SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act Of 1934

For The Quarterly Period Ended June 30, 2008

Commission File Number: 0-52589

ANCHOR FUNDING SERVICES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**20-5456087**
(State of jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

10801 Johnston Road. Suite 210 **Charlotte, NC**	**28226**
(Address of Principal Executive Offices)	(Zip Code)

(866) 789-3863
(Registrant's telephone number)

Not Applicable
(Former name, address and 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 ☒ No o

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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o　　　Accelerated filer o

Non-accelerated filer o　(Do not check if a smaller reporting company)　　　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 o No ☒

As of June 30, 2008, the Company had a total of 12,940,378 shares of Common Stock outstanding, excluding 1,216,999 outstanding shares of Series 1 Preferred Stock convertible into 6,084,995 shares of Common Stock.

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements," within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995, and are including this statement for purposes of these safe harbor provisions. "Forward-looking statements," which are based on certain assumption and describe our future plans, strategies and expectations, may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated" and "potential." Examples of forward-looking statements, include, but are not limited to, estimates with respect to our financial condition, results of operations and business that are subject to various factors that could cause actual results to differ materially from these estimates and most other statements that are not historical in nature. These factors include, but are not limited to, general and local economic conditions, changes in interest rates, deposit flows, demand for commercial, mortgage, consumer and other loans, real estate values, competition, changes in accounting principles, policies or guidelines, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. Further information concerning the Company and its business, including additional factors that could materially affect our financial results, is included in our other filings with the Securities and Exchange Commission.

ANCHOR FUNDING SERVICES, INC.

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PART I. FINANCIAL INFORMATION

ANCHOR FUNDING SERVICES, INC.

CONSOLIDATED BALANCE SHEETS

ASSETS

	(Unaudited) June 30, 2008	(Audited) December 31, 2007
CURRENT ASSETS:		
Cash	$ 1,688,006	$ 3,499,044
Retained interest in purchased accounts receivable	2,543,471	1,502,215
Earned but uncollected fee income	47,573	25,742
Prepaid expenses and other	57,247	65,016
Total current assets	4,336,297	5,092,017
PROPERTY AND EQUIPMENT, net	86,388	89,044
SECURITY DEPOSITS	20,216	20,216
	$ 4,442,901	$ 5,201,277

LIABILITIES AND STOCKHOLDERS' EQUITY

	(Unaudited) June 30, 2008	(Audited) December 31, 2007
CURRENT LIABILITIES:		
Accounts payable	49,092	68,728
Accrued payroll and related taxes	96,084	101,248
Accrued expenses	32,706	73,201
Collected but unearned fee income	34,663	30,748
Preferred dividends payable	257,624	405,995
Total current liabilities	470,169	679,920
COMMITMENTS AND CONTINGENCIES		
PREFERRED STOCK, net of issuance costs of $1,209,383	4,874,712	5,503,117
COMMON STOCK	12,941	11,821
ADDITIONAL PAID IN CAPITAL	1,650,723	536,199
ACCUMULATED DEFICIT	(2,565,644)	(1,529,780)
	3,972,732	4,521,357
	$ 4,442,901	$ 5,201,277

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

ANCHOR FUNDING SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

	(Unaudited) For the quarters ending June 30,		(Unaudited) For the six months ending June 30,	
	2008	2007	2008	2007
FINANCE REVENUES	$ 273,516	$ 75,638	$ 485,177	$ 175,744
INTEREST EXPENSE - financial institution	-	(17,195)	-	(21,365)
INTEREST INCOME	10,902	68,584	34,519	97,529
NET FINANCE REVENUES	284,418	127,027	519,696	251,908
PROVISION FOR CREDIT LOSSES	11,140	-	5,044	-
FINANCE REVENUES, NET OF INTEREST EXPENSE AND CREDIT LOSSES	273,278	127,027	514,652	251,908
OPERATING EXPENSES	557,650	289,668	1,221,905	559,456
NET INCOME (LOSS) BEFORE INCOME TAXES	(284,372)	(162,641)	(707,253)	(307,548)
INCOME TAX (PROVISION) BENEFIT:				
Current	-	-	-	-
Deferred	-	2,000	-	17,000
Total	0	2,000	0	17,000
NET INCOME (LOSS)	(284,372)	(160,641)	(707,253)	(290,548)
DEEMED DIVIDEND ON CONVERTIBLE PREFERRED STOCK	(124,777)	(132,860)	(261,181)	(134,320)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDER	$ (409,149)	$ (293,501)	$ (968,434)	$ (424,868)
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDER, per share				
Basic	$ (0.03)	$ (0.02)	$ (0.08)	$ (0.04)
Dilutive	$ (0.03)	$ (0.02)	$ (0.08)	$ (0.04)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
Basic and dilutive	12,883,803	11,820,555	12,500,507	10,450,389

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

ANCHOR FUNDING SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the six months ended June 30, 2008

	Preferred Stock	Common Stock	Additional Paid in Capital	Accumulated Deficit
Balance, December 31, 2007 (audited)	$ 5,503,117	$ 11,821	$ 536,199	$ (1,529,780)
To record the issuance of 94,865 preferred shares in connection with the payment of the accrued preferred dividend liability as of December 31, 2007	473,425	-	-	-
To record conversion of 220,366 preferred shares, plus accrued and declared dividends, to 1,119,823 common shares	(1,101,830)	1,120	1,104,267	(3,558)
Provision for compensation expense related to issued stock options	-	-	10,257	-
Preferred stock dividends	-	-	-	(325,053)
Net loss for the six months ended June 30, 2008	-	-	-	(707,253)
Balance, June 30, 2008 (unaudited)	$ 4,874,712	$ 12,941	$ 1,650,723	$ (2,565,644)

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

ANCHOR FUNDING SERVICES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30,

CASH FLOWS FROM OPERATING ACTIVITIES:	(Unaudited) 2008	(Unaudited) 2007
Net loss:	$ (707,253)	$ (290,548)
Adjustments to reconcile net loss to net cash		
used in operating activities:		
Depreciation and amortization	20,653	4,295
Compensation expense related to issuance of stock options	10,257	49,686
Allowance for uncollectible accounts	5.044	-
Benefit for deferred income taxes	-	(17,000)
Increase in retained interest in purchased		
accounts receivable	(1,046,300)	(453,536)
Increase in earned but uncollected	(21,831)	-
Decrease in prepaid expenses and other	7,769	2,001
Increase in security deposits	-	(18,965)
Decrease in accounts payable	(19,636)	(1,137)
Decrease in due to related company	-	(18,704)
(Decrease) increase in accrued payroll and related taxes	(5,164)	40,932
Increase in collected but not earned	3,915	-
(Decrease) increase in accrued expenses	(40,495)	5,300
Net cash (used in) provided by operating activities	(1,793,041)	(697,676)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(17,997)	(31,198)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments to financial institution, net	-	(81,088)
Proceeds from sale of preferred stock	-	6,712,500
Payments made related to sale of preferred stock	-	(1,206,483)
Net cash provided by (used in) financing activities	0	5,424,929
INCREASE (DECREASE) IN CASH	(1,811,038)	4,696,055
CASH, beginning of period	3,499,044	55,771
CASH, end of period	$ 1,688,006	$ 4,751,826

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

The Consolidated Balance Sheet as of June 30, 2008, the Consolidated Statements of Operations for the three and six months ended June 30, 2008 and 2007 and the Consolidated Statements of Cash Flows for the six months ended June 30, 2008 and 2007 have been prepared by us without audit. In the opinion of Management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly in all material respects our financial position as of June 30, 2008, results of operations for the three and six months ended June 30, 2008 and 2007 and cash flows for the six months ended June 30, 2008 and 2007 are necessarily indicative of the results to be expected for the full year.

