR Brands, Inc. ("SCOR"). Operations since inception have primarily included expenditures related to development of the Company's proposed business ventures. In 2000, Media Force acquired the assets of a printing business and the Company began to generate revenues.

During 1999, the Company registered with the United States Securities and Exchange Commission, 39,500,000 shares of its Class A common stock for secondary market trading. The 39,500,000 common shares include the 15,000,000 common shares currently held by the Company's ESOP (see Note 6).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Significant improvements and additions are capitalized. Maintenance and

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

repair costs are expensed as incurred. Depreciation is computed on the straight-line method over the useful lives of the assets, which range from five to seven years. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated and any profit or loss on disposition is reflected in income.

Intangible Assets

The Company, through its interest in Landrush Realty Corporation, owns the registered trademark, distribution and exclusive marketing rights to The Texas Home Equity ReFund(R), The Cash-Out Mortgage ReFinancer(R) and The Home Equity Cashier(R) home equity product marks.

The Company, through its interest in Media Force Sports & Entertainment Inc, owns the registered trademark, distribution and exclusive marketing rights to the Black Financial-News(R) publication.

The Company, through its interest in SCOR Brands Inc., owns the registered trademark, distribution and exclusive marketing rights to the SCOR(R) brand line of athletic shoes and apparel.

The Company accounts for the value of the trademarked products and the corresponding exclusive marketing and distribution rights based on the registration costs, which totaled \$400. This intangible asset is amortized on a straight line basis over ten years.

21

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Loss Per Share

Loss per share is calculated in accordance with Statement of Financial Accounting Standards No. 128 ("SFAS 128"), Earnings Per Share. Basic income (loss) per share is computed based upon the weighted average number of common shares outstanding during the period. Diluted income (loss) per share takes common equivalent shares into consideration. However, common equivalent shares are not considered if their effect is antidilutive. Common stock equivalents consist of outstanding stock options and warrants. Common stock equivalents are assumed to be exercised with the related proceeds used to repurchase outstanding shares except when the effect would be antidilutive. The Company had 400,000 common equivalent shares which were antidilutive in all periods presented.

The weighted average number of shares outstanding used in the loss per share computation was 40,502,000 and 40,500,000 for the years ended December 31, 2000 and 1999, respectively.

Income Taxes

The Company accounts for income taxes under the liability method, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company had deferred tax assets of approximately \$25,000 and

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

\$16,000 at December 31, 2000 and 1999, respectively, resulting from net operating loss carryforwards (NOL) for tax which were fully reserved. The Company had no material deferred tax liabilities. The Company's NOL at December 31, 2000 was approximately \$168,000 and it expires through the year 2020.

Statement of Cash Flows

For purposes of the statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

2. PLAN OF OPERATION FOR THE 2001 FISCAL YEAR

The Company's plan of operation for the 2001 fiscal year is to: (1) further the development of its Media Force unit and continue with the introduction of its footwear products through SCOR unit and (2) continue to evaluate and pursue suitable mergers and/or acquisitions of existing operating entities. The Company's cash requirements have been funded to date by its principal stockholder. The Company anticipates approximately \$2,800,000 of cash will be needed to fully implement the start-up phase of its plans and cover working capital requirements over the next year. The Company intends to attempt to borrow these funds from affiliates of the Company and third party lenders. Should the Company be unable to borrow these funds, it will be unable to fully implement its business plan. Regardless of whether any funding is received, the Company's major stockholder has committed to provide funding required to allow the Company to continue as a going concern.

22

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. ACQUISITION

In July 2001, the Company acquired the assets and operations of a printing business for \$31,000. The acquisition was accounted for as a purchase and the operations are consolidated with those of the Company beginning July 1, 2000. Unaudited pro forma financial information is not presented, because prior financial information on the printing business is not currently available.

4. CREDIT CARD CASH ADVANCES

The Company has cash advances from a credit card outstanding at December 31, 2000 of \$38,418. These advances bear interest at 19.8% per annum as of December 31, 2000.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

5. ADVANCES FROM STOCKHOLDER

The Company received advances totaling \$8,720 from the major stockholder in 2000. These advances bear no interest and are expected to be repaid from available working capital of the Company.

