

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

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FIIC HOLDINGS

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SIC: 7389 Business services, nec

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended March 31, 2006

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

For the transition period from _____ to _____

Commission file number 000-33339

FIIC HOLDINGS, INC.

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

Delaware

20-4397836

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

1585 Bethel Road, First Floor, Columbus, Ohio 43220

(Address of principal executive offices)

(614) 326-5469

(Issuer's telephone number)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of June 15, 2006, there were 14,858,591 shares issued and outstanding of the registrant's common stock.

Transitional Small Business Disclosure Format:

Yes No

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED BALANCE SHEET

	<u>March 31,</u> <u>2006</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2005</u> <u>(Restated-</u> <u>Note M)</u>
ASSETS:		
Cash and cash equivalents	\$937	\$1,714
Prepaid expenses and deposits	14,099	—
Total current assets	15,036	1,714
Property and equipment: (Note C)		
Property and equipment, at cost	11,240	—
Less: accumulated depreciation	624	—
Total property and equipment, net	10,616	—
Other assets:		
Restricted cash	—	258,000
Prepaid expenses	—	12,500
License agreement (Note D)	—	109,792
Loan fees, net of accumulated amortization of \$567,688 and \$141,859 at March 31, 2006 and December 31, 2005 respectively	407,367	297,607
Total other assets	407,367	677,899
Total assets	\$433,019	\$679,613
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY:		
Accounts payable and accrued liabilities	\$630,341	\$551,617
Notes payable, bridge loan (Note E)	67,976	350,000
Notes payable, convertible (Note F)	483,765	125,994
Notes payable-related parties (Note G)	39,000	39,000
Total current liabilities	1,221,081	1,066,611
Commitments and contingencies (Note K)		
Deficiency in Stockholders' Equity: (Note H)		
Preferred Stock, \$0.001 par value: 3,000,000 shares authorized; 0 shares of preferred stock are issued and outstanding at March 31, 2006 and December 31, 2005	—	—
Common Stock, \$0.001 par value; 100,000,000 shares authorized; 13,866,924 and 10,843,377 shares issued and outstanding at March 31, 2006 and December 31, 2005, respectively	13,867	10,843

Additional paid in capital	1,870,355	626,999
Deficit accumulated during development stage	(2,672,284)	(1,024,840)
Total deficiency in stockholders' equity	(788,062)	(386,998)
Total liabilities and deficiency in stockholders' equity	<u>\$433,019</u>	<u>\$679,613</u>

See accompanying footnotes to the unaudited condensed consolidated financial information.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF LOSSES

	For three months ended March 31, 2006 (Unaudited)	For the period January 25, 2005 (date of inception) through March 31, 2005 (Restated- Note M)	For the period January 25, 2005 (date of inception) through March 31, 2006 (Restated- Note M)
Operating Expenses:			
General and administrative	\$749,687	\$35,727	\$1,588,045
Depreciation	624	—	624
Total Operating Expenses	750,311	35,727	1,588,669
Other Expenses:			
Interest expense, net	170,105	—	214,728
Debt issuance costs	425,829	—	567,688
Acquisition costs (Note B)	301,199	—	301,199
Total Other Expenses	897,133	—	1,083,615
Net Loss	<u>\$(1,647,444)</u>	<u>\$(35,727)</u>	<u>\$(2,672,284)</u>
Loss per common share (basic and assuming dilution)	<u>\$(0.13)</u>	<u>\$(0.00)</u>	n/a
Weighted average common shares outstanding (basic and diluted)	<u>12,267,064</u>	<u>8,647,257</u>	n/a

See accompanying footnotes to the unaudited condensed consolidated financial information

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF DEFICIENCY IN STOCKHOLDERS' EQUITY
FOR THE PERIOD JANUARY 25, 2005 (DATE OF INCEPTION) THROUGH MARCH 31, 2006

	Common Stock		Additional Paid in Capital	Deficit	Total Deficiency in Stockholders' Equity
	Shares	Amount		Accumulated During Development Stage	
Balance, January 25, 2005 (date of inception)	<u>—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
Issuance of shares to founder					
Feb 2005 at 0.001 (par value)	1	—	1,000	—	1,000
Issuance of shares for license agreement					
March 2005 at 0.001 (par value)	9,792,000	9,792	—	—	9,792
Issuance of shares for consulting services					
Sept 2005 at 0.50 per share	400,000	400	199,600	—	200,000
Issuance of shares for debt issuance costs					
Nov 2005 at 0.50 per share	651,376	651	325,037	—	325,688
Value attributed to 460,000 5 year warrants at \$0.87 per share issued as additional incentive to lender - Oct 2005	—	—	91,084	—	91,084
Value attributed to 23,077 5 year warrants at \$0.87 per share for debt issuance cost - Dec 2005	—	—	10,278	—	10,278
Net loss	—	—	—	(1,024,840)	(1,024,840)
Balance, December 31, 2005 (Restated - Note M)	<u>10,843,377</u>	<u>\$10,843</u>	<u>\$626,999</u>	<u>\$(1,024,840)</u>	<u>\$(386,998)</u>
Issuance of shares at merger					
Feb 2006 at 0.001 (par value)	1,198,547	1,199	—	—	1,199
Issuance of shares for consulting services					
Feb 2006 at 0.50 per share	825,000	825	411,675	—	412,500
Issuance of shares for debt issuance costs					
Jan 2006 at 0.50 per share	800,000	800	399,200	—	400,000
Issuance of shares for debt issuance costs					
Feb 2006 at 0.50 per share	200,000	200	99,800	—	100,000
Beneficial conversion feature of convertible notes	—	—	180,000	—	180,000
Value attributed to 35,000 5 year warrants at \$0.87 per share issued for debt issuance cost - Feb 2006	—	—	15,589	—	15,589
Value attributed to 890,995 five year warrants at \$1.04 per share - Feb 2006	—	—	137,092	—	137,092
Net loss	—	—	—	(1,647,444)	(1,647,444)
Balance, March 31, 2006 (Unaudited)	<u>13,866,924</u>	<u>\$13,867</u>	<u>\$1,870,355</u>	<u>\$(2,672,284)</u>	<u>\$(788,062)</u>

See the companying footnotes to the unaudited condensed consolidated financial information

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For three months ended March 31, 2006 (Unaudited)	For the period January 25, 2005(date of inception) through March 31, 2005 (Restated-Note M)	For the period January 25, 2005(date of inception) through March 31, 2006 (Restated-Note M)
Cash flows from operating activities:			
Net loss	\$(1,647,444)	\$(35,727)	\$(2,672,284)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	624	—	624
Shares issued for services	412,500	1,000	613,500
Acquisition costs	301,199	—	301,199
Amortization of debt discount for convertible note and warrants	150,839	—	167,917
Amortization of debt issuance costs	425,829	—	567,688
(Increase) decrease in deposits and other assets	108,193	(112,500)	95,693
Increase (decrease) in due to related parties	(32,760)	—	72,217
Increase in accounts payable and accrued liabilities	11,484	147,500	358,124
Net cash provided by (used in) operating activities	(269,536)	273	(495,323)
Cash flows from investing activities:			
Proceeds from restricted cash	258,000	—	—
Cash paid for acquisition	(200,000)	—	(200,000)
Payments for office equipment	(11,240)	—	(11,240)
Net cash provided by (used in) investing activities	46,760	—	(211,240)
Cash flows from financing activities:			
Proceeds from notes payable-related parties	—	—	39,000
Proceeds from notes payable, net of repayments	222,000	—	668,500
Net cash provided by financing activities	222,000	—	707,500
Net increase (decrease) in cash and cash equivalents	(777)	273	937
Cash and cash equivalents at the beginning of the period	1,714	—	—
Cash and cash equivalents at the end of the period	\$937	\$273	\$937
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for interest	\$—	\$—	\$—
Cash paid during the period for income taxes	\$—	\$—	\$—
Non-cash Financing and Investing Activities:			
Common stock issued in exchange for services rendered	\$412,500	\$1,000	\$613,500
Shares issued for license fees	\$—	\$—	\$9,792

Shares issued for debt issuance costs	\$500,000	\$—	\$825,688
Beneficial conversion feature of convertible notes - warrants	\$137,092	\$—	\$228,176
Beneficial conversion feature of convertible notes	\$180,000	\$—	\$180,000
Value of warrants issued for debt issuance costs	\$15,589	\$—	\$25,867
Acquisitions:			
Common stock retained	\$1,199	\$—	\$1,199
Assets acquired	—	—	—
Liabilities assumed	86,448	—	86,448
Expenses related to acquisition	13,552	—	13,552
Cash paid	200,000	—	200,000
Total consideration paid/acquisition cost	\$301,199	\$—	\$301,199

See accompanying footnotes to the unaudited condensed consolidated financial information

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results from operations for the three-month period ended March 31, 2006 are not necessarily indicative of the results that may be expected for the year ended December 31, 2006, or for any other period. These unaudited condensed consolidated financial statements, and notes thereto, should be read in conjunction with the audited financial statements for the year ended December 31, 2005, as restated, and the notes thereto, included in the Company's Current Report on Form 8-K/A, as filed with the Securities and Exchange Commission on June 6, 2006.

Business and Basis of Presentation

FIIC Holdings, Inc. (the "Company"), a development stage company, was incorporated under the laws of the State of Delaware on January 26, 2006. Currently, the Company has limited operations and is a development stage company as defined by Statement of Financial Accounting Standards No. 7 ("SFAS 7"). The Company is devoting substantially all of its efforts to establishing a new business. The Company plans to introduce an insurance product to entrepreneurial business enterprises designed to insure third party investors. The success of the business will depend on its ability to raise sufficient capital to bring the business plan to fruition.

On February 28, 2006, the Company's predecessor FIIC, Inc. ("FIIC") consummated a business combination with Nicklebys.com, Inc. ("NBYS") pursuant to an Agreement and Plan of Merger ("Merger Agreement") (the "Merger"). In accordance with SFAS No. 141, FIIC, Inc. was the acquiring entity. While the transaction is accounted for using the purchase method of accounting, in substance the Merger Agreement provided for a recapitalization of the FIIC's capital structure. As a result of the Merger, there was a change in control of NBYS. Also, subsequently, NBYS's name was changed from Nicklebys.com, Inc. to FIIC Holdings, Inc. From January 1999 until the consummation of the Merger, NBYS was an inactive publicly registered shell corporation with no significant assets or operations (see Note B).

The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, FIIC, Inc., a Delaware corporation, incorporated on January 25, 2005 and Federated Group Agency, Inc., a Delaware corporation, incorporated on December 22, 2005. All significant inter-company transactions and balances have been eliminated in consolidation.

To date the Company has incurred expenses, and has sustained losses. Consequently, its operations are subject to all risks inherent in the establishment of a new business enterprise. For the period from inception through March 31, 2006, the Company has accumulated losses of \$2,672,284. Also, at March 31, 2006, its current liabilities exceeded current assets by \$1,206,045.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Company recognizes revenue in accordance with Staff Accounting Bulletin No. 104, REVENUE RECOGNITION ("SAB 104"), which superceded Staff Accounting Bulletin No. 101, REVENUE RECOGNITION IN FINANCIAL STATEMENTS ("SAB 101"). SAB 101 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) the ability to collect is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the ability to collect those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company defers any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

SAB 104 incorporates Emerging Issues Task Force 00-21 ("EITF 00-21"), MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS. EITF 00-21 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets.

Advertising

The Company follows the policy of charging the costs of advertising to expenses as incurred. The Company incurred no advertising costs during the three month period ended March 31, 2006 and 2005, respectively.

Property and Equipments

Property and equipment are recorded at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized and depreciated over their estimated useful lives. Depreciation is calculated using the straight-line method over the estimated useful lives. Estimated useful lives of major depreciable assets are as follows:

Leasehold improvements	5 years
Automobiles	5 years
Furniture and equipment	5 years
Computer Equipment	3 years

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash, cash equivalents and related party receivables. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of the FDIC insurance limit.

Stock Based Compensation

Prior to the January 1, 2006 adoption of the Financial Accounting Standards Board ("FASB") Statement No. 123(R), "Share-Based Payment" ("SFAS 123R"), the Company accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles

Board (“APB”) Opinion No. 25, “Accounting for Stock Issued to Employees,” and related interpretations. Accordingly, because the stock option grant price equaled the market price on the date of grant, and any purchase discounts under the Company’s stock purchase plans were within statutory limits, no compensation expense was recognized by the Company for stock-based compensation. As permitted by SFAS No. 123, “Accounting for Stock-Based Compensation” (“SFAS 123”), stock-based compensation was included as a pro forma disclosure in the notes to the consolidated financial statements. The Company did not issue any stock options from January 25, 2005 (date of inception) through March 31, 2006.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Based Compensation -- Continued

Effective January 1, 2006, the beginning of the Company's first fiscal quarter of 2006, the Company adopted the fair value recognition provisions of SFAS 123R, using the modified-prospective transition method. Under this transition method, stock-based compensation expense was recognized in the consolidated financial statements for granted, modified, or settled stock options. Compensation expense recognized included the estimated expense for stock options granted on and subsequent to January 1, 2006, based on the grant date fair value estimated in accordance with the provisions of SFAS 123R, and the estimated expense for the portion vesting in the period for options granted prior to, but not vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of SFAS 123. Results for prior periods have not been restated, as provided for under the modified-prospective method.

Total stock-based compensation expense recognized in the consolidated statement of earnings for the three month period ending March 31, 2006 was \$0, net of tax effect.

SFAS 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. In the Company's pro forma information required under SFAS 123 for the periods prior to fiscal 2006, the Company accounted for forfeitures as they occurred.

Upon adoption of SFAS 123(R), the Company is using the Black-Scholes option-pricing model as its method of valuation for share-based awards granted beginning in fiscal 2006, which was also previously used for the Company's pro forma information required under SFAS 123. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and certain other market variables such as the risk free interest rate.

The following table shows the effect on net earnings and earnings per share had compensation cost been recognized based upon the estimated fair value on the grant date of stock options for the three months ended March 31, 2005, in accordance with SFAS 123, as amended by SFAS No. 148 "Accounting for Stock-Based Compensation - Transition and Disclosure:

	For the three months ended March 31, 2005
Net loss attributable to common stockholders -as reported	\$(35,727)
Add. Total stock based employee compensation expense as reported under intrinsic value method (APB No. 25)	—
Deduct Total stock based employee compensation expense as reported under fair value based method (SFAS No. 123)	—
Net loss -Pro Forma	\$(35,727)
Net loss attributable to common stockholders - Pro forma	\$(35,727)
Basic (and assuming dilution) loss per share -as reported	\$(0.00)
Basic (and assuming dilution) loss per share - Pro forma	\$(0.00)

Disclosure for the three months period ended March 31, 2006 is not presented because the amounts are recognized in the consolidated financial statements.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NEW ACCOUNTING PRONOUNCEMENTS

In March 2005, the FASB issued FASB Interpretation (FIN) No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143", which requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. The Company is required to adopt the provisions of FIN 47 no later than its last quarter of fiscal 2006. The Company does not expect the adoption of this Interpretation to have a material impact on its consolidated financial position, results of operations or cash flows.

In May 2005 the FASB issued Statement of Financial Accounting Standards (SFAS) No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3." SFAS 154 requires retrospective application to prior periods' unaudited financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle, such as a change in non-discretionary profit-sharing payments resulting from an accounting change, should be recognized in the period of the accounting change. SFAS 154 also requires that a change in depreciation, amortization, or depletion method for long-lived, non-financial assets be accounted for as a change in accounting estimate affected by a change in accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date this Statement is issued. The Company does not expect the adoption of this SFAS to have a material impact on its consolidated financial position, results of operations or cash flows.

On February 16, 2006 the FASB issued SFAS 155, "Accounting for Certain Hybrid Instruments," which amends SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," and SFAS 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." SFAS 155 allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) if the holder elects to account for the whole instrument on a fair value basis. SFAS 155 also clarifies and amends certain other provisions of SFAS 133 and SFAS 140. This statement is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. The Company does not expect its adoption of this new standard to have a material impact on its financial position, results of operations or cash flows.

In March 2006, the FASB issued FASB Statement No. 156, Accounting for Servicing of Financial Assets - an amendment to FASB Statement No. 140. Statement 156 requires that an entity recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a service contract under certain situations. The new standard is effective for fiscal years beginning after September 15, 2006. The Company does not expect its adoption of this new standard to have a material impact on its financial position, results of operations or cash flows.

Reclassifications

Certain reclassifications have been made in prior year's financial statements to conform to classifications used in the current year.

NOTE B - MERGER AND CORPORATE RESTRUCTURE

On July 19 2005, FIIC, Inc., a Delaware corporation (“FIIC”), entered in to an Agreement and Plan of Merger (the “Agreement”) with Nicklebys.com, Inc., a publicly held Colorado corporation (“NBYS”), Nicklebys Acquisition Corp., a privately held Nevada corporation and wholly owned subsidiary of the Nicklebys.com, Inc. (the “Merger Sub”) and certain principal shareholders of NBYS.

FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE B - MERGER AND CORPORATE RESTRUCTURE (Continued)

The Merger closed February 28, 2006 through the Merger Sub, which merged with and into FIIC, with FIIC being the surviving corporation. NBYS issued shares of its common stock on a one-for-one basis to the stockholders of FIIC in exchange for 100% of the issued and outstanding shares of common stock of FIIC. Additionally, NBYS assumed options and warrants to purchase shares of its common stock on the same terms and conditions as previously issued by FIIC. Pursuant to the Agreement, the NBYS assumed FIIC's 2005 Stock Option, Deferred Stock and Restricted Stock Plan as the stock option plan of NBYS.