This report should be read in conjunction with our Form 10-KSB for our fiscal year ended December 31, 2007.

1. BACKGROUND AND DESCRIPTION OF BUSINESS:

The consolidated financial statements include the accounts of Anchor Funding Services, Inc. (formerly BTHC XI, Inc.) and its wholly owned subsidiary, Anchor Funding Services, LLC ("the Company"). In April of 2007, BTHC XI, Inc. changed its name to Anchor Funding Services, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

Anchor Funding Services, Inc. is a Delaware corporation. Anchor Funding Services, Inc. has no operations; substantially all operations of the Company are the responsibility of Anchor Funding Services, LLC.

Anchor Funding Services, LLC is a North Carolina limited liability company. Anchor Funding Services, LLC was formed for the purpose of providing factoring and back office services to businesses located throughout the United States of America.

On January 31, 2007, BTHC XI, Inc acquired Anchor Funding Services, LLC by exchanging shares in BTHC XI, Inc. for all the outstanding membership units of Anchor Funding Services, LLC (See Note 8). Anchor Funding Services, LLC is considered the surviving entity therefore these financial statements include the accounts of BTHC XI, Inc. and Anchor Funding Services, LLC since January 1, 2007.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the 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 those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **Fixed Transaction Fee.** Fixed transaction fees are a fixed percentage of the purchased invoice. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **Variable Transaction Fee.** Variable transaction fees are variable based on the length of time the purchased invoice is outstanding. As specified in its contract with the client, the Company charges variable increasing percentages of the purchased invoice as time elapses from the purchase date to the collection date.

For both Fixed and Variable Transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer's collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers' historical yield is based on the Company's last six months of experience with the customer along with the Company's experience in the customer's industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice. These adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account and collected but unearned fee income, plus earned but uncollected fee income. The Company purchases a customer's accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company's factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management considered approximately $36,000 and $31,000 of their June 30, 2008 and December 31, 2007 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected.

Property and Equipment – Property and equipment, consisting primarily of furniture and fixtures, computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method.

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were as follows:

For the six months ending June 30,	
2008	2007
$ 230,600	$ 87,000

For the quarters ending June 30,	
2008	2007
$ 79,200	$ 55,200

Earnings per Share – The Company computes earnings per share in accordance with SFAS No. 128 "Earnings Per Share." Basic earnings per share is computed by dividing the earnings for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

In accordance with SFAS No. 128, options and warrants will have a dilutive effect, under the treasury method, only when the average price of common stock during the period exceeds the exercise price of the options or warrants. During the period under review, the average price of common stock was less than the exercise price of the options and warrants.

Also in accordance with SFAS No. 128, if there is a year-to-date loss from continuing operations, potential common shares should not be included in the computation of diluted earnings per share. During the period under review, there was a year-to-date loss.

Stock Based Compensation until December 31, 2005 - In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 123(R), "Accounting for Stock-Based Compensation." SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. The Company adopted the provisions of SFAS No.123(R) in the first quarter of fiscal 2006.

See Note 9 for the SFAS No. 123(R) impact on the operating results for the six months ended June 30, 2008 and 2007.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Effective January 31, 2007, the Company became a "C" corporation for income tax purposes. In a "C" corporation income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Compensation costs related to the issuance of stock options
- Use of the reserve method of accounting for bad debts
- Differences in bases of property and equipment between financial and income tax reporting
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

Prior to January 31, 2007, Anchor Funding Services, LLC was treated as a partnership for Federal and state income tax purposes. Its earnings and losses were included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in those financial statements.

In July 2006, FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an interpretation of SFAS No. 109" ("FIN 48"), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that the Company recognize in its consolidated financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 became effective for the Company on January 1, 2007.

The Company applied FIN 48 to all its tax positions, including tax positions taken and those expected to be taken, under the transition provision of the interpretation. As a result of the implementation of FIN 48, the Company recognized no increases or decreases in its recorded tax liabilities or 2006 retained earnings.

For the six months and quarters ending June 30, 2008 and 2007, the Company recognized no liability for uncertain tax positions.

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

Recent Accounting Pronouncements –

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 157 is not expected to have a material impact on the Company's financial condition and results of operations.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115*. SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 159. The adoption of SFAS 159 is not expected to have a material impact on the Company's financial condition and results of operations.

On December 4, 2007, the FASB issued SFAS 141(R) "Business Combinations". SFAS 141R modifies the accounting for business combinations and requires, with limited exceptions, the acquiring entity in a business combination to recognize 100 percent of the assets acquired, liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date fair value. In addition, SFAS 141R limits the recognition of acquisition-related restructuring liabilities and requires the following: the expense of acquisition-related and restructuring costs and the acquirer to record contingent consideration measured at the acquisition date at fair value. SFAS 141R is effective for new acquisitions consummated on or after January 1, 2009. Early adoption is not permitted. The Company is currently evaluating the effect of this standard.

On December 4, 2007, the FASB issued SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 160 requires all entities to report noncontrolling (i.e. minority interests) in subsidiaries as equity in the Consolidated Financial Statements and to account for transactions between an entity and noncontrolling owners as equity transactions if the parent retains its controlling financial interest in the subsidiary. SFAS 160 also requires expanded disclosure that distinguishes between the interests of a parent's owners and the interests of a noncontrolling owners of a subsidiary. SFAS 160 is effective for the Company's financial statements for the year beginning January 1, 2009 and early adoption is not permitted. The adoption of SFAS 160 is not expected to have a material impact on the Company's financial condition and results of operations.

3. RETAINED INTEREST IN PURCHASED ACCOUNTS RECEIVABLE:

Retained interest in purchased accounts receivable consists of the following:

	June 30, 2008	December 31, 2007
Purchased accounts receivable outstanding	$ 2,983,160	$ 1,841,539
Reserve account	(403,937)	(308,616)
Allowance for uncollectible accounts	(35,752)	(30,708)
	$ 2,543,471	$ 1,502,215

Retained interest in purchased accounts receivable consists of United States companies in the following industries:

	June 30, 2008	December 31, 2007
Staffing	$ 578,162	$ 656,020
Transportation	1,226,337	218,264
Publishing	3,364	6,000
Construction	9,294	8,291
Service	627,259	498,614
Other	134,807	145,734
	$ 2,579,223	$ 1,532,923

Total accounts receivable purchased were as follows:

For the six months ending June 30,	
2008	2007
$ 13,596,000	$ 4,370,000

For the quarters ending June 30,	
2008	2007
$ 7,558,000	$ 2,779,000

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	Estimated Useful Lives	June 30, 2008	December 31, 2007
Furniture and fixtures	2-5 years	$ 33,960	$ 33,960
Computers and software	3-7 years	111,863	93,866
		145,823	127,826
Less accumulated depreciation		(59,435)	(38,782)
		$ 86,388	$ 89,044

5. DUE FROM/TO FINANCIAL INSTITUTION:

The Company had an agreement with a financial institution under which the institution financed their purchased accounts receivable. The institution received a fee of .3 percent of the receivables financed plus interest as described below. The Company terminated this agreement on July 16, 2007.

Borrowings were made at the request of the Company. The amount eligible to be borrowed was the lower of $1,000,000 or a borrowing base formula as defined in the agreement. The interest on borrowings was paid monthly at a rate ranging from the institution's prime rate plus 1% to 12.75%.

The agreement was collateralized by all current and future Company assets and was guaranteed by the Company's majority shareholders.

6. CAPITAL STRUCTURE:

The Company's capital structure consists of preferred and common stock as described below:

Preferred Stock – The Company is authorized to issue 10,000,000 shares of $.001 par value preferred stock. The Company's Board of Directors determines the rights and preferences of its preferred stock.

