

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

-----  
FORM 10-Q  
/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998 COMMISSION FILE NO. 2-91651-D

PEACOCK FINANCIAL  
CORPORATION

COLORADO 87-0410039  
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER IDENTIFICATION NUMBER)  
INCORPORATION OR ORGANIZATION)

248 E. MAIN STREET  
SAN JACINTO, CA 92583  
(ADDRESS AND ZIP CODE OF PRINCIPAL EXECUTIVE OFFICES)

(909) 487-8911  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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.

/X/ YES / / NO

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<TABLE>  
<CAPTION>  
<S> <C>  
COMMON STOCK 12,967,131 SHARES OUTSTANDING  
\$0.001 PAR VALUE AS OF MARCH 31, 1998

</TABLE>

PEACOCK FINANCIAL CORPORATION  
REPORT ON FORM 10-Q  
QUARTER ENDED MARCH 31, 1998

TABLE OF CONTENTS  
-----

		Page Number ----- <C>
<S>	PART I. FINANCIAL INFORMATION	
ITEM 1.	FINANCIAL STATEMENTS (UNAUDITED)	
-	CONDENSED CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 1998, AND DECEMBER 31, 1997	3 & 4
-	CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS THREE MONTHS ENDED MARCH 31, 1998 AND 1997	5 & 6
-	CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY AS OF MARCH 31, 1998	7 & 8
-	CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS AS OF MARCH 31, 1998 AND MARCH 31, 1997	9 & 10
-	NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	

ITEM 2. NOTES TO THE FINANCIAL STATEMENTS

ITEM 3. MANAGEMENT DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATION

PART II. OTHER INFORMATION AND SIGNATURES  
</TABLE>

2

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Balance Sheets

ASSETS

<TABLE>  
<CAPTION>

	March 31,	December 31,
	----- 1998	----- 1997
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,142	\$ 14,777
Total Current Assets	----- 13,142	----- 14,777
FIXED ASSETS, at cost, net of accumulated depreciation of \$147,717 and \$151,186, respectively	----- 358,276	----- 359,215
OTHER ASSETS		
Construction-in-process	-	374,397
Notes receivable	10,242,202	230,067
Developer fees receivable	209,243	226,000
Development costs	1,216,036	1,216,036
Investments in limited partnerships	1,224,292	1,224,292
Other assets	11,926	11,926
Total Other Assets	----- 12,903,699	----- 3,282,718
TOTAL ASSETS	----- \$13,275,117	----- \$ 3,656,710
	-----	-----

</TABLE>

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

3

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>  
<CAPTION>

	March 31,	December 31,
	----- 1998	----- 1997
	-----	-----
<S>	<C>	<C>
CURRENT LIABILITIES		
Accounts payable	\$ 145,675	\$ 219,934
Other current liabilities	201,886	189,423
Lines of credit	46,905	50,585
Notes payable - current portion	919,650	1,147,871
Note payable to stockholder	18,486	23,869

Total Current Liabilities	1,332,602	1,631,682
LONG-TERM DEBT		
Notes payable - long term	522,802	523,217
Total Liabilities	1,855,404	2,154,899
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock: 10,000,000 shares authorized at \$0.01 par value; 672,300 and -0- shares issued and outstanding, respectively	6,723	6,723
Common stock: 250,000,000 shares authorized at \$0.001 par value; 12,967,131 and 11,763,797 shares issued and outstanding, respectively	12,967	11,764
Additional paid-in capital	12,521,736	2,335,379
Accumulated deficit	(1,121,713)	(852,055)
Total Stockholders' Equity	11,419,713	1,501,811
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$13,275,117	\$ 3,656,710

</TABLE>

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

4

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Operations

<TABLE>  
<CAPTION>

	March 31, 1998	March 31, 1997
	-----	-----
<S>	<C>	<C>
REVENUES		
Home building and development sales	\$ 233,672	\$ 704,288
Property management and administration income	900	1,967
Commissions income	-	4,814
Other income	9,086	2,127
Total Revenues	243,658	713,196
EXPENSES		
Home building and development costs	324,879	698,150
General and administrative	162,255	184,867
Depreciation and amortization	939	200
Total Expenses	488,073	883,217
LOSS FROM CONTINUING OPERATIONS	(244,415)	(170,021)
OTHER INCOME (EXPENSE)		
Interest income	-	-
Interest expense	(24,444)	(4,867)
Other expense	(800)	(1,600)

