

Capital Financial Holdings, Inc  
Form 8-K  
March 02, 2011

**UNITED STATES OF AMERICA**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 25, 2011

**CAPITAL FINANCIAL HOLDINGS, Inc.**

(Exact name of registrant as specified in its charter)

North Dakota

0-25958

45-0404061

(State or other jurisdiction of incorporation)

(Commission File  
Number)

(IRS Employer  
Identification No.)

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1 Main Street North, Minot, North Dakota

58703

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (701) 837-9600

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.06—Material Impairments**

The Company tests goodwill for impairment annually during the second quarter of each fiscal year. If an event occurs or circumstances change that would more likely than not reduce fair value of a reporting unit below its carrying value, goodwill is evaluated for impairment between annual tests. As a result of ongoing volatility in the financial industry and a reduction in the calculated fair market value of its wholly owned subsidiary Capital Financial Services, Inc., the Company performed an interim goodwill impairment test for the quarter ended December 31, 2010. On February 25, 2011, the Company determined that it will incur a goodwill impairment charge for the fourth quarter of the fiscal year ended December 31, 2010 of \$753,518 in the Broker-Dealer segment. This charge resulted from an interim test for impairment under the FASB accounting and reporting standards for goodwill and other intangible assets, prompted by the ongoing volatility in the financial industry and an opinion of fair market value provided by a third party. The Company will not be required to make any current or future cash expenditures as a result of the impairment. The impairment charge will be reflected in the Company's financial statements as of and for the fourth quarter and fiscal year ended December 31, 2010.

**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 hereunto duly authorized.

CAPITAL FINANCIAL HOLDINGS, Inc.

By: /s/ Jacqueline L. Case

Jacqueline L. Case

Interim President & Executive Officer

Dated: March 2, 2011