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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended September 30, 2009

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from _______ to _________

Commission File Number: 0-53270

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

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

(949) 250-9556 ext 112
Issuer's telephone number

18500 Von Karman, Suite 530, Irvine, CA 92612
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

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

The number of shares of the registrant’s common stock outstanding as of September 30, 2009 was 403,903,890 shares.

PREPAID CARD HOLDINGS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Interim Financial Statements

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
September 30, 2009

		September 30, 2009		December 31, 2008
ASSETS		**(UNAUDITED)**		
Current Assets				
Cash and cash equivalents	$	78,528	$	83,011
Receivables		198,839		79,472
Prepaid expenses		39,071		33,100
Total Current Assets		316,438		195,583
Property and Equipment, net		4,796		4,420
Other Assets				
Deposits		10,000		10,000
Total Assets	$	331,234	$	210,003
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current Liabilities				
Accounts payable and accrued expenses	$	316,288	$	272,099
Deferred liability		88,549		-
Interest payable - related party		12,933		2,768
Note payable - related party		307,944		197,269
Note payable		86,784		58,551
Total Current Liabilities		812,499		530,687
Long Term Liabilities				
Note payable - related party		341,779		466,960
Note payable		83,981		124,338
Total Long Term Liabilities		425,760		591,298
Total Liabilities		1,238,258		1,121,985
Commitments and Contingencies		-		-
Stockholders' Deficit				
Common stock - authorized 1,000,000,000 shares,				
$0.001 per share, 403,903,890 shares issued and outstanding		403,904		403,904
Additional paid in capital		2,057,597		2,057,597
Accumulated deficit		(3,368,525)		(3,373,483)
Total Stockholders' Deficit		(907,024)		(911,982)
Total Liabilities and Stockholders' Deficit	$	331,234	$	210,003

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Quarter ended September 30, 2009

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Revenues				
Card operations	$ 532,130	$ 259,808	$ 1,329,905	$ 387,531
Processing services	115,312	144,294	391,489	285,437
Total revenues	647,441	404,102	1,721,393	672,968
Cost of sales	325,708	157,626	661,433	335,189
Gross Profit	321,733	246,476	1,059,960	337,779
Operating Expenses				
Sales and marketing	10,761	144,798	122,795	1,148,681
Professional fees	24,250	238,234	178,690	785,878
Depreciation	243	343	729	1,029
General and administrative	319,179	293,221	722,757	998,748
Related party - rent expense	-	17,151	-	71,661
Derivative expense	-	98,438	-	98,438
Total operating expenses	354,432	792,185	1,024,970	3,104,435
Income (Loss) from Operations	(32,699)	(545,709)	34,990	(2,766,656)
Non-Operating Income (Expenses)				
Interest income	96	-	96	-
Interest expense	(5,136)	(1,489)	(13,618)	(11,491)
Interest expense - related party	(4,542)	(9,198)	(15,701)	(20,444)
Other	(17)	133	34	1,549
Total non- operating expenses	(9,600)	(10,554)	(29,189)	(30,386)
Income (Loss) Before Income Taxes	(42,299)	(556,263)	5,801	(2,797,042)

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Quarter ended September 30, 2009
(Cont'd)

Provision for income taxes	-	-	(843)	(865)
Net Income (Loss)	$ (42,299)	$ (556,263)	$ 4,958	$ (2,797,907)
Income (Loss) per common share - basic and diluted	$ (0.0003)	$ (0.0013)	$ 0.0000	$ (0.0058)
Weighted average shares outstanding during the period - basic and diluted	403,903,890	436,992,764	403,903,890	483,212,842

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Quarter Ended September 30, 2009

	Common Stock		Preferred Stock		Additional	Retained	
	Shares	**Amount**	**Shares**	**Amount**	**Paid in Capital**	**Earnings (Deficit)**	**Total**
Balance - January 1, 2009	403,903,890	$ 403,904	-	$ -	$ 2,057,597	$ (3,373,483)	$ (911,982)
Net income	-	-	-	-	-	4,958	4,958
Balance - September 30, 2009	403,903,890	$ 403,904	-	$ -	$ 2,057,597	$ (3,368,525)	$ (907,024)

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

PREPAID CARD HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Quarter Ended September 30, 2009