As a result of the Merger, there was a change in control of the public entity. In accordance with SFAS No. 141, FIIC was the acquiring entity. While the transaction is accounted for using the purchase method of accounting, in substance the Merger is a recapitalization of FIIC's capital structure. For accounting purposes, the Company accounted for the transaction as a reverse acquisition and FIIC is the surviving entity. The total purchase price and carrying value of net assets acquired was \$301,199. The Company did not recognize goodwill or any intangible assets in connection with the transaction. From January 1999 until the date of the consummation of the Merger, NBYS was an inactive corporation with no significant assets and liabilities. In connection with the change in control, the Board of Directors and management of FIIC became the Board of Directors and management of NBYS.

In connection with the Merger, NBYS also cancelled 500,000 shares of its common stock held by certain stockholders in exchange for aggregate cash remuneration of \$200,000. Immediately following the closing of the Merger, NBYS distributed any remaining NBYS assets to one of its directors and principal shareholders.

Immediately prior to the Merger, NBYS effectuated a 1-for-2.00317 reverse stock split of its common stock. Additionally, immediately following the Merger, NBYS reincorporated from the State of Nevada to the State of Delaware and changed its corporate name from Nicklebys.com, Inc. to FIIC Holdings, Inc. FIIC Holdings, Inc. is the continuing public reporting company.

In connection with the merger, FIIC used the purchase method of accounting. Total cash consideration was \$301,199, of which \$200,000 was paid to NBYS shareholders, plus \$86,448 was paid to NBYS to satisfy NBYS pre-merger liabilities. In addition, the Company is obligated to pay another \$13,552 for additional post-closing costs associated with the Merger.

The Merger resulted in the assumption of FIIC's operations and liabilities and as a result the accompanying financial statements reflect the operations of the Company's wholly-owned subsidiary FIIC, Inc. since its inception as of January 25, 2005.

Effective with the consummation of the Merger, all previously outstanding shares held by FIIC's shareholders were exchanged for an aggregate of 11,643,377 shares of the NBYS's common stock. The value of the stock that was issued was the historical cost of the Company's net tangible assets, which did not differ materially from their fair value.

The total consideration paid was \$301,199 and the significant components of the transaction are as follows:

Common stock retained	\$1,199
Assets acquired	—
Liabilities assumed	86,448
Expenses relating to acquisition	13,552
Cash paid	<u>200,000</u>

Total consideration paid/acquisition cost

\$301,199

In accordance with SOP 98-5, the Company expensed \$301,199 as acquisition costs.

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FIIC HOLDINGS, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION
MARCH 31, 2006
(UNAUDITED)

NOTE C - PROPERTY AND EQUIPMENT

Major classes of property and equipment at March 31, 2006 and December 31, 2005 consist of the followings:

	March 31, 2006	December 31, 2005
Computer equipment and furniture	\$11,240	\$—
Less: accumulated depreciation and amortization	624	—
Net property and equipment	<u>\$10,616</u>	<u>\$—</u>

Depreciation and amortization expense was \$624 and \$0 for the three months ended March 31, 2006 and 2005, respectively.

NOTE D - LICENSE AGREEMENT

The Company has a license agreement to use software developed by FIIC Research & Development, LLC (“Licensor”), a related party. Pursuant to the terms of the license agreement, the Licensor will also host and support the software application and allow the Company to sublicense to third parties. The software will be used by the Company in its operations and sale of product and will be amortized commencing upon the Company’s being licensed to launch its insurance business.

As consideration for the license agreement in March 2005, FIIC, Inc. issued to the Licensor 9,792,000 shares of its common stock (total par value \$9,792) and issued warrants to purchase an additional 1,808,307 shares of its common stock at an exercise price of \$.87 per share. Such warrants will expire five years after the date of issuance. The shares and warrants issued in relation to the license agreement were subsequently distributed by the Licensor to its members, and exchanged for shares of NBYS in the Merger. As further consideration for the license agreement, the Company also agreed to pay \$100,000 in cash to the Licensor. The total licensing fee of \$109,792 was expensed as of March 31, 2006; \$72,218 of the balance remains payable as of March 31, 2006.

Additionally, pursuant to the license agreement, the Company shall pay the Licensor 3% of net premiums for Hosting and Support services on a quarterly basis.

NOTE E - BRIDGE LOAN PAYABLE

A summary of bridge loan notes payable at March 31, 2006 and December 31, 2005 is as follows:

	March 31, 2006	December 31, 2005
Senior secured promissory note payable, exchangeable upon closing of merger for a senior secured convertible note	\$—	\$350,000
Senior secured convertible note payable, exchanged from senior secured promissory note after closing of merger in February 2006	92,000	—
Debt discount - value attributed to warrants attached to note, net of accumulated amortization of \$113,068 at March 31, 2006	(24,024)	—

Senior secured convertible note payable-net	67,976	350,000
Total	<u>67,976</u>	<u>350,000</u>
Less: current portion	(67,976)	(350,000)
Long term portion	<u>\$—</u>	<u>\$—</u>

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NOTE E - BRIDGE LOAN PAYABLE (Continued)

On November 29, 2005, FIIC, Inc. engaged in a bridge financing transaction in which it issued a \$350,000 senior secured promissory note, exchangeable upon the closing of the Merger for a senior secured convertible promissory note, convertible into the Company's common stock at any time at a rate of \$1.00 per share, including accrued and unpaid interest. On February 28, 2006, concurrent with the closing of the Merger, the Company entered into a securities purchase agreement, pursuant to which the Company issued a \$350,000 Senior Secured Convertible Promissory Note bearing annual interest at 12% and a warrant to purchase 890,995 shares of the Registrant's common stock, in exchange for the senior secured note previously issued. In accordance with APB #14, the fair value attributed to the warrants was recorded to debt discount and additional paid-in capital. The respective portion was amortized with the repayment of \$258,000 on February 28, 2006. Total debt discount was \$137,092 with accumulated amortization of \$113,068 at March 31, 2006.

At the time of the original bridge financing closing, \$92,000 in fees was released for payment and the net proceeds of \$258,000 were held in escrow until the closing of the merger. On February 28, 2006, immediately subsequent to execution of the securities purchase agreement and the issuance of the senior secured convertible promissory note in exchange for the prior note, the parties executed an amendment to the Securities Purchase Agreement, extending the term of the senior secured convertible note, providing for partial repayment of that note and releasing certain pledge agreements entered into in support of that note. As a result \$258,000 was released from escrow and repaid to the lender, and the Company became obligated to pay an additional \$3,500 legal fee to lender's counsel and accrued interest to date on the loan. Under the terms of the amendment to the Securities Purchase Agreement executed in conjunction with the senior secured convertible promissory note, the remaining \$92,000 and accrued interest was due May 29, 2006. This note is currently in default due to lack of payment of the amounts owed upon amendment and upon maturity; however, management is negotiating with lender for an additional extension. The balance outstanding was \$92,000 and \$350,000 at March 31, 2006 and December 31, 2005 respectively.

The value of warrants granted during the period ended March 31, 2006 was determined using the Black-Scholes option pricing model and the following assumptions: warrant remaining life of 5 years, a risk free interest rate of 4.50%, a dividend yield of 0% and volatility of 150%.

NOTE F - CONVERTIBLE NOTES PAYABLE

A summary of convertible promissory notes payable at March 31, 2006 and December 31, 2005 is as follows:

	March 31, 2006	December 31, 2005
Note payable accruing interest at 10% per annum, payable on October 7, 2006; conversion price of 0.50		
per share; the Company issued 115,000 5 yr warrants at 0.87 per share as additional incentive	\$50,000	\$50,000
Debt discount - value attributed to warrants attached to notes, net of accumulated amortization of \$11,386 and \$5,693 at March 31, 2006 and December 31, 2005 respectively	(11,385)	(17,078)
Note payable-net	38,615	32,922
Note payable accruing interest at 10% per annum, payable on October 7, 2006; conversion price of 0.50		
per share; the Company issued 115,000 5 yr warrants at 0.87 per share as additional incentive	50,000	50,000

Debt discount - value attributed to warrants attached to notes, net of accumulated amortization of \$11,386 and \$5,693 at March 31, 2006 and December 31, 2005 respectively	(11,385)	(17,078)
Note payable-net	38,615	32,922

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NOTE F - CONVERTIBLE NOTES PAYABLE (Continued)

Note payable accruing interest at 10% per annum, payable on October 31, 2006; conversion price of 0.50 per share; the Company issued 115,000 5 yr warrants at 0.87 per share as additional incentive	50,000	50,000
Debt discount - value attributed to warrants attached to notes, net of accumulated amortization of \$9,488 and \$3,795 at March 31, 2006 and December 31, 2005 respectively	(13,283)	(18,976)
Note payable-net	36,717	31,024
Note payable accruing interest at 10% per annum, payable on December 6, 2006; conversion price of 0.50 per share; the Company issued 115,000 5 yr warrants at 0.87 per share as additional incentive	50,000	50,000
Debt discount - value attributed to warrants attached to notes, net of accumulated amortization of \$7,590 and \$1,898 at March 31, 2006 and December 31, 2005 respectively	(15,181)	(20,873)
Note payable-net	34,819	29,127
Note payable accruing interest at 8% per annum, payable on January 17, 2007; conversion price of 0.65 per share; as an additional incentive the Company issued 800,000 shares of common stock	300,000	—
Note payable accruing interest at 8% per annum, payable on February 24, 2007; conversion price of 0.25 per share; as additional incentive the Company issued 100,000 shares of common stock	100,000	—
Debt discount - beneficial conversion feature, net of accumulated amortization of \$7,500 at March 31, 2006	(82,500)	—
Note payable-net	17,500	—
Note payable accruing interest at 8% per annum, payable on February 24, 2007; conversion price of 0.25 per share; as additional incentive the Company issued 100,000 shares of common stock	100,000	—
Debt discount - beneficial conversion feature, net of accumulated amortization of \$7,500 at March 31, 2006	(82,500)	—
Note payable-net	17,500	—
Total	483,765	125,994
Less: current portion	(483,765)	(125,994)
Long term portion	\$—	\$—

In February 2006, the Company issued convertible notes to the investors in exchange for \$180,000, exclusive of placement costs and fees. The convertible notes accrue interest at 8% per annum and are due and payable one year from the date of the note, i.e. February 2007. Note holders have the option to convert any unpaid note principal, together with accrued and unpaid interest, to the Company's common stock at a rate of \$0.25 per share.

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NOTE F - CONVERTIBLE NOTES PAYABLE (Continued)

In accordance with EITF 98-5, the Company recognized an imbedded beneficial conversion feature present in the convertible notes. The Company allocated a portion of the proceeds equal to the intrinsic value of that feature to additional paid-in capital. The Company recognized and measured an aggregate of \$180,000 of the proceeds, which is equal to the intrinsic value of the imbedded beneficial conversion feature, to additional paid in capital and a discount against the convertible notes payable. The debt discount attributed to the beneficial conversion feature is amortized over the convertible notes payable maturity period one year as interest expense.

NOTE G - NOTES PAYABLE -RELATED PARTIES

A summary of promissory notes payable to related parties at March 31, 2006 and December 31, 2005 is as follows:

	March 31, 2006	December 31, 2005
Note payable to a shareholder, principal and interest note of \$6,000 payable on December 31, 2005, extended to March 31, 2006; management is negotiating an additional extension	\$12,000	\$12,000
Note payable to a shareholder, principal and interest of \$7,500, payable on December 31, 2005, extended to March 31, 2006: management is negotiating an additional extension	15,000	15,000
Note payable to a shareholder, principal and interest of \$5,000, payable on December 31, 2005, extended to March 31, 2006; management is negotiating an additional extension	10,000	10,000
Note payable to a shareholder, principal and interest of \$1,000, payable on December 31, 2005, extended to June 30, 2006	2,000	2,000
Total	39,000	39,000
Less: current portion	(39,000)	(39,000)
Long term portion	<u>\$—</u>	<u>\$—</u>

NOTE H - CAPITAL STOCK

The Company is authorized to issue 3,000,000 shares of preferred stock with par value \$.001 per share, 100,000,000 shares of common stock with par value of \$.001 per share.

The Company had 13,866,924 and 10,843,377 shares of common stock issued and outstanding at March 31, 2006 and December 31, 2005, respectively. As of March 31, 2006 and December 31, 2005 the Company had no preferred stock issued and outstanding.

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NOTE H - CAPITAL STOCK (Continued)

In March 2005, the Company issued 9,792,001 shares to the founders in exchange for services relating to formation of the Company. The Company charged \$9,792 to expenses in relation to the issuance.

In November 2005, the Company issued 400,000 shares to various consultants in exchange for services valued at \$0.50 per share. The shares issued were valued at approximately \$0.50 per share. The compensation cost of \$200,000 was charged to operations relating to this issuance.

In November 2005, the Company issued 651,376 shares towards debt issuance costs. The shares were valued at \$325,688 or \$0.50 per share.

In January 2006, the Company issued 800,000 shares towards debt issuance costs. The shares were valued at \$400,000 or \$0.50 per share.

In February 2006, the Company issued 200,000 shares towards debt issuance costs. The shares were valued at \$100,000 or \$0.50 per share.

In February 2006, the Company issued 825,000 shares to various consultants in exchange for services valued at \$412,500. The shares issued were valued at approximately \$0.50 per share. The compensation cost of \$412,500 was charged to operations relating to this issuance.

In February 2006, pursuant to the Merger Agreement, all previously outstanding shares owned by the FIIC's stockholders were exchanged for an aggregate of 11,643,377 shares of the Company's common stock. The value of the stock that was issued was the historical cost of the Company's net tangible assets, which did not differ materially from their fair value. The former NBYS shareholders retained 1,198,547 shares in the Company.

The Company valued the shares issued for consulting services at the rate which represents the fair value of the services received which did not differ materially from the value of the stock issued.

NOTE I - OPTIONS AND WARRANTS

Warrants

The following table summarizes the changes in warrants outstanding and the related prices for the shares of the Company's common stock. These warrants were granted in lieu of cash consideration for contractual rights, compensation for services performed by consultants or in connection with debt or equity financing; each warrant provide the right to purchase one share of the Company's common stock.

Exercise Prices	Warrants Outstanding (as of 3/31/06)	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Warrants Exercisable (as of 3/31/06)	Weighted Average Exercise Price
	Number Outstanding			Number Exercisable	
\$ 0.87	1,808,307	4.00	\$ 0.87	1,808,307	4.00

0.87	518,077	4.50	0.87	518,077	4.50
1.04	890,995	4.50	1.04	890,995	4.50
	<u>3,217,379</u>	<u>4.21</u>		<u>3,217,379</u>	<u>4.22</u>

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NOTE I - OPTIONS AND WARRANTS (Continued)

Transactions involving warrants are summarized as follows:

	Number of Warrants	Weighted Average Price Per Share
Outstanding at January 25, 2005 (date of inception)	—	\$—
Granted	2,291,384	0.87
Exercised	—	—
Canceled or expired	—	—
Outstanding at December 31, 2005	2,291,384	\$0.87
Granted	925,995	1.03
Exercised	—	—
Canceled or expired	—	—
Outstanding at March 31, 2006	3,217,379	\$0.92

The Company did not grant any compensatory warrants to employees during the period ended March 31, 2006 and 2005. Compensation expense of \$0 was charged to operations for the period ended March 31, 2006 and 2005.

Stock Option Plan

In April 2005, FIIC, Inc. adopted the FIIC 2005 Stock Option, Deferred Stock and Restricted Stock Plan, which was assumed by the Company as part of the Merger. As of March 31, 2006 and December 31, 2005, no options or stock awards have been granted under the Plan.

NOTE J - RELATED PARTY TRANSACTIONS

The Company has received unsecured, non-interest bearing advances from a related party totally \$147,500 (including \$100,000 for the license fee - refer to note D). Of this amount, \$72,217 and \$104,977 remains unpaid as of March 31, 2006 and December 31, 2005 respectively.

The Company has expensed monthly consulting fees of an aggregate of \$25,000 per month for seven individuals who are directors and/or officers who are intended to serve as key personnel. As of March 31, 2006 and December 31, 2005, there remains \$225,000 and \$228,000 respectively unpaid and included in accounts payable and accrued expenses.

Effective February 1, 2005, the Company entered into a sublease agreement with a related party for office space and overhead expenses at \$5,000 per month. As of March 31, 2006 and December 31, 2005, there remains \$45,000 and \$43,000 respectively unpaid and included in accounts payable and accrued expenses arising from this sublease agreement.

NOTE K - COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

In February 1, 2005, the Company entered into a sublease agreement with a related party for office space and overhead expenses on month to month basis at \$5,000 per month. Total lease rental expense for the three months ended March 31, 2006 and 2005, was \$15,000 and \$10,000, respectively.

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NOTE K - COMMITMENTS AND CONTINGENCIES (Continued)

Employment and Consulting Agreements

As of March 31, 2006, the efforts of the Company's named executive officers, directors and key personnel have been primarily for no, nominal and/or deferred compensation. On February 7, 2006, FIIC executed a written consulting agreement with Chief Executive Officer, James France, documenting his consulting arrangement and confirming the continuance of such arrangement until such time as the Company has sufficient funds to formalize the terms of and execute an employment agreement with Mr. France. The Company intends to enter formal employment agreements with all of its executive officers and key personnel as it seeks to license and launch its insurance operations.