On January 31, 2007, the Company filed a Certificate of Designation with the Secretary of State of Delaware. Effective with this filing, 2,000,000 preferred shares became Series 1 Convertible Preferred Stock. Series 1 Convertible Preferred Stock will rank senior to Common Stock.

Series 1 Convertible Preferred Stock is convertible into 5 shares of the Company's Common Stock. The holder of the Series 1 Convertible Preferred Stock has the option to convert the shares to Common Stock at any time. Upon conversion all accumulated and unpaid dividends will be paid as additional shares of Common Stock.

The dividend rate on Series 1 Convertible Preferred Stock is 8%. Dividends are paid annually on December 31st in the form of additional Series 1 Convertible Preferred Stock unless the Board of Directors approves a cash dividend. Dividends on Series 1 Convertible Preferred Stock shall cease to accrue on the earlier of December 31, 2009, or on the date they are converted to Common Shares. Thereafter, the holders of Series 1 Convertible Preferred Stock have the same dividend rights as holders of Common Stock, as if the Series 1 Convertible Preferred Stock had been converted to Common Stock. Accrued dividends at June 30, 2008 and December 31, 2007 were $257,624 and $405,995.

Common Stock – The Company is authorized to issue 40,000,000 shares of $.001 par value Common Stock. Each share of Common Stock entitles the holder to one vote at all stockholder meetings. Dividends on Common Stock will be determined annually by the Company's Board of Directors.

The changes in Series 1 Convertible Preferred Stock and Common Stock shares for the six months ended June 30, 2008 is summarized as follows:

	Series 1 Convertible Preferred Stock	Common Stock
Balance, December 31, 2007	1,342,500	11,820,555
Shares issued in exchange with dividend on preferred shares	94,865	-
Shares issued (redeemed) in connection conversion of preferred shares to common shares	(220,366)	1,119,823
Balance, June 30, 2008	1,216,999	12,940,378

7. RELATED PARTY TRANSACTIONS:

The Company used the administrative staff and facilities of a limited liability company (LLC) related through common ownership. The services provided by the LLC consist primarily of rent, credit, collection, invoicing, payroll and bookkeeping. The Company paid the LLC a fee for these services. The fee is computed as a percentage of accounts receivable purchased by the Company. The administrative fee charged by the LLC was as follows:

For the six months ending June 30,	
2008	2007
$ -	$ 14,000

For the quarters ending June 30,	
2008	2007
$ -	$ 7,100

8. EXCHANGE TRANSACTION:

On January 31, 2007, Anchor Funding Services, LLC and its members entered into a Securities Exchange Agreement with BTHC XI, Inc. The members namely, George Rubin, Morry Rubin ("M. Rubin") and Ilissa Bernstein exchanged their units in Anchor Funding Services, LLC for an aggregate of 8,000,000 common shares of BTHC XI, Inc. issued to George Rubin (2,400,000 shares), M. Rubin (3,600,000 shares) and Ilissa Bernstein (2,000,000 shares). Upon the closing of this transaction Anchor Funding Services, LLC became a wholly-owned subsidiary of BTHC XI, Inc.

At the time of this transaction, BTHC XI, Inc. had no operations and no assets or liabilities. After this transaction the former members of Anchor Funding Services, LLC owned approximately 67.7% of the outstanding common stock of BTHC XI, Inc.

This transaction was accounted for as a purchase. There was no market value for the common shares of BTHC XI, Inc. or the membership units of Anchor Funding Services, LLC at the transaction date. Accordingly, BTHC XI, Inc. recorded the membership units received in Anchor Funding Services, LLC at Anchor Funding Service LLC's net asset value as of the transaction date.

9. EMPLOYMENT AND STOCK OPTION AGREEMENTS:

At closing of the exchange transaction described above, M. Rubin and Brad Bernstein ("B. Bernstein"), the husband of Ilissa Bernstein and President of the Company, entered into employment contracts and stock option agreements with the BTHC XI, Inc. Additionally, at closing two non-employee directors entered into stock option agreements with BTHC XI, Inc.

The following summarizes M. Rubin's employment agreement and stock options:

- The employment agreement with M. Rubin retains his services as Co-chairman and Chief Executive Officer for a three-year period.

- An annual salary of $1 until, the first day of the first month following such time as BTHC XI, Inc. shall have, within any period beginning on January 1 and ending not more than 12 months thereafter, earned pre-tax net income exceeding $1,000,000, M. Rubin's base salary shall be adjusted to an amount, to be mutually agreed upon between M. Rubin and BTHC XI, Inc., reflecting the fair value of the services provided, and to be provided, by M. Rubin taking into account (i) his position, responsibilities and performance, (ii) BTHC XI, Inc.'s industry, size and performance, and (iii) other relevant factors. M. Rubin is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. M. Rubin shall be entitled to a monthly automobile allowance of $1,500.

- 10-year options to purchase 650,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or M. Rubin is terminated without cause or M. Rubin terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of M. Rubin's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes B. Bernstein's employment agreement and stock options:

- The employment agreement with B. Bernstein retains his services as President for a three-year period.

- An annual salary of $205,000 during the first year, $220,000 during the second year and $240,000 during the third year and any additional year of employment. The Board may periodically review B. Bernstein's base salary and may determine to increase (but not decrease) the base salary in accordance with such policies as BTHC XI, Inc. may hereafter adopt from time to time. B. Bernstein is eligible to receive annual bonuses as determined by BTHC XI, Inc.'s compensation committee. B. Bernstein shall be entitled to a monthly automobile allowance of $1,000.

- 10-year options to purchase 950,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on February 29, 2008 and one-third on February 28, 2009, provided that in the event of a change in control or B. Bernstein is terminated without cause or B. Bernstein terminates for good reason, all unvested options shall accelerate and immediately vest and become exercisable in full on the earliest of the date of change in control or date of B. Bernstein's voluntary termination or by BTHC XI, Inc. without cause.

The following summarizes the non-employee stock option agreements entered into with three directors:

- 10-year options to purchase 460,000 shares exercisable at $1.25 per share, pursuant to BTHC XI, Inc.'s 2007 Omnibus Equity Compensation Plan. Vesting of the options is one-third immediately, one-third on 1 year from grant date and the remainder 2 years from grant date. If any director ceases serving BTHC XI, Inc. for any reason, all unvested options shall terminate immediately and all vested options must be exercised within 90 days after the director ceases serving as a director.

The following summarizes stock option agreements entered into with three managerial employees:

- 10-year options to purchase 12,000 shares exercisable at $1.25 per share, pursuant to the Company's 2007 Omnibus Equity Compensation Plan. The grant dates range from September 28, 2007 to February 21, 2008. The vesting periods range from one year to four years. If the employee ceases being employed by the Company for any reason, all vested and unvested options shall terminate immediately.

The following summarizes a stock subscription agreement entered into with an unrelated individual:

- Pursuant to a subscription agreement entered into on December 11, 2007, the Company awarded 25,000 shares of common stock, at $1 per share, in exchange for a full recourse note receivable of $25,000. This transaction was accounted for in accordance with SFAS 123(R).