Total Other Income (Expense)	(25,244)	(6,467)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(269,659)	(176,488)
INCOME TAXES	-	-
NET LOSS FROM CONTINUING OPERATIONS	(269,659)	(176,488)
DISCONTINUED OPERATIONS		
Loss from operations of discontinued segment	-	(61,587)
Total Discontinued Operations	-	(61,587)
NET LOSS	\$ (269,659)	\$ (238,075)

</TABLE>

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

5

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Operations (Continued)

<TABLE>  
<CAPTION>

	March 31, 1998	March 31, 1997
	<C>	<C>
LOSS PER SHARE		
Continued operations	\$ 0.02	\$ 0.01
Discontinued operations	0.00	0.01
LOSS PER SHARE	\$ 0.02	\$ 0.02
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	12,365,464	10,695,295

</TABLE>

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

6

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Stockholders' Equity

<TABLE>  
<CAPTION>

Accumulated Deficit	Preferred Stock		Common Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995 (1,214,867)	-	\$ -	3,256,150	\$ 3,256	\$ 2,326,899

Common stock issued to acquire Connectivity and Technology, Inc.	-	-	5,183,850	5,184	(5,184)	
-						
Conversion of Class B common stock to preferred stock	672,300	6,723	(672,300)	(672)	(6,051)	
-						
Common stock issued for cash	-	-	2,700,095	2,700	154,269	
-						
Common stock issued for services	-	-	227,500	227	36,773	
-						
Deferred stock costs charged to paid-in capital	-	-	-	-	(265,810)	
-						
Accrued dividends	-	-	-	-	(25,422)	
-						
Net income for the year ended December 31, 1996	-	-	-	-	-	
140,803						
-----						
Balance, December 31, 1996 (1,074,064)	672,300	6,723	10,695,295	10,695	2,215,474	
Common stock issued for cash	-	-	422,002	422	59,618	
-						
Common stock issued for services	-	-	646,500	647	83,459	
-						
Accrued dividends	-	-	-	-	(23,172)	
-						
Net income for the year ended December 31, 1997	-	-	-	-	-	
222,009						
-----						
Balance, December 31, 1997 (852,055)	672,300	\$ 6,723	11,763,797	\$ 11,764	\$ 2,335,379	\$
-----						

</TABLE>

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

7

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Stockholders' Equity (Continued)

<TABLE>  
<CAPTION>

Accumulated Deficit	Preferred Stock		Common Stock		Additional Paid-in Capital
	Shares	Amount	Shares	Amount	
	-----	-----	-----	-----	-----

	<C>	<C>	<C>	<C>	<C>	<C>
Common stock issued for cash	-	-	1,153,334	1,153	177,200	
Common stock issued for services	-	-	50,000	50	14,950	
Common stock issued for note receivable	-	-	-	-	10,000,000	
Accrued dividends	-	-	-	-	(5,793)	
Net income for the year ended March 31, 1998 (269,659)	-	-	-	-	-	
Balance, March 31, 1998 \$ (1,121,714)	672,300	\$ 6,723	12,967,131	\$ 12,967	\$12,521,736	

</TABLE>

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

8

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Cash Flows

<TABLE>  
<CAPTION>

	March 31, 1998	March 31, 1997
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ (269,659)	\$ (238,075)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	939	200
Discontinued operations	-	151,185
Changes in operating assets and liabilities:		
(Increase) decrease in accounts and notes receivable	4,623	12,000
(Increase) decrease in accounts receivable - related parties	-	7,772
(Increase) decrease in other assets	-	(6,278)
Increase (decrease) in accounts payable	(74,259)	9,385
Increase (decrease) in other liabilities	8,783	16,921
Net Cash Used by Operating Activities	(329,573)	(46,890)
CASH FLOWS FROM INVESTING ACTIVITIES		
Note receivable	(10,000.00)	-
Construction in progress	374,397	29,120
Purchase of property and equipment	-	(30,831)
Net Cash Used by Investing Activities	(9,625,603)	(1,711)
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to shareholders	(5,383)	1,878
Repayment of notes payable	(228,221)	(401,968)
Proceeds from long-term borrowings	(415)	360,627
Proceeds from stock offerings	10,187,560	