The Company has consulting agreements with outside contractors to provide certain marketing and financial advisory services. The Agreements are generally for a term of 12 months from inception and renewable automatically from year to year unless either the Company or Consultant terminates such engagement by written notice.

Litigation

The Company may be subject to legal proceedings and claims which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. The Company had no pending legal proceedings or claims as of March 31, 2006.

NOTE L - SUBSEQUENT EVENT

On May 1, 2006, the Company received funding and became obligated under unsecured convertible promissory notes from eight parties totaling a combined \$310,000. The notes all accrue interest at 8.0% and are due April 25, 2007. The entire amount of the outstanding principal and accrued interest may be converted at any time at the option of the holder and is automatically converted at the close of the Company's next equity financing yielding gross proceeds of \$2,000,000 in the aggregate. The number of shares issued at conversion will be obtained by dividing the total outstanding debt (principal plus accrued interest) by \$0.50. Upon satisfaction of certain escrow conditions and upon the resulting release of the proceeds from these notes from the escrow account, each of the noteholders received a loan closing fee, paid in the form of restricted shares of the Company's Common Stock, totaling an aggregate of 826,667 shares.

On May 1, 2006 the Company obtained an additional \$15,000 unsecured convertible promissory note on the same terms as above. The note is due May 2, 2007. As a loan closing fee, a total of 40,000 restricted shares of the Company's common stock were issued to the lender.

NOTE M - RESTATEMENT OF FINANCIAL STATEMENTS

Subsequent to the original issuance of the December 31, 2005 financial statements, management determined that the accounting for warrants issued in connection with certain convertible debt issuances (refer to Note F) was incorrect, in that a portion of the proceeds of the debt should have been allocated to the fair value of the warrants to the lenders and a third party.

Therefore, management has restated the carrying value of the notes by recording a discount equal to the fair value of the warrants issued to the lenders at the closing date and recognizing additional paid in capital. The discount will be amortized into interest expense over the term of the

notes. Further, management has recognized loan fees and additional paid in capital equal to the fair value of the warrants issued to the third party. The fees will be amortized over the term of the related loans.

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NOTE M - RESTATEMENT OF FINANCIAL STATEMENTS (Continued)

The warrants were valued using the Black-Scholes option valuation model with a resulting allocation of the aggregate proceeds from the notes attributed to the warrants of \$91,084 and loan fees of \$10,278. The following assumptions were utilized to value the warrants; current fair value of common stock of \$0.50; exercise per share of \$0.87; expected life of 5 years; expected volatility of 150%; a risk free rate of return of 4.5%; and an expected yield of 0.0%.

All of the above noted transactions occurred subsequent to April 1, 2005; therefore, the Unaudited Condensed Consolidated Statement of Losses and Unaudited Condensed Consolidated Statement of Cash Flows for the Quarter ending March 31, 2005 were unaffected by the respective restatement as of December 31, 2005.

This 10-QSB contains forward-looking statements. Our actual results could differ materially from those set forth as a result of general economic conditions and changes in the assumptions used in making such forward-looking statements. The following discussion and analysis of our financial condition and results of operations should be read together with the audited consolidated financial statements and accompanying notes and the other financial information appearing else where in this report. The analysis set forth below is provided pursuant to applicable Securities and Exchange Commission regulations and is not intended to serve as a basis for projections of future events. Refer also to "Cautionary Note Regarding Forward Looking Statements" and "Updates to Risk Factors" below.

The following discussion of our financial condition and results of operations as of March 31, 2006 should be read in conjunction with our financial statements and the related notes as provided under Item 1. With respect to the discussion within this Item 2, the terms "FIIC," "we," "us," and "our" refer to FIIC, Inc. and FIIC Holdings, Inc.

Cautionary Note About Forward-Looking Statements

The information contained in this Report includes some statements that are not purely historical and that are "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, and as such, may involve risks and uncertainties. These forward-looking statements relate to, among other things, expectations of the business environment in which we operate, perceived opportunities in the market and statements regarding our mission and vision. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. You can generally identify forward-looking statements as statements containing the words "anticipates," "believes," "continue," "could," "estimates," "expects," "intends," "may," "might," "plans," "possible," "potential," "predicts," "projects," "seeks," "should," "will," "would" and similar expressions, or the negatives of such terms, but the absence of these words does not mean that a statement is not forward-looking. For example, our forward-looking statements may include statements regarding:

- the possible effect of inflation, changes in interest rates and other economic changes on our costs, including the possible effect of future changes in operating costs and capital expenditures;
- competitive developments, including announcements by competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- this being a start-up situation, the timing of cash requirements, our ability to fund our proposed working capital requirements and the expected projected profitability;
- our ability to protect our intellectual property, including maintaining our exclusive license to use the FIIC Underwriting Data and Standards;
- our ability to obtain all necessary government certifications and/or licenses to conduct our insurance business, and the cost of complying with current and future governmental regulations;
- market acceptance of our products and services;
- the accuracy of our underwriting model;
- variations in quarterly operating results;
- the depth and liquidity of the market for our common stock;
- the timing and size of any future offerings of our securities; and

- general economic and other national conditions.

For a discussion of the risks, uncertainties, and assumptions that could affect our future events, developments or results, you should carefully review the “Risk Factors” set forth under “Item 1. Description of Business,” in our Annual Report on Form 10-KSB for the year ended December 31, 2005, as filed with the SEC on April 12, 2006, and “Updates to Risk Factors,” below. In light of these risks, uncertainties and assumptions, the future events, developments or results described by our forward-looking statements herein could turn to be materially different from those we discuss or imply.

Overview

Since our incorporation in January 2005, we have generated no revenue and have had only start-up operations. Upon receipt of the necessary governmental approvals and licenses and establishment of its planned insurance subsidiaries, we plan to introduce an insurance product to insure third-party investors in new and existing businesses which meet its underwriting criteria. These planned insurance subsidiaries include: FIIC Risk Retention Group (“FIIC RRG”), to underwrite and issue insurance policies; Federated Insurance Captive, an agency captive insurance company providing reinsurance (“FIC”); and Federated Group Agency (“FGA”), a master group agency providing operational services. We anticipate receipt of the necessary licenses from the Washington, D.C. Department of Insurance and Securities Regulation (“D.C. DISR”) and from one state, likely Ohio, by the end of 2006; receipt of such licenses has been delayed due to limited cash flow, the time and expense needed to complete the Merger and subsequent restatement of our financial statements as of December 31, 2005. Until such time, all start-up costs, such as the reserve requirements and initial working capital for establishment of these entities, any operational expenses, and other requirements will be funded by a combination of debt and equity financing.

Plan of Operation

Since our inception, we have dedicated our efforts to implementation of a start-up plan intended to secure the financing, governmental approvals, and management team necessary for launch of our planned insurance operations. The key components of this plan are the execution of a license arrangement for use of the FIIC Database Content and Technology upon which FIIC's underwriting and marketing functions will rely, completion of a merger with a public company, the completion of a bridge financing and private placement, and the formation and licensing of FIIC's planned insurance subsidiaries. Our management believes that upon successful completion of these steps, we will be able to launch our insurance operations. Our management currently believes we will be able to complete these steps by the end of 2006, enabling us to generate initial revenues during the fourth quarter of 2006 or first quarter of 2007. However, there are many factors that may influence our ability to achieve this timeline, as discussed in detail in the “Risk Factors” included in our Annual Report on Form 10-KSB for the year ended December 31, 2005 and the “Updates to Risk Factors” below.

Start-Up Plan

Licensing of FIIC Database Content and Technology

On March 17, 2005, FIIC entered into a Database Access and Content License, Hosting and Support Agreement with FIIC Research and Development, LLC (“FIIC LLC”); the parties amended this agreement on November 7, 2005, in relation to the receipt of certain bridge financing from Oceanus Value Fund, L.P. (the “Bridge Financing”). FIIC LLC has developed the FIIC Database Content and Technology, including an extensive database of insurance underwriting data and standards for use in connection with insurance policies that insure investors against the risk of the loss of capital in certain business entities, specially-designed supporting software applications, and technology and database-specific workflow definitions, decision processes and models for managing such applications and utilizing the database and its contents. The license agreement provides us an exclusive and perpetual license to access and use the FIIC Database Content and Technology to obtain the underwriting data, standards and other information for the purpose of underwriting its Investor Protection policies. We also has the right to grant nonexclusive sublicenses to third parties involved in underwriting Investor Protection policies, while FIIC LLC is obligated to continue to host, maintain and augment the FIIC Database Content and Technology. In consideration for the license, FIIC issued to FIIC LLC 9,792,000 shares of its common stock and 5-year warrants to purchase 1,808,307 shares of its common stock at an exercise price of \$0.87 per share. In addition, we owe FIIC LLC \$72,218, which was expensed on March 31, 2006.

Merger with a Public Company

The completion of the merger with Nicklebys.com, Inc. on February 28, 2006 satisfied the second aspect of FIIC's start-up plan. Our management believed that becoming a public company would afford increased market liquidity and enhanced access to the capital markets, allowing us to better manage and satisfy our significant funding requirements during the start-up and initial operational period. Further, management believes that status as a public company will provide the means to use securities of a publicly-traded company to make further acquisitions of assets or businesses in support of the intended long-term growth of our insurance business and will offer a competitive

advantage when competing with other parties in the marketplace for such acquisitions. In addition, becoming a public company has provided use with increased visibility in the financial and insurance communities within a short timeframe and will create a satisfactory level of transparency for its initial investors and customers. Although the merger cost FIIC approximately \$367,000 in legal, accounting and other related expenses beyond the merger consideration itself, including all closing costs, our management believes that we have had greater access to funding sources for its start-up activities based on the plan, and execution of that plan, to become a public company, including the Bridge Financing, and will continue to reap the benefits in the near future.

Bridge Financing and Private Placement

We engaged in a Bridge Financing and planned a Private Placement, as described below, to provide the initial funds necessary to establish the working capital reserves with the D.C. DISR in conjunction with the formation and licensing of our planned insurance entities. Although we received funding from the Bridge Financing, we have ultimately not relied on this transaction to fund our operational activities as originally anticipated. However, we continue to anticipate receipt of significant funding from the planned Private Placement. As of March 31, 2006, we estimate that the Bridge Financing cost us approximately \$239,500 in legal, accounting, consulting and other related fees and expenses. In addition, we anticipate that the Private Placement will cost it approximately \$400,000 in such expenses and commissions.

Bridge Financing

In August 2005, FIIC, Inc. entered a consulting agreement with Bridgewater Capital Corporation (“Bridgewater”) for general business advisory and consulting services, including assisting FIIC, Inc. to locate and secure bridge financing. Subsequently, Bridgewater introduced FIIC, Inc. to Oceanus Value Fund, L.P. (“Oceanus”) and assisted in bridge financing negotiations. In November 2005, FIIC, Inc. executed a note purchase agreement with Oceanus under which it issued a \$350,000 Senior Secured Promissory Note bearing annual interest at 12%. On February 28, 2006, concurrent with the closing of the Merger, we entered into a securities purchase agreement with Oceanus, pursuant to which we issued a \$350,000 Senior Secured Convertible Promissory Note bearing annual interest at 12% and a warrant to purchase 890,995 shares of the Registrant’s common stock, in exchange for the senior secured note previously issued to FIIC, Inc. in November 2005. We refer collectively to the issuance of these notes and warrants as the Bridge Financing. Immediately subsequent to execution of the securities purchase agreement and the issuance of the senior secured convertible note in February 2006, the parties also executed an amendment to the securities purchase agreement, extending the term of the convertible note, providing for partial repayment of the note and releasing certain pledge agreements entered into in support of the note. The other terms and conditions of the note and the security and guaranty associated with it are described in greater detail in our Current Report on Form 8-K/A filed on June 6, 2006 with the SEC. As of March 31, 2006, we owed Oceanus \$3,500 for a legal fee associated with the amendment of the Bridge Financing, along with accrued interest on the note to date. The principal balance of \$92,000 on the amended note is due and payable on the earlier of May 29, 2006 or our receipt of equity or debt financing in excess of \$500,000. As of May 30, 2006, this note is in default; please see Item 3 below.

Private Placement

As previously described in our Current Report on Form 8-K/A filed on June 6, 2006 with the SEC, the Company has engaged a placement agent in connection with a planned private placement (the “Private Placement”) of its common stock. Although originally intended to be conducted concurrent with the Merger process, to date we have not yet launched the Private Placement due to ongoing negotiations with the Placement Agent and timing issues arising from our restatement. We anticipate that the net proceeds from the Private Placement will be used to repay outstanding short-term debt and to fund the working capital reserve account required to obtain a license from the Washington, D.C. Department of Insurance and Securities Regulation, in support of our planned application to establish a Risk Retention Group, or RRG. We must successfully establish an RRG and obtain a license for the RRG before launching our insurance operations. Any funds received beyond those needed to repay debt and fund the regulatory working capital reserve will be used for general corporate purposes, including working capital, marketing and expanding our technical employee base.

THIS QUARTERLY REPORT IS NOT AN OFFER OF SECURITIES FOR SALE. ANY SECURITIES SOLD IN THE PRIVATE PLACEMENT WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION.

Establishment and Licensing of Insurance Subsidiaries

Our revenue model primarily depends on its use and management of the FIIC Underwriting Data and Standards, as licensed from FIIC LLC, in support of the sale of Investor Protection insurance policies through FIIC RRG, with reinsurance and operational support provided by FIC and FGA, respectively. However, we are unable to launch our planned insurance operations and therefore cannot generate any operational revenues

until these insurance entities are formed and licensed as required by the D.C. DISR. The key items required to complete this stage of FIIC's start-up plan are the completion and submission of the licensing application and the funding of the required working capital reserves. We are in the process of preparing the application for the establishment and licensing of the three entities, pending receipt of the funding necessary for the actuarial feasibility study required by the application. Further, the D.C. DISR requires a company to maintain one dollar in working capital on reserve for every \$2.00 of insurance premium to be written prior to the establishment and licensing of a RRG. In support of FIIC RRG, FIIC will provide an initial reserve of \$100,000 cash and an additional \$400,000 pursuant to a FIIC, Inc. Surplus Note to satisfy the funding requirements. In support of FIC, FIIC will provide an initial reserve of \$100,000 cash and an additional \$300,000 pursuant to a FIIC, Inc. Surplus Note to satisfy the funding requirements. It is estimated that each Surplus Note would be repaid over a five-year period subject to the approval of the D.C. DISR. FIIC anticipates use of a significant portion of the Private Placement net proceeds towards the required actuarial feasibility study, and does not anticipate filing the completed application until FIIC has the necessary capital to fund the required reserves. Once the application is filed, we expect the operating structure for the three new insurance entities to be formally established and licensed within 90 days, including the licensing of FIIC RRG and FIC in the District of Columbia and at least one state, likely Ohio.

Capital Resources and Liquidity

To date, we have primarily obtained financing for our Merger and other aspects of the Plan of Operation presented above via debt financing. As of March 31, 2006, we owe \$39,000 in principal under demand notes from certain stockholders and another \$792,000 in principal under convertible notes, as compared to \$0 as of March 31, 2005. Subsequently, we have obtained another \$325,000 in convertible debt financing, a portion of which came from existing stockholders. We anticipate that additional funds will become available to FIIC in subsequent debt financings and through the planned Private Placement, to fund our planned launch and growth of operations over the coming twelve months.

As of March 31, 2006, we had cash and cash equivalents of \$937 and current liabilities of \$1,221,082 as compared to cash and cash equivalents of \$273 and current liabilities of \$147,500 as of March 31, 2005. As of March 31, 2006, we had an accumulated operating deficit of \$2,672,284, an increase of 7,380% from the accumulated operating deficit of \$35,727 as of March 31, 2005. This deficit has continued to increase in the subsequent months.

Use of Available Funds

We believe that upon the successful completion of the Private Placement, our current capital resources will be sufficient to cover all startup costs, reserve requirements and operating expenses for twelve months, including the anticipated initial six months of its insurance operations. FIIC currently anticipates allocating its capital resources as follows:

Debt Repayment

To the extent possible, FIIC is deferring debt repayment until receipt of net proceeds from the planned Private Placement. To the extent some amount of principal or interest is to be paid, we are relying on the net proceeds from our recent convertible note issuances. Our management believes that a majority, if not all, of our other currently outstanding convertible notes as of March 31, 2006, in the aggregate principal amount of \$792,000 will convert into equity upon maturity and thus not require repayment; if such conversion were to occur we would issue over time at least 1,753,538 shares of our common stock, not including any shares issuable upon conversion of accrued interest.

As of March 31, 2006, accrued interest expense related to outstanding debt was \$42,273, an increase from \$0 as of March 31, 2005.

Entity Financing

As noted above, we intend to fund the working capital reserves of FIIC RRG and FIC in the amounts of \$500,000 and \$400,000, respectively, from the net proceeds of the Private Placement. FIIC does not anticipate receiving repayment on the FIIC, Inc. Surplus Notes pursuant to which a portion of such reserve funding will be provided until these insurance entities are operational for at least one year. In addition, FIIC intends to provide FIIC RRG and FIC each with approximately \$50,000 for formation and associated initial start-ups costs. FIIC also intends to provide FGA with initial working capital of \$529,500, to fund its services in support of FIIC RRG and FIC, including regulatory reporting, backroom operations, underwriting, claims and accounting. The management agreement between FGA and each of the other insurance entities will detail which vendors and suppliers will be responsible for reinsurance support, legal services, accounting services, actuarial support, and other services beyond the abilities of FGA's own personnel. FIIC anticipates that FGA's operational expenses for the first six months of its management agreement with FIIC RRG and FIC will total approximately \$270,000. Subject to this agreement, FIIC RRG and FIC will provide certain management fees to FGA for its services, but the initial grant of working capital will cover FGA's start-up costs and ensure its ability to meet its contractual obligations until such time as the insurance operations are fully functional.

