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ACACIA AUTOMOTIVE INC
Form 10KSB
April 02, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

(Mark One)

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

For the fiscal year ended December 31, 2006 or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

For the transition period from _____ to _____

Commission file number: 1-14088

Acacia Automotive, Inc.

(Exact name of registrant as specified in its charter)

Texas

75-2095676

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1515 East Silver Springs Blvd. - Suite 118.4, Ocala FL

34470

(Address of principal executive offices)

(Zip Code)

Issuer's telephone number: (352) 351-4333

Gibbs Construction, Inc.

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

Securities registered under Section 12(b) of the Exchange Act:

Title of each class

Name of each exchange on which registered

Securities registered under Section 12(g) of the Exchange Act;

Common Stock

(Title of Class)

Indicate by check and mark whether registrant (1) has 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

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Indicate by check mark if there is no disclosure of delinquent filers in pursuant to Item 405 of Regulation S-K is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of Form 10-K or any amendment to this Form 10-K. Yes [] No [X]

State issuer's revenues for its most recent fiscal year. \$0

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked price, as of a specified date within 60 days prior to the date of filing \$1,255,022 As of March 26, 2007.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 10,435,023

Item 1. Description of Business

Background

Acacia Automotive, Inc. was originally formed in 1984 and, when named Gibbs Construction, Inc. grew to a full service, national commercial construction company, completing an initial public offering of its Common Stock to the public in January, 1996. In April, 2000, Gibbs Construction, Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code following the filing for similar protection of the Company's largest client and which followed the incursion of significant losses on several projects.

Prior to filing for protection under the United States Bankruptcy Code in April 2000, Gibbs Construction, Inc. had 4,060,000 shares of Common Stock issued and outstanding. The bankruptcy reorganization proceeding placed the existing assets of Gibbs Construction, Inc. in a liquidating trust, issued 501,000 shares of Common Stock to the trust, and agreed to issue 1,000,000 shares of preferred stock to a creditor. Thacker Asset Management, LLC ("TAM") agreed to sell to the Company certain existing contracts, furniture, fixtures and equipment in exchange for 4,000,000 shares of Common Stock. Following these transactions, there were 8,561,000 shares of the Company's Common Stock issued and outstanding.

TAM's operations were not successful, and all operating activities ceased in 2002. On June 26, 2006, the bankruptcy trustee requested and received an Order for Final Decree. The 501,000 shares of common stock issued to the Trust were abandoned and returned to the Company on October 5, 2006 and cancelled leaving 8,060,000 shares issued and outstanding.

Post Bankruptcy Restructuring

On August 15, 2006, Steven L. Sample acquired for \$50,000, 4,000,000 shares, or 46.7%, of the 8,561,000 issued and outstanding shares of Common Stock of the registrant from TAM and its associates. In addition Mr. Sample paid costs totaling \$138,862, such costs including the costs associated with completing the bankruptcy proceedings and costs such as arranging for the Company's SEC filings to be brought current, and the registrant agreed to effect a one for eight reverse stock split, to issue to Mr. Sample an additional 8,117,500 shares of Common Stock and 500,000 shares of preferred stock. For the assistance of a principal of the entity owning Thacker Asset Management, LLC, Baker #1, Ltd., the registrant agreed to issue to that principal 25,000 shares of preferred

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stock and 450,000 shares of Common Stock.

To fulfill its obligations under this agreement and further restructure the Company, the registrant's board of directors recommended that its stockholders amend the corporate charter to effect a one for eight reverse stock split, to increase the number of authorized shares of Common Stock to 150,000,000 and agreed to create and establish a series of preferred stock. The distinguishing feature of the preferred stock is that each share has 50 votes, but if Mr. Sample or the other recipient transfers the shares to any other entity other than for estate planning purposes, the shares automatically convert on a share for share basis to Common Stock and, in any event, automatically convert to Common Stock upon the death of either recipient. Mr. Sample will hold the right to vote all such shares to be issued for a period of nine years. Further, the creditor that received the commitment for 1,000,000 shares of preferred stock agreed, upon implementation of the above amendments, to receive in lieu thereof 100,000 shares of post-split common stock.

On February 1, 2007, the Company's shareholders approved these actions, including changing the Company's name to Acacia Automotive, Inc. and the amendment to the Company's charter was effective February 20, 2007.

Immediately following the approval of these amendments, the Company adopted a stock option plan, which is anticipated to be submitted to the Company's stockholders in fiscal 2007 for ratification, reserving 1,000,000 shares thereunder. The directors then granted pursuant to the plan 500,000 restricted shares to Mr. Moorby, the Company's president and options to two officers of the Company for another 15,000 shares. With these grants, the exercise of warrants to purchase 250,000 shares of Common Stock and the payment of 10,000 shares of Common Stock to a consultant, there were 10,435,023 shares of Common Stock issued and outstanding on March 26, 2007.

Contemplated Business

The Company's prime objective is to acquire going and functioning profitable automotive auctions with a trailing record of financial success, focusing on whole vehicle automobiles and light trucks. Whole vehicle refers to vehicles that are generally in good repair, are roadworthy and operate under their own power as opposed to salvage units, that is, damaged vehicles that are considered total losses for insurance or business purposes. In addition, the Company believes that if the acquired auction or auctions do not service the boat, recreational or motor home segments or the medium and heavy duty truck and equipment segments, it will seek to add one or more of those services to the auction's activities, assuming the local market will support such additional services.

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The Company anticipates that its first acquisition of an automobile auction will constitute the basis services rendered by the Company. The Company will have to raise cash to acquire existing automobile auctions, probably through the sale of Common Stock.

Industry

Automotive auctions are the hub of a massive redistribution system for used vehicles and equipment. These auctions enable commercial and institutional customers and selling dealers to easily dispose of their used vehicles to franchised, independent, and wholesale used vehicle and equipment dealers. The auction's responsibility is to maximize the selling price obtained for clients' used vehicles and equipment, efficiently transfer the physical and administrative ownership of the units (including the preparation and transfer of

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certificates of title and other evidence of ownership), and transfer funds resulting from the buy/sell transactions as quickly as possible from the buyers to the sellers. The auction promotes its services to a large number of dealers seeking to restock their inventories for resale opportunities. Auctions are traditionally held weekly, if not more frequently, at the various locations to accommodate the needs of buyers and sellers in diverse segments of the industry. During the process, auctions do not generally take title to or ownership of the vehicles consigned for sale, but instead facilitate the transfer of vehicle ownership directly from seller to buyer, and in so doing they generate fees from the buyer and from the seller. In addition to these "buy/sell" fees, the auctions can generate substantial revenues by providing other services to clients, including: vehicle appearance reconditioning (detailing) services; paint and body repair; paintless dent repair (PDR); glass repair and replacement; key replacement; upholstery repair; minor mechanical repair; title services; sales of tires, batteries and accessories (TBA); marshaling (controlled storage) and inspection services, inbound and outbound transportation and delivery services, and more. In most instances, customers may also purchase each of these value-added services separately and directly from the auction in addition to having these services performed to units enrolled in the normal vehicle auction process.

