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

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

W.S.Griffith Securities, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

111 Founders Plaza

(No. and Street)

East Hartford

CT

06102

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Laura Miller

(619) 285-6111

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PriceWaterhouseCoopers

(Name — if individual, state last, first, middle name)

750 B Street

San Diego

CA

92101

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIAL

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SEC 1410 (3-91)

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Uf 3-19-02

OATH OR AFFIRMATION

I, Laura Miller, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of W.S. Griffith Securities, Inc., as of

December 31, ~~19~~2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Laura Miller
Signature

Chief Operating Officer
Title

Patricia O. Flores
Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

**Report, Consolidated Financial Statements and
Additional Information**

December 31, 2001 and 2000

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

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December 31, 2001 and 2000

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Report of Independent Accountants

To the Board of Directors and Stockholder of
WS Griffith Securities, Inc.

In our opinion, the accompanying consolidated statements of financial condition and the related consolidated statements of income, stockholder's equity and cash flows present fairly, in all material respects, the financial position of WS Griffith Securities, Inc. (an indirect wholly owned subsidiary of Phoenix Home Life) and its subsidiaries (the "Company") at December 31, 2001 and 2000, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented by management for purposes of additional analysis and is not a required part of the basic consolidated financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 1, 2002

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Consolidated Statements of Financial Condition

December 31, 2001 and 2000

	2001	2000
Assets		
Cash and cash equivalents	\$ 4,371,000	\$ 5,926,000
Receivables from brokers and dealers, net of allowance for doubtful accounts of \$26,000 and \$8,000	2,243,000	1,364,000
Receivable from clearing broker	1,152,000	2,027,000
Concessions due from affiliate	2,233,000	4,881,000
Prepaid expenses	451,000	398,000
Securities owned, at market value	2,070,000	1,949,000
Deferred income taxes	371,000	876,000
Equipment, at cost, less accumulated depreciation of \$462,000 and \$124,000	1,243,000	341,000
Income taxes recoverable from Phoenix Home Life	561,000	
Other assets	930,000	482,000
	<u>\$ 15,625,000</u>	<u>\$ 18,244,000</u>
Liabilities and Stockholder's Equity		
Payables to brokers and dealers	\$ 2,700,000	\$ 2,502,000
Due to Phoenix Home Life	3,619,000	7,184,000
Income taxes payable to Phoenix Home Life	-	19,000
Accounts payable and accrued expenses	842,000	2,693,000
	<u>7,161,000</u>	<u>12,398,000</u>
Commitments and contingent liabilities (Note 9)		
Stockholder's equity		
Common stock, \$1.00 par value, authorized 1,100,000 shares; 247,439 shares issued and outstanding	247,000	247,000
Additional paid-in capital	5,408,000	2,591,000
Retained earnings	2,809,000	3,008,000
	<u>8,464,000</u>	<u>5,846,000</u>
Total liabilities and stockholder's equity	<u>\$ 15,625,000</u>	<u>\$ 18,244,000</u>

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

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Consolidated Statements of Income

For the Years Ended December 31, 2001 and 2000

	2001	2000
Revenues		
Concessions	\$ 73,026,000	\$ 87,932,000
Interest and dividends	429,000	456,000
Other	2,031,000	2,086,000
	<u>75,486,000</u>	<u>90,474,000</u>
Expenses		
Commissions	64,220,000	77,752,000
Processing charges	864,000	2,966,000
Operating and administrative charges from parent	1,008,000	804,000
Compensation and employee benefits	4,052,000	2,628,000
General and administrative	2,688,000	1,485,000
Legal fees	216,000	388,000
Registration fees	569,000	589,000
Clearing fees	1,021,000	1,351,000
Other	1,101,000	1,981,000
	<u>75,739,000</u>	<u>89,944,000</u>
Income (loss) before income taxes	(253,000)	530,000
Income taxes	<u>(54,000)</u>	<u>242,000</u>
Net income (loss)	<u>\$ (199,000)</u>	<u>\$ 288,000</u>

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

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Consolidated Statements of Stockholder's Equity

For the Years Ended December 31, 2001 and 2000

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balance at December 31, 2000	247,439	\$ 247,000	\$ 2,591,000	\$ 2,720,000	\$ 5,558,000
Net income				288,000	288,000
Balance at December 31, 2000	247,439	247,000	2,591,000	3,008,000	5,846,000
Contributions by parent			2,817,000		2,817,000
Net loss				(199,000)	(199,000)
Balance at December 31, 2001	<u>247,439</u>	<u>\$ 247,000</u>	<u>\$ 5,408,000</u>	<u>\$ 2,809,000</u>	<u>\$ 8,464,000</u>