Operating Expenses

Any funds received beyond those needed to repay debt, fund the regulatory working capital reserves and provide the insurance entities initial working capital will be used for FIIC's general corporate purposes, including initial product development, marketing and employee costs. Within the next twelve months, including the anticipated initial six months of its revenue-producing insurance operations, FIIC anticipates spending up to \$113,000 on intellectual property rights and product development costs, including payment of the \$72,000 owed to FIIC LLC under the license agreement for the FIIC Database Content and Technology, \$12,000 on Dun & Bradstreet information fees, \$7,000 on web services and support and \$22,000 on the part-time employment of an information technology specialist. During this period, FIIC also anticipates incurring up to \$197,000 in legal expenses relating to the launch of its operations and general corporate governance and \$30,000 in audit-related expenses. FIIC also plans to spend up to \$40,000 towards market development in the next twelve months, including designing and placing its advertising on-line and developing other sales tools. Other anticipated operating expenses during this initial period include payment of \$96,000 in consulting fees, approximately \$20,000 in overhead expenses such as copy, fax and phone charges and basic travel expenses, and additional funds, as available, towards reducing FIIC's accumulated deficit. There are no plans nor is there any necessity to purchase any significant equipment, beyond basic office computers and related technology.

Within the first six months of the launch of FIIC's insurance operations, FIIC will rely on its executive officers, supported by independent consultants, to fulfill all operational functions. FIIC does not anticipate hiring additional part-time or full-time employees until it approaches the operational benchmark of 100 policies sold, although FIIC may continue partial or occasional payment of the accrued consulting fees earlier if there are available, unallocated funds. FIIC anticipates initiating payment of executive salaries shortly after the planned insurance subsidiaries are established and fully licensed for operations and each individual executes an employment agreement.

For the three months ending March 31, 2006, our total operating expenses were \$750,311, as compared to \$35,727 for the period from inception through March 31, 2005. Operating expenses for the three months ending March 31, 2006, consisted of \$749,687 of general and administrative expenses and \$624 of depreciation. We anticipate that general and administrative expenses will continue to grow in coming periods as we establish our operating entities and launch our operations. During the period from inception through March 31, 2005, we incurred no other (non-operating) expenses, as compared to \$897,133 of other expenses for the three months ending March 31, 2006. Acquisitions costs of \$301,199 represented a significant portion of the other expenses for the period ending March 31, 2006; during that period net interest expense totaled \$170,105 and our debt issuance costs totaled \$425,829. We anticipate that we will continue to incur significant interest expense in relation to the notes currently outstanding, until such time as we repay the debt or convert the notes, where applicable under their terms, into equity securities of the Company.

Launch of Revenue-Producing Insurance Operations

Upon launch of its insurance operations, we anticipate generating revenues primarily from the sale of our Investor Protection insurance policies and secondarily from the collection of licensing fees from other insurance carriers pertaining to the rights to use all copyrighted and protected intellectual property developed by or licensed to FIIC, including for educational, scientific, data mining or new business purposes. In the initial six months of our insurance operations, FIIC projects issuing 17 policies at an average total investment per business of \$250,000, generating an average premium of ten percent (10%) and thereby yielding \$425,000 gross premiums revenue in this initial operational period. Based on FIIC's analysis of new business starts in the Ohio area, its initial target market, FIIC believes that this level of performance represents a projected market penetration of about 0.23%. Further, FIIC will generate related revenues from its \$50 fee per application, regardless of the number of resulting policies issued.

We anticipate 27 applications within its initial six months of operations, generating gross application fee revenues of approximately \$1,350. FIIC anticipates that actual premium rates will range from 8 to 18 percent based on the risk group of the subject business per the FIIC Underwriting Data and Standards, and that eventually the application fee may also become variable. FIIC also believes that beginning in year two of its operations overall average premium rates may slightly decline, reflecting lower rates for renewals, the potential impact of competition, and any actual claims experiences. FIIC believes that it may be able to write up to 2,000 policies per year its initial target geographic markets, but continues to project revenues and expenses on a significantly more conservative basis, since it is unknown how quickly the concept of the Investor Protection policy will penetrate the market and how swiftly competition may absorb some of the potential market.

Since the funds in the regulatory working capital reserves cannot be used to fund operations, we may also need additional capital to continue to adequately grow its business post-launch of its insurance operations. The amount of additional capital we may need to raise through public or private equity or debt financings over the next few years will depend on many factors, including:

- market acceptance and the growth rate of demand, if any, for FIIC's Investor Protection policies;
- the lead time required to execute and generate a revenue stream from customer contracts;
- changes in the size of the required working capital reserve or other regulatory requirements;
- availability of opportunities for strategic acquisition of other companies with technology, resources, customers or know-how that will further the growth of the FIIC's insurance business; and
- the accuracy of FIIC's projections regarding its operating costs, including the costs of regulatory compliance, personnel, legal and accounting costs and the cost of funds.

We cannot be certain that additional sources of liquidity will be available when needed in the future and that our actual cash requirements will not be greater than anticipated. If financing is not available when needed on favorable terms, we will evaluate whether to scale back further development of FIIC's insurance products and services, to limit our marketing activities, to sell some or all of our technology, intellectual property or assets, to merge with another entity, or to terminate our operations.

Off-Balance Sheet Arrangements

As of March 31, 2006, we did not have any off-balance sheet arrangements.

Employees

As of March 31, 2006, the efforts of FIIC's named executive officers, directors and key personnel have been primarily for no, nominal and/or deferred compensation. Prior to February 7, 2006, FIIC had not entered any employment or other long-term compensation agreements with its executive officers or other key personnel. FIIC intends to enter formal employment agreements with all of its executive officers and key personnel as the company seeks to license and launch its insurance operations. However, on February 7, 2006, FIIC executed a written consulting agreement with Jim France documenting his consulting arrangement and confirming the continuance of such arrangement until such time as FIIC has sufficient funds to formalize the terms of and execute an employment agreement with Mr. France. FIIC anticipates that the terms of all of its employment agreements with its officers will provide for cash and equity compensation an appropriate level for a start-up company, but also recognize the professional experience and forms of expertise each individual brings to FIIC's business. FIIC also anticipates that its employment agreements will include provisions setting forth any severance arrangements, as well as confidentiality and non-competition clauses.

Recent Accounting Pronouncements

We have adopted all relevant recently issued accounting pronouncements; for additional details see the notes to our unaudited condensed consolidated financial statements under Item 1. The adoption of the accounting pronouncements is not anticipated to have a material effect on our operations.

Updates to Risk Factors

Any investment in the Company's common stock involves a high degree of risk. Investors should carefully consider the risks described below and all of the information contained in the Company's Annual Report on Form 10-KSB, as filed April 12, 2006, before engaging in transactions in the Company's common stock. The Company's business, financial condition or results of operations could be materially adversely affected

by these risks if any of them actually occur. The trading price of the Company's common stock could decline due to any of these risks, and an investor may lose all or part of his investment.

Some of these factors have affected the Company's financial condition and operating results in the past or are currently affecting the Company. This Quarterly Report on Form 10-QSB also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Company described below and in the Annual Report on Form 10-KSB. With respect to this discussion, the terms "FIIC," "the Company," "we," and "our" refer to FIIC Holdings, Inc. and its wholly-owned subsidiary FIIC, Inc.

FIIC has no operating history, expects to initially incur losses and cannot assure you that it will achieve profitability.

We have not yet launched our insurance operations and thus we have not generated any revenues from sales of Investor Protection or other insurance policies, or sublicenses of the FIIC Database Content and Technology. FIIC has incurred significant expense to obtain an exclusive, perpetual license and hosting and support agreement allowing use and providing for maintenance of the FIIC Database Content and Technology, including the FIIC Underwriting Data and Standards. FIIC continues to incur substantial costs to establish its insurance subsidiaries and to gain all necessary governmental licenses and certifications to conduct our insurance business. We expect that our expenses will continue to increase as we launch our insurance products and services, due to increased marketing expenses as we seek to develop customer relationships and maintain existing relationships with our business and technology resources. We also anticipate that we will incur costs to establish and/or improve our financial and disclosure controls, expand and train our workforce and to maintain regulatory compliance as our insurance underwriting grows.

As of March 31, 2006, we had an accumulated deficit of approximately \$2,672,284. We expect to continue to incur losses over at least the next year, and the amount of future losses is uncertain. Our ability to generate revenue and become profitable will depend on obtaining and maintaining regulatory approvals in the U.S., achieving market acceptance for our Investor Protection policies and related services and successfully executing our business plan. Sales of the Investor Protection policies cannot begin until FIIC receives all necessary regulatory approvals. If FIIC fails to generate significant revenues from commercial sales, fails to obtain necessary regulatory approvals, or if revenues fail to grow at a pace rapid enough to offset anticipated increases in expenses, it may never achieve profitability.

Any change in FIIC's relationship with the exclusive licensor of the FIIC Database Content and Technology, which FIIC will use to sell and underwrite its policies, could prevent FIIC from accurately assessing potential insureds' risk profiles when issuing policies and from writing policies in a timely manner, thereby reducing its future revenues or increasing its costs.

We rely on a Database Access Content License, Hosting and Support Agreement with FIIC LLC to access the FIIC Underwriting Data and Standards used to underwrite our Investor Protection policies. Under this agreement, we have exclusive, perpetual, worldwide rights to access the FIIC Database Content and Technology via FIIC LLC's proprietary technology and to use it to underwrite and sell Investor Protection policies. However, these exclusive rights may be terminate or may be terminated if we breach the terms of the license agreements and fail to cure the breach.

Our reliance on this license subjects us to various risks that could harm our business, including:

- reliance on FIIC LLC to maintain the FIIC Database Content and Technology and provide adequate support services if and when FIIC encounters a problem;
- reliance on FIIC LLC to ensure the security of the FIIC Database Content and Technology Data and Standards from FIIC's competitors;
- the possibility that FIIC LLC may not be able to obtain adequate information from its third-party sources in a timely manner or on commercially reasonable terms; and
- that FIIC may have difficulty locating an alternative set of applicable underwriting data and standards and similar user interface, if available at all, should FIIC LLC breach the terms of the license agreement or become unable to fulfill its obligations.

Disruption or termination of our agreement with FIIC LLC could delay or suspend our overall efforts to create a market for our Investor Protection policies. The loss of the license or FIIC LLC's failure to maintain the licensed technology and data could require us to cease

providing products or services using such licensed technology, which would likely result in a significant loss of revenue for our business. The total licensing fee of \$109,792 was expensed as of March 31, 2006; \$72,218 of the balance remains payable as of March 31, 2006.

Risks Relating to Regulatory Requirements

FIIC's planned insurance subsidiaries all require certain licensing and/or certifications from certain government agencies, without which they will be unable to operate and unable to generate revenues.

FIIC cannot assure you that it will be able to obtain the regulatory approvals necessary for the establishment and operation of its planned insurance subsidiaries on a timely basis, if at all. Any delays in receipt or failure to receive such clearances or approvals, the loss or impairment of previously received clearances or approvals, or failure to comply with existing or future regulatory requirements would have a material adverse effect on our business, prospects, financial condition and results of operations. We cannot assure you that we will be able to maintain compliance with all regulatory requirements over time. Changes in existing laws, regulations or policies and the adoption of new laws, regulations or policies could prevent us from, or could affect the timing of, achieving compliance with regulatory requirements, including current and future regulatory approvals, where necessary.

FIIC may be subject to increased regulation regarding the use of personal information received from investors.

Use of certain data collected from investors may be subject to regulation by various federal, state and local regulatory authorities. Compliance with existing federal, state and local laws and regulations in the United States designed to protect the public from the misuse of personal information in the marketplace and adverse publicity or potential litigation concerning the commercial use of such information may increasingly affect FIIC's operations, including the sharing of such information with FIIC LLC pursuant to the license agreement for maintenance of the FIIC Database Content and Technology, and could result in substantial expense for regulatory compliance, limitations on access to important information, litigation expense and a loss of revenue. Furthermore, investors may become less willing to provide personal information over time as other companies' failures to adequately protect customer personal information become publicized.

If FIIC fails to maintain effective internal controls over financial reporting, it may be subject to litigation and/or costly remediation and the price of its common stock may be adversely affected.

As a private company, FIIC, Inc. did not previously have to report on its disclosure controls and procedures or its internal controls over financial reporting, and as a developing company is only in the process of implementing formal procedures intended to satisfy the requirements of Section 404 and other related provisions of the Sarbanes-Oxley Act of 2002. However, beginning with our fiscal year ending December 31, 2007, we will have to fully comply with these requirements. Failure to establish the required controls or procedures, or any failure of those controls or procedures once established, could adversely impact our public disclosures regarding our business, financial condition or results of operations. Upon review of the required internal controls over financial reporting and disclosure controls and procedures, our management and/or our auditors may identify material weaknesses and/or significant deficiencies that need to be addressed. Any actual or perceived weaknesses or conditions that need to be addressed in our internal controls over financial reporting, disclosure of management's assessment of our internal controls over financial reporting or disclosure of our public accounting firm's attestation to or report on management's assessment of our internal controls over financial reporting could have an adverse impact on the price of our common stock and may lead to claims against us.

Risks Related to FIIC's Capital Structure

FIIC's capital needs are uncertain and FIIC will likely need to raise additional funds, which may not be available on favorable terms, if at all, thereby potentially disrupting the initial growth of FIIC's insurance business and the FIIC's ability to generate revenue.

FIIC believes that it will have sufficient cash and cash equivalents to meet projected operating requirements for approximately the next 12 months upon completion of the planned Private Placement. However, if we do not complete the Private Placement within the third quarter, or fail to raise the net proceeds sought, we will need to seek additional funds from public and private stock offerings, borrowings under credit lines or other sources because, pursuant to district and federal insurance law, the Washington, D.C. Department of Insurance and Securities Regulation ("D.C. DISR"), requires a company to maintain one dollar in working capital on reserve for every \$2.00 of insurance premium to be written prior to the establishment and licensing of a risk retention group, or RRG. FIIC is in the process of preparing an application for the establishment and licensing of an RRG for submission to the D.C. DISR, pending the funding of a required actuarial feasibility study and

the necessary working capital reserve. We anticipate filing of the complete application during the late third or early fourth quarter of 2006. If FIIC is unable to fund or successfully complete the required study or the minimum working capital reserve, then it will be unable to launch its operations. Since the funds in the working capital reserve cannot be used to fund operations, FIIC may also need additional capital to continue to grow its business in keeping with market demand if early product sales are steady.

The amount of additional capital FIIC may need to raise through public or private equity or debt financings over the next few years will depend on many factors, including:

- market acceptance and the growth rate of demand, if any, for FIIC's Investor Protection policies;
- the lead time required to execute and generate a revenue stream from customer contracts;
- changes in the size of the required working capital reserve or other regulatory requirements;
- availability of opportunities for strategic acquisition of other companies with technology, resources, customers or know-how that will further the growth of the FIIC's insurance business; and
- the accuracy of FIIC's projections regarding its operating costs, including the costs of regulatory compliance, personnel, legal and accounting costs and the cost of funds.

We cannot be certain that additional sources of liquidity will be available when needed in the future and that our actual cash requirements will not be greater than anticipated. If FIIC requires additional capital at a time when investment in insurance companies or in the financial services market in general is limited due to the then prevailing market or other conditions, FIIC may not be able to raise such funds at the time that it desires or any time thereafter. If we are unable to obtain this financing on terms favorable to us, we may be unable to execute our long-term business plan and may be required to scale back further development of our insurance products and services, to limit our marketing activities, to sell some or all of our technology, intellectual property or assets, to merge with another entity, or terminate our operations.

If FIIC is unable to meet its obligations resulting from the Bridge Financing, certain relationships key to the potential success of FIIC's business could be disrupted.

As a result of the Bridge Financing, as defined and discussed in detail under "Bridge Financing and Private Placement" under Item 2 herein, Oceanus holds a senior secured convertible promissory note convertible into shares of our common stock at any time (the "Oceanus Note"), including accrued and unpaid interest, and a warrant to purchase additional shares of our common stock. Immediately subsequent to execution of the securities purchase agreement and the Oceanus note, the parties executed an amendment to the securities purchase agreement, extending the term of the Oceanus Note, providing for partial repayment of the Oceanus Note and releasing certain pledge agreements entered into in support of the Oceanus Note. We are currently in default on the Oceanus Note. A legal fee of \$3,500 associated with the February 28, 2006 amendment, and accrued interest through February 28, 2006 was due and payable immediately, yet to date those amounts have not been paid. Further, the principal balance of \$92,000 due on the amended Oceanus Note was due and payable on the earlier of May 29, 2006 or our receipt of equity or debt financing in excess of \$500,000. As we have not paid the pending principal, fees or interest due, we are currently in default under the terms of the amended Oceanus Note.