The total number of vehicles offered for sale, and the total number of vehicles sold allow for determination of the total and per unit costs incurred and fees generated by the process. An important measure to the results of the used vehicle auction process is the conversion percentage, which represents the number of vehicles sold as a percentage of the vehicles offered for sale. In general, a high sales volume and conversion percentage efficiency at an auction converts to increased fees, lower costs, and greater profit opportunities. Auto auctions can also provide additional services to their clients, often including: (1) in-house services such as processing, advertising and marketing of the vehicles to be offered for sale; registration of new dealers and clients; processing of sale proceeds and other funds; handling arbitration disputes from the auction sale/purchase process; preparation of and transmittal of vehicle condition reports; security services for client inventories; creation and distribution of sales and marketing reports; as well as the actual sale of vehicles by licensed auctioneers; (2) internet-based solutions, including on-line bulletin board auctions and on-line live auctions that are simulcast in real-time in cooperation with the actual physical auctions; and, (3) title processing and other paperwork administration and ancillary services.

Competition

The Company anticipates competing principally by service. Management of the Company believes that service is one keystone upon which auto auctions are routinely measured, and has identified and made the practical execution of a high level of service to its clients an integral part of its business and operating plans.

The industry served by the Company is highly competitive across the entire United States and Canada. It is anticipated that any of our acquisition targets would potentially compete with a variety of knowledgeable and experienced companies. The Company will attempt to commence its operations with an acquisition in Florida, but there is no assurance it will be able to do so. The main competitors in Florida and the rest of the United States are: (1) Manheim Auto Auctions: Manheim, a privately-held subsidiary of Cox Enterprises, has some eleven auctions in Florida and approximately 86 auto auctions throughout the country. Manheim owns several of the country's largest auction facilities, and management considers them to be very competitive and the leader in technological processes and Internet marketing capabilities. (2) ADESA Auto Auctions: ADESA (NYSE:KAR) is the second-largest auto auction company in North America with approximately 54 auctions. They operate some 40 auctions in the United States and 14 in Canada. The Company's Management believes that ADESA's technological

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processes and Internet marketing capabilities, while lagging those of Manheim, are nonetheless formidable. ADESA operates four whole-car auctions in Florida, but management does not believe that ADESA has a strong presence compared to its competition in that state. (3) Auction Broadcasting Company (ABC): ABC owns and operates approximately seven auctions nationally with one in the state of Florida. While not nearly so large in their technological processes and Internet marketing capabilities as Manheim or ADESA, ABC has worked to develop a diverse model from its competitors. It has developed studios in which buyers may bid on vehicles from a comfortable setting in a lounge-type environment. Management does not believe that ABC will gain a substantially greater position in the traditional auction arena marketplace, and in fact may be reducing the size of its brick and mortar operations in favor of moving deeper into the Internet and technology side of the business. (4) independent auto auctions: There are at least ten independent auto auctions operating in Florida, and it is believed that there are many more. While some independent auctions are highly competitive and aggressive, most are not considered to be serious contenders. (5) "mobile" auctions: There are several companies that operate "mobile" auctions. Their

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plans primarily entail engaging larger dealerships to host periodically "on-site" auctions that utilize these companies' auctioneering and administrative services. Management does not believe these smaller independent mobile auctions are a substantial threat to our operations and will not likely become so under their present business models.

All our competitors will be seeking the same or similar clients to those targeted by our planned operations in every state in which we may seek to operate, many of which presently have significantly greater financial, technical, marketing and other resources than our Company. Our Company expects that it will face additional competition from existing competitors and new market entrants in the future. The principal competitive factors in our markets will emanate from the larger national companies and will include: (i) brand name recognition of competitors; (ii) larger, more modern, and better-equipped facilities; (iii) superior Internet system engineering and technological expertise; (iv) more extensive staffs of experienced management and support personnel; (v) broader geographic presence; (vi) greater financial resources; (vii) introductions of new and enhanced services and products; and, (viii) greater variety of services offered. We will have no control over how successful our competitors are in addressing these factors. Increased competition can result in price reductions, reduced gross margins and loss of market share, any of which could harm our net revenue and results of operations. The Company will rely upon its ability to offer the same or similar services as the competition, but with a higher level of service and customer satisfaction.

The prices to be charged by any auction the Company may acquire will generally be reflective of the competitive pricing in its local marketplace. Some of these local markets may face competitive pressures from national automobile auction chains such as ADESA and Manheim which have size, financial and market strengths the Company lacks.

Employees

The company currently has two employees, Steven L. Sample, its Chief Executive Officer, and Tony Moorby, its President and Chief Operating Officer. If the Company is successful in raising the capital required to implement its plan, and subsequently is successful in making one or more acquisitions of operating auto auctions, it will acquire the employees of any acquisition. A given automobile auction will employ both full and part-time personnel and the number of employees may vary from as few as 10 to as many as 200. The

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approximate size of our target auctions may more likely lie within the range of 40 to 100 employees.

The parent company, upon any successful course of acquiring auctions, would need to expand its staff to implement the controls necessary to manage a larger organization. This would likely result in the need for a Chief Financial Officer, as well other officers and managers and basic support personnel. The Company will undertake to operate with the smallest corporate management staff possible so as to maintain the lowest overhead possible while still effecting sufficient management processes to properly guide the company.

Item 2. Description of Property.

The Company currently leases its principal offices on a one year lease, renewable, which expires on May 31, 2007, for a monthly lease payment of \$468.61. Upon success of the Company's efforts to raise capital, the Company plans to move its principal office to the Nashville, Tennessee area; and to acquire an auto auction or auctions and to otherwise implement its business plans, it anticipates that additional office space could be required. It may also find it necessary to move and/or enlarge its leased office space as a result of any acquisition and its location.

Item 3. Legal Proceedings

On June 26, 2006, approximately six years after filing, the United States Bankruptcy Court for the Northern District of Texas, Dallas Division closed the Gibbs construction, Inc. bankruptcy proceeding case following an application for Final Decree.

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

On February 1, 2007, the Company held a special meeting of stockholders for which proxies had been solicited by the Company. At the meeting the Company requested the stockholders approve amendments to the Company's charter to effect a one for eight reverse stock split, increase the number of authorized shares to 150,000,000, authorize the issuance of 2,000,000 shares of preferred stock, and change the name of the Company to Acacia Automotive, Inc. Each of the matters was approved as follows:

1. PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A ONE FOR EIGHT REVERSE STOCK SPLIT;

FOR	AGAINST	ABSTAIN
5,582,482	31,200	7,000

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2. PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES TO 150,000,000, CHANGING THE PAR VALUE FROM \$0.01 PER SHARE TO \$0.001 PER SHARE;

FOR	AGAINST	ABSTAIN
5,581,250	32,235	7,197

3. PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO AUTHORIZE 2,000,000 SHARES OF PREFERRED STOCK, GRANTING THE DIRECTORS THE POWER TO ESTABLISH THE RIGHTS, POWERS, AND PRIVILEGES OF A SERIES OF PREFERRED STOCK.

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FOR	AGAINST	ABSTAIN
5,581,250	32,432	7,000

4. PROPOSAL TO AMEND THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO CHANGE THE NAME OF THE CORPORATION TO ACACIA AUTOMOTIVE, INC.

FOR	AGAINST	ABSTAIN
5,582,432	3,000	30,200

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

There has been sporadic trading in our stock for the last two fiscal years in the pink sheets. We are presently traded in the pink sheets under the symbol ACCA. The following table sets forth information as reported by the National Association of Securities Dealers Composite Feed or Other Qualified Interdealer Quotation Medium for the high and low bid and ask prices for each of the eight quarters ending December 31, 2006, and does not give effect to the one for eight reverse stock split.