	FOR THE NINE MONTHS ENDED	
	September 30, 2009	September 30, 2008
	(Unaudited)	
Cash Flows From Operating Activities		
Net Income (Loss)	$ 4,958	$ (2,797,907)
Depreciation	729	1,029
Common stock issued	-	337,231
(Increase) decrease in current assets		
Accounts receivable	(119,367)	(46,438)
Due from affiliates	-	(125)
Prepaid expenses and deposits	(5,971)	(35,314)
Increase (Decrease) in current liabilities		
Accounts payable and accrued expenses	54,355	680,953
Deferred liability	88,549	-
Net Cash Provided By (Used In) Operating Activities	23,252	(1,860,571)
Cash Flows From Investing Activities		
Business combination and fixed assets	(1,105)	(734,067)
Net Cash Used in Investing Activities	(1,105)	(734,067)
Cash Flows From Financing Activities		
Cash proceeds from issuance of note payable	-	1,103,125
Cash payments on notes payable	(26,630)	(410,068)
Cash proceeds from issuance of common stock	-	1,425,000
Cash proceeds from collections of subscriptions receivable	-	114,163
Net Cash Used In Financing Activities	(26,630)	2,232,220
Net Increase (Decrease) in cash	(4,483)	(362,418)
Cash and Cash Equivalents - Beginning Balance	83,011	577,331
Cash and Cash Equivalents - Ending Balance	$ 78,528	$ 214,913

Supplemental Disclosures:

Interest Paid	$ 13,521	$ 31,395
Income Taxes Paid	$ 800	$ -

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

PREPAID CARD HOLDINGS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2009

Note 1 – Organization and Significant Accounting Policies

Organization and Line of Business

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

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

Basis of Presentation/Going Concern

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

Principles of Consolidation

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

Stock Based Compensation

SFAS No. 123, "Accounting for Stock-Based Compensation," establishes and encourages the use of the fair value based method of accounting for stock-based compensation arrangements under which compensation cost is determined using the fair value of stock-based compensation determined as of the date of grant and is recognized over the periods in which the related services are rendered. For stock based compensation, the Company recognizes an expense in accordance with SFAS No. 123 and values the equity securities based on the fair value of the security on the date of grant. For stock-based awards the value is based on the market value for the stock on the date of grant. Stock option awards are valued using the Black-Scholes option-pricing model.

The Company did not realize any professional services during the nine months ended September 30, 2009 and therefore, did not record any stock based compensation expense.

Use of Estimates

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

Fair Value of Financial Instruments

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

Cash and Cash Equivalents

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

Accounts Receivable

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

Allowance for doubtful debts amounted to $0 as of September 30, 2009 and December 31, 2008, respectively.

Property and Equipment

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

Concentration of Credit Risk

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

Impairment of Long-Lived Assets

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

Revenue Recognition

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

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

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

- Interchange
- Bill pay fees
- Domestic and International ATM transaction fees

- Debit purchase and PIN decline fees
- Monthly maintenance fees

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

Income Taxes

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

Earnings (Loss) Per Share

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

Recently Issued Accounting Pronouncements

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

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

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

Reclassifications

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

Note 2 – Related Party Transactions

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

The Company executed a promissory note with its President for a principal sum of $750,000 bearing interest at 5% per annum, due over 48 months starting July 1, 2008. On January 1, 2009, the interest rate was adjusted to 3.25% per annum. The principal amount outstanding on the promissory note was $664,229 at September 30, 2009. Accrued interest payable on the promissory note amounted to $12,933 at September 30, 2009.

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

The Company was obligated under a sub-lease arrangement with Berman Investment Group, a related party, for hardware and software usage for $1,800 per month. The sub-lease agreement expired in November 2008. No expenses were incurred for the sub-lease during the nine month period ended September 30, 2009.

The Company also sub-leased its rental space from Berman Investment Group until December 31, 2008, an entity owned by a related party, for approximately $3,500 per month. The Company recorded rent expense from related party amounting to $0 and $71,661 for the nine months ended September 30, 2009 and 2008, respectively.