In support of the Oceanus Note, we executed a security agreement in favor of the noteholder, pledging all of our existing and hereafter acquired assets, including our license for the FIIC Database Content and Technology, as security for the Oceanus Note, and FIIC, Inc. also provided a subsidiary guaranty. In addition, our Chief Executive Officer, President and director has executed a pledge agreement guarantying our obligations under the convertible note with an aggregate 571,000 shares of his common stock. Because we have not fulfilled our payment obligations under the convertible note, if the noteholder chooses not to convert the Oceanus Note to alternatively satisfy such obligations, under the pledge agreements the noteholder would be entitled to the pledged shares. Although the noteholder could not obtain control of the Company upon receipt of the pledged shares and exercise of our warrant to purchase common stock, the noteholder would obtain a more significant stake in FIIC, ranging from approximately 8.25% on a fully diluted basis up to 10.08% on an undiluted basis. Further, upon enforcement of the pledge agreement, Mr. France would lose all of his current holdings of common stock in our FIIC, and thus may be less likely to exercise his outstanding warrants to re-establish an ownership position and/or may be less inclined to serve in leadership positions.

Finally, if the noteholder seeks to exert control over the rights to the FIIC Database Content and Technology on which our business model relies, the noteholder could disrupt our business to the detriment of our results of operations and the other stockholders of FIIC.

Item 3. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report on Form 10-QSB, our President (principal executive officer) and our Chief Financial Officer performed an evaluation of the effectiveness of and the operation of our disclosure controls and procedures as defined in Rule 13a-15(e) or Rule 15d-15(e) under the Exchange Act. Based on that evaluation, our President and Chief Financial Officer concluded that as of the end of the period covered by the report on Form 10-QSB, our disclosure controls and procedures are effective in timely alerting them to material information relating to FIIC Holdings, Inc. required to be included in our Exchange Act filings.

Changes in Internal Control Over Financial Reporting

There were no changes in the Registrant's internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting for that period.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

None.

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

The Registrant did not make any other sales of unregistered securities of the Registrant during the three-months ended March 31, 2006, other than as previously reported in our Current Report on Form 8-K filed with the SEC on March 6, 2006, as amended; our Annual Report on Form 10-KSB for the year ended December 31, 2005 as filed with the SEC on April 12, 2006; and our Current Report on Form 8-K filed with the SEC on May 5, 2006, and as stated below.

As previously reported on a Current Report on Form 8-K filed with the SEC on May 5, 2006, the Registrant received funding and became obligated under a series of Convertible Promissory Notes (the “Notes”) on May 1, 2006, bearing simple interest at 8% per annum, the principal and any accrued interest of which is due and payable on or before May 2, 2007. The Registrant initially received and reported an aggregate of \$310,000 in proceeds (“Proceeds”) from the Notes, but ultimately received \$325,000 of such proceeds. The additional \$15,000 Note, as with the previously reported Notes, the entire amount of outstanding principal and accrued interest are convertible at any time at the option of the Holder into restricted shares of the Registrant’s Common Stock at a rate of \$0.50 per share. However, the Notes automatically convert into restricted shares of the Registrant’s Common Stock at the close of the Registrant’s next round of equity financing yielding gross proceeds of at least \$2,000,000. Upon any conversion, the Notes will cease to represent a debt, and will instead signify only that the Holder has a right to receive certificates evidencing the Common Stock to which the Holder is entitled.

In conjunction with the Notes, each of the Holders became entitled to a loan closing fee, to be paid in the form of restricted shares of the Registrant’s Common Stock, par value \$0.001 per share, totaling an aggregate of 866,667 shares. As the escrow originally applicable to such Notes was only released on May 9, 2006, these shares have not yet been certificated but are deemed issued and outstanding by the Registrant as of May 9, 2006.

The Registrant issued the Notes, and anticipates issuing the Common Stock related to the loan closing fee, pursuant to Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”). Each Holder executed a detailed subscription agreement to the Registrant representing, among other things, that (1) he is an accredited investor within the meaning of Regulation D, promulgated under the Securities Act; (2) he is aware of the risks of the investment; and (3) the Notes were not offered or issued as part of any public offering. No underwriters participated in this transaction.

Item 3. Defaults Upon Senior Securities

As previously reported on a Current Report on Form 8-K/A filed with the SEC on June 6, 2006, and as discussed under Item 2, “Bridge Financing and Private Placement” above, the Registrant entered into a securities purchase agreement with Oceanus Value Fund, L.P. (“Oceanus”), pursuant to which we issued a \$350,000 Senior Secured Convertible Promissory Note bearing annual interest at 12% (the “Oceanus Note”) and a warrant to purchase 890,995 shares of the Registrant’s common stock (the “Oceanus Warrant”). Immediately subsequent to execution of the securities purchase agreement and the issuance of the Oceanus Note, the parties executed an amendment to the securities purchase agreement, extending the term of the Oceanus Note, providing for partial repayment of the Oceanus Note and releasing certain pledge agreements entered into in support of the Oceanus Note. A legal fee of \$3,500 associated with the amendment, and accrued interest through February 28, 2006 was due and payable immediately, yet to date those amounts have not been paid. Further, the principal balance of \$92,000 due on the amended Oceanus Note was due and payable on the earlier of May 29, 2006 or the Registrant’s receipt of equity or debt financing in excess of \$500,000. As the Registrant has not paid the pending principal, fees or interest due, it is currently in default under the terms of the amended Oceanus Note. The Registrant is in negotiations with Oceanus to extend or otherwise restructure the terms of the Oceanus Note.

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

The Registrant did not submit any matters to a vote of its security holders during the three-months ended March 31, 2006, other than as previously reported in our Current Report on Form 8-K filed with the SEC on March 6, 2006, as amended June 6, 2006, and our Annual Report on Form 10-KSB for the year ended December 31, 2005, filed with the SEC on April 12, 2006, in relation to the merger of Nicklebys Acquisition Corp., a wholly-owned subsidiary of Nicklebys.com, Inc., with and into FIIC, Inc., a related reverse stock split and option plan assumption, and the subsequent reincorporation and name change of Nicklebys.com, Inc. to FIIC Holdings, Inc.

Item 5. Other Information.

The Registrant previously reported in its Annual Report on Form 10-KSB for the year ended December 31, 2005, as filed with the SEC on April 12, 2006, that the Registrant executed a consulting agreement with Mirador Consulting, Inc. ("Mirador") on April 6, 2006 (the "Mirador Agreement"). The Mirador Agreement's terms originally included an allocation of equity compensation that the Registrant's Board of Directors desired to alter at the time of its review of the Mirador Agreement for ratification. Under the revised and ratified agreement, Mirador will receive 125,000 shares of the Company in the first six (6) months of the agreement and 125,000 shares of the Company in the second six (6) months. The first 125,000 shares owed to Mirador have not yet been certificated but are deemed issued and outstanding by the Registrant as of April, 19 2006.

In addition, the Registrant's predecessor FIIC, Inc. had provided Nicklebys.com, Inc. approximately \$87,000 for the satisfaction of Nicklebys.com's pre-Merger liabilities, and had agreed to cover approximately an additional \$13,000 of closing costs arising from Nicklebys.com, Inc. post-Merger. The additional post-Merger costs remain due and payable as of June 15, 2006.

Additionally, on April 10, 2006 the Registrant entered into corporate services agreement with Metropolis Public Relations ("Metropolis"), whereby Metropolis will provide corporate press release writing, public relations, corporate communications and media services in exchange for a monthly service fee of \$1,250.

On May 15, 2006, the Registrant entered into a Hosted Services Agreement with Fair Isaac Corporation for use of the LiquidCredit Service: decision engine for Small Business software at a monthly minimum fee totaling \$6,480 per year. The licensed software, when used in conjunction with the FIIC Database Content and Technology, will enable the Registrant to conduct a background check for each applicant, resulting in receipt of a personal and business credit score and an indication of any prior bankruptcy status. The Registrant must initiate the process of screening applicants prior to filing its application for licensing with the Washington, D.C. Department of Insurance and Securities Regulation (the "D.C. DISR"). The service agreement is for a one year term, and automatically renewable for additional one year periods in the absence of 60 days' prior termination notice.

On May 31, 2006, the Registrant engaged Rector & Associates, Inc., an insurance regulatory consulting firm ("Rector"), in conjunction with CAB Consulting Services, LTD. ("CAB"), to assist in the preparation of the feasibility study required for establishing and licensing FIIC RRG in Washington, D.C. The Registrant has provided Rector with a \$30,000 refundable retainer to be applied to the fees of Rector and/or CAB. The study will require at least 6 weeks to complete.

Item 6. Exhibits.

(a) Exhibits.

Exhibit	Item
10.1	Hosted Services Agreement with Fair Isaac Corporation dated May 15, 2006
10.2	Letter Agreement with Rector & Associates, Inc. dated May 31, 2006
31.1	Certification of Chief Executive Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302(a) of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

FIIC HOLDINGS, INC.

Date: June 21, 2006

By: /s/ James W. France _____

James W. France
President and Chief Executive Officer
(Principal Executive Officer)

Date: June 21, 2006

By: /s/ Wade L. Estep _____

Wade L. Estep
Chief Financial Officer
(Principal Accounting Officer)

EXHIBIT INDEX

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32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**LiquidCredit[®] Service: decision engine for Small Business
Order Form**

This Order Form, effective as of May 15, 2004 (“Effective Date”), is made and entered pursuant to Hosted Services Agreement (Version 1.5) (collectively “Agreement”) dated as of May 15, 2004, between **Fair Isaac Corporation** (“FIC”) and **Federated Investors Insurance Company** (“Client”).

1

1.1 Product Description. The FIC product known as LiquidCredit Service: decision engine for Small Business software (the “Service”) is accessed via FIC’s secure Internet web service. Client enters applications which may be submitted from the Client’s web site browser, application screen or FIC’s optional SBSS Interface. The Service features functionality that validates an application for completeness, obtains a credit bureau report(s) and/or business bureau report(s), scores the application through an embedded Model and returns a score available bureau data, and if such functionality is used - product matches, if any, through the Service’s application program interface (“API”).

1.2 Definitions. In addition to terms defined in the Agreement, the following terms will have the meanings set forth below. Other terms may be defined in context within this Order Form:

“**API**” means the application program interface for the FIC Product which allows Client’s application programs to communicate with the FIC Product’s operating system.

“**Documentation**” means one set of the “LiquidCredit API Guide” and the “Getting Started Guide,” delivered electronically by FIC to Client.

“**FIC Product**” means for the purposes of this Order Form, the computer software program, whether in source or object code, and the FIC Product API, as described above.

“**Model**” means a mathematical expression (algorithm, formula), or a system of mathematical expressions, that describe(s) a relationship between predictive or descriptive variables and an outcome of interest. A Model consists of a table of characteristics divided into exclusive responses each of which has a numerical value and sums up to a score. Models include all documentation and any reports or other documentation as described in this Order Form.

“**Passwords**” means digital security certificates or other such security measures implemented to ensure security and privacy of Client’s data. For the purposes of this Agreement, Passwords shall be deemed Confidential Information.

“**Territory**” means the United States.

“**Work Product**” means any report, custom code, custom documentation, numeric score, generated by an FIC product, or other deliverable developed for Client and provided by FIC under any Order Form, including any updates and modifications thereof.

2.0 PRICING:

2.1 Service Fees

<u>Product/Service</u>	<u>Item #</u>	<u>Initial Term</u>	<u>Quantity</u>	<u>Price</u>	<u>Total</u>
Liquid Credit Service Fees					
• Monthly Minimum Fee	065-DSAM-82	5 years	<u>Year 1</u> 1 st 6 th month: 15apps/month	<u>Year 1</u> 1 st 6 th month: \$324/month	<u>Year 1</u> \$6,480
			7 th 12 th month: 35 apps/month	7 th 12 th month: \$756/month	
			<u>Years 2-5</u> 35 apps/month	<u>Years 2-5</u> \$756/month	<u>Years 2-5</u> \$9,072
• Monthly Usage Fee	065-DSUG-82	5 years	N/A	See Chart 1	As Incurred
• App Rescore Fee	065-DSAR-82	5 years	N/A	See Chart 1	As Incurred
Mandatory Implementation Fee (one time fee)	065-IMPL-82	N/A	N/A	\$15,000	\$7,500 (approved discount)
Mandatory SBSS Fundamentals Web-Based Training (services are described in Statement of Work attached in Exhibit 3)	065-TRWB-06	N/A	N/A	3 day -2 hours per day Group Placewant Training (2-3 users per PC) for \$1,000/PC	\$1,000)
<input checked="" type="checkbox"/> Optional SBSS 6.0 Upgrade Service	065-DSUG-82	5 years	N/A	See Section 2.8	As Incurred
<input type="checkbox"/> Optional SBSS Interface	065-BIRG-00	5 years	N/A	See Section 2.9	As Incurred
TOTAL (U.S. dollars) to be invoiced upon execution					Yr 1= \$14,980

2.2 Invoicing:

- Except as stated, 100% of the Monthly Minimum Fee for the first year and all other fees will be invoiced upon full execution of this Order Form.
- Monthly Minimum Fee for Subsequent Years. 100% of the Monthly Minimum Fee for subsequent years will be invoiced at the beginning of the applicable anniversary of the Commencement Date.
- App Rescore Fee. The App Rescore Fee will be invoiced on a monthly basis, as incurred in addition to the Monthly Minimum Fee.
- SBSS 6.0 Upgrade Fee (optional). The SBSS 6.0 Upgrade Fee will be invoiced on a monthly basis, as incurred, in addition to the greater of the Monthly Minimum Fee or Monthly Usage Fee.
- SBSS Interface Fee (optional). The SBSS Interface Fee will be invoiced on a monthly basis, as incurred, in addition to the greater of the Monthly Minimum Fee or Monthly Usage Fee.
- If the Monthly Usage Fee is greater than the Monthly Minimum Fee for any given month, the difference will be invoiced monthly after the Commencement Date.

2.3 Liquid Credit Service fees include:

- Client Support per Service Level Agreement attached hereto as Exhibit 1.
- One time allotment of up to 10 digital security certificates.
- One set of user Documentation, delivered electronically.

FIC Confidential Information

2.4 The implementation fee includes: The following services during Regular Business Hours (as defined in Exhibit B):

- 60 hours of implementation support commencing after the full execution of this Order Form and the assignment of an implementation manager to assist Client's development team in creating an interface to the Service, to address technical questions and to explain testing, as more fully set forth in Section 3.6 (Implementation).

Chart 1: Monthly Usage Fees

Tier Level	Monthly Application Volume		Standard Application Fee	Rescore Fee (30% of Standard Application Fee)
	Min	Max		
1	0	85	\$ 21.60	\$6.48
2	86	340	\$ 14.85	\$4.46
3	341	850	\$ 11.00	\$ 3.30
4	851	3,400	\$ 5.50	\$ 1.65
5	3,401	6,500	\$ 2.20	\$ 0.66
6	6,501 +		\$ 1.10	\$ 0.33

- 2.5 Minimum Application Volume.** A minimum application volume as follows shall apply: Months 1-6 of Year 1 = 15 applications per month, Months 7-12 of Year 1 = 35 applications per month, Years 2-5 = 35 applications per month. Application volume shall reset to zero each month.

- Application usage fees are based on a marginalized pricing structure. Client must purchase all applications at each of the prior tier's pricing before moving onto the next tier's pricing. For example: Standard application fee for 341 total applications = [85 applications x \$21.60 (tier 1) = \$1,836] + [255 applications x \$14.85 (tier 2) = \$3,786.75] + [1 applications x \$11.00 (tier 3) = \$11] = \$5,633.75.

- 2.6 Definition of Billable Application.** A billable "Application" is any successful XML submission to the Service. A successful XML submission is one that has been deemed 000 (successful, no warnings) or 001 (successful, warnings) as described in the FIC LiquidCredit API Guide. The Service counts the number of successful Applications submitted to the Service. Client acknowledges that applications submitted multiple times to the Service, and multiple elements of applications generating warnings under the Service, may be counted as multiple billable Applications depending on the API call used. The Application Fee will be charged for each Application unless the Rescore (as defined below) API is used for submissions to the Service subsequent to the initial submission.

- 2.7 Rescore Fee.** If Client rescors an Application, the Rescore Fee is 30% of the Application Fee of the highest level volume tier reached each month, in addition to the Usage Fee. For example: 341 applications/month with 100 rescored applications = \$5,633.75 [see calculation above for 341 applications] + [100 applications x \$3.30 (tier 3) = \$330] = \$5,963.75.

- Definition of Rescore.** A "Rescore" Application is an Application that is resubmitted within thirty (30) days of its initial submission through the Service for reprocessing by the Service using the designated Rescore API call into the Service in accordance with the user documentation. A Rescore Application will be subject to the Rescore Fee set forth in Chart 1 above. Previously submitted Applications that are resubmitted after the thirty (30) day window are not considered "Restore" Applications and will be priced at the Standard Application Fee set forth in Chart 1 above. A successful "Rescore Application is deemed 000 (successful, no warnings) or 001 (successful, warnings) as described in the FIC LiquidCredit API Guide.

- **Rescore Functionality Availability.** Client may utilize the Rescore functionality and will be charged the reduced Rescore Fees only if Client or its Implementer/Alliance Partner programs to the Service's Rescore API. If Client or its Implementer-Alliance Partner does not implement the Rescore API, all Applications will be charged the Standard Application Fee.
- 2.8 **SBSS 6.0 Upgrade Fee (optional).** If Client chooses to use the SBSS 6.0 Upgrade service in conjunction with the SBSS 6.0 models, the SBSS Upgrade Fee is 25% of the greater of the Monthly Minimum Fee or the Monthly Usage Fee.