Quarters ending in 2005	Closing Bid		Closing Bid
	High	Low	
March 31	\$0.011	\$0.005	\$0.015
June 30	0.005	0.005	0.015
September 30	0.005	0.005	0.015
December 31	0.005	0.005	0.015
Quarters ending in 2006			
March 31	0.005	0.005	0.01
June 30	0.005	0.005	0.01
September 30	0.02	0.005	0.05
December 31	0.02	0.015	0.05

As of March 26, 2007, the Company had approximately 75 stockholders of record.

Holders of common stock are entitled to receive dividends as may be declared by our board of directors and, in the event of liquidation, to share pro rata in any distribution of assets after payment of liabilities. The board of directors has sole discretion to determine: (i) whether to declare a dividend; (ii) the dividend rate, if any, on the shares of any class of series of our capital stock, and if so, from which date or dates; and (iii) the relative rights of priority of payment of dividends, if any, between the various classes and series of our capital stock. We have not paid any dividends and do not have any current plans to pay any dividends.

At its meeting of directors on February 1, 2007, the Company's board of directors approved its 2007 Stock Option Plan which is planned to be submitted to the Company's stockholders during the 2007 fiscal year and reserved 1,000,000 shares to be issued thereunder. At that meeting, the directors granted restricted stock to two individuals and options to two individuals, summarized as follows:

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SUMMARY OF EQUITY COMPENSATION PLANS

Plan Description	Number of Securities to be Issued Upon Exercise of Outstanding Options and Warrants	Weighted Average Exercise Price of Outstanding Options and Warrants
Warrants not approved by stockholders Grants Under Compensation Plans Not Approved by shareholders	250,000	\$0.01
Totals	775,000	\$0.01

On February 21, 2007 the Company's Board of Directors adopted the 2007 Stock Incentive Plan for the grant to employees, officers, directors and consultants to the Company, parent or subsidiary of the Company of up to 1,000,000 shares of the Company's Common Stock, subject to adjustment in the event of any subdivision, combination or reclassification of shares. Beginning with calendar year 2007, the number of shares authorized under the plan shall automatically increase by an amount equal to 4% of the total number of shares of Common Stock outstanding on the last trading day of December of the immediately preceding calendar year. However, in no event shall any such annual increase exceed 400,000 shares.

There are five programs under the 2007 Stock Incentive Plan under which (i) eligible persons may be granted options to purchase Common Stock for incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and employees and others may be granted non-qualified options; (ii) eligible employees may have a portion of their base salary invested in special option grants; (iii) eligible persons may be issued shares of Common Stock directly, either through immediate purchase of shares or as a bonus; (iv) non-employee directors shall receive option grants upon adoption of the plan or upon becoming a director and at designated intervals over the period of continued board service; and (v) non-employee board members may have their annual retainer fee otherwise payable in cash applied to a special option grant.

The Discretionary Option Grant Program provides for the grant of incentive stock options to employees within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. Employees, non employee members of the Board of Directors, Consultants and other independent advisors who provide services to the Company may also participate in the Discretionary Option Grant Program although such grants would not be incentive stock options. The exercise price of any option will not be less than the fair market value of the shares at the time the option is granted. The options granted are exercisable at the times or upon the events determined by the Plan Administrator set forth in the grant, but no option is exercisable more than ten years from the date of the grant. The options are non-transferable except by will or by laws of descent and distribution. Upon merger or consolidation of the Company or the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or distribution of the Company, options granted under the Discretionary Option Grant Program become fully exercisable.

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The Salary Investment Options Grant Program provides for the grant of an option to certain executives in which the executive agrees to reduce his or her salary by an amount not less than \$10,000 nor more than \$50,000. The option is for a number of shares determined by dividing 150% of the amount of the reduced salary by the fair market value per share of Common Stock on the date of the option grant. The exercise price is one-third of the fair market value per share of Common Stock on the date of the grant. The options are non-transferable except by will or by laws of descent and distribution. Upon merger or consolidation of the Company or the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or distribution of the Company, options granted under the Salary Investment Options Grant Program become fully exercisable.

Pursuant to the Stock Issuance Program, the Plan Administrator may grant the issuance of stock directly to certain executives of the Company, non-employee members of the Board of Directors and consultants and other independent advisors that provide services to the Company. The Plan Administrator has the discretion to determine whether grants may vest in one or more installments or upon attainment of specific performance objectives except to the extent that the Company assigns to a successor corporation or is otherwise imposed. Upon merger or consolidation of the Company or the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or distribution of the Company, options granted under the Stock Issuance Program become fully exercisable.

The Automatic Option Grant Program provides that each non-employee director on February 1, 2007, or upon a director's initial appointment as a director subsequent to February 1, 2007, shall receive an option for 10,000 shares at a price equal to the fair market value on February 1, 2007, deemed by the board of directors to be equal to \$0.01 per share on that date, or, if appointed subsequent to February 1, 2007, the date of the director's initial appointment to serve as a director. The term of such option is ten years, provided, however that an option holder must exercise any option within 12 months upon ceasing to be a director. Although all of the shares may be purchased upon the date of the grant, the Company may repurchase such shares. However, the Company's right to repurchase the shares ceases with respect to 1,666 shares every six months following the date of the original grant of the option. Furthermore, provided one has been a director for two months prior to the Annual Meeting of Shareholders, a non-employee director automatically receives an option for 15,000 shares of stock with an exercise price equal to the closing price of the Company's Common Stock on the date of the annual Meeting of Shareholders. Such shares automatically vest subject to the Company's right to repurchase the shares. This right of repurchase ceases six months after

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the annual Meeting of Stockholders with respect to 7,500 shares and ceases twelve months after the Annual Meeting of Stockholders with respect to all of such 15,000 shares. Upon merger or consolidation of the Company or the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or distribution of the Company, options granted under the Automatic Option Grant Program become fully exercisable and any right of the Company or successor to repurchase ceases.

The Director Fee Option Grant Program is similar to the Salary Investment Option Grant Program in that non-employee directors may elect to have all or a portion of the annual retainer fee that is otherwise payable in cash. The option is for a number of shares determined by dividing 150% of the amount of the reduced fee by fair market value per share of Common Stock on the date of the option grant. The exercise price shall be one-third of the fair market value

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per share of Common Stock on the date of the grant. Upon merger or consolidation of the Company or the sale, transfer or other disposition of all or substantially all of the Company's assets in complete liquidation or distribution of the Company, options granted under the Discretionary Option Grant Program become fully exercisable.

Item 6. Management's Discussion and Analysis or Plan of Operations.

For each of the fiscal years ended December 31, 2003, 2004, and 2005, the Company had no operations, income, expenses, assets or liabilities or other activity. With the funding by Mr. Sample of the costs of completing the Company's bankruptcy proceeding, which was completed in June 2006, Mr. Sample commenced a plan to revive the Company by acquiring automobile auctions. This plan required the funding by Mr. Sample of certain Company debts which, although discharged in the bankruptcy proceeding, required payment to commence operating as a public entity. Further, the revival of the Company as a public entity required substantial expenditures for legal and accounting fees, among other costs.

For the fiscal year ended December 31, 2006, the Company incurred a loss of \$944,489 of which \$497,794 was the cost expensed for warrants granted by the Company to a third party and \$215,570 reflects accrued salaries for two officers of the Company. The Company incurred another \$197,341 General and Administrative Expenses of which Mr. Sample personally paid \$138,862, for which he was issued, in 2007, stock.