Note 3 – Business Combination

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

Note 4 – Property and Equipment

Property and equipment consist of the following:

		September 30, 2009		December 31, 2008
		(Unaudited)		
Furniture and fixtures	$	6,808	$	8,648
Computer equipment		4,787		3,682
		11,594		12,330
Accumulated depreciation		(6,797)		(7,910)
Property and equipment, net	$	4,798	$	4,420

Depreciation expense for the nine months ended September 30, 2009 and 2008 was $729 and $1,029, respectively.

Note 5 – Notes Payable

Note Payable – Related Party

The Company is indebted to its President, a principal shareholder, for the purchase of the subsidiary. The principal balance of the promissory note bearing interest at 3.25% per annum, due at September 30, 2009 amounted to $649,723, and is payable over 41 monthly payments of $16,764 each. Accrued interest payable to the President amounted to $12,933 at September 30, 2009. The Company recorded interest expense related to the promissory note of $15,701 and $20,444 in the accompanying consolidated statements of operations for the nine months period ending September 30, 2009 and 2008, respectively. Effective January 1, 2009, the interest rate was reduced from 5% to 3.25%.

Notes Payable – Others

The Company is indebted to a third party vendor for the purchase of marketing services. The principal balance, bearing annual interest at 4%, outstanding at September 30, 2009 amounted to $144,110 payable in monthly payments of $5,400 over 28 months.

The Company is indebted to a third party vendor for the purchase of marketing services. The principal balance, bearing annual interest at 4%, outstanding at September 30, 2009 amounted to $26,655 payable in monthly payments of $4,493 over 6 months.

The Company recorded an interest expense of $13,618 and $11,491 in the accompanying statements of operations for the nine months ended September 30, 2009 and 2008, respectively.

Note 6 – Common Stock Transactions

There were no stock transactions during the nine months ended September 30, 2009.

Note 7 – Commitment and Contingencies

On July 2, 2009, the Company entered into a five (5) year marketing support agreement with a major Card Association ("Association") to offer their prepaid cards to the Company's customers in a preferred manner with no less than 70% of the company's cards issued bearing the Association's brand. In consideration for offering the prepaid cards in a preferred manner, the Association provided a non-returnable bonus and agreed to provide support up to a certain amount for certain expenses during the term of the agreement and subject to certain performance criteria. In addition, the Association agreed to provide financial incentives to the Company based on achieving future processing volumes. To the extent that the entire value of marketing support is not used during the term of the agreement, any unused marketing support will be forfeited and the Company shall refund to the Association such unused amount of marketing support. On August 27, 2009, the Company received $200,000 of which part was a bonus and recorded it as revenues in the accompanying financial statements for the three months ended September 30, 2009. During the three months ended September 30, 2009, the Company incurred expenses of $61,451 in support expense that was offset against the remaining amount received from the Association. The Company recorded in the accompanying financial statements at September 30, 2009 a deferred liability for the remaining unused support fund received from the Association.

In November 2009, the Company received an invoice from its Processor for $92,945.40 for service charges covering the period from January 1, 2008 to September 30, 2009. On February 11, 2010, the Processor sent a revised invoice for services for $121,828 with no details of the time period covered. The Company is disputing these charges. The Company has not recorded the additional expense of $28,882.60 for services in the accompanying financial statements for the period ended September 30, 2009. On February 17, 2010, the Company and the Processor agreed to mediate their dispute regarding those charges as well as other charges where the Company asserts it has been over billed by its processor. The mediation is scheduled for March 9, 2010. If the Company and the Processor cannot agree in the mediation, the parties will arbitrate the issue.

Note 8 –Subsequent Events

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

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

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

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

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

Forward Looking Statements: **Statements about our future expectations are "forward-looking statements" and are not guarantees of future performance. When used herein, the words "may," "will," "should," "anticipate," "believe," "appear," "intend," "plan," "expect," "estimate," "approximate," and similar expressions are intended to identify such forward-looking statements. These statements involve risks and uncertainties inherent in our business, including those set forth under the caption "Risk Factors," in this Disclosure Statement, and are subject to change at any time. Our actual results could differ materially from these forward-looking statements. We undertake no obligation to update publicly any forward-looking statement.**

This Management's Discussion and Analysis and Plan of Operation should be read in conjunction with the financial statements included in this Report (the "Financial Statements).

The financial statements have been prepared in accordance with generally accepted accounting policies in the United States ("GAAP"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in United States dollars.