FIC Confidential Information

Definition of SBSS 6.0 Upgrade Service. The SBSS 6.0 Upgrade service is an optional service. By signing up for the SBSS 6.0

- Upgrade service, a Client is given permission access through the Service. The SBSS 6.0 Upgrade service includes the ability to access both the SBSS 6.0 Startup Models (and scores) and the SBSS 6.0 Credit Offer Index.

Definition of SBSS 6.0 Startup Models. The SBSS 6.0 Startup Models produce a SBSS Startup score. A SBSS 6.0 Startup score is an SBSS score specifically focused on assessing the propensity to repay risk of start up small businesses. As part of the API call to the Service, Client identifies which version of SBSS models to use, and if SBSS 6.0 is selected, whether the standard SBSS 6.0 score of an SBSS 6.0 Startup score is to be used.

- **Definition of SBSS 6.0 Credit Offer Index.** The SBSS 6.0 Credit Offer Index is a benchmark measure to help evaluate the capacity risk of a small business applying for a term loan, line of credit, or commercial card. The SBSS 6.0 Credit Offer Index uses the SBSS 6.0 score in conjunction with various data elements from the application, financial, consumer bureau and business bureau reports, compares those results to small businesses of similar profile, and then a percentile ranking and a median loan amount are generated by the Service and returned as part of the API output. A SBSS 6. Credit Offer Index is generated only if an SBSS 6.0 score is generated.

2.9 SBSS Interface (optional). If Client chooses to use SBSS Interface in conjunction with the Service, the SBSS

Interface Fee is 20% of the greater of the Monthly Minimum Fee or the Monthly Usage Fee.

Definition of SBSS Interface. The SBSS Interface is a web based application that Client users log into and use to input small business applications. The SBSS Interface has the ability to request from the Service a look up of a business' DUNS number or Experian Business number and credit bureau data and to submit applications to and receive results from the Service. Among other data, successful Applications receive an SBSS score and reason codes, which are displayed by the SBSS Interface.

- **Rescore functionality is not available with this option.**

2.10 Estimated Monthly Volume Usage:

- Approximate number of applications per month for initial term.

_____ Minimum _____ Maximum 150 Average

- Name of Alliance Partner or Integrator, if any: _____

3. OTHER:

Service Term. The term for the Service commences upon the date Client is granted access to the Service (“Commencement Date”) which shall be the earlier of: (a) the date Client is provided production mode access to the Service; or (b) 60 days after this Order Form is signed by the parties and shall continue for the term in Section 2 (Pricing) of the Order Form, unless earlier terminated as provided below. The term renews automatically for consecutive one (1) year terms unless either party gives the other party 60 days’ written notice prior to the end of the current term of its intent not to renew. Renewal fees are subject to change upon 60 days’ written notice prior to the end of the current term and will be invoiced in advance. Access to the Service and passwords (if applicable) is contingent upon payment of all applicable renewal fees.

3.1

3.2 Grant of Licenses. Subject to the terms and conditions of this Agreement, upon the Commencement Date, FIC hereby grants to Client, effective during the Term, a non-exclusive, non-transferable, limited license to access, use, perform and display the Service, the Work Product and the Documentation, only within the Territory for the purpose of submitting an application for a score, or for such other information which may be returned by the Service, or for such other purposes contemplated under this Agreement. Client may only use the Service to analyze data associated with accounts that Client owns and controls or with applications for accounts to be owned and controlled by Client and not in a service bureau environment on behalf of any third party.

3.3 License Restrictions. Except as expressly stated herein, Client warrants that Client and its employees, representatives, contractors, and/or agents: (i) shall not in any way use the FIC Product, Work Product or Documentation other than within the scope of the licenses granted by FIC, (ii) shall not in any way alter, change, modify, adapt, translate, or make derivative works of the FIC Product, Work Product and/or Documentation; (iii) shall not with respect to the FIC Product actually or attempt to reverse engineer, decompile, disassemble, or reduce any object code to human perceivable form or permit others to do so; provided that if, required by applicable law, upon Client's prior written request, FIC shall, for a nominal administrative charge, provide information required for Client to achieve interoperability between the FIC Product and other software of Client; (iv) shall not sublicense or operate any FIC Product or Work Product for timesharing, rental, outsourcing, or service bureau operations, or to train persons other than permitted users; (v) shall not disclose (other than within Client's organization for Client's own internal business purposes) or publish performance benchmark results for any FIC Product and/or Work Product without FIC's prior written consent; or (vi) shall not use any provided third party software except solely in conjunction with the permitted use of the FIC Product.

FIC Confidential Information

3.4 Volume Tier Pricing. Subject to any minimum fees owed, if applicable, Client shall pay for the actual volume used and will be invoiced for the difference between the actual volume and any minimum fees. FIC shall have the right upon reasonable notice and during Client's normal business hours to inspect Client's facilities to ascertain compliance with the terms of this Agreement.

3.5 Payment Terms. Unless otherwise provided in this Order Form, the payment terms for this, Order Form can be found in Section 2 of the Hosted Services Agreement.

3.6 Implementation. FIC will provide Client with the following implementation services. FIC will provide Client with documentation detailing the tasks Client must complete prior to initiating the Service. Client shall appoint a primary service liaison for the duration of the Service. Client may change its liaison by giving FIC written notice of the change. If mandatory training is required, Client must participate in such training prior to accessing the Service. Once Client has completed the items required for initiation, Client shall coordinate with FIC to test the connection to the Service and the credit reporting agency(ies). Once testing is completed, FIC will issue a "Notice of Implementation Completion" and Client will be granted production mode access.

3.7 Digital Security Certificates. Client will receive an allotment of 10 digital security certificates ("Passwords"). Passwords must be renewed each year. If more than 10 Passwords are required, Client may order Passwords for an additional fee. Client is solely responsible for the security and proper use of its Password(s), and must take all steps necessary to ensure that the Password(s) are kept secure, confidential, used properly and not disclosed to unauthorized persons. Client shall immediately notify FIC if there is any reason to believe that the Password(s) have become known to unauthorized users.

3.8 Client Responsibilities. Client is solely responsible for contracting with the appropriate consumer reporting agency(ies) and business bureau(s) for purchase and delivery of consumer credit bureau, and/or business bureau reports and of FIC scores. FIC shall have no obligation to Client in the event that any of the consumer reporting agencies or business bureaus cease offering consumer credit or business bureau reports or FIC scores. FIC does not guarantee the accuracy or completeness of the credit bureau or business bureau records which are scored using the Service. If a consumer credit bureau score or other consumer reporting agency data is included in the decision engine service, Client certifies that it has a permissible purpose as required by the federal Fair Credit Reporting Act ("FCRA"), and any consent required under state law, for obtaining the consumer reports, and that all use of same shall be in strict accordance with said laws. The factors that are provided by FIC as significantly contributing to the credit risk score may be disclosed to consumers as the reasons for taking adverse action, as required by the Equal Credit Opportunity Act ("ECOA") and Regulation B ("Reg. B"). However, the score itself is proprietary, and may not be disclosed or used as the reason for adverse action under Reg. B. Client agrees that all score and Model information it receives will be held in confidence except to the extent that disclosure to others is required by law.

3.9 Client Obligations for the SBSS Interface. If Client purchases the SBSS Interface, in order to ensure successful implementation of Client's credit criteria into the Service, Client must complete the following tasks within twenty (20) calendar days of execution of this Order Form:

- Provide member number(s) and password(s) for credit bureau(s) and other third-party data provider(s).
- If Client is using the Credit Policy Setup then Client must provide complete credit Policy setup criteria to facilitate automation within the Service.

In the event that Client does not complete the above tasks within the prescribed time frames and such failure results in a delay of the completion of the SBSS Interface installation, FIC shall be entitled, in its sole discretion, to commence billing of and Client shall pay the Monthly Minimum Fees set forth in Section 2 above.

3.10 Additional Responsibilities. Client further agrees: (a) to purchase and maintain current its own Internet access to the Service; and (b) to be responsible for the installation, operation, security and maintenance of any computer network and digital security certificates and passwords (if issued) used by Client to access or perform, as applicable, the Service; and (c) to provide FIC with prompt notification of any problems regarding the Service. Client is responsible for any damage caused by a security breach through Client's failure to maintain commercially acceptable security measures and Client indemnifies and holds FIC harmless from any compromise of Client's security in this event.

3.11 Support and Maintenance. FIC will provide Support for the Service in accordance with Exhibit 1

3.12 Performance Data. Client shall provide performance data to FIC upon FIC's written request for the purposes allowed under the Agreement.

3.13 Data Confidentiality. In addition to the obligations imposed upon FIC with respect to confidential information under the Agreement and any Confidentiality Agreement, FIC agrees that any usage of Client's customer record data shall be limited to the production of products and services for Client's own proprietary use or for general product research and development, and that, except for production of products and services for Client's own proprietary use, in no case will any use be made or cognizance be taken of the identity of individuals or institutions whose records are utilized. Client may elect to transmit any such records to FIC with the identification fields deleted so long as a match key exists on all data files provided to FIC.

FIC Confidential Information

3.14 Use of Client Data. FIC shall not use or disclose Client’s consumer “nonpublic personal information” (“NPI”) as that term is defined in the Gramm-Leach-Bliley Act (“GLBA”) except to perform the services and to conduct the activities authorized in the Agreement. In order to facilitate Client’s compliance with the GLBA, FIC shall adhere to the standards set forth in Exhibit 2 with regards to any Client’s customer NPI in FIC’s possession.

3.15 Model Warranty. FIC warrants that it owns or otherwise possesses all rights and interests in the Model(s) necessary to enter into this Order Form. FIC will not include in any credit risk Model(s) any characteristic, including “Age”, which is a “prohibited basis” as the term is now defined in the Equal Credit Opportunity Act (“ECOA”), 15 USC 1691 et seq. or Regulation B (“Reg. B”) thereunder. For Model(s) developed solely from FIC’s pool of creditor data to meet the current definition of an “empirically derived, demonstrably and statistically sound credit scoring system” as defined and where required by Reg. B, Client must comply with the requirements of 12 C.F.R. §202.2 (p)(2) including validation of the Model(s) on Client’s records. FIC shall have no liability or responsibility for hardware, Model(s), or services provided by others.

3.16 Use of Trademark or Logo. Client agrees to conspicuously place the logo of LiquidCredit and FIC prominently on the end user credit application form web page and the end user product match web page with the identifier “Fueled by LiquidCredit®,” as provided by FIC. Other than as provided in this paragraph, Client shall not use FIC’s name, logo or trademark without FIC’s prior written consent. FIC shall not use Client’s name, logo or trademark without Client’s prior written consent.

3.17 Internet Operating Policy. Client agrees it shall abide by FIC’s Internet Operating Policy, as amended from time to time, as set forth in its entirety in this Section. Client agrees not to: (a) post or transmit any message or data anonymously or under a false name; (b) post or transmit any message which is libelous or defamatory; (c) post or transmit any message, data, image or program which is illegal, indecent, obscene or pornographic; (d) post or transmit any message, data, image or program that would violate the intellectual property rights of others; or (e) interfere with the use of the Internet for other FIC clients or other users. Client hereby indemnifies and holds FIC harmless and agrees to defend FIC against any cost, claim or liability which may arise from Client’s failure to abide by FIC’s Internet Operating Policy.

3.18 FIC Materials. The Service, including but not limited to, techniques, computer languages, computer programs, information of any type stored in computer usable form, Model(s) (including Model characteristics, splits, attributes breakouts, characteristic definitions and scorecard weights) specifications the Application Program Interface (“API”), operating instructions, user documentation; and, all proprietary information provided by FIC about its pricing, systems and business plans shall be and remain the property of FIC.

4. CONTACT INFORMATION:

	For Client	Client’s Billing (if different)	For FIC
Name/Title:	Tom O’Leary - VP	Wade ESTEP - CFO	Contracts Administration
Company:	FIIC	FIIC	Fair Isaac Corporation
Address:	1585 Bethel RD.	Same	3661 Valley Centre Drive
City/State:	COLUMBUS, OH	Same	San Diego, CA
Zip/County:	43220 Franklin		92130
Country:	USA	Same	USA
Phone:	614-451-5030	Same	858-369-8000
Fax:	614-451-5032	Same	858-523-4450
Email:	tomoleary@fiic.net	wadeestep@fiic.net	

All notices must be in writing to the parties above and are effective upon receipt.

FIC Confidential Information

Client agrees to be bound by this Order Form and the following FIC agreement (check one):

Hosted Services Agreement, Version 1.5


A copy of which has already been provided and is hereby incorporated by reference.


This Order Form is effective as of the last date signed by both parties.

Unless Client signs this Order Form by March 20, 2006 , prices and terms are subject to change.

Client:

Fair Isaac Corporation:

Signature: 
Name: Thomas M. OLeany
Title: VP Underwriting
Date: 10 May 2006

Signature: 
Name: Daniel S. Chelew
Title: Vice President Financial Planning & Analysis
Date: May 15, 2006

Fair Isaac and LiquidCredit are trademarks or registered trademarks of Fair Isaac Corporation, in the United States and/or in other countries. Other product and company names herein may be trademarks of their respective owners.

FIC Use Only

Short Name:
OE Order#:

Client #:
System #:

Form : 06-Jan-06
Acct. Exec.: F Strub
Royal Blue #:

Sales Approval: MJB

Notes: 5 yr. term (see pricing chart. for terms). SBSS6.0 Upgrade. Disc.
Impl. Fee of \$7,500. Avg. monthly volume 150/apps. /cyo



FIC Confidential Information

EXHIBIT 1

FAIR ISAAC SERVICE LEVEL AGREEMENT

CLIENT NAME: FEDERATED INVESTORS INSURANCE COMPANY

SERVICE AGREEMENT: LiquidCredit® Service: decision engine for Small Business Order Form

INTRODUCTION: This Fair Isaac service level agreement (“SLA”) consists of the general terms and conditions set forth below, together with Attachment 1 (Definitions) and Attachment 2 (Service Level Standards for the specific FIC Service) and Attachment 3 (Backup/Retention Policy). This SLA is a part of and is subject to the terms of the Service Agreement referenced above. This SLA, together with the applicable terms of the Service Agreement, constitutes the entire agreement of the parties with respect to the subject matter of this SLA and supersedes any prior oral or written proposals, representations, promises, or agreements. Notwithstanding anything to the contrary set forth in the Service Agreement, in case of a conflict between the terms of the Service Agreement and the terms of this SLA, the terms of this SLA will control.

GENERAL TERMS AND CONDITIONS

1. **SLA TERM.** This SLA takes effect upon the Commencement Date, and will continue in effect for the Service Term specified in the Service Agreement. Upon any renewal of the Service Term, this SLA will continue in effect unless the parties otherwise agree in writing.

2. **DEFINITIONS.** Definitions of terms in the Service Agreement are applicable to this SLA. In addition, the definitions contained in Attachments 1, 2, and 3 apply to this SLA only. In the case of conflicting definitions, the definitions contained in this SLA will control with respect to the interpretation of this SLA.

3. GENERAL

3.1. **Service Requirements.** FIC shall use commercially reasonable efforts to comply with the obligations set forth in these general terms and conditions, as well as the requirements set forth in Attachment 2 that are specific to the Service. Performance by FIC is contingent upon Client’s Cooperation, and FIC is not responsible for delays or other problems caused by Client’s failure to meet its obligations or by any Outside Factors.

3.2. **Temporary Suspension.** FIC may temporarily suspend the Service for necessary repairs. However, FIC will endeavor to provide Client with as much prior notice as possible under the circumstances, and FIC shall restore Availability of the Service as soon as commercially practicable.

4. SUPPORT

4.1. **Support Generally.** FIC is committed to providing its clients with quality support and access to knowledgeable personnel. Most questions and issues related to the Service will be addressed during FIC’s Product Support Hours, which may differ from Standard Service Availability Hours. See Attachment 2 for Product Support Hours and Standard Service Availability Hours.

4.2. **Errors.** FIC shall use commercially reasonable efforts to resolve Errors in a manner consistent with the requirements of this SLA. If at any point FIC determines that a problem reported by Client is not the result of an Error, FIC will promptly report that determination to Client. Resolution of problems caused by Outside Factors or not the result of Errors is not covered under FIC’s

Support obligations, and FIC reserves the right to charge for services performed to diagnose or repair problems not covered under FIC's Support obligations.

FIC Confidential Information

- Severity Levels and Response Times.** Upon Client's report of a problem with the Service, an FIC representative will
- 4.3. acknowledge such report by issuing a confirmation to Client, either by phone or email, and FIC will assign a Severity Level to the problem based on the type of issue reported, according to the following schedule:

Severity Level	Description of Problem	FIC Target Response Times
Severity 1	A critical problem that involves fundamental functionality or Availability of the Service, that precludes productive use of the Service, and that is having, or is likely to have, an immediate and material impact on a critical business activity of Client.	FIC will respond within 2 hours of receipt of Client's report of the issue. FIC will begin working on a solution or workaround to any Error causing the problem within 2 hours from Client's initial report if received during Product Support Hours, or within 4 hours of Client's initial report if received outside Product Support Hours.
Severity 2	A significant problem that involves functionality of the Service, but that does not preclude productive use of the Service and is not having and is not likely to have an immediate and material impact on a critical business activity of Client.	FIC will respond no later than the end of the Business Day following Client's initial report (or the same Business Day if the report is made before 11:00 a.m., Central time or London time, as applicable). FIC will begin working on a solution or workaround to any Error causing the problem no later than the end of the Business Day following Client's initial report.
Severity 3	An inconvenient problem with the Service that does not affect functionality or preclude productive use of the Service.	FIC will respond with problem definition and a proposed action plan to resolve any Error causing the problem within five Business Days from Client's initial report.
Severity 4	General questions related to the use of the Service, a "how to" question; an error that is minor or cosmetic in nature; or a request to be considered for future enhancements.	FIC will respond as appropriate. FIC will generally log and acknowledge Severity 4 requests by the end of the next Business Day.