The implementation of Mr. Sample's plan required the reorganizing of the Company's capital structure, and a plan was approved by the Company's stockholders on February 1, 2007. Simultaneously, it required the raising of additional capital, a process which is anticipated to be completed in the first six months of 2007. With the additional capital, the Company will attempt to acquire automobile auctions. The plan for an acquired auction or auctions will depend upon the auction or auctions acquired. The Company did not hold any discussions with any potential auction to be acquired until the Company completed the reorganizing of its capital structure. See Item 1. - Description of Business.

Without a successful raising of additional capital of at least \$1,000,000, the Company will not be able to commence operations.

Item 7. Financial Statements and Supplementary Data.

The response to this item is submitted as a separate section of this Form 10-K. See "Item 13. Exhibits, Financial Statements and Reports on Form 8-K."

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None

ITEM 8A. CONTROLS AND PROCEDURES.

Annual Evaluation of Our Disclosure Controls and Internal Controls

Within the 90 days prior to the date of this Annual Report on Form 10-KSB, management evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures and the internal controls and procedures for financial reporting. This controls evaluation was done under the supervision and with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), both offices being performed by Steven L. Sample. Following are the conclusions of Mr. Sample, acting as the Company's CEO and the

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CFO, with respect to the effectiveness of our disclosure controls and internal controls as of March 15, 2007.

CEO and CFO Certifications

Appearing immediately following the Signatures section of this Annual Report on Form 10-KSB there are certifications of the CEO and the CFO. The certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This section of the Annual Report is the information concerning the controls evaluation referred to in the Section 302 certifications and this information should be read in conjunction with the Section 302 certifications for a more complete understanding of the topics presented.

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Disclosure Controls and Internal Controls

Disclosure controls are procedures that are designed with the objective of ensuring that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, or the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls are also designed with the objective of ensuring that such information is accumulated and communicated to management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that the Company's transactions are properly authorized, its assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported, all to permit the preparation of the Company's financial statements in conformity with generally accepted accounting principles.

Scope of the Controls Evaluation

The evaluation of our disclosure controls and our internal controls by our CEO and our CFO included a review of all previously existing controls as well as those recently implemented by the Company and the effect of the controls on the information generated for use in this Annual Report on Form 10-KSB. In the course of the controls evaluation, management sought to identify data errors, controls problems or acts of fraud and to confirm that appropriate corrective action, including process improvements, were being undertaken. The internal controls are also evaluated on an ongoing basis by the Company's independent auditors in connection with their audit and review activities. The overall goals of these various evaluation activities are to monitor the Company's disclosure controls and internal controls and to make modifications as necessary, with the intent being that the disclosure controls and the internal controls will be maintained as dynamic systems that change (including with improvements and corrections) as conditions warrant. Among other matters, management sought in its evaluation to determine whether there were any "significant deficiencies" or "material weaknesses" in the Company's internal controls, or whether any acts of fraud involving personnel who have a significant role in the internal controls were identified. This information was important both for the controls evaluation generally and because Items 5 and 6 in the Section 302 certifications of the CEO and the CFO require that the CEO and the CFO disclose such information to the Company's Board of Directors, which acts as the Company's Audit Committee, and to the independent auditors and to report on related matters in this section of the Annual Report on Form 10-KSB. In the professional auditing literature, "significant deficiencies" are referred to as "reportable conditions." These are control issues that could have a significant adverse effect on the ability to record, process, summarize and report financial data in the financial statements. A "material weakness" is defined in the auditing literature as a particularly serious reportable

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condition where the internal control does not reduce to a relatively low level the risk that misstatements caused by error or fraud may occur in amounts that would be material in relation to the financial statements and not be detected within a timely period by employees in the normal course of performing their assigned functions. Management also sought to deal with other controls matters in the controls evaluation and, in each case if a problem was identified, to consider what revision, improvement and/or correction to make in accordance with ongoing procedures.

Conclusions

Based upon the controls evaluation, Mr. Sample, acting as the Company's CEO and CFO has concluded that the Company's disclosure controls are effective to ensure that material information relating to the Company is made known to management particularly during the period when the Company's periodic reports are being prepared, and that the Company's internal controls are effective to provide reasonable assurance that the Company's financial statements are fairly presented in conformity with generally accepted accounting principles. Further, since the date of the controls evaluation to the date of this Annual Report, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

ITEM 8B. OTHER INFORMATION.

Not applicable

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PART III

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

Executive Officers and Directors

The directors and executive officers of the Company, and their respective ages, as of November 15, 2006, and positions held with the Company, are as follows:

Name	Age	Position
Steven L. Sample	59	Director, Chairman of the Board, and Chief Executive Officer
Tony Moorby	58	Director, President and Chief Operating Officer
Patricia Ann Arnold	50	Secretary
Danny Gibbs	49	Director
James C. Hunter, MD	49	Director
V. Weldon Hewitt	68	Director

Mr. Sample became a director and officer of the Company in August 2006 when he was named as a Director and Chief Executive Officer. From January 2004 through December 2005, he served as Executive Director of Sales for ADESA

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Corporation, a firm that operates automobile auctions throughout the United States and Canada. From January 2002 through December 2003, he was the General Sales Manager of ADESA's Ocala Florida Auto Auction. From September 1990 through December 2001, he was employed by Mid-America Auto Auction, an ADT Automotive Auction acquired by Manheim Auctions in 2000, with Mr. Sample eventually serving as General Sales Manager.

Mr. Moorby joined the Company in October 2006 when he was named as a director and as President and Chief Operating Officer. Beginning in February 2006 he was a Principal of Tony Moorby & Associates, an automotive consultant firm and in June 2006 became a member of Board of Trustees, National Independent Automobile Dealers' Association (NIADA). From February 2002 through February 2006, he was Managing Partner of Flying Lion Dealer Services, a dealer services business, and from October 2000 through October 2002 he was Executive Vice President of ADESA Corp where he was responsible for corporate development. From January 1997 through October 2000 he was President and Chief Executive Officer of ADT Automotive Auction, an automobile auction company with 28 outlets which was sold to Manheim Auctions in October 2000. Prior to 1997 and commencing in 1982, Mr. Moorby was employed by ADT Automotive Auction for the majority of the time.

Patricia Ann Arnold was named Secretary of the Company on February 1, 2007. Ms. Arnold has served as a Labor Employment Paralegal with the law firm of Baker, Donelson, Bearman & Caldwell since June 2002 and as a Litigation Paralegal with the law firm of Stewart Estes and Donel from 1997 to 2002, both in Nashville, Tennessee. Prior to that Ms. Arnold was employed in similar positions with law firms in Nashville, Tennessee, and Louisville, Kentucky, since 1984.

Mr. Gibbs, a co-founder of Gibbs Construction, Inc. served as its president, general manager, director, and chief financial officer until November 2000 when the Company's assets and liabilities were transferred to a receiver in bankruptcy. The Company's bankruptcy also resulted in Mr. Gibbs's personal bankruptcy. From January 2000 through December 2003, Mr. Gibbs was a Senior Project Manager for Thacker Operating Company responsible for estimating costs of construction projects, managing and overseeing them. Beginning in January 2004 he became a Senior Project Manager for Dimensional Construction, Inc. with similar responsibilities.