Liquidity and Capital Resources

Our liquidity requirements arise principally from our working capital needs, including the cost of goods and marketing costs. Although in the future we intend to fund our liquidity requirements through a combination of cash on hand and revenues from operations, for the nine months ended September 30, 2009, the Company had realized only $4,958 in Net Income despite $1,721,393 in revenues.

Accordingly, our ability to initiate our plan of operations and continue as a going concern is currently dependent on our ability to build our customer base on organic internet traffic, revenue sharing opportunities, co branding, marketing partnerships and cost saving measures. Due to our stock being thinly traded and the current state of our balance sheet, including a lack of hard assets against which to borrow, we believe that it will be very difficult to obtain any form of debt financing with or without equity conversion terms. With the economic turmoil in the financial markets today we are concerned about the ability to raise any capital at all at terms that would be in the shareholders' best interest.

From November, 2007, through September, 2008, the Company raised approximately $2,164,237 in three private offerings, before costs. We are currently seeking additional sources of funding.

Results of Operations

Nine Months Ended September 30, 2009

Revenues

During the six months ended September 30, 2009, merchant processing services realized revenues of $391,489 and the Bank Freedom prepaid card operations realized revenues of $1,329,905 for a total of $1,721,393. This represents an increase of 156% or $1,048,425 from

$672,968 for the same period in the prior year. The increase is primarily the result of prepaid card operations beginning in the second quarter of 2008. Merchant processing revenues are generated in the form of commissions paid as a percentage of credit card volume for the retailers engaged, while the prepaid card business model earns revenues through interchange and service fees after issuance of the cards.

Cost of Sales

During the nine months ended September 30, 2009, we incurred $661,433 in costs directly attributed to our sales. This represents a total increase of 97% or $326,244 over $335,189 realized in the same period in the prior year. The increase is primarily the result of prepaid card operations beginning in the second quarter of 2008. Cost of Sales includes bank and Mastercard Association fees, merchant processing fees, and fulfillment costs.

Expenses

During the nine months ended September 30, 2009, we incurred $1,024,970 in operating expenses. This represents a decrease of 67% or $2,079,465 from $3,104,435 realized in the same period last year. Operating expenses consisted of the following:

	September 30, 2009	September 30, 2008
Operating Expenses		
Sales and marketing	122,795	1,148,681
Professional fees	178,690	785,878
Depreciation	729	1,029
General and administrative	722,757	998,748
Related party - rent expense	-	71,661
Derivative expense	-	98,438
Total operating expenses	1,024,970	3,104,435

Sales and Marketing – Consist of internet marketing to potential cardholders using various affiliate marketing channels and pay-per-click campaigns. This category also includes direct mail, radio commercial production, radio air time, and printing expense necessary to attract new cardholders. This represents a decrease of 89% or $1,025,886 from $1,148,681 realized in the same period last year. As a development stage company in the first quarter of 2008, and a company entering production in the second quarter of 2008, the company dedicated significant resources to its marketing effort.

Professional Fees – Consist of accounting, legal and other professional fees including the cost of the fair market value for the stock provided to investor representatives for investor referrals. This represents a decrease of 77% or $607,188 from $785,878 realized in the same period last year, as the company required more professional services during development stage and initial production this period last year.

Depreciation – Consists of the depreciation of furniture, fixtures, and computer equipment. This represents a 29% or $300 decrease from $1,029 realized in the same period in 2008.

General and Administrative – Consists of insurance, office supplies and expense, payroll expenses, investor referral fees and other miscellaneous expenses. This represents a 28% or $275,991 decrease from $998,748 realized in the same period in 2008. The reduction in 2009 is the result of the company significantly leaning out its operations.

Related Party Expense – Rent – Consists of office space rental. This represents a total decrease of $71,661 from $71,661 to $0 realized from the same period in 2008. In 2009, the company no longer rents its office space from a related party.

Derivative Expense – Consists of stock warrants which are valued using the Black-Scholes option-pricing model. This cost was not incurred during this period in 2009.

Three Months Ended September 30, 2009

Revenues

During the three months ended September 30, 2009, merchant processing services realized revenues of $115,312 and the Bank Freedom prepaid card realized revenues of $532,130 for a total of $647,441. This represents an increase of 60% or $243,339 from $404,102 for the same period last year. The increase is primarily the result of number of cardholders for prepaid card operations. For this period in 2008, the prepaid card operations had had only a few months of operations. Merchant processing revenues are generated in the form of commissions paid as a percentage of credit card volume for the retailers engaged, while the prepaid card business model earns revenues through interchange and service fees after issuance of the cards.