- Client's Obligations Relating to Support Requests.** In order to ensure that FIC is able to meet the response times set forth above and provide Support in the most efficient manner, Client agrees, in addition to providing all relevant information necessary for FIC to respond to a Support request and Client's general Cooperation: (a) to designate primary and secondary liaisons who have been trained on the Service and to provide FIC with all necessary after-hours contact information for such individuals; (b) that all Support requests will be centralized through the primary and secondary liaisons; (c) to submit Support requests to FIC's designated contact; (d) to comply with FIC's reasonable guidelines for submitting Support requests; (e) to use reasonable commercial efforts to diagnose and resolve problems in the operation of the Client's interface to the Service prior to contacting FIC for Support; (f) to use reasonable efforts to confirm that reported problems are due to a malfunction of the Service; (g) to use all reasonable efforts to consult FIC-supplied documentation before submitting questions about the Service to FIC; and (h) to work with FIC to return Support requests to reasonable levels if FIC deems that Client's Support requests exceed reasonable or typical levels for the Service. Client must notify FIC of any problems with the Service in a timely manner (depending on the circumstances, but in no event later than 30 days after becoming aware of an issue with the Service).
- 4.4.

Updates; Releases. As a part of Support, FIC will make available to Client all updates and releases to the Service and the Application that it generally makes available to its Clients. Optional, separately-priced Service features which may be made available with new updates and releases of the Service are not included in Support unless otherwise agreed in writing. Client shall comply with any published update/release schedules. If Client fails to adhere to the update/release schedule, such failure may cause FIC to be unable to meet the Service levels defined in this SLA.

4.5. **Technology Compatibility.** Client shall cooperate with FIC to ensure that technology compatibility is maintained between the Application and Client's systems. Client must provide FIC with at least 60 days' written notice of any changes to Client's systems that could affect such compatibility. Client must provide FIC with at least 30 days' written notice of all standard technology release upgrades, and Client shall endeavor to ensure that such upgrades happen no more frequently than once per calendar year.

FIC Confidential Information

- 5. EXCLUSIONS; ADDITIONAL SERVICES.** If Client requests services that are outside the scope of FIC's Support obligations under this SLA, FIC may provide such services at its discretion and subject to availability of resources, and Client shall pay for such services on a time-and-expenses basis at FIC's then-current rates: The following are outside the scope of FIC's Support obligations unless specifically agreed otherwise in writing:
- (a) Requests for Support outside of Product Support Hours for reasons other than Severity I issues.

Support which becomes necessary due to failure of computer hardware, equipment or programs not provided by FIC; negligence of Client or any third party; error by Client in operation of the Service; improper modification or use of hardware or software by Client; or any problem or loss not solely attributable to the Application.
 - (b) Maintenance and support of hardware, software programs, or data connections owned, operated, or developed by the Client that interface with the Service.
 - (c) Development, customization, coding, installation, integration, consulting, and training.
 - (d) Optional, separately-priced Service features which may, from time to time, be made available with new updates/releases of the Service.
 - (e)

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**ATTACHMENT 1 TO
FAIR ISAAC SERVICE LEVEL AGREEMENT
STANDARD DEFINITIONS**

“Application” means the combination of computer hardware, computer software programs, and data transmission facilities under the control of FIC that FIC uses to provide the Service to Client.

“Available” or **“Availability”** means that the Application is performing substantially in accordance with the applicable user guide or other documentation.

“Business Day” means a day, Monday through Friday, excluding FIC holidays. FIC will provide Client a listing of FIC holidays upon Client’s request, which holidays are subject to change by FIC from time to time.

“Commencement Date” means the date on which FIC first notifies Client in writing that the Service is Available for commercial use.

“Cooperation” means Client’s timely provision of assistance and access to necessary personnel and suitably configured Client systems; Client’s timely submission of complete and accurate data in an agreed-upon format; and Client’s timely furnishing of complete and accurate information and responses to FIC requests.

“Disaster Recovery Plan” means the steps FIC would take to restore the Service if a site catastrophe or other Force Majeure Event prevents FIC from delivering the Service.

“Errors” means verified, reproducible, material malfunctions of the Application or any related FIC-supplied software that prevent the Service from performing as described in the Service Agreement or the applicable user guide or other documentation.

“Force Majeure Event” means a cause or causes beyond FIC’s control. Without limiting the generality of the foregoing, such causes include natural disasters, fires, riots, strikes, blackouts, terrorism, wars or war operations, restraints of government, general failures of communications systems or the Internet, and other causes which could not, with reasonable diligence, have been controlled or prevented by FIC.

“Input File” means a file provided to FIC by Client or Client’s vendor that is to be loaded or processed by FIC as a part of the Service.

“Outside Factors” means (i) action or inaction of Client or a third party, (ii) a problem with Client’s equipment or environment and/or any third party equipment or environment, (iii) any delay in obtaining access to external databases or third-party services; or (iv) a Force Majeure Event.

“Point of Demarcation” means that point at which operational control or ownership of communications facilities changes from one organizational entity to another.

“Product Support Hours” are the hours during which FIC’s support teams will be available to provide, routine Support. See Attachment 2 for specific Product Support Hours applicable to the Service.

“Scheduled Downtime” means time designated by FIC in advance when the Service will be unavailable. Scheduled Downtime is normally used to allow FIC to properly maintain and/or update the Application or to maintain the performance of the Service. See Attachment 2 for Scheduled Downtime applicable to the Service.

“**Service**” means the service(s) provided by FIC to Client pursuant to the Service Agreement.

“**Service Term**” means the term of the Service specified in the Service Agreement, including any extensions or renewals thereof.

“**Standard Service Availability Hours**” means time when the Service can be expected to be Available. See Attachment 2 for specific Standard Service Availability Hours applicable to the Service.

FIC Confidential Information

“Support” means all work performed by FIC or its agents in connection with ensuring that the Service performs the functions described in the Service Agreement and the applicable user guide or other documentation.

“Transaction” means a mutually agreed upon transfer of data provided to FIC by Client or Client’s vendor that is to be loaded or processed by FIC as a part of the Service.

“Unscheduled Downtime” means any time during Standard Service Availability Hours when the Service is not Available, other than Scheduled Downtime and downtime caused by Outside Factors.

Note that this is a general list of definitions and that not all definitions will be used in any given SLA. Any definition not actually used is not to be considered a part of this SLA.

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**ATTACHMENT 2 TO
FAIR ISAAC SERVICE LEVEL AGREEMENT
SERVICE LEVEL STANDARDS FOR THE
FAIR ISAAC LIQUIDCREDIT® SERVICE: DECISION ENGINE FOR SMALL BUSINESS**

Client Name: **Federated Investors Insurance Company**
Service Agreement: LiquidCredit® Service: decision engine for Small Business Order Form

1. GENERAL

1.1 Access to the Service. FIC maintains access to the Service for Client's use when Client's interface to the Application follows the FIC required API.

1.2 Data Expectations. Service level objectives set forth in this SLA are based upon a normal volume of data that complies with FIC's operating expectations. Abnormal volume or incorrectly formatted data may impact system performance, and FIC will not be responsible for failure to meet agreed-upon service levels if such failure results from abnormally high volumes or incorrectly formatted data.

1.3 Standard Service Availability Hours; Scheduled Downtime.

(a) Standard Service Availability Hours are every continuous everyday, but does not include Scheduled Downtime. Every Sunday, between the hours of 2:30 a.m. and 6:30 a.m. Central Time is Scheduled Downtime reserved for Application maintenance, updating, and repair without further notice to Client.

(b) Scheduled Downtime may also be scheduled by FIC as reasonably necessary for Application maintenance, updating, or repair by giving Client at least eight (8) hours' advance notice, unless a shorter notice period is required under the circumstances. The notice must specify the date and start time of the Scheduled Downtime and the expected period during which the Application will not be Available. FIC shall use commercially reasonable efforts to minimize the effects of such Scheduled Downtime on Client's regular business operations.

1.4 Product Support Hours.

Support services will be provided from the United States. **"Product Support Hours"** are 6:00 a.m. to 5:00 p.m. Pacific Time, Monday through Friday, excluding holidays observed by FIC in the United States.

1.5 Connections; Third-Party Providers. FIC shall maintain connections to the Internet and to any business partners that are necessary to the Service. Client understands that FIC's access to third-party business partners is subject to the operating hours, network availability, and performance of each such business partner. Thus, Service Availability and problem response may be subject to the operating hours and performance of any applicable business partners.

If Client orders the optional SBSS Interface, then the following also applies:

1.6 Access to the SBSS Interface. FIC maintains access to the SBSS Interface for Client's use when Client's interface to the Application is operated on FIC-recommended hardware and software owned, licensed, and/or leased by Client.

1.7 Scheduled Downtime for the SBSS Interface.

(a) Every day Monday through Saturday, between the hours of 5:00 a.m. and 7:00 a.m. Eastern, and every Sunday between the hours of 5:00 a.m. and 9:00 a.m. Eastern, is Scheduled Downtime reserved for SBSS Interface maintenance, updating, and repair without further notice to Client.

(b) Scheduled Downtime may also be scheduled by FIC as reasonably necessary for SBSS Interface maintenance, updating, or repair by giving Client at least 24 hours' advance notice, unless a shorter notice period is required under the circumstances. The notice must specify the date and start time of the Scheduled Downtime and the expected period during which the SBSS Interface will not be Available. FIC shall use commercially reasonable efforts to minimize the effects of such Scheduled Downtime on Client's regular business operations.

FIC Confidential Information

1.8 “Client Helpdesk Hours” means time during a Business Day between the hours of 8:00 a.m. and 8:00 p.m. Eastern Time.

1.9 “Regular Business Hours” means time during a Business Day between the hours of 8:00 a.m. and 5:00 p.m. Eastern time.

2. DISASTER RECOVERY; BACKUP

2.1 Disaster Recovery. FIC shall implement the Disaster Recovery Plan in the event of a site catastrophe or other Force Majeure Event that prevents FIC from delivering the Service, and will use commercially reasonable efforts to have the Service restored to operation as soon as practicable.

2.2 Data Backup and Retention. FIC shall back up all File Data, Database Data, and Archive Data (as defined in Attachment 3) on a daily basis using a combination of full and incremental backup procedures. In addition, FIC shall archive database logs to permit recovery to a specific point in time if necessary. Backups will be executed automatically using a predefined schedule. Backup tapes will be rotated offsite on a periodic basis to ensure availability in the event of a site catastrophe. FIC will archive and retain such tapes using predefined schedules and policies as defined in Attachment 3.

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**ATTACHMENT 3 TO
FAIR ISAAC SERVICE LEVEL AGREEMENT
BACKUP/RETENTION POLICY
(Effective as of July 1, 2005)**

1. GOALS. Backups have two goals.

- 1.1. The first is to provide “last update” recovery in the event of a hardware failure.
- 1.2. The second is to recover to a specific point in time in the event of a software bug or user error.

2. RETENTION. Backups will be retained according to data type. Data will be categorized as follows:

- 2.1. “File Data” consists of collaborative data residing on a file server and file based data.
- 2.2. “Database Data” consists of all data required to restore a database to a specific state.
- 2.3. “Archive Data” consists of user data that is often created as part of a specific project.

3. SCHEDULES

3.1. File Data

File Data retention will allow for recovery to any point in time in a rolling 5-week window, as well is to the point in time that the monthly full backup was completed in a rolling one-year window.

Backup Type and Timing	Retention
Yearly Full	3 Years
Monthly Full	1 year
Weekly Full	5 weeks
Daily Incremental	5 weeks

3.2. Database Data

Database Data retention will allow for recovery to any point in time in a rolling 10-week window.

Backup Type and Timing	Retention
Monthly Full	10 weeks
Weekly Full	10 weeks
Daily incremental	10 weeks
Archived Transaction Logs	11 weeks*

* 11 week retention of archive logs will prevent full or incremental data and transaction logs from residing on the same tape cartridge, leading to better recoverability in the event of a tape failure.

3.3. Archive Data

Archive Data will be retained for 3 years, allowing for long-term potential for restoration of user data that can leverage work completed in the past and speed project time to market. These backups are ad-hoc. Client must submit a request whenever an archive is required.

Backup Type	Retention
Archive	3 years

Note: This policy is subject to change as needed to address regulatory requirements and changed business needs and circumstances.

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EXHIBIT 2
PRIVACY AND SECURITY EXHIBIT

In order to facilitate Client's ability to demonstrate compliance with privacy regulations and information security guidelines issued by the federal financial regulators pursuant to Title V of the Gramm-Leach-Bliley Act ("GLBA"), the following will apply to the LiquidCredit Agreement under which FIC maintains, processes or has access to information about Client's customers:

1. DEFINITIONS: The following terms, as used in this Exhibit with initial capital letters, in the singular or the plural, will have the meanings set forth below. Other terms may be defined in context within or shall have the meaning set forth in the Agreement or Order Form.

"Customer Information" means "nonpublic personal information" as such term is defined in the Privacy Requirements (as defined below) relating to an identified Customer, including, but not limited to: a Customer's name, address, telephone number, and social security number, **"Customer"** means any individual who applies to a financial services institution for and/or obtains from a financial services institution a consumer purpose financial product or service. "Customer Information" shall mean any "nonpublic personal information" about "customers" and "consumers," as those terms are defined in Title V of the Gramm-Leach-Bliley Act ("GLBA"); and the privacy regulations and information security guidelines issued by the federal financial regulators pursuant to Title V of GLBA.

"FIC" shall mean the party described above and each of its affiliates and subsidiaries who are now or hereafter may be providing any goods or services to Client. **"Affiliate" or "affiliate"** shall have the meaning of that defined term in the GLBA.

2. Disclosure of Customer Information. FIC hereby agrees that, except as may be reasonably necessary in the ordinary course of business to carry out the activities to be performed by FIC under the Agreement, in which case FIC will require the third party to safeguard the Customer Information with the same degree of care that FIC uses to safeguard its own confidential and proprietary information, or as may be required by law or legal process, it will not disclose any Customer Information to any third party other than affiliates of FIC or Client.

3. Use of Customer Information. FIC hereby agrees that it will not use any Customer Information other than to carry out the activities authorized and the purposes for which such Customer Information was disclosed by Client unless such other use is required by law or legal process.

4. Standard of Care. In order to ensure the security and confidentiality of all Customer Information, to protect against anticipated threats or hazards to the security or integrity of such Customer Information and to protect against unauthorized access to or use of such Customer Information, FIC shall use the same degree of care with Customer Information that FIC uses to safeguard its own confidential and proprietary information, but in no event less than a reasonable degree of care.

5. Safeguarding Customer Information. FIC shall maintain appropriate systems security, including commercially reasonable security policies and procedures that will protect Client's Customer Information and meet the objectives of the "Interagency Guidelines Establishing Standards For Safe-guarding Customer Information." FIC further agrees to provide Client, for purposes of its periodic review, a copy of FIC's "Statement of Auditing Standards No. 70 on Processing of Transactions by Service Organizations" ("SAS 70").

FIC Confidential Information

EXHIBIT 3
Statement of Work
For
SBSS Fundamentals Web-Based Training

1. Project Name

SBSS Fundamentals Web-Based Training

2. Description of Services

Upon receipt of Order Form signed by a Client authorized representative, FIC will schedule and deliver the following Services:

2.1. SBSS Fundamentals Web-Based Training

FIC will conduct a 3 day - 2 hours per day Group PlaceWare Training (2-3 users per PC) services as follows:

2.1.1. Training covers Model Development, Better Booking Strategies and Tracking and Validation. FIC experts will walk Client through the information Client needs to know to make better origination and underwriting decisions and monitor Client's portfolio performance. Training is designed for operations managers and their staff who use FIC's SBSS Model Suite. Training will also cover the differences between SBSS Model Suite versions.

2.2. Training Cancellation Notice. In order for Clients to receive the full benefit of group training, training sessions are subject to cancellation by Fair, Isaac when attendance is projected to fall below minimum attendance requirements. Fair, Isaac will provide cancellation notices no later than 2 weeks prior to the training start date. If possible, Fair, Isaac shall reschedule the training at a mutually convenient time. The minimum 2 week notice is provided to avoid travel-related cancellation fees. Training attendees will be responsible for any travel-cancellation fees incurred.

2.3. Scheduling. Schedules are subject to trainer availability. Training classes must be taken within 1 year from the date this Order Form is signed by the parties or they will expire.

2.4. Web-Based Training. Web-based training fees will not be refundable, but may be credited towards another training class or another designated person within 1 year from the date this Order Form is signed by the parties.

3. Fees

Fees:

<u>Service</u>	<u>Product #</u>	<u>Hours</u>	<u>Billing Basis</u>	<u>Total</u>
SBSS Fundamentals Training	065-TRWB-06	3 day - 2 hours per day	Fixed Fee	\$1000

Travel-related expenses are not included. If travel is necessary for the performance of the services Client agrees to pay all reasonable and actual travel-related fees and expenses and any other out-of-pocket expenses associated with the provision of services. Each unpaid invoice shall bear a late charge of 1.5% per month, or the maximum rate permitted by law, whichever is less.