The following table summarizes information about stock options as of June 30, 2008:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
$ 1.25	1,972,000	10 years	1,307,668

BTHC XI, Inc. will record the issuance of these options as of June 30, 2008 in accordance with SFAS No. 123(R). The following information was input into a Black Scholes option pricing model to compute a per option price of $.0468:

Exercise price	$1.25
Term	10 years
Volatility	2.5
Dividends	0%
Discount rate	4.75%

The financial effect of these options to record over their life is as follows:

Options to value	1,972,000
Option price	$ 0.0468
Total expense to recognize over life of options	$ 92,290

The pre-tax fair value recorded for these options in the statement of operations for the six months ended June 30, 2008 and 2007 was as follows:

	For the six months ended June 30, 2008	For the six months ended June 30, 2007
Fully vested stock options	$ 2,548	$ 30,576
Unvested portion of stock options	7,709	19,110
After-tax effect	$ 10,257	$ 49,686

10. SALE OF CONVERTIBLE PREFERRED STOCK:

From February 1, 2007 to April 5, 2007 the Company sold 1,342,500 shares of convertible preferred stock to accredited investors. The gross proceeds, transaction expenses and net proceeds of these transactions were as follows:

Gross proceeds	$6,712,500
Cash fees:	
Placement agent	(949,050)
Legal and accounting	(218,552)
Blue sky	(39,348)
Net cash proceeds	$5,505,550
Non-cash fees:	
Placement agents fees - warrants	(62,695)
Net proceeds	$5,442,855

The placement agent was issued warrants to purchase 1,342,500 shares of the Company's common stock. The following information was input into a Black Scholes option pricing model to compute a per option price of $.0462:

Exercise price	$1.10
Term	5 years
Volatility	2.5
Dividends	0%
Discount rate	4.70%

The following table summarizes information about stock warrants as of June 30, 2008:

Exercise Price	Number Outstanding	Weighted Average Remaining Contractual Life	Number Exercisable
$ 1.10	1,342,500	5 years	1,342,500

11. CONCENTRATIONS:

Revenues – The Company recorded revenues from United States companies in the following industries as follows:

Industry	For the six months ending June 30,	
Staffing	$ 152,583	$ 136,192
Transportation	166,428	6,326
Publishing	-	2,059
Construction	2,869	4,831
Service	138,250	20,217
Other	25,047	6,119
	$ 485,177	$ 175,744

Industry	For the quarter ending June 30,	
	2008	2007
Staffing	$ 71,322	$ 56,889
Transportation	113,190	102
Publishing	-	547
Construction	1,515	2,156
Service	76,633	13,785
Other	10,859	2,159
	$ 273,519	$ 75,638

Major Customers – The Company had the following transactions and balances with unrelated customers (1 for the six months ending June 30, 2008 and 4 for the six months ending June 30, 2007) which represent 10 percent or more of its revenues for the six months June 30, 2008 and 2007 as follows:

	For the six months ended June 30, 2008
Revenues	$ 48,900

	As of June 30,2008
Purchased accounts receivable outstanding	$ 308,600

	For the six months ended June 30, 2007			
Revenues	$ 25,300	$ 24,200	$ 28,900	$ 15,900

	As of June 30,2007			
Purchased accounts receivable outstanding	$ 159,300	$ 204,500	$ 155,400	$ 86,200

Cash – The Company maintains cash deposits with a bank. At various times throughout the year, these balances exceeded the federally insured limit of $100,000.

12. SUPPLEMENTAL DISCLOSURES OF CASH FLOW:

Cash paid for interest for the six months ended June 30, 2008 and 2007 was $0 and $21,000 respectively.

Non-cash financing and investing activities consisted of the following:

For the six months ending June 30, 2008 -

94,685 preferred shares issued in satisfaction of the accrued dividend obligation as of December 31, 2007 (see Note 6).

Exchange of 220,366 preferred shares for 1,119,613 of common shares (see Note 6).

2,000 stock options were issued to an employee (see Note 9).

For the six months ending June 30, 2007 -

8,000,000 shares of common stock were issued in exchange for 100,000 membership units of Anchor Funding Services, LLC (see Note 8). In connection with this exchange, the Company acquired cash of $6,270.

1,970,000 stock options were issued to the Company's President, CEO and two non-employee directors (see Note 9).

1,342,500 stock warrants were issued to the placement agent handling the sale of the Company's convertible preferred stock (see Note 10).

13. INCOME TAXES:

The income tax benefit for the six months ending June 30, 2008 and 2007 consists of the following:

	June 31, 2008	June 31, 2007
Current provision	$ 0	$ 0
Deferred benefit	251,000	104,000
	251,000	104,000
Valuation reserve	(251,000)	(87,000)
	$ 0	$ 17,000

The net operating loss carryforward generated in the six months ending June 30, 2008 and 2007 was approximately $689,000 and $256,000, respectively. The deferred tax assets related to these net operating loss carryforwards was approximately $251,000 and $87,000 as June 30, 2008 and 2007, respectively. These deferred tax assets have been reduced by valuation allowances. Management is uncertain if this net operating loss will ever be utilized, therefore it has been fully reserved.

14. FACILITIY LEASES:

In May 2007, the Company executed lease agreements for office space in Charlotte, NC and Boca Raton, FL. Both lease agreements are with unrelated parties.

The Charlotte lease is effective on August 15, 2007, is for a twenty-four month term and includes an option to renew for an additional three year term at substantially the same terms. On November 1, 2007, the Company entered into a lease for additional space adjoining its Charlotte office. The lease is for 19 months and includes a two year renewal option at substantially the same terms. The monthly rent for the combined space is approximately $2,250.

The Boca Raton lease was effective on August 20, 2007 and is for a sixty-one month term. The monthly rental is approximately $8,300.

Total rent expense for the six months ending June 30, 2008 and 2007 was approximately $63,000 and $3,000 respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and plan of operation together with our consolidated financial statements and the related notes appearing at the end of our Form 10-KSB for the fiscal year ended December 31, 2007. Some of the information contained in this discussion and analysis or set forth elsewhere in this form 10-Q, including information with respect to our plans and strategy for our business and related financing, includes forward-looking statements that involve risks and uncertainties. You should review the “Risk Factors” section of our Form 10-KSB for the fiscal year ended December 31, 2007 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

This Form 10-Q contains forward-looking statements. These statements relate to our expectations for future events and future financial performance. Generally, the words “anticipate,” “expect,” “intend” and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties, and future events and circumstances could differ significantly from those anticipated in the forward-looking statements. These statements are only predictions. Actual events or results may differ materially. Factors which could affect our financial results are described in the “Risk Factors” included herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

Executive Overview

Our business objective is to create a well-recognized, national financial services firm for small businesses providing accounts receivable funding (factoring), outsourcing of accounts receivable management including collections and the risk of customer default.. For certain service businesses, Anchor also provides back office support including payroll, payroll tax compliance and invoice processing services. We provide our services to clients nationwide and may expand our services internationally in the future. We plan to achieve our growth objectives as described below through a combination of strategic and add-on acquisitions of other factoring and related specialty finance firms that serve small businesses in the United States and Canada and internal growth through mass media marketing initiatives. Our principal operations are located in Charlotte, North Carolina and we maintain an executive office in Boca Raton, Florida which includes its sales and marketing functions.

Summary of Critical Accounting Policies

Management’s Discussion and Analysis of Financial Condition and Results of Operations discusses our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to credit provisions, intangible assets, contingencies and litigation and income taxes. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, reflect the more significant judgments and estimates used in the preparation of our financial statements.

Summary of Critical Accounting Policies and Estimates

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the 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 those estimates.

Revenue Recognition – The Company charges fees to its customers in one of two ways as follows:

1) **Fixed Transaction Fee.** Fixed transaction fees are a fixed percentage of the purchased invoice. This percentage does not change from the date the purchased invoice is funded until the date the purchased invoice is collected.

2) **Variable Transaction Fee.** Variable transaction fees are variable based on the length of time the purchased invoice is outstanding. As specified in its contract with the client, the Company charges variable increasing percentages of the purchased invoice as time elapses from the purchase date to the collection date.

For both Fixed and Variable Transaction fees, the Company recognizes revenue by using one of two methods depending on the type of customer. For new customers the Company recognizes revenue using the cost recovery method. For established customers the Company recognizes revenue using the accrual method.

Under the cost recovery method, all revenue is recognized upon collection of the entire amount of purchased accounts receivable.