Cost of Sales

During the three months ended September 30, 2009, we incurred $325,708 in costs directly attributed to our sales. This represents a total increase of 107% or $168,082 over $157,626 realized in the same period last year. The increase is due to the operations of the prepaid card business had had only a few months of operations during this period in 2008. Cost of Sales includes, bank and Mastercard Association fees, merchant processing fees, and fulfillment costs.

Operating Expenses

During the three months ended September 30, 2009, we incurred $354,432 in operating expenses. This represents a decrease of 55% or $437,753 from $792,185 realized in the same period last year. Expenses consisted of the following:

	September 30, 2009	September 30, 2008
Operating Expenses		
Sales and marketing	10,761	144,798
Professional fees	24,250	238,234
Depreciation	243	343
General and administrative	319,179	293,221
Related party - rent expense	-	17,151
Derivative expense	-	98,438
Total operating expenses	354,432	792,185

Sales and Marketing – Consist of internet marketing to potential cardholders using various affiliate marketing channels and pay-per-click campaigns. This category also includes direct mail, radio commercial production, radio air time, and printing expense necessary to attract new cardholders. This represents a decrease of 93% or $134,037 from $144,798 realized in the same period last year. The company entered production in the second quarter of 2008, and continued to dedicate significant resources to its marketing effort in the third quarter of 2008.

Professional Fees – Consist of accounting, legal and other professional fees including the cost of the fair market value for the stock provided to investor representatives for investor referrals. This represents a decrease of 90% or $213,984 from $238,234 realized in the same period last year, as the company required more professional services as it moved from development stage to production during this period last year.

Depreciation – Consists of the depreciation of furniture, fixtures, and computer equipment. This represents a 29% or $100 decrease from $343 realized in the same period in 2008.

General and Administrative – Consists of insurance, office supplies and expense, payroll expenses, investor referral fees and other miscellaneous expenses. This represents a 9% or $25,958 increase from $293,221 realized in the same period in 2008. We do not view this as a significant change from the prior period.

Related Party Expense – Rent – Consists of office space rental. This represents a total decrease of $17,151 from $17,151 to $0 realized from the same period in 2008. In 2009, the company no longer rents its office space from a related party.

Derivative Expense – Consists of stock warrants which are valued using the Black-Scholes option-pricing model. This cost was not incurred during this period in 2009.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

None.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, including our Chief Executive and Principal Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e)) as of September 30, 2009. Our disclosure controls and procedures are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Act (15 U.S.C. 78a et seq.) is recorded, processed, summarized, and reported, within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive and Principal Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2009.

This quarterly report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of the company's registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Change in Internal Controls

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

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

None

Item 3. Defaults Upon Senior Securities

None.

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

None

Item 5. Changes in Registrant's Certifying Accountant

None.

Item 6. Exhibits

10.1 Prepaid Card Agreement between the Company and MasterCard International, Incorporated dated July 2, 2009. Portions of this Exhibit have been omitted pursuant to an application for confidential treatment; the omitted information has been filed separately with the SEC.

10.2 Purchase Agreement between Merchant Processing International, Inc. and Solveras, Inc. dated October 30, 2009.

10.3 Residual Purchase Agreement between Merchant Processing International, inc. and Valico Inc. dated February 5, 2010.

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

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

SIGNATURES

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

Dated: March 4, 2010

PREPAID CARD HOLDINGS, INC.
(the registrant)

By: \s\ Bruce Berman
Bruce Berman
Chief Executive Officer

Exhibit 31.1

CERTIFICATIONS

I, Bruce Berman, certify that:

1. I have reviewed this Report on Form 10-Q of Prepaid Card Holdings, Inc. (the "Company") for the period ending September 30, 2009;

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

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

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

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

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

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

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

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company'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 Company'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 Company's internal control over financial reporting.

Date: March 4, 2009

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

Exhibit 32.1

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

In connection with the Report of Prepaid Card Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bruce Berman, Chief Executive Officer and Chairman of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: March 4, 2009

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