Dr. Hunter was appointed to the board of directors on February 1, 2007. In 2005 he was named Chief Medical Officer, Cape Fear Valley Health System in Fayetteville, North Carolina where he is responsible for physician credentialing and relations with oversight for all quality efforts. From 1998 to 2005 he was Senior Vice President of Medical Affairs and Chief Quality Officer of Munroe Regional Health System in Ocala, Florida where he had similar responsibilities. During that time, Dr. Hunter earned his MBA degree. From 1995 to 1998 he served as Director of Inpatient Clinical Affairs, Inpatient Internal Medicine, and Emergency Medicine for two healthcare organizations in Myrtle Beach, South Carolina. Prior to 1995 Dr. Hunter was an Emergency Physician.

Mr. Hewitt was appointed to the board of directors on February 1, 2007. Since 1985 he has been the owner and Chief Executive Officer of Hewitt Marketing, Inc., which provides original equipment manufacture radios and other media devices and electronics, mobile cellular telephones, power-actuated equipment and accessories to many major vehicle manufacturers. Prior to 1985,

Mr. Hewitt founded and served as Chief Executive officer of an original equipment manufacturer that attained as high as \$20,000,000 in annual revenues

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providing audio systems for luxury cars.

Committees of the Board of Directors

The Company presently does not have a separately-designated Audit Committee, but management of the Company plans to ask the Company's Board of Directors to establish an Audit Committee and a Compensation Committee, each consisting of at least two directors, none of whom will be an officer or employee of the Company. The duties of the Audit Committee will be to recommend to the entire Board of Directors the selection of independent certified public accountants to perform an audit of the financial statements of the Company, to review the activities and report of the independent certified public accountants, and to report the results of such review to the entire Board of Directors. The Audit Committee will also monitor the internal controls of the Company. The duties of the Compensation Committee will be to provide a general review of the Company's compensation and benefit plans to ensure that they meet corporate objectives and to administer or oversee the Company's Stock Option Plan and other benefit plans. In addition, the Compensation Committee will review the compensation of officers of the Company and the recommendations of the Chief Executive Officer on (i) compensation of all employees of the Company and (ii) adopting and changing major Company compensation policies and practices. Except with respect to the administration of the Stock Option Plan, the Compensation Committee will report its recommendations to the entire Board of Directors for approval.

Each director will hold office until the next Annual Meeting of Shareholders and until such time as his successor is elected and qualified, subject to prior removal by the shareholders of the Company in accordance with the Bylaws of the Company. The officers of the Company serve at the discretion of the Board of Directors of the Company.

Code of Ethics

Given that the Company has not had operations for the last several years, the Company has not adopted a Code of Ethics for the principal executive officer, principal financial officer, or principal accounting officer or controller.

Item 10 Executive Compensation.

For the fiscal years ended December 31, 2003, 2004 and 2005, the Company did not pay any of its executive officers. Mr. Sample anticipates that he will be paid an annual salary of \$150,000 following completion of the Company's funding. Mr. Moorby's compensation is anticipated to be an annual salary of \$201,000. On February 1, 2007, the Company's board of directors determined to make the salaries retroactive to January 1 and October 1, 2006, respectively, and the Company accrued \$215,700 for salaries for fiscal year 2006 although the salaries have not been paid.

Director Compensation

Directors of the Company presently serve without compensation except under the plan adopted on February 1, 2007 for which each non-employee director of the Company was granted an option to acquire an initial 10,000 shares of Common Stock for \$0.01 per share and 15,000 additional options upon election to a full term.

Benefit Plans

As part of the reorganization proceeding in bankruptcy, all stock option plans and warrants were cancelled. At the board of directors meeting held on February 1, 2007, the Company adopted a new stock incentive plan. With

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respect to awards made thereunder, including a grant of 500,000 shares of restricted stock to Mr. Moorby, see Item 5 and Note 4 to the Notes to Financial Statements herein. In addition, the Company granted Ms. Arnold an option to acquire 10,000 shares of Common Stock under the plan at the same meeting. These awards constituted in excess of 99% of the awards made to date under the plan.

Section 16(a) Beneficial Ownership Reporting Compliance.

The Company anticipates the filing of Section 16 Reports for its new officers and directors in April 2007.

Item 11 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table sets forth as of March 23, 2007, the ownership of Common Stock by (i) each person known by the Company to be the beneficial owner of more than five percent of the Company's Common Stock, (ii) the Selling Stockholder, (iii) each director of the Company, and (iv) all directors and officers as a group. Except as otherwise indicated, each stockholder identified in the table possesses sole voting and investment power with respect to its or his shares.

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Name and Address of Beneficial Owner	Shares Owned	
	No. of Shares	Percent
Steven L. Sample (1)	8,617,500	82.6%
Danny Gibbs (2)	62,500	0.6%
Tony Moorby	500,000	4.8%
Patricia Ann Arnold (2)	-	-
James C. Hunter (2)	-	-
V. Weldon Hewitt (2)	-	-
All directors and officers as a group (six persons)	9,180,000	88.0%

(1) Excludes 500,000 shares of preferred stock, each share of which is convertible into one share of common stock.

(2) Excludes options to acquire 10,000 shares of Common Stock each of which of Ms. Arnold and Messrs Gibbs, Hunter and Hewitt may acquire for \$0.01 per share.

Unless otherwise indicated, the address for each of the above named individuals is 1515 East Silver Springs Blvd. - Suite 118.4, Ocala, FL 34470.

Change of Control

On August 15, 2006, Steven L. Sample acquired for \$50,000, 4,000,000 shares, or 46.7%, of the 8,561,000 issued and outstanding shares of Common Stock of the registrant from TAM and its associates. In addition Mr. Sample paid expenses totaling \$138,862, such expenses including the costs associated with completing the bankruptcy proceedings and costs such as arranging for the Company's SEC filings to be brought current, after which the registrant agreed to effect a one for eight reverse stock split, to issue to Mr. Sample an additional 8,117,500 shares of Common Stock and 500,000 shares of preferred stock. For the assistance of a principal of the entity owning Thacker Asset Management, LLC, Baker #1, Ltd., the registrant agreed to issue to that

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principal 25,000 shares of preferred stock and 450,000 shares of Common Stock.

To fulfill its obligations under this agreement, the registrant's board of directors recommended that its stockholders amend its corporate charter to effect a one for eight reverse stock split, to increase the number of authorized shares of Common Stock to 150,000,000 and to create and establish a series of preferred stock. The distinguishing feature of the preferred stock is that each share has 50 votes, but if Mr. Sample or the other recipient transfers the shares to any other entity other than for estate planning purposes, the shares automatically convert on a share for share basis to Common Stock and, in any event, automatically convert to Common Stock upon the death of either recipient. For a period of nine years Mr. Sample will hold the right to vote all such preferred shares currently issued.

Item 12 Certain Relationships and Related Transactions

With respect to certain transactions regarding the restructuring of the Company's corporate charter and transactions with Mr. Sample, see Item 11. - Change of Control.

The board of directors has named Gwendolyn Sample as the Company's assistant secretary and granted her an option to acquire 5,000 shares of Common Stock for \$0.01 per share. Ms. Sample is the spouse of Steven L. Sample. In addition, the board of directors paid L. Palmer Sample 10,000 shares of Common Stock for work performed on the company's e-mail system and web site and hosting thereof. L. Palmer Sample is the son of Steven L. Sample.