The Company considers new customers to be accounts whose initial funding has been within the last three months or less. Management believes it needs three months of history to reasonably estimate a customer’s collection period and accrued revenues. If three months of history has a limited number of transactions, the cost recovery method will continue to be used until a reasonable revenue estimate can be made based on additional history. Once the Company obtains sufficient historical experience, it will begin using the accrual method to recognize revenue.

For established customers the Company uses the accrual method of accounting. The Company applies this method by multiplying the historical yield, for each customer, times the amount advanced on each purchased invoice outstanding for that customer, times the portion of a year that the advance is outstanding. The customers’ historical yield is based on the Company’s last six months of experience with the customer along with the Company’s experience in the customer’s industry, if applicable.

The amounts recorded as revenue under the accrual method described above are estimates. As purchased invoices are collected, the Company records the appropriate adjustments to record the actual revenue earned on each purchased invoice. These adjustments from the estimated revenue to the actual revenue have not been material.

Retained Interest in Purchased Accounts Receivable – Retained interest in purchased accounts receivable represents the gross amount of invoices purchased from factoring customers less amounts maintained in a reserve account and collected but unearned fee income, plus earned but uncollected fee income. The Company purchases a customer’s accounts receivable and advances them a percentage of the invoice total. The difference between the purchase price and amount advanced is maintained in a reserve account. The reserve account is used to offset any potential losses the Company may have related to the purchased accounts receivable.

The Company’s factoring and security agreements with their customers include various recourse provisions requiring the customers to repurchase accounts receivable if certain conditions, as defined in the factoring and security agreement, are met.

Senior management reviews the status of uncollected purchased accounts receivable monthly to determine if any are uncollectible. The Company has a security interest in the accounts receivable purchased and on a case-by-case basis, may have additional collateral. The Company files security interests in the property securing their advances. Access to this collateral is dependent upon the laws and regulations in each state where the security interest is filed. Additionally, the Company has varying types of personal guarantees from their factoring customers relating to the purchased accounts receivable.

Management considered approximately $36,000 and $31,000 of their June 30, 2008 and December 31, 2007 retained interest in purchased accounts receivable to be uncollectible.

Management believes the fair value of the retained interest in purchased accounts receivable approximates its recorded value because of the relatively short term nature of the purchased receivable and the fact that the majority of these invoices have been subsequently collected.

Property and Equipment – Property and equipment, consisting primarily of furniture and fixtures, computers and software, are stated at cost. Depreciation is provided over the estimated useful lives of the depreciable assets using the straight-line method.

Advertising Costs – The Company charges advertising costs to expense as incurred. Total advertising costs were approximately $230,600 and $87,000 for the six months ended June 30, 2008 and 2007, respectively and $79,200 and $55,200 for the three months ended June 30, 2008 and 2007, repectively.

Earnings per Share – The Company computes earnings per share in accordance with SFAS No. 128 “Earnings Per Share.” Basic earnings per share is computed by dividing the earnings for the period by the weighted average number of common shares outstanding during the period. Dilutive earnings per share includes the potential impact of dilutive securities, such as convertible preferred stock, stock options and stock warrants. The dilutive effect of stock options and warrants is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price.

In accordance with SFAS No. 128, options and warrants will have a dilutive effect, under the treasury method, only when the average price of common stock during the period exceeds the exercise price of the options or warrants. During the period under review, the average price of common stock was less than the exercise price of the options and warrants.

Also in accordance with SFAS No. 128, if there is a year-to-date loss from continuing operations, potential common shares should not be included in the computation of diluted earnings per share. During the period under review, there was a year-to-date loss.

Stock Based Compensation until December 31, 2005 - In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standard (“SFAS”) No. 123(R), “Accounting for Stock-Based Compensation.” SFAS No. 123(R) establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. SFAS No. 123(R) requires that the fair value of such equity instruments be recognized as an expense in the historical financial statements as services are performed. Prior to SFAS No. 123(R), only certain pro forma disclosures of fair value were required. The provisions of this statement were effective for the first interim reporting period that began after December 15, 2005. The Company adopted the provisions of SFAS No.123(R) in the first quarter of fiscal 2006.

See Note 9 for the SFAS No. 123(R) impact on the operating results for the six months ended June 30, 2008 and 2007.

Fair Value of Financial Instruments – The carrying value of cash equivalents, retained interest in purchased accounts receivable, accounts payable and accrued liabilities approximates their fair value.

Cash and cash equivalents – Cash and cash equivalents consist primarily of highly liquid cash investment funds with original maturities of three months or less when acquired.

Income Taxes – Effective January 31, 2007, the Company became a “C” corporation for income tax purposes. In a “C” corporation income taxes are provided for the tax effects of transactions reported in the financial statements plus deferred income taxes related to the differences between financial statement and taxable income.

The primary differences between financial statement and taxable income for the Company are as follows:

- Compensation costs related to the issuance of stock options
- Use of the reserve method of accounting for bad debts
- Differences in bases of property and equipment between financial and income tax reporting
- Net operating loss carryforwards.

The deferred tax asset represents the future tax return consequences of utilizing these items. Deferred tax assets are reduced by a valuation reserve, when management is uncertain if the net deferred tax assets will ever be realized.

Prior to January 31, 2007, Anchor Funding Services, LLC was treated as a partnership for Federal and state income tax purposes. Its earnings and losses were included in the personal tax returns of its members; therefore, no provision or benefit from income taxes has been included in those financial statements.

In July 2006, FASB issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an interpretation of SFAS No. 109” (“FIN 48”), which clarifies the accounting for uncertainty in tax positions. This Interpretation requires that the Company recognize in its consolidated financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The provisions of FIN 48 became effective for the Company on January 1, 2007.

The Company applied FIN 48 to all its tax positions, including tax positions taken and those expected to be taken, under the transition provision of the interpretation. As a result of the implementation of FIN 48, the Company recognized no increases or decreases in its recorded tax liabilities or 2006 retained earnings.

For the six months and quarters ending June 30, 2008 and 2007, the Company recognized no liability for uncertain tax positions.

The Company classifies interest accrued on unrecognized tax benefits with interest expense. Penalties accrued on unrecognized tax benefits are classified with operating expenses.

Recent Accounting Pronouncements –

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 157, "*Fair Value Measurements*." SFAS 157 provides enhanced guidance for using fair value to measure assets and liabilities. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS 157 is effective for fiscal years beginning after November 15, 2007. The adoption of SFAS 157 is not expected to have a material impact on the Company's financial condition and results of operations.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115.* SFAS 159 provides companies with an option to report selected financial assets and liabilities at estimated fair value. Most of the provisions of SFAS No. 159 are elective; however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities that own trading and available-for-sale securities. The fair value option created by SFAS No. 159 permits an entity to measure eligible items at fair value as of specified election dates. The fair value option (a) may generally be applied instrument by instrument, (b) is irrevocable unless a new election date occurs, and must be applied to the entire instrument and not to only a portion of the instrument.

SFAS No. 159 is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of the fiscal year, has not yet issued financial statements for any interim period of such year, and also elects to apply the provisions of SFAS No. 159. The Company is currently evaluating the impact of SFAS 157 on its results of operations and financial condition. The adoption of SFAS 159 is not expected to have a material impact on the Company's financial condition and results of operations.

On December 4, 2007, the FASB issued SFAS 141(R) "Business Combinations". SFAS 141R modifies the accounting for business combinations and requires, with limited exceptions, the acquiring entity in a business combination to recognize 100 percent of the assets acquired, liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date fair value. In addition, SFAS 141R limits the recognition of acquisition-related restructuring liabilities and requires the following: the expense of acquisition-related and restructuring costs and the acquirer to record contingent consideration measured at the acquisition date at fair value. SFAS 141R is effective for new acquisitions consummated on or after January 1, 2009. Early adoption is not permitted. The Company is currently evaluating the effect of this standard.