6. STOCKHOLDERS' LOANS

The Company has received unsecured loans from stockholders as follows:

8.50% loan dated May 22, 2000, due June 2003, payable in monthly installments of \$616 beginning June 2000.	\$19,514
8.50% loan dated June 28, 2000, due July 2002, payable in monthly installments of \$327 beginning August 2000.	7,200

	26,714
Current portion	(14,653)

Long-term portion	\$ 12,061
	=====

Aggregate maturities or stockholder loans at December 31, 2000 are due in future years as follows:

2001	\$ 14,653
2002	9,045
2003	3,016

	\$ 26,714
	=====

23

CITIZENS CAPITAL CORP.
(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. EMPLOYEE STOCK OWNERSHIP PLAN AND NOTE RECEIVABLE

The Company has an Employees Stock Ownership Plan ("ESOP" or the "Plan"), which covers all employees with at least a year of consecutive service that are not covered by a collective bargaining agreement. The Plan provides for an allocation of Company stock to each participant's account of the greater of 15% or the maximum percentage allowable of participants' eligible compensation. No shares have been allocated as of December 31, 2000 as there has been no compensation to employees.

On May 11, 1998 the Company sold 15,000,000 shares of its Class A common stock directly to the ESOP at \$3.34 per share in exchange for a five year, 14.5%, \$50,100,000 promissory note. The promissory note was issued together with a security agreement fully collateralized by 15,000,000 shares of the Company's common stock held by the ESOP. The promissory note has a "liquidating call provision" which may be invoked by the Company or the

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

noteholder. The liquidating call provision gives the Company or the noteholder the "demand right" to request that up to 15,000,000 shares of Citizens Capital Corp. common stock, held by the ESOP, be liquidated to pay down the outstanding principal amount of the note and any accrued principal and interest thereof, any time the common shares are selling in the public or private capital marketplace at or above \$5.00 per share. The initial face value of the promissory note has been recorded in the stockholders' equity section of the accompanying balance sheet.

8. STOCKHOLDERS' EQUITY

Preferred Stock

On November 1, 1994, the Company issued 1,000,000 shares of its Class A, 7 1/4%, \$1.00 cumulative preferred stock. Each share of preferred stock includes a warrant which entitles the holder to purchase one share of common stock at \$0.01 per share.

The holders of the preferred stock are entitled to receive out of legally available funds of the Company, dividends at an annual rate of \$0.0725 per share, payable quarterly in arrears, on a cumulative basis. Dividends on the preferred stock have not been declared or paid and have not been accrued in the accompanying financial statements because the Company has no surplus from which dividends can legally be paid. Cumulative dividends in arrears as of December 31, 2000 are \$457,914.

The preferred stock was initially scheduled to be repaid on December 31, 1999. However, as permitted by the terms of the preferred stock, in excess of 66-2/3% of the holders of the preferred stock elected to eliminate any repayment requirement. The Company may, at its election, redeem the preferred stock in whole, but not in part, at a 7-1/4% premium, so long as the cumulative dividends have been declared and paid.

The Company has authorized but unissued, 4,000,000 shares of preferred stock which may be issued in such series and preferences as determined by the Company's board of directors.

Common Stock

At December 31, 1996, the Company had 22,500,000 Class A, no par, \$0.01 stated value shares issued and outstanding.

On November 14, 1997, the Company issued 3,000,000 additional shares of its Class A, no par, \$0.01 stated value common stock, to three institutional investors in exchange for the full conveyance of production, marketing, distribution and trade rights to certain brand and service marks.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On May 3, 1998, the Company voted to split its shares of Class A common stock then outstanding on a 3 for 1 basis. The aggregate number of Class A, no par value common shares outstanding after the split were 25,500,000. All information in the accompanying financial statements and notes is presented as if the split occurred at the date of incorporation.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

On May 8, 1998, the Company sold 15,000,000 shares of Class A, no par, \$0.01 stated value common stock directly to its ESOP at \$3.34 per share (see Note 7).

Stock Options

Effective December 1, 1998, the Company adopted a stock option plan, which provides for a maximum of 2,000,000 shares to be issued under the plan. The Company granted options to four directors on December 1, 1998 to acquire a total of 400,000 shares of common stock. The exercise price is \$1.50 per share. The options may be exercised based on the following schedule: 25% vest immediately, 25% vest after two years, 25% vest after three years, and 25% vest after four years. Options of 100,000 shares of common stock were canceled during fiscal year 2000 while options for 100,000 common shares under the same option plan were granted to a third party consultant on July 1, 2000. At December 31, 2000, 175,000 options are exercisable. No options had been exercised as of December 31, 2000. The Company has estimated the fair value of the options issued in 1998 to be immaterial at the date of grant. The Company estimated the fair value of the options granted in 2000 to be approximately \$97,000 at the date of grant. The Company recorded an expense of \$31,000 for the effect of these options for the year ended December 31, 2000.