Hosted Services Agreement

1. Introduction. This Hosted Services Agreement (“HSA”) is entered into as of May 15, 2004 (the “**Effective Date**”), between **Fair Isaac Corporation (“FIC”)**, and Federated Investors Insurance Company (“**Client**”). This HSA governs the rights and obligations of Client and FIC with respect to products and services ordered by Client from FIC under this **HSA**. Client may order products and services (“**Services**”) under this HSA pursuant to an Order Form that references and incorporates this HSA. This HSA and any Order Forms hereunder shall be referred to as the “**Agreement**.”

2. Invoices and Payment.

2.1 All fees and charges (other than travel and other out-of-pocket expenses) will be set forth in the applicable Order Form. Fees and charges stated in an Order Form as being due upon contract execution will be due and payable by Client 30 days after the Order Form is signed by both parties. All other fees, charges, and expenses invoiced under the Agreement will be due and payable by Client within 30 days of Client's receipt of an invoice. All amounts are payable in United States Dollars. Each unpaid invoice will be subject to a late charge of 1.5% per month, or the maximum rate permitted by law, whichever is less. In addition to all other remedies available at law or in equity, if any payment is not received by FIC within 30 days from the date it is due, FIC will have the right to terminate the pertinent product or service after giving Client written notice and 30 days to cure. Client agrees to reimburse FIC for all costs related to any proceedings to collect any past-due amounts, including without limitation all attorneys' fees and expenses. Except as otherwise provided, refunds are not available.

2.2 Taxes and Other Charges. Client will be solely responsible for, and shall pay or reimburse FIC for, all Taxes. “**Taxes**” means all present and future taxes, duties, import deposits, assessments, and other governmental charges (and any related penalties and interest not attributable to the fault or delay of FIC), however designated, that are now or hereafter imposed by or under any governmental authority or agency that are: (i) associated with the performance by FIC of its obligations under the Agreement; (ii) associated with the payment of any amount by Client to FIC pursuant to the Agreement; (iii) based on the license or use of any FIC Product or service; or (iv) associated with the importation of any FIC Product into or utilization of any FIC service within any country other than the United States, excepting only withholding, employment, and payroll taxes relating to FIC's employees and employees of any FIC subcontractors: personal property taxes on FIC property, FIC corporate franchise Taxes or Taxes imposed on FIC's net income by the United States and each state thereof (and their political subdivisions). FIC shall promptly remit to the appropriate tax authority all Taxes collected from Client on account of Client's tax obligations, if any, and FIC shall indemnify Client against any and all losses, costs, and expense (including reasonable attorneys' fees) which result from FIC's violation of its obligations under this section. If FIC receives a refund of any such Taxes attributable to amounts paid under the Agreement by Client, FIC shall pay such amount to Client within 30 days of receipt.

3. Confidential Information.

3.1 A party receiving Confidential Information under the Agreement is referred to as “**Recipient**,” and a party disclosing Confidential Information is referred to as “**Discloser**”. For the purposes of the Agreement, “**Confidential Information**” is described as follows and shall include any information which relate to: the financial and/or business operations of the Discloser, including, but not limited to, marketing and product plans, ideas, concepts, business plans, financial condition, employees, inventions, algorithms, model specifications, including but not limited to, model weights and attributes, decision technology and/or models, processes, designs, specifications, drawings, samples, improvements, developments, applications, engineering, manufacturing and marketing data and plans, software code (object and source), functionality, security procedures and approaches, know-how, customer names and information, experimental work, distribution arrangements and trade secrets, and/or ideas. Recipient may use Confidential Information of the Discloser only for the purposes of exercising its rights and fulfilling its obligation under the Agreement.

3.2 Limitations on Disclosure and Use. Recipient agrees to use the same degree of care, but no less than a reasonable degree of care, to protect against the unauthorized disclosure or use of Discloser's Confidential Information as it uses to protect its own Confidential Information. Recipient agrees to disclose Confidential Information only to its employees or independent contractors who have a need to know for the above

stated purpose, and who are bound by obligations of confidentiality no less restrictive than the terms of the Agreement. Recipient shall not remove any proprietary notices of Discloser from Discloser's Confidential Information.

3.3 Exclusion. Recipient shall have no obligation under the Agreement as to Confidential Information of Discloser which: (a) is known to Recipient at the time of disclosure; (b) is independently developed by Recipient without reference to or use of the Discloser's Confidential Information; (c) is obtained by Recipient without restriction on disclosure of use from another source without a breach of any obligation of confidentiality owed by such source to Discloser; or (d) is or becomes part of the public domain through no wrongful act of Recipient or any party that obtained the information from Recipient. If Recipient is served with any subpoena or other legal process or a court or governmental request or order requiring or purporting to require the disclosure of any of Discloser's Confidential Information, Recipient shall, unless prohibited by law, promptly notify Discloser of such fact and cooperate fully (at Discloser's expense) with the Discloser and its legal counsel in opposing, seeking a protective order, seeking to limit, or appealing any such legal process, request, or order to the extent deemed appropriate by the Discloser.

3.4 Injunctive Relief. The parties acknowledge that the remedies at law for breach of any covenant relating to the protection of Confidential Information may be inadequate, and each party shall be entitled to seek injunctive relief for any breach of the provision of the Agreement relating to the protection of its Confidential Information or intellectual property rights. Nothing contained in this Section shall be construed as limiting the parties' rights to any other remedies at law, including the recovery of damages for breach of the Agreement.

4. Ownership. FIC retains ownership of all materials developed or produced by FIC. For Services involving delivery of scores, Client agrees that the scores are the property of FIC and the Service grants only the authorization to access the scores under the terms set forth in this Agreement and the pertinent Order Form.

5. Termination or Expiration. A Order Form may be terminated by FIC after notifying the Client if: (i) the Client has failed to deliver any necessary data, information or specifications; or (ii) the Client is in breach of any other terms or conditions of this Agreement. Upon termination or expiration of the Agreement for any reason, all licenses granted shall terminate immediately and all support and maintenance obligations shall cease. Client shall immediately cease using all FIC product(s) and related documentation, shall remove all copies of the FIC product(s) and related documentation from Client's computers and systems, and shall either (i) destroy all copies of the FIC product(s), related documentation, and other confidential information in Client's possession; or (ii) return to FIC all copies of the FIC product(s), related documentation, and other FIC confidential information in Client's possession. Client shall provide to FIC a written certification signed by an authorized officer of Client certifying that Client has complied with the foregoing.

6.1 Warranties. Each party warrants that: (i) it is a corporation duly organized, validly existing, and in good standing under the laws of its state of incorporation or organization; (ii) it has the corporate power and authority to enter into the Agreement and perform all of its obligations hereunder and under any Order Form.

6.2 Warranty(ies) Set Forth in Order Forms. All warranties applicable to an FIC product or any service to be performed by FIC will be set forth in the applicable Order Form(s).

6.3 WARRANTY DISCLAIMER. FIC does not warrant that any FIC Product will (i) meet Client's requirements, (ii) operate in combination with hardware, software, systems or data not expressly specified in writing by FIC, (iii) meet any performance level, resource utilization, response time, or system overhead requirements, or (iv) operate uninterrupted, free of errors, or without delay. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN THIS HSA AND THE APPLICABLE ORDER FORM(S), FIC MAKES NO OTHER WARRANTIES, EITHER EXPRESS OR IMPLIED, AND HEREBY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING ANY WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTY ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE.

7. Limitation on Liability

7.1 LIMITATION ON TYPES OF DAMAGES. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL FIC BE LIABLE TO CLIENT FOR INDIRECT, SPECIAL, CONSEQUENTIAL (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS) OR

FIC Confidential Information

Page 1 of 2

PUNITIVE DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT, EVEN IF FIC HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR EVEN IF SUCH DAMAGES WERE REASONABLY FORESEEABLE.

7.1 LIMIT ON MAXIMUM LIABILITY. IN NO EVENT SHALL FIC'S LIABILITY UNDER THE AGREEMENT EXCEED THE AMOUNT PAID BY CLIENT (EXCLUDING IMPLEMENTATION FEES AND REIMBURSED EXPENSES) FOR THE APPLICABLE FIC PRODUCT OR SERVICE DURING THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THE CLAIM THAT GAVE RISE TO SUCH LIABILITY.

8. Separation of Responsibility. FIC is not responsible for delay or failure to perform due to causes beyond its reasonable control. FIC has no involvement in nor liability for any actions, delays, errors, misrepresentations, or failures to act on the part of any credit bureau, letter shop, list vendor, or other participant in any aspect of Client's business. It is specifically agreed that Client is solely responsible for the determination of all Client criteria and score cutoffs and the communication and Verification of application of such cutoffs to and by the credit bureaus and other third party vendors of Client. Client certifies that it is solely responsible for obtaining all data and information required by FIC under the Order Form and, as applicable, has a permissible Purpose as required by the Federal Credit Reporting Act for obtaining any required data. FIC does not guarantee the accuracy or completeness of the credit bureau records which are scored using FIC models.

9. Indemnification. Client shall assume, pay, indemnify, defend, hold harmless and reimburse FIC and its successors and assigns for any and all liabilities, damages, claims, suits, judgments, losses, costs, and expenses (including reasonable attorney's fees and court costs) directly or indirectly incurred by FIC in connection with any use of scores or other materials delivered hereunder.

10. Assignment. Neither this Agreement nor any rights or obligations hereunder shall be assigned or otherwise transferred by Client without the prior written consent of FIC. This Agreement will be binding upon and inure to the benefit of the parties' successors and assigns. Client agrees that FIC shall have the right to perform any or all of its obligations hereunder or as required by law through any affiliate.

11. Publicity. FIC will not publicize or advertise this Agreement in internal business communications that are distributed throughout the company, in its advertising and promotional materials, or in communications with governmental agencies that are not, in FIC's opinion, required by law, without Client's prior written consent.

12. Waiver. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or other provisions hereof. If any court of competent jurisdiction finds any part or provision of this Agreement to be invalid or unenforceable, such findings shall have no effect on any other part or provision of this Agreement.

13. Miscellaneous. This Agreement constitutes the entire contract and final written expression of the parties with respect to the subject matter herein. Each party to this Agreement acknowledges that no representations, inducements, promises or Agreements, oral or otherwise made by any party, which are not embodied herein, shall be valid or binding. The prevailing party in an action to enforce the terms of this Agreement will be entitled to attorneys' fees and costs. This Agreement may be modified only by writing signed by authorized representatives of both the parties and may not be unilaterally modified by terms in a purchase order. The parties hereto are independent contractors and do not and will not have an employer/ employee relationship. This Agreement is governed by the laws of the State of California, and the 1980 United Nations Convention on Contracts for the International Sale of Goods will not apply. In the case of any conflict between the provisions of this HSA and a given Order Form, with respect to the subject matter of the given Order Form, the provisions of the Order Form control.

14. Counterparts. This HSA and the Order Forms may be executed by the parties on separate counterparts or signature pages, which will be considered the same as if a single document had been executed. This HSA and the Order Forms will become a binding agreement when one or more of such counterparts or signature pages has been executed by each of the parties and delivered (including by facsimile transmission) to the other party. Each counterpart of this document containing the valid signatures (including those delivered by facsimile) of each of the parties will be deemed an original, and all such counterparts and signature pages, taken together, will be considered a single document.

15. Survival. The provisions of Sections 3 (Confidential Information), 4 (Ownership), 5 (Termination), 6.3 (Warranty Disclaimer), 7 (Limitation on Liability), 9 (Indemnification) and 13 (Miscellaneous), 15 (Survival) of this Agreement shall survive the termination or expiration of this Agreement.

IN WITNESS Whereof, FIC and Client have caused this Agreement to be signed in duplicate and delivered by their duly authorized representatives as of May 15, 2006 (“the Effective Date”)

**CLIENT: FEDERATED INVESTORS INSURANCE
COMPANY**

BY:



NAME: Thomas M. O'Leary

TITLE: VP Underwriting

DATE: 10 May 2006

FAIR ISAAC CORPORATION

BY:



NAME: Daniel S. Chelew

TITLE: Vice President Financial Planning &
Analysis

DATE: May 15, 2006

Fair Isaac Corporation
Version 1.5 (8-Sep-05)



FIC Confidential Information

Rector & Associates, Inc.

Insurance Regulatory Consulting

Columbus Office
Direct Dial: 614-224-6210
Email: nrector@rector.associates.com
www.rector.com

March 31, 2006

James E. Bowser
Executive Vice President & COO
Federated Investors Insurance Company
1585 Bethel Road
Suite 100
Columbus, OH 43220

Dear Jim:

Thank you for the opportunity to assist you with the feasibility study that Federated Investors Insurance Company (“FIIC”) proposes to prepare. Rector & Associates, Inc. (“R&A”) believes it is important to address certain matters, in writing, at the outset of this engagement:

Scope of Our Engagement. At this time, you have asked us and CAB Consulting Services, LTD. (“CAB”) to assist you with preparing a feasibility study for establishing two captive insurers to be domiciled in Washington, D.C. As our relationship develops, we anticipate that we will be providing you with additional consulting services on other matters from time to time as you request and as we agree.

Billing Terms. You have agreed to pay fees for our consulting services. As part of our engagement, you have provided us with a \$30,000 refundable retainer to be applied toward our fees and those of CAB. If amounts from the retainer remain following the completion of our work, then R&A will refund the remaining amount to FIIC. If R&A anticipates that its and CAB’s aggregate fees for its services, including expenses, will exceed \$30,000, R&A will inform FIIC and receive an additional retainer amount before R&A or CAB performs any additional services.

In most instances, our fees will be the applicable hourly rates of our consulting staff multiplied by the number of hours incurred, rounded up or down to the nearest five or twenty-five dollar increment. However, occasionally this amount might yield a fee that is inappropriate (either too high or too low) when compared to the work performed. In that event, R&A may decide to adjust the fee, as appropriate.

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(513) 861-1976
Fax (513) 861-1976

In addition to our fees, you have also agreed to pay expenses we incur on your behalf. These expenses may include, but are not limited to, the following examples: duplicating and binding of documents; telecopier, fax, and long distance telephone calls, messengers, couriers and postal services; and travel expenses, including, where appropriate, meals, transportation, lodging and other business expenses.

You have agreed to pay invoices we submit to you within thirty (30) days of receipt. All invoices remaining unpaid for more than (30) days are subject to an interest charge at the rate of ten percent (10%) per annum.

Conflicts. As you know, R&A performs consulting services for many other companies and individuals. It is possible that during the time that we are performing consulting services for you, some of our present or future clients may have disputes or transactions with you. You agree that we have continue to perform consulting services or may undertake in the future to perform consulting services for existing or new clients in any matter that is not substantially related to our work for you, even if the interests of such clients in those other matters are adverse to your interests.

Limitation of Liability. R&A will perform all services in accordance with applicable standards. The parties agree that R&A shall not be liable to FIIC or to any person affiliated with it in any way (collectively, the "Group"), whether in tort, contract or otherwise, for any damages in excess of three times the professional fees paid to R&A with respect to the type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the intentional fraud or willful misconduct of R&A.

No Legal Services, Advice or Opinions. I want to remind you that R&A provides consulting services only, so that we will not provide legal services in connection with this project or any future project.

Disputes. In the event of any dispute arising out of or relating to the engagement of R&A by FIIC, the parties agree that the dispute will be resolved by final and binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. The arbitrators shall have a background in either insurance, actuarial science or law. The arbitrators shall have the authority to permit limited discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the Federal Rules of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. The arbitrators may, in their discretion, award the cost of the arbitration, including reasonable attorney fees, to the prevailing party. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party's auditors and legal advisors.

Choice of Law. The construction, interpretation, and enforcement of this Agreement shall be governed by the substantive law of the state of Ohio without regard to its conflict of laws provisions. In the event any provision of this Agreement is unenforceable as a matter of law, the remaining provisions will stay in full force and effect.

Please indicate your acceptance of this Agreement by signing in the space provided below and returning a copy to me. Thank you for the opportunity to assist you with this project. We look forward to working with you.

Very truly yours,
/s/ Neil K. Rector
Neil K. Rector
President

AGREED AND ACCEPTED:

FEDERATED INVESTORS INSURANCE COMPANY

By: /s/James E. Bowser
Name: James E. Bowser
Title: COO/EVP
Date: May 31, 2006

CERTIFICATION

I, James W. France, certify that:

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

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary

2. 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;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material

3. respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this 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)) 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. 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
- c. 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.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial

5. reporting, to the registrant's auditors and the audit committee of 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.

/s/ James W. France

James W. France

President and Chief Executive Officer

(Principal Executive Officer)

June 21, 2006



CERTIFICATION

I, Wade L. Estep, certify that:

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

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary

2. 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;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material

3. respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this 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)) 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. 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
- c. 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.

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial

5. reporting, to the registrant's auditors and the audit committee of 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.

/s/ Wade L. Estep

Wade L. Estep

Chief Financial Officer

June 21, 2006

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the report of FIIC Holdings, Inc. (the "Company") on Form 10-QSB for the period ending March 31, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in the capacities and on the dates indicated below, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James W. France

James W. France
President and Chief Executive Officer
(Principal Executive Officer)
June __, 2006

/s/ Wade L. Estep

Wade L. Estep
Chief Financial Officer
June 21, 2006