On December 4, 2007, the FASB issued SFAS No. 160 "Noncontrolling Interests in Consolidated Financial Statements" (SFAS 160). SFAS 160 requires all entities to report noncontrolling (i.e. minority interests) in subsidiaries as equity in the Consolidated Financial Statements and to account for transactions between an entity and noncontrolling owners as equity transactions if the parent retains its controlling financial interest in the subsidiary. SFAS 160 also requires expanded disclosure that distinguishes between the interests of a parent's owners and the interests of a noncontrolling owners of a subsidiary. SFAS 160 is effective for the Company's financial statements for the year beginning January 1, 2009 and early adoption is not permitted. The adoption of SFAS 160 is not expected to have a material impact on the Company's financial condition and results of operations.

Results of Operations

Three Months Ended June 30, 2008 vs. Three Months Ended June 30, 2007

Finance revenues for the three months ended June 30, 2008 were $273,516 compared to $75,638 for the comparable period of the prior year (a 261.6% increase). The change in revenue was primarily due to an increase in the number of clients. As of June 30, 2008, the Company had 72 active clients compared to 9 clients as of June 30, 2007.

Interest income (expense), net for the three months ended June 30, 2008 was $10,902 compared to $51,389 for the comparable period of the prior year (a $40,487 decrease). Beginning in February 2007, the Company began using the proceeds from the sale of Series 1 Preferred Stock to fund its acquisition of accounts receivable instead of borrowing from its lender. The Company anticipates that interest income will continue to decrease as excess cash on hand is used to fund the purchase of accounts receivable as more new clients are added.

The Company had a provision for credit losses of $11,140 for the three months ended June 30, 2008 compared to a provision for credit losses for the three months ended June 30, 2007 of $0.

Operating expenses for the three months ended June 30, 2008 were $557,650 compared to $289,668 for the comparable period of the prior year (an 92.5% increase). This increase is primarily attributable to the Company's incurring additional costs for increased payroll, marketing, professional, rent, insurance and other operating expenses to grow Anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reported company. In this respect, Management received $58,269 in compensation for the three months ended June 30, 2008 as compared to $54,807 for the comparable period of the prior year. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and opened an Executive and Sales office in Boca Raton, Florida in August, 2007

Net Loss for the three months ended June 30, 2008 was $(284,372) compared to $(160,641) for the comparable period of the prior year. The increase in net loss is the result of increases in net finance revenues ($157,391) being offset by an increase in operating costs ($ 267,982).

The following table compares the operating results for the three months ended June 30, 2008 and June 30, 2007:

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	$ Change	% Change
Finance revenues	$ 273,516	$ 75,638	$ 197,878	261.6
Interest income (expense), net	10,902	51,389	(40,487)	(78.8)
Net finance revenues	284,418	127,027	157,391	123.9
Provision for credit losses	(11,140)		(11,140)	
Finance revenues, net of interest expense and credit losses	273,278	127,027	146,251	115.1
Operating expenses	557,650	289,668	267,982	92.5
Net income (loss) before income taxes	(284,372)	(162,641)	(121,731)	74.8
Income tax (provision) benefit:		2,000	(2,000)	
Net income (loss)	$ (284,372)	$ (160,641)	$ (123,731)	77.0

Finance revenue. Finance revenues for the three months ended June 30, 2008 were $273,516 compared to $75,638 for the comparable period of the prior year (a 261.6% increase). Anchor had 72 active clients as of June 30, 2008 compared to 9 for the comparable period of the prior year.

Interest income (expense). Interest income (expense), net for the three months ended June 30, 2008 was $10,902 compared to $51,389 for the comparable period of the prior year (a $40,487decrease). Beginning in February 2007, the Company began using the proceeds from the sale of Series 1 Preferred Stock to fund its acquisition of accounts receivable instead of borrowing from its lender. The Company anticipates that interest income will continue to decrease as excess cash on hand is used to fund the purchase of accounts receivable as more new clients are added.

Provision for credit losses. Anchor has reviewed its portfolio of accounts receivable purchased and determined that it had $11,140 of credit losses for the three months ended June 30, 2008 and $0 credit losses for the comparable period of the prior year.

Operating expenses. Operating expenses are primarily selling, general and administrative ("SG&A") expenses. Operating expenses for the three months ended June 30, 2008 increased by $267,982, compared to the comparable period of the prior year. This increase is primarily attributable to the company's incurring additional costs for increased payroll, marketing, professional and other operating expenses to grow Anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reporting company. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and opened an Executive and Sales office in Boca Raton, Florida in August, 2007.

Key changes in certain selling, general and administrative expenses:

	Three Months Ended June 30,			
	2008	2007	$ Change	Explanation
Payroll, payroll taxes and benefits	$ 257,780	$ 105,774	$ 152,006	Increased payroll and health benefits for sales and back office personnel.
Advertising	79,195	55,221	23,974	Increased marketing
Rent	34,446	1,738	32,708	Rent expense for North Carolina and Florida offices.
	$ 371,421	$ 162,733	$ 208,688	

Client Accounts

As of and for the three months ended June 30, 2008, we have seven clients that account for an aggregate of approximately 44.1% of our accounts receivable portfolio and approximately 39.4% of our revenues. The transactions and balances with these clients as of and for the three months ended June 30, 2008 are summarized below:

Entity	Percentage of Accounts Receivable Portfolio As of June 30, 2008	Percentage of Revenues For The Three Months Ended June 30, 2008
Electrical Grounding Company in New Jersey	5.4%	5.7%
Transportation Company in Tennessee	5.7%	2.8%
Transportation Company in California	5.7%	6.0%
Staffing Company in New Jersey	5.0%	8.1%
Medical Staffing Company in New York	6.3%	4.3%
Medical Staffing Company in New York	10.3%	9.5%
Intellectual Technology Consulting Firm in Maryland	5.6%	3.1%

A client's fraud could cause us to suffer material losses.

Six Months Ended June 30, 2008 vs. Six Months Ended June 30, 2007

Finance revenues for the six months ended June 30, 2008 were $485,177 compared to $175,744 for the comparable period of the prior year (a 176.1% increase). The change in revenue was primarily due to an increase in the number of clients. As of June 30, 2008, the Company had 72 active clients compared to 9 clients as of June 30, 2007.

Interest income (expense), net for the six months ended June 30, 2008 was $34,519 compared to $76,164 for the comparable period of the prior year (a $41,645 decrease). Beginning in February 2007, the Company began using the proceeds from the sale of Series 1 Preferred Stock to fund its acquisition of accounts receivable instead of borrowing from its lender. The Company anticipates that interest income will continue to decrease as excess cash on hand is used to fund the purchase of accounts receivable as more new clients are added.

The Company had a provision for credit losses of $5,044 for the six months ended June 30, 2008 compared to a provision for credit losses for the six months ended June 30, 20087 of $0.

Operating expenses for the six months ended June 30, 2008 were $1,221,905 compared to $559,456 for the comparable period of the prior year (a 118.4% increase). This increase is primarily attributable to the Company's incurring additional costs for increased payroll, marketing, professional, rent, insurance and other operating expenses to grow Anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reporting company. In this respect, Management received $122,692 in compensation for the six months ended June 30, 2008 as compared to $88,980 for the comparable period of the prior year. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and opened an Executive and Sales office in Boca Raton, Florida in August, 2007

Net Loss for the six months ended June 30, 2008 was $(707,253) compared to $(290,548) for the comparable period of the prior year. The increase in net loss is the result of increases in net finance revenues ($267,788) being offset by an increase in operating costs ($662,449).