Item 13. Exhibits, Financial Statement Schedule and Reports on Form 8-K.

(a) Financial Statements

The following financial statements are included herewith:

	Page
Report of Independent Certified Public Accountants	F-1
Consolidated Balance Sheets	F-2
Consolidated Statements of Operations	F-4
Consolidated Statements of Stockholders' Equity	F-5

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Consolidated Statements of Cash Flows	F-6
Notes to Consolidated Financial Statements	F-8

(b) Reports on Form 8-K

None

(c) Exhibits

- 3.1* Restated Articles of Incorporation, as amended (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 3.2* Bylaws (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 3.3* Amendments to Bylaws

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- 4.1* Form of Warrant Agreement Covering Redeemable Common Stock Purchase Warrants (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.1* Revised form of Representative's Warrant and Registration Rights Agreement (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.2* Copy of 1995 Incentive Stock Option Plan (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.3* Copy of Outside Director Stock Option Plan (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.4* Copy of Warrant Agreement between the Company and Can Am Capital (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.5* Copy of Note and Security Agreement between the Company and Bronco Bowl Holding, Inc. (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.6* diversified Employee Leasing, Inc. Client Service Agreement (incorporated by reference from a similarly numbered exhibit filed with the Company's Registration Statement No. 33-97308-D)
- 10.7* Stock Purchase and Subscription Agreement
- 10.8* Letter of Agreement concerning transfer of shares, payment and delivery thereof, Lien Release, Power of Attorney, Irrevocable Voting Proxy, acknowledgements, et al
- 10.9* Letter of Agreement concerning transfer of shares

* Previously filed

Item 14. Principle Accountant Fees and Services

The following is a summary of the aggregate fees billed to us for fiscal 2006 by Killman, Murrell & Company, P.C.:

AUDIT FEES

Fees for audit services totaled approximately \$21,774 in 2006, including fees for professional services for the audit of our annual financial statements and for the reviews of the financial statements included in each of our quarterly reports on Form 10-QSB.

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Statements of Operation for the Years Ended December 31, 2006 and 2005.....	F-4
Statements of Stockholders' Deficit for the Years Ended December 31, 2006 and 2005.....	F-5
Statements of Cash Flows for the Years Ended December 31, 2006 and 2005....	F-6
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The accompanying notes are an integral part of these financial statements.

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Killman, Murrell & Company, P.C.
Certified Public Accountants

1931 E. 37th Street, Suite 7
Odessa, Texas 79762
(432) 363-0067
Fax (432) 363-0376

3300 N. A Street, Bldg. 4, Suite 200
Midland, Texas 79705
(432) 686-9381
Fax (432) 684-6722

2626 Royal Ci
Kingwood, Tex
(281) 359-722
Fax (281) 359

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Acacia Automotive, Inc.
(formerly Gibbs Construction, Inc.)
Ocala, Florida

We have audited the accompanying balance sheets of Acacia Automotive, Inc. as of December 31, 2006 and 2005 and the related statements of operations, stockholders' deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acacia Automotive, Inc. as of December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended, in conformity with United States generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 6 to the financial statements, the Company suffered a loss from operations for the year ended December 31, 2006 and its limited capital resources raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are described in Note 6. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Killman, Murrell & Company, P.C.
KILLMAN, MURRELL & COMPANY, P.C.
March 26, 2007
Odessa, Texas

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

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ACACIA AUTOMOTIVE, INC.

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(FORMERLY GIBBS CONSTRUCTION, INC.)

BALANCE SHEETS

	December
	2006

ASSETS	
Current Assets	
Cash	\$ 1,432
Prepaid Expense	469

Total Current Assets	1,901

Equipment and Vehicle	31,074
Less Accumulated Depreciation	(2,869)

Equipment and Vehicle, net	28,205

Total Assets	\$ 30,106
	=====
LIABILITIES AND STOCKHOLDERS' DEFICIT	
Current Liabilities	
Accounts Payable	\$ 54,363
Accrued Liabilities	239,395
Due to Stockholder	10,765

Total Liabilities	304,523

Stockholders' Deficit	
Preferred Stock, no par value, 6% Non-cumulative dividend, 1,000,000 shares authorized; none issued and outstanding	-
Series A Preferred Stock, \$0.001 par value; 525,000 shares authorized, issued and outstanding	525
Preferred Stock, \$0.001 par value 1,475,000 shares authorized; none issued and outstanding	-
Common Stock, \$0.001 par value, 150,000,000 shares authorized; 9,935,023 and 1,107,522 shares issued and outstanding, respectively	9,935
Paid-In-Capital	5,703,930
Retained Deficit	(5,988,807)

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Total Stockholders' Deficit	(274,417)

Total Liabilities and Stockholders' Deficit	\$ 30,106
	=====

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

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ACACIA AUTOMOTIVE, INC.

(FORMERLY GIBBS CONSTRUCTION, INC.)

STATEMENTS OF OPERATIONS

	Ye Dec

	2006

OPERATING EXPENSES	
Non-Employee Services	
Paid in Common Stock	\$ 31
Employee Costs	215
General And	
Administrative Expenses	197
Depreciation	2
Interest Expense	497

Operating Loss	(944)
Income Tax Expense	

NET LOSS	\$ (944)
	=====
BASIC AND FULLY DILUTED	
LOSS PER SHARE	
Loss Per Share	\$ (0)
	=====
Weighted Average Number	
Of Common Share	
Outstanding	4,423
	=====

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

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ACACIA AUTOMOTIVE, INC.

(FORMERLY GIBBS CONSTRUCTION, INC.)

STATEMENT OF STOCKHOLDERS' DEFICIT

YEARS ENDED DECEMBER 31, 2006 AND 2005

	Preferred Stock, No Par Value		Preferred Stock, \$0.001 Par Value		Common Stock	
	Shares	Amount	Shares	Amount	Shares	Par Value
Balance December 31, 2005	1,000,000	\$ 200,000	-	\$ -	8,561,000	\$ 85,610
2006 Restructuring transactions						
Abandonment of Common Shares held by Creditor Trust	-	-	-	-	(501,000)	(5,010)
Change in Par Value	-	-	-	-	-	(72,540)
Reverse Stock Split	-	-	-	-	(7,052,477)	(7,053)
Preferred Stock Exchange	(1,000,000)	(200,000)			100,000	100
Restated Balance - December 31, 2005	-	\$ -	-	\$ -	1,107,523	\$ 1,107
August 15, 2006, Stock Issued for Services	-	-	25,000	25	450,000	450

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Stock Issued For Payment of Of Expenses and Equipment	-	-	500,000	500	8,117,500	8,118
December 31, 2006, Fair Value of Stock Purchase Warrants Issued for Interest	-	-	-	-	-	-
Exercise of Stock Purchase Warrants	-	-	-	-	250,000	250
Stock Issued for Services	-	-	-	-	10,000	10
Net Loss	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
Balance, December 31, 2006	- \$	-	525,000	\$ 525	9,935,023	\$ 9,935
	=====	=====	=====	=====	=====	=====

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

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ACACIA AUTOMOTIVE, INC.

(FORMERLY GIBBS CONSTRUCTION, INC.)