	-----	-----
Net Cash Provided by Financing Activities	\$ 9,953,541	\$ (39,463)
	-----	-----

</TABLE>

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

9

PEACOCK FINANCIAL CORPORATION AND SUBSIDIARY  
(Formerly Connectivity and Technology, Inc.)  
Consolidated Statements of Cash Flows (Continued)

<TABLE>  
<CAPTION>

	March 31, 1998	March 31, 1997
	-----	-----
<S>	<C>	<C>
NET INCREASE IN CASH	\$ (1,635)	\$ (88,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	14,777	90,987
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 13,142	\$ 2,923
	-----	-----
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Common stock issued for debt	\$ -	\$ -
Common stock issued for services	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid, net of amount capitalized	\$ 11,253	\$ 2,173
Income taxes paid	\$ -	\$ -

</TABLE>

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

10

PEACOCK FINANCIAL CORPORATION  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 1998

- The interim financial statements are prepared pursuant to the requirements for reporting on Form 10-QSB. The December 31, 1997, balance sheet data was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. The interim financial statements and notes thereto should be read in conjunction with the financial statements and footnotes thereto included in the Company's report on Form 10-KSB for the year ended December 31, 1997. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair statement of the results for the interim periods presented.

11

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

This Form 10-QSB contains forward looking statements within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. The Company's actual results could differ materially from those set forth in the forward looking statements.

RESULTS OF OPERATIONS - THREE MONTHS ENDED MARCH 31, 1998, COMPARED TO THE THREE MONTHS ENDED MARCH 31, 1997.

The Company is engaged in construction and real estate development. The

Company's most recent developments are near the Eastside Reservoir, a \$3 billion project under construction in Central Riverside County which will be the largest freshwater lake in Southern California.

REVENUES. Revenues for the three months ended March 31, 1998, decreased by \$469,538 or 66% to \$243,658 from \$713,196 for the three months ended March 31, 1997. This decrease resulted from decrease in home building.

EXPENSES. Total expenses for the three months ended March 31, 1998, decreased by \$395,144 or 45% to \$488,073 from \$883,217 for the three months ended March 31, 1997. This decrease resulted from lower general and administrative expenses and home building development costs. General and administrative expenses for the three months ended March 31, 1998, decreased by \$22,612 or 12% to \$162,255 from \$184,867 for the three months March 31, 1997.

CHANGES IN FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCE.

For the three months ended March 31, 1998, the Company funded its operations and capital requirements partially with its own working capital and partially with proceeds from stock offerings. As of March 31, 1998, the Company had cash of \$13,142.

Net cash used from the operating activities was \$329,573 compared to \$46,890 for the three months ended March 31, 1998, and 1997, respectively. The increase was mainly from operating activities.

Net cash used in financing activities was \$9,625,603 compared to (\$1,711) for the three months ended March 31, 1998, and 1997, respectively.

At March 31, 1998, and 1997, the Company had \$522,802 and \$2,190,578 of long-term debt respectively.

On March 31, 1998, the Company issued \$10,000,000 stock to Hawthorne Group, Ltd. and in exchange received a \$10,000,000 note receivable.

12  
SIGNATURES

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

PEACOCK FINANCIAL CORPORATION

May 20, 1998 /s/ Steven R. Peacock  
-----  
Date Steven R. Peacock  
President and Chief Executive Officer

May 20, 1998 /s/ Bruce Merati  
-----  
Date Bruce Merati  
Secretary



<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	MAR-31-1998
<CASH>	13,142
<SECURITIES>	0
<RECEIVABLES>	12,903,699
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	12,916,841
<PP&E>	505,993
<DEPRECIATION>	(147,717)
<TOTAL-ASSETS>	13,275,117
<CURRENT-LIABILITIES>	1,332,602
<BONDS>	522,802
<PREFERRED-MANDATORY>	0
<PREFERRED>	6,723
<COMMON>	12,798
<OTHER-SE>	11,400,192
<TOTAL-LIABILITY-AND-EQUITY>	13,275,117
<SALES>	243,658
<TOTAL-REVENUES>	0
<CGS>	324,879
<TOTAL-COSTS>	162,255
<OTHER-EXPENSES>	1,739
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	24,444
<INCOME-PRETAX>	(269,659)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(269,659)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(269,659)
<EPS-PRIMARY>	0.02
<EPS-DILUTED>	0.02

</TABLE>