The following table compares the operating results for the six months ended June 30, 2008 and June 30, 2007:

	Six Months Ended June 30,			
	2008	2007	$ Change	% Change
Finance revenues	$ 485,177	$ 175,744	$ 309,433	176.1
Interest income (expense), net	34,519	76,164	(41,645)	(54.7)
Net finance revenues	519,696	251,908	267,788	106.3
Provision for credit losses	(5,044)		(5,044)	
Finance revenues, net of interest expense and credit losses	514,652	251,908	262,744	104.3
Operating expenses	1,221,905	559,456	662,449	118.4
Net income (loss) before income taxes	(707,253)	(307,548)	(399,705)	130.0
Income tax (provision) benefit:		17,000	(17,000)	
Net income (loss)	$ (707,253)	$ (290,548)	$ (416,705)	143.4

Finance revenue. Finance revenues for the six months ended June 30, 2008 were $485.177 compared to $175.744 for the comparable period of the prior year (a 176.1% increase). Anchor had 72 active clients as of June 30, 2008 compared to 9 for the comparable period of the prior year.

Interest income (expense). Interest income (expense), net for the six months ended June 30, 2008 was $34.519 compared to $76,164 for the comparable period of the prior year (a $41,645 decrease). Beginning in February 2007, the Company began using the proceeds from the sale of Series 1 Preferred Stock to fund its acquisition of accounts receivable instead of borrowing from its lender. The Company anticipates that interest income will continue to decrease as excess cash on hand is used to fund the purchase of accounts receivable as more new clients are added.

Provision for credit losses. Anchor has reviewed its portfolio of accounts receivable purchased and determined that it had $5,044 of credit losses for the six months ended June 30, 2008 and $0 credit losses for the comparable period of the prior year.

Operating expenses. Operating expenses are primarily selling, general and administrative ("SG&A") expenses. Operating expenses for the six months ended June 30, 2008 increased by $662,449, compared to the comparable period of the prior year. This increase is primarily attributable to the company's incurring additional costs for increased payroll, marketing, professional and other operating expenses to grow Anchor's core business, build an infrastructure to support anticipated growth and operate as a publicly reporting company. In addition, the Company began leasing its own offices in Charlotte on June 1, 2007 and opened an Executive and Sales office in Boca Raton, Florida in August, 2007.

Key changes in certain selling, general and administrative expenses:

	Six Months Ended June 30,			
	2008	2007	$ Change	Explanation
Payroll, payroll taxes and benefits	$ 512,565	$ 174,292	$ 338,273	Increased payroll and health benefits for sales and back office personnel.
Advertising	230,589	86,907	143,682	Increased marketing
Rent	69,051	1,738	67,313	Rent expense for North Carolina and Florida offices.
	$ 812,205	$ 262,937	$ 549,260	

Client Accounts

As of and for the six months ended June 30, 2008, we have seven clients that account for an aggregate of approximately 44.1% of our accounts receivable portfolio and approximately 39.1% of our revenues. The transactions and balances with these clients as of and for the six months ended June 30, 2008 are summarized below:

Entity	Percentage of Accounts Receivable Portfolio As of June 30, 2008	Percentage of Revenues For The Three Months Ended June 30, 2008
Electrical Grounding Company in New Jersey	5.0%	5.1%
Transportation Company in Tennessee	5.7%	1.6%
Transportation Company in California	5.7%	3.8%
Staffing Company in New Jersey	5.0%	9.0%
Medical Staffing Company in New York	6.3%	4.5%
Medical Staffing Company in New York	10.3%	10.7%
Intellectual Technology Consulting Firm in Maryland	5.6%	4.3%

A client's fraud could cause us to suffer material losses.

Liquidity and Capital Resources

Cash Flow Summary

Cash Flows from Operating Activities

Net cash used by operating activities was $1,823,041 for the six months ended June 30, 2008 and was primarily due to our net loss for the period and cash used in acquiring operating assets, primarily to purchase accounts receivable. Cash used for operating assets and liabilities was primarily due to an increase of $1,041,256 in retained interest in accounts receivable. Increases and decreases in prepaid expenses, accounts payable, accrued payroll and accrued expenses were primarily the result of timing of payments and receipts.

Net cash used by operating activities was $697,676 for the six months ended June 30, 2007 and was primarily due to our net loss for the period and cash used by operating assets, primarily to purchase accounts receivable, and liabilities. The net loss was $290,548 for the six months ended June 30, 2007. Cash used by operating assets and liabilities was primarily due to an increase of $453,536 in retained interest in accounts receivable. Decreases in accounts payable, offset by increases in accrued payroll and accrued expenses were primarily the result of timing of payments and receipts. Net cash provided by operating activities was lower for the six months ended June 30, 2008 compared to the same period last year primarily due to the increased purchase of accounts receivable and the loss incurred in the current period of $707,253 compared to a net lossof $290,548 for the six months ended June 30, 2007.

Cash Flows from Investing Activities

For the six months ended June 30, 2008, net cash used in investing activities was $17,997 for the purchase of property and equipment.

For the six months ended June 30, 2007, net cash used in investing activities was $31,198 for the purchase of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was $0 for the six months ended June 30, 2008.

Net cash provided by financing activities was $5,424,929 for the six months ended June 30, 2007. This was primarily the result of $6,712,500 of proceeds from the sale of Preferred Stock offset by $1,206,483 of payments related to costs of the sale. In addition, our lender received $81,088 of payments from our clients in excess of advances which resulted in a receivable from our lender of $36,405 as of June 30, 2007.

Between January 31, 2007 and April 5, 2007, we raised $6,712,500 in gross proceeds from the sale of 1,342,500 shares of our Series 1 Convertible Preferred Stock to expand our operations both internally and through possible acquisitions as more fully described under "Description of Business."

Capital Resources

We previously had the availability of a $1 million line of credit through September 5, 2007 with an institutional asset based lender which advanced funds against "eligible accounts receivable" as defined in Anchor's agreement with its institutional lender. This facility, which was secured by our assets, contained certain covenants related to tangible net worth and change in control. In the event that we failed to comply with the covenant(s) and the lender did not waive such non-compliance, we would have been in default of our credit agreement, which could have subjected us to penalty rates of interest and accelerate the maturity of the outstanding balances. On June 28, 2007, we notified our lender of our desire to terminate the facility agreement immediately and the lender subsequently agreed to our request. Prior to us completing any significant acquisitions, for the success of which no assurances can be given, we intend to seek to obtain a new credit facility and attempt to obtain better lending terms. In the event we are not able to obtain adequate credit facilities for our factoring and acquisition needs on commercially reasonable terms, our ability to operate our business and complete one or more acquisitions would be significantly impacted and our financial condition and results of operations could suffer. As of June 30, 2008, we have no line of credit.

We are not reliant on loans from related parties. Based on our current cash position, we believe can meet our cash needs for the next 12 to 18 months and support our anticipated organic growth. In the event we acquire another company, particularly one with a large cash purchase price, we may need additional financing to complete the transaction and our daily cash needs and liquidity could change based on the needs of the combined companies. At that time, in the event we are not able to obtain a sufficient line of credit to complete the acquisition (if needed) and to operate the combined companies financing needs on commercially reasonable terms, our ability to operate our business would be significantly impacted and our financial condition and results of operations could suffer.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our primary exposure to market risk is interest rate risk associated with our short term money market investments. The Company does not have any financial instruments held for trading or other speculative purposes and does not invest in derivative financial instruments, interest rate swaps or other investments that alter interest rate exposure. The Company does not have any credit facilities with variable interest rates.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level at the end of our most recent quarter. There have been no changes in the Company's disclosure controls and procedures or in other factors that could affect the disclosure controls subsequent to the date the Company completed its evaluation. Therefore, no corrective actions were taken.

Management has not yet completed, and is not yet required to have completed, its assessment of the effectiveness of internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002, as amended.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS:

As of the filing date of this Form 10-Q we are not a party to any pending legal proceedings.

Item 1A. Risk Factors

As a Smaller Reporting Company as defined Rule 12b-2 of the Exchange Act and in item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1A.