STATEMENT OF CASH FLOWS

(UNAUDITED)

	Years Ended December 31,

	2006

Cash Flow From Operating Activities	
Net Loss	\$ (944,973)
Adjustment to reconcile net loss to net cash used in operating activities	
Common stock issued for services	31,400
Stock Purchase warrant issued for interest	497,794
Depreciation	2,869
Changes in Operating Assets and Liabilities	
Accounts Payable	54,362
Accrued Liabilities	215,570
Due to Stockholder	144,410

Net Cash Flow Provided by Operating Activities	1,432

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Cash Flow Provided by Investing Activities	-

Cash Flow Provided by Financing Activities	-

Change in Cash	1,432
-	-
Cash at Beginning of Year	-

Cash at End of Year	\$ 1,432
	=====
Supplemental Cash Flow Disclosures	
Cash paid during year for:	
Interest	\$ -
	=====
Income Taxes	\$ -
	=====
Non-Cash Investing and Financing Activities:	
Vehicle	\$ (23,825)
Accrued Liabilities	23,825
Equipment	(7,248)
Prepaid Expense	(469)
Common Stock	250
Paid-In-Capital	2,250
Due to Stockholder	5,217
Due to Stockholder	(138,862)
Preferred Stock	500
Common Stock	8,118
Paid-In-Capital	130,244

	\$ -
	=====

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

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ACACIA AUTOMOTIVE, INC.

(FORMERLY GIBBS CONSTRUCTION, INC.)

NOTES TO FIANCIAL STATEMENTS

DECEMBER 31, 2006 AND 2005

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NOTE 1: THE COMPANY

Gibbs Construction, Inc. ("Gibbs" or the "Company") was a full service, national commercial construction company located in Garland, Texas. During 1999, Gibbs experienced significant losses associated with certain construction projects, which were bonded by Gibbs' primary bonding surety. In the fourth quarter of 1999, Gibbs' bonding surety notified Gibbs that it would no longer provide completion and payment bonds for Gibbs' construction projects. Given these events, Gibbs began a series of negotiations with its bonding surety in December of 1999, which resulted in a written agreement in January of 2000, whereby the bonding surety would provide funds to finish certain projects and required Gibbs to terminate construction on other projects. These events led to Gibbs inability to satisfy its debts in the ordinary course of business and on April 20, 2000, Gibbs filed a Petition pursuant to Chapter 11 of the United States Bankruptcy Code.

On July 28, 2000, Gibbs received permission from its Court of Jurisdiction to solicit approval of its Plan of Reorganization. Gibbs continued to operate on a limited basis pending approval of its Plan of Reorganization. On November 10, 2000, Gibbs completed its Plan of Reorganization pursuant to an order of the court as follows:

- a) Gibbs transferred all of its assets and liabilities to the Gibbs Construction, Inc. Creditor Trust ("Trust").
- b) Gibbs issued 501,000 shares of its authorized but previously unissued common stock to the Trust in settlement of unsecured creditor claims.
- c) Gibbs approved issuance of 1,000,000 shares of a newly created preferred stock, with an aggregate liquidation preference value of \$200,000 and a six percent (6%) non-cumulative dividend, to the bonding surety.
- d) Gibbs issued 4,000,000 shares of its authorized but previously unissued common stock to Thacker Asset Management, LLC (TAM), a Texas limited liability company, in exchange for certain operating assets and the obligation to complete certain construction projects of TAM.

Gibbs did not obtain a court ordered final decree from the bankruptcy court due to the difficulties encountered with the implementation of the re-organization plan. All operating activities ceased in 2002. On June 26, 2006, the bankruptcy trustee requested and received a Order for Final Decree. The 501,000 shares of common stock issued to the Trust were abandoned and returned to the Company on October 5, 2006. These shares have been cancelled.

On July 25, 2006, the Board of Directors of the Company met and approved the following actions:

- o Changed the Company's name to Acacia Automotive, Inc.
- o Authorized 2,000,000 shares of \$0.001 par value preferred stock and authorized the Board of Directors to:
 - a.) set the number of shares constituting each series of preferred stock
 - b.) establish voting rights, powers, preferences and conversion rights
- o Increased the authorized number of common shares to 150,000,000 and decreased the par value to \$0.001.

NOTE 1: THE COMPANY (Continued)

- o Authorized a one-for-eight reverse stock split of the Company's common stock.
- o Designated 525,000 shares of preferred stock as Series A Preferred Stock, with the following rights:
 - a.) Dividends can be paid when declared by the Board of Directors but must be also simultaneously declared on the common stock.
 - b.) Series A Preferred Stock may not be redeemed.
 - c.) Each share of Series A Preferred Stock is convertible into one share of common stock at the option of the holders.
 - d.) The holders of Series A Preferred Shares are certified to 50 votes on all matters to be voted on by the shareholders of the Company for each share of Series A Preferred Stock held.
- o Authorized the issuance of common stock and Series A Preferred Stock for services rendered and payments of organization expenses on behalf of the Company:
 - a.) 8,567,500 shares of common stock.
 - b.) 525,000 shares of Series A Preferred Stock.
 - c.) Aggregated issuance fair value was \$150,262.

Certain of the actions approved by the Board of Directors on July 25, 2006, require the approval of the shareholders of the Company; however, since the Company's management has sufficient common stock ownership to assure approval of the actions taken, the various authorized stock transactions have been reflected in the accompanying financial statements for the year ended December 31, 2005.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for annual financial information and with the instructions to Form 10-KSB and Article 3 and 3-A of Regulation S.X.

Use of Estimates

Preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Company considers all short-term investments purchased with a maturity of three months or less to be cash equivalents.

Equipment And Vehicle

Equipment and vehicle are stated at cost less accumulated depreciation. Major renewals and improvements are capitalized, while minor replacements, maintenance and repairs are charged to current operations. Depreciation is computed by applying the straight-line method over the estimated useful lives which are generally three to five years. Depreciation expense for the year ended December 31, 2006 was \$2,869.

Concentration of Credit Risk and Fair Value of Financial Instruments

The Company maintains cash balances at financial institutions which at times, exceed federally insured amounts. The Company has not experienced any material losses in such accounts.

The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments.

Income Taxes

The Company recognizes the amount of taxes payable or refundable for the current year and recognizes deferred tax liabilities and assets for the expected future tax consequences of events and transactions that have been recognized in the Company's financial statements or tax returns. The Company currently has substantial net operating loss carryforwards. The Company has recorded a valuation allowance equal to the net deferred tax assets due to the uncertainty of the ultimate realization of the deferred tax assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2006, amounted to \$4,668.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies-Continued

the liability can be estimated, the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed.

Stock Based Compensation

As of January 1, 2006, the Company adopted SFAS No. 123 "Accounting for Stock-Based Compensation", as amended by SFAS 14B, "Accounting for Stock-Based Compensation-Transaction and Disclosure", which established accounting and disclosure requirements using a fair value based method of accounting for stock-based employee compensation. During the year ended December 31, 2006, the Company issued no stock awards to employees.

Common Stock Purchase Warrants

The Company has issued common stock purchase warrants as payments to individuals for providing services or financial resources to the Company. The Company's management selected the Black-Scholes valuation method to calculate the fair value of the common stock purchase warrants. On February 1, 2007, the Company issued stock purchase warrants to purchase 250,000 shares of the Company's common stock for \$0.01, with a life of five (5) years. The aggregate value of these stock purchase warrants was \$497,794 which was recognized as interest expense at December 31, 2006. The Black-Scholes model assumptions were:

Estimate fair value	\$	1.99
Expected life (years)		2.5
Risk free interest rate		5.0%
Volatility		25.22%
Dividend yield		-

Recent Accounting Pronouncements

Statement No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"-an amendment of FASB Statements No. 87, 88, 016, and 132(R). This Statement improves financial reporting by requiring an employer to recognize the over funded or under funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income of a business entity or changes in unrestricted net assets of a not-for-profit organization.