9. COMMITMENT

The Company has entered into a lease agreement for the printing shop operations. The lease expires in 2003 and provides for the following minimum lease payments:

2001	\$ 24,000
2002	24,000
2003	10,000

	\$ 58,000
	=====

Rent expense was \$17,400 and \$0 for the years ended December 31, 2000 and 1999, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, Disclosures about Fair Value of Financial Instruments, requires the disclosure of the estimated fair values of financial instruments as determined at discrete points in time based on relevant market information. These estimates involve uncertainties and cannot be determined with precision. The estimated fair values of the Company's financial instruments, as measured on December 31, 2000, are as follows:

Cash, accounts receivable, accounts payable and advances from stockholder - The fair values approximate carrying amounts because of the short maturity of those instruments.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Credit card cash advances and loans from stockholders - the fair values approximate carrying values due to the use of prevailing interest rates.

11. CONCENTRATIONS

The Company is currently generating revenues from only one market segment, printing. A geographic concentration exists as all these revenues are derived from a storefront in DeSoto, Texas. Financial instruments that subject the Company to credit risk are primarily accounts receivable.

12. SUBSEQUENT EVENTS

In January 2001, the Company placed orders for production of SCOR Brands footwear products totaling approximately \$1,600,000. As of April 10, 2001, the Company had not received funding necessary to permit completion of the order.

26

Item 8. Changes in and Disagreements with Accountants.

The Board of Directors selected Hein + Associates LLP as its independent accountant for the audit of its financial statements for the fiscal years ending December 31, 2000; and 1999 and the period from inception (March 12, 1991) to December 31, 2000. Prior to selecting the independent accounting services of Hein + Associates LLP, the Company did not have a previous independent accountant. The Company has not had any disagreements with its current independent accountant on any matters regarding accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

Item 9. Directors and Executive Officers, Promoters and Control Persons; Compliance With Section 16(a) of the Exchange Act.

Identification of Directors

Management of the Company is vested in its Board of Directors and officers. The directors are elected by the shareholders. The officers of the Company hold office at the discretion of the Board of Directors. There currently are four directors.

The table below lists the Company's current Directors. Each Director will serve until the Company's next annual meeting of shareholders or until a successor shall be elected and shall qualify. There are no current nominees to the Company's Board of Directors.

Name	Age	Positions Held	Term of Office
Billy D. Hawkins	37	D; CEO.; COB	9 years
Hubert H. Hawkins	68	D; V.P. Benefits; Secretary	3 years
Enos Harris	45	D; COO	3 years

(D)=Director

(CEO)=Chief Executive Officer

(COO)=Chief Operating Officer

(COB)=Chairman of the Board

(CFO)=Chief Financial Officer

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

Identification of Executive Officers

The table below lists the Company's current Executive Officers. Each Executive Officer is chosen by the Company's Board of Directors and shall continue in service as Officers until replaced or reassigned by said Board of Directors

Name	Age	Positions Held	Term of Office
Billy D. Hawkins	37	D; CEO.; COB	9 years
Hubert H. Hawkins	68	D; V.P. Benefits; Secretary	3 years
Enos Harris	45	D; COO	3 years

Identification of Certain Significant Employees

During fiscal year 2000, the Company entered into a stock option agreement with Mr. Mark Stein. Mr. Stein has been deemed a key contributor to the product market implementation of the Company's SCOR unit. As the Company enters new markets and expands its business operations, it may add contributors deemed key by the Company as significant to meeting its overall contemplated business objectives.

Family Relationships

Billy D. Hawkins, a Director, Chief Executive Officer and Chairman of the Board of the Company is the blood son of Hubert H. Hawkins, a Director and Secretary of the Company.

27

Enos Harris, a Director, of the Company is the first cousin of Billy D. Hawkins, a Director, Chief Executive Officer and Chairman of the Board of the Company. Mr. Harris is also the blood nephew of Hubert H. Hawkins, a Director and Secretary of the Company.

Business Experience

Billy D. Hawkins, Chief Executive Officer-- Mr. Hawkins, 36, a director since 1991, is Chief Executive Officer and Chairman of the Board of Directors of the Company. Mr. Hawkins founded and organized the Company in 1991. Since 1991, Mr. Hawkins has had the lead role in the planning and development of the Company's mergers and acquisition program. Prior to 1991, Mr. Hawkins was a staff accountant with Mobil Oil Corporation in Dallas, Texas. Mr. Hawkins attended Eastern New Mexico University where he received a bachelors degree in finance 1986.