ITEM 2. CHANGES IN SECURITIES.

(a) For the six months ended June 30, 2008 there were no sales of unregistered securities, except as follows:

Date of Sale	Title of Security	Number Sold	Consideration Received, Commissions	Purchasers	Exemption from Registration Claimed
February 21 and May 28, 2008	Common Stock	Options to purchase 102,000 common Shares	Securities granted under Equity Compensation Plan; no cash received; no commissions paid	Directors and Officers	Section 4(2) of the Securities Act of 1933 and/or Rule 506 promulgated thereunder (6)
January 2008	Series 1 Preferred Stock	94,865 Shares	Annual Stock Dividend	All Preferred Stock Investors	Section 2(3) – No sale (Preferred Stock Dividend)
March and April 2008	Common Stock	1,119,823 Shares	Conversion of Series 1 Preferred Stock into Common Stock; no cash received; no commissions paid	Certain Preferred Stock Investors	Section 3(a)(9)- Exchange of Securities

(b) Rule 463 of the Securities Act is not applicable to the Company.

(c) In the six months ended June 30, 2008, there were no repurchases by the Company of its Common Stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSIONS OF MATTERS TO A VOTE OF SECURITY HOLDERS:

Not applicable.

ITEM 5. OTHER INFORMATION:

Not applicable.

ITEM 6. EXHIBITS:

Except for the exhibits listed below as filed herewith or unless otherwise noted, all other required exhibits have been previously filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, on Form 10-SB, as amended (file no.0-52589).

Exhibit Number	Description
2.1	Exchange Agreement
3.1	Certificate of Incorporation-BTHC,INC.
3.2	Certificate of Merger of BTHC XI, LLC into BTHC XI, Inc.
3.3	Certificate of Amendment
3.4	Designation of Rights and Preferences-Series 1 Convertible Preferred Stock
3.5	Amended and Restated By-laws
4.1	Form of Placement Agent Warrant issued to Fordham Financial Management
10.1	Directors' Compensation Agreement-George Rubin
10.2	Employment Contract-Morry F. Rubin
10.3	Employment Contract-Brad Bernstein
10.4	Agreement-Line of Credit
10.5	Fordham Financial Management-Consulting Agreement
10.6	Facilities Lease – Florida
10.7	Facilities Lease – North Carolina
10.8	Second Facilities Lease-North Carolina (1)
10.9	Facilities Lease for Additional Space – Charlotte, NC* (Incorporated by reference to the Registrant's Form 10-Q/A filed for the quarter ended March 31, 2008.)
11	Statement-re:Compensation of earnings per share-See Consolidated Statements of operations and notes to financial statements
31.1	Chief Executive Officer Rule 13a-14(a)/15d-14(a) Certification *
31.2	Chief Financial Officer Rule 13a-14(a)/15d-14(a) Certification *
32.1	Chief Executive Officer Section 1350 Certification *
32.2	Chief Financial Officer Section 1350 Certification *
99.1	2007 Omnibus Equity Compensation Plan
99.2	Form of Non-Qualified Option under 2007 Omnibus Equity Compensation Plan
99.3	Press Release – Second Quarter Earnings*

*Filed herewith.

(1) Incorporated by reference to the Registrant's Form 10-Q for the quarter ended June 30, 2007.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ANCHOR FUNDING SERVICES, INC.

Date: August 14, 2008	By:	/s/ Morry F. Rubin
		Morry F. Rubin Chief Executive Officer
Date: August 14, 2008	By:	/s/ Brad Bernstein
		Brad Bernstein President and Chief Financial Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Morry F. Rubin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, Inc.;

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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer (if any) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

(b) 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 small business issuer’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 small business issuer’s internal control over financial reporting that occurred during the small business issuer’s most recent fiscal quarter (the small business issuer’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 14, 2008

By: /s/ MORRY F. RUBIN
Morry F. Rubin
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Brad Bernstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Anchor Funding Services, Inc.;

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 registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer (if any) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

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

(b) 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 small business issuer’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 small business issuer’s internal control over financial reporting that occurred during the small business issuer’s most recent fiscal quarter (the small business issuer’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: August 14, 2008

By: **/s/** BRAD BERNSTEIN
Brad Bernstein
President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the “Company”) on Form 10-Q for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Morry Rubin, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(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 result of operations of the Company.

By: /s/ MORRY F. RUBIN
Morry F. Rubin
Chief Executive Officer

August 14, 2008

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18U.S.C. SECTION 1350

In connection with the Quarterly Report of Anchor Funding Services, Inc. (the "Company") on Form 10-Q for the period ending June 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Bernstein, President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act, that:

(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 result of operations of the Company.

August 14, 2008

By: /s/ BRAD BERNSTEIN
Brad Bernstein,
President and Chief Financial Officer

Exhibit 99.3

FOR IMMEDIATE RELEASE-August 14, 2008

Anchor Funding Services, Inc. reports fiscal 2008-second quarter results

Boca Raton, FL (PR Newswire)/August 14, 2008 – Anchor Funding Services, Inc. (OTC Bulletin Board Symbol "AFNG") announced today its results for its second quarter of 2008. The company reported 2008 second quarter finance revenues and net loss of $273,516 and $(284,372) as compared to finance revenues and net loss of $75,638 and $(162,641) for the comparable prior year period. The Company also reported six month 2008 finance revenues and net loss of $485,177 and $(707,253) as compared to finance revenue and net loss of $175,744 and $(290,548) for the comparable period of the prior year. The increase in net loss is attributable to the company's investments in various sales initiatives, marketing and operations personnel, and increases in general and administrative costs and compliance costs as a public reporting company.

Morry F. Rubin, CEO stated that "We have made investments over the last year in various sales and online and offline marketing initiatives which are beginning to have a positive impact. We anticipate further revenue growth throughout the year as we continue to benefit from credit contraction associated with the current business lending environment. While growing organically, we are continuing to look for strategic acquisitions of other North American factoring firms."

Factoring is the purchase of a company's accounts receivable, which provides businesses with critical working capital so they can meet their operational costs and obligations while waiting to receive payment from their customers. This is particularly important for small businesses experiencing rejections and delays from banks which are increasingly tightening their credit requirements.

Anchor is continuing to benefit from the current credit problems experienced by banks and other financial institutions. Banks face continued pressure to exit troubled loans and rebuild their balance sheets. As a result, lending criteria has tightened across the spectrum making it increasingly difficult for small businesses to obtain working capital. Through our sales force and marketing efforts we are implementing various ways to obtain business opportunities from bank rejections and turndowns. Unlike a bank, Anchor is not as focused on the credit quality of its clients, but is more focused on the creditworthiness of its clients' customers and validity of their invoices. Therefore, Anchor is often able to provide working capital to small businesses when banks cannot.

Mr. Rubin also stated that "Within our industry we are targeting specific sectors which demonstrate high demand for factoring services, such as transportation, temporary staffing and the energy sector (oil and gas suppliers), among others. We will continue to communicate significant developments as they occur."

About Anchor

Anchor provides innovative accounts receivable funding to small U.S. businesses. Our funding facility which is based upon creditworthiness of accounts receivable, provides rapid and flexible financing to support small businesses' daily capital needs.

Additional Information

For additional information, a copy of Anchor's Form 10-Q can be obtained on the Internet by going to www.sec.gov, clicking "Search for Company filings," then clicking "Companies & Other Filers," typing in our company name and clicking "find Companies."

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995.

Certain statements in this press release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performances or achievements express or implied by such forward-looking statements. The forward-looking statements are subject to risks and uncertainties including, without limitation, changes in levels of competition, possible loss of customers, and the company's ability to attract and retain key personnel.

Contact Morry F. Rubin, Chairman and C.E.O (866) 950- 6669 EXT 302
Email: Mrubin@anchorfundingservices.com