Statement No. 157, "Fair Value Measurements". This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements.

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements-Continued

Statement No. 156, "Accounting for Servicing of Financial Assets"-an amendment of FASB Statement No. 140. This Statement amends FASB Statement No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, with respect to the accounting for separately recognized servicing assets and servicing liabilities.

Statement No. 155, Accounting for Certain Hybrid Financial Instruments-an amendment of FASB Statement No. 133 and 140. This Statement amends FASB Statements No. 133, Accounting for Derivative Instruments and Hedging Activities, and No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities.

In the opinion of management, these Statements will have no material effect on the financial statements of the Company.

NOTE 3: RELATED PARTY TRANSACTIONS

The Company's Chief Executive Officer ("CEO") and majority stockholder have provided all monies to pay substantially all operating expenses since business activities resumed in July 2006. The following summarizes the activity and balance due the stockholder:

Description	Amount
Payments made by stockholder	
Opening Expenses	\$ 144,410
Equipment	7,248
Prepaid	469

	152,127
Less:	
Purchase of Common Stock	(138,862)
Stock Purchase Warrant Exercise	(2,500)

Due to Stockholder, December 31, 2006	\$ 10,765
	=====

NOTE 4: INCOME TAXES

At December 31, 2006, the Company had a net operating loss carryforward of \$195,230 which will expire in 2026. A valuation allowance has been provided for the deferred tax assets as it is uncertain whether the Company will have future taxable income.

A reconciliation of the benefit for income taxes with amounts determined by applying the statutory federal income tax rate (34%) to the loss before income taxes is as follows:

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NOTE 4: INCOME TAXES (Continued)

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	Amount
Benefit for Income Taxes	
Computed using the Statutory	
Rate of 34%	\$ 321,291
Non-Deductible Expense	(181,578)
Change in Valuation Allowance	(139,713)

Provision for Income Taxes	\$ -
	=====

Significant components of the Company's deferred tax liabilities and assets were as follows at December 31, 2006:

	Amount
Deferred Tax Liabilities	\$ -
Deferred Tax Assets:	
Tax Operating Loss Carryforward	66,378
Employee Compensation	73,294
Contributions	41

	139,713
Valuation Allowance	(139,713)

	\$ -
	=====

NOTE 5: STOCKHOLDERS' EQUITY

Preferred Stock

In 2000, the bankruptcy court authorized the issuance of 1,000,000 shares of no par value preferred stock to the Company's bonding surety. These preferred shares have a liquidation preference value of \$0.20 per share and have a six percent (6%) non-cumulative dividend rate. On October 27, 2006, the bonding surety agreed to exchange the 1,000,000 shares of no par value preferred stock for 100,000 shares of the Company's \$0.001 par value common stock.

In July 2006 the Company's Board of Directors authorized a 2,000,000 share series of preferred stock and the Board of Directors were authorized to fix:

- o The number of shares constituting each series of preferred stock
- o Voting rights, powers, preferences and conversion rights

At December 31, 2006, 525,000 shares of Series A Preferred Stock were outstanding.

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NOTE 5: STOCKHOLDERS' EQUITY (Continued)

Common Stock

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Prior to July 25, 2006, the Company had authorized 15,000,000 shares of \$0.01 par value common stock and 8,561,000 common shares outstanding. On July 25, 2006, the Company's Board of Directors approved the following actions which have been retroactively reflected in the Statement of Stockholders' Equity.

- o Abandonment of 501,000 shares of common stock issued to the creditor trust, on October 5, 2006.
- o Change in par value for \$0.01 to \$0.001.
- o One (1) for eight (8) reverse stock split.

Retained Deficit

The Company ceased all operations in 2002 and since that time there were no operations until July 2006.

NOTE 6: GOING CONCERN

On June 26, 2006, the Bankruptcy Court for the Northern District of Texas, issued its Order for Final Decree related to the Company bankruptcy petition filed April 20, 2000. The Board of Directors convened its first post bankruptcy meeting on July 25, 2006, and assumed operating control. On August 15, 2006, the Company entered into a "Stock Purchase and Subscription Agreement" whereby the effective control of the Company was transferred to Steven L. Sample, an individual residing in the State of Florida. Mr. Sample and his assignees purchased 5,500,000 pre-split shares for an aggregate purchase price of \$65,000 plus at least \$20,000 to discharge any obligations of the Company and agreed to provide the capital such that the Company can arrange to have its filings with the United States Securities and Exchange Commission brought current.

The Company issued 8,567,500 shares of its post reverse split \$0.001 par value common stock and 525,000 shares of its Series A Preferred Stock for services rendered and expenses paid (aggregate total value \$150,262).

None of the above described transactions provided the Company with operating funds.

On September 11, 2006, the Company issued a private placement memorandum for the sale of 8,000,000 shares of the Company's common stock at \$2.00 per share. Without a successful raising of at least \$1,000,000, the Company will not be able to commence operations.

NOTE 7: SUBSEQUENT EVENTS

On February 1, 2007, the Board of Directors held a special meeting and approved the following actions:

- o Extended the Company's private placement offering time limit to June 11, 2007.
- o Adoption of the Company's 2007 Stock Incentive Plan ("Incentive Plan").

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NOTE 7: SUBSEQUENT EVENTS (Continued)

- o Granted 15,000 options to purchase the Company's common stock by two (2) individuals.

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- o The issuance of 10,000 shares of the Company's common stock to a individual for services rendered in 2006 (recorded fair value was \$20,000).
- o Authorized retroactive annual salaries to two employees as follows:
 - 1) \$150,000 retroactive to January 1, 2006.
 - 2) \$201,000 retroactive to October 1, 2002.
 - 3) Recorded employee cost as of December 31, 2006, including payroll taxes, of \$215,570.
- o Purchase of a vehicle being used by an officer of the Company since July 2006 valued at \$23,825.
- o The issuance of 500,000 shares of the Company's common stock to a officer in accordance with the Incentive Plan.
- o Issued stock purchase warrants to two (2) entities to purchase 250,000 shares of the Company's common stock as follows:
 - 1) Life of warrant is five years.
 - 2) Purchase price is \$0.01 per share.

The purchase warrants were exercised immediately upon issuance. The aggregate fair value of the purchase warrants was \$497,794 and was recognized as interest expense as of December 31, 2006.

On January 24, 2007, the Company deposited to its escrow account \$100,000 which represents the potential sale of 50,000 shares of the Company's common stock under its private placement offering.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Acacia Automotive, Inc.

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By: /s/ Steven L. Sample

Steven L. Sample, Chief Executive Officer
and principal financial and
accounting officer

Date: April 2, 2007

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Steven L. Sample ----- Steven L. Sample	Director	April 2, 2007
/s/ Tony Moorby ----- Tony Moorby	Director	April 2, 2007
/s/ Danny R. Gibbs ----- Danny R. Gibbs	Director	April 2, 2007
/s/ Dr. James C. Hunter ----- Dr. James C. Hunter	Director	April 2, 2007
/s/ V. Weldon Hewitt ----- V. Weldon Hewitt	Director	April 2, 2007