Hubert H. Hawkins, Vice President of Benefits--Mr. Hawkins, 67, secretary and a director since 1998, Mr. Hawkins intends to join the Company on a full time basis as Vice President of Benefits in 1999. From 1979 to 1995, Mr. Hawkins served as the director of personnel for the San Antonio Housing Authority in San Antonio, Texas. Mr. Hawkins retired from the San Antonio Housing Authority in January of 1995.

Enos Harris, Chief Operating Officer--Mr. Harris, 44, a director since 1998, is one of the Company's original investors. From 1978 through 1998, Mr. Harris served as supervisor of up to 150 employees which included clerks; carriers and route examiners for the United States Postal Service in Houston, Texas. Prior to 1978, Mr. Harris attended San Jacinto College in Pasadena, Texas from 1975 to 1976. From 1976 to 1978, Mr. Harris attended Texas Southern University in Houston, Texas.

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

No person nominated nor serving in the role of director of the Company currently holds any other directorship with any company with a class of securities registered pursuant to section 12 of the Exchange Act of 1934 or any company subject to the requirements of section 15(d) of said Act nor does any director of the Company hold any directorship with any company registered as an investment company under the Investment Company Act of 1940.

Involvement in Certain Legal Proceedings

(1) During the past five years, no petition under the federal bankruptcy laws or any state insolvency law has been filed by or against any director, person nominated to become a director or executive officer of the Company. Nor has any receiver, fiscal agent or similar officer been appointed by a court for the business or property of such person, or any partnership, corporation or business association in which said person was a general partner or executive officer within two years before the time of any such filings.

(2) During the past five years, no director, person nominated to become a director or executive officer of the Company been convicted in a criminal proceeding or is a named subject of a pending criminal proceeding.

(3) During the past five years, no director, person nominated to become a director or executive officer of the Company, the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated by a court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting him from the following activities:

(i) acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant or any other person regulated by the Commodity Futures Trading Commission, or any associated person of any of the foregoing or as an investment adviser, underwriter, broker or dealer in securities or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity.

(ii) no director, person nominated to become a director or executive officer of the Company is the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated by a court of competent jurisdiction, permanently or temporarily enjoining him from, or otherwise limiting him from engaging in any type of business practice; or

28

(iii) engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of Federal or State securities laws or Federal commodities laws.

(4) During the past five years, no director, person nominated to become a director or executive officer of the Company is the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated by any Federal or State authority barring, suspending or otherwise limiting said persons for more than 60 days from engaging in any activity described in paragraph (3)(i) of this section, or from being associated with persons engaged in any such activity.

(5) During the past five years, no director, person nominated to become a director or executive officer of the Company been found by a court of competent jurisdiction in a civil action or by the Securities and Exchange Commission to have violated any Federal or State securities law and no judgment in such civil action or finding by the Securities and Exchange Commission been subsequently

Edgar Filing: CITIZENS CAPITAL CORP - Form 10KSB

reversed, suspended or vacated.

(6) During the past five years, no director, person nominated to become a director or executive officer of the Company been found by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any Federal commodities law, no judgment in such civil action or finding by the Commodity Futures Trading Commission been subsequently reversed, suspended or vacated.

Promoters and Control Persons

(1) Billy D. Hawkins, a Director, Chief Executive Officer and Chairman of the Board of the Company is the only person of the Company who may be considered a promoter and control person of the Company. During the past five years, Mr. Hawkins has not and is not subject to any of the events which have been enumerated in paragraphs (1) through (6) of the above section titled; "Involvement in certain legal proceedings".

Item 10. Executive Compensation.

The following table sets forth all compensation paid or earned for services rendered to the Company by its executive officers in all capacities during the fiscal year ended December 31, 2000. No executive officer received total annual salary, bonus, or other compensation in excess of \$100,000 during the fiscal year ended December 31, 2000.

Summary Compensation Table							Award
Annual compensation							S
Name and principal position	Year	Salary(\$)	Bonus (\$)	Other annual compensation (\$)	Restricted stock award(s)		u
(a)	(b)	(c)	(d)	(e)	(f)		
CEO, Billy D. Hawkins	2000	\$ 0.00 (1)	\$ 0.00 (1)	\$ 0.00 (1)	\$ 0.00 (1)	1	
CFO, Dwight Washington	2000	\$ 0.00 (2)	\$ 0.00 (2)	\$ 0.00 (2)	\$ 0.00 (2)	1	
COO, Enos Harris	2000	\$ 0.00 (3)	\$ 0.00 (3)	\$ 0.00 (3)	\$ 0.00 (3)	1	
V.P. Benefits, Hubert H. Hawkins	2000	\$ 0.00 (4)	\$ 0.00 (4)	\$ 0.00 (4)	\$ 0.00 (4)	1	