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

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2001 and 2000

	2001	2000
Cash flows from operating activities		
Net income (loss)	\$ (199,000)	\$ 288,000
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	338,000	28,000
Reinvestment of dividends from securities	(97,000)	(98,000)
Investment losses/(gains)	33,000	(101,000)
Changes in assets and liabilities		
Receivables from brokers and dealers	(879,000)	(571,000)
Receivable from clearing broker	875,000	(733,000)
Concessions due from affiliate	2,648,000	(437,000)
Prepaid expenses	(53,000)	21,000
Securities owned, at market value	(57,000)	-
Deferred income taxes	505,000	(509,000)
Other assets	(448,000)	(156,000)
Payables to brokers and dealers	201,000	661,000
Due to Phoenix Home Life	(3,566,000)	2,460,000
Income taxes	(580,000)	19,000
Accounts payable and accrued expenses	<u>(1,852,000)</u>	<u>1,403,000</u>
Net cash provided by (used in) operating activities	<u>(3,131,000)</u>	<u>2,275,000</u>
Cash flows from investing activities		
Purchases of equipment	<u>(1,241,000)</u>	<u>(335,000)</u>
Net cash used in investing activities	<u>(1,241,000)</u>	<u>(335,000)</u>
Cash flows from financing activities		
Capital contributions by parent	<u>2,817,000</u>	<u>-</u>
Net cash provided by financing activities	<u>2,817,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,555,000)	1,940,000
Cash and cash equivalents at beginning of year	<u>5,926,000</u>	<u>3,986,000</u>
Cash and cash equivalents at end of year	<u>\$ 4,371,000</u>	<u>\$5,926,000</u>

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

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

1. The Company

WS Griffith Securities, Inc. (the "Company") is a full-service broker/dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's principal business activity is selling a variety of investment products including mutual funds, variable annuities and limited partnership interests (the "investment products") through its registered sales agents. Among products that the Company sells are shares of mutual funds sponsored by Phoenix Duff & Phelps Corporation (the "Affiliate"), and variable annuities of Phoenix Life Insurance Company Insurance Company ("Phoenix Life Insurance Company" or "PHL"). The Company clears all transactions through an unaffiliated broker-dealer on a fully disclosed basis.

The Company is a wholly owned subsidiary of PM Holdings, Inc. (the "Parent"), which is a wholly owned subsidiary of Phoenix Life Insurance Company. The Affiliate is a non-wholly owned subsidiary of Phoenix Life Insurance Company.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries (all inactive). All significant intercompany accounts and transactions have been eliminated.

Receivables From and Payables to Brokers and Dealers

Receivables from brokers and dealers are recorded at the time the Company is notified that a customer has purchased an interest in an investment product. These receivables represent concessions due the Company from the issuer of the investment product. Payables to brokers and dealers represent liabilities for commissions due registered sales agents. The payable is recorded concurrently with the receivable.

Revenue and Expense Recognition

The Company earns concessions from the Affiliate, Phoenix Life Insurance Company and other distributors, adjusted for various fees, on the sales of investment products. The Company then pays commissions to its registered sales agents. These concessions, fees and commissions are recorded on a trade date basis.

Securities Owned

Securities owned represent investments in mutual funds, which are stated at market value.

Fixed Assets

Fixed assets are recorded at cost. Depreciation is computed using the straight-line method with asset lives ranging from three to seven years. When assets are retired or sold, the assets and related accumulated depreciation are removed from the respective accounts and any profit or loss on the disposition is credited or charged to income.

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

Income Taxes

The Company is included in a consolidated federal income tax return filed by PHL. The allocation of the consolidated tax, based upon the federal tax allocation agreement, is the amount of the tax determined as if the Company filed a separate federal income tax return. The agreement provides that any liability, benefit or tax credit resulting from the Company's separate tax position will be settled currently with PHL, to the extent used in the consolidated return.

The Company files separate tax returns for all states where its agencies are located, except Connecticut. The Company is a member of the State of Connecticut combined return filed by the Parent.

The Company provides for federal and state deferred income taxes on the asset and liability approach, which requires the recognition of deferred income tax assets and liabilities. Deferred income taxes are generally recognized when assets and liabilities have different carrying values for income tax and financial reporting purposes.

Statement of Cash Flows

For purposes of the statement of cash flows, cash equivalents include amounts held in money market funds.

3. Equipment

Equipment consists of the following at December 31, 2001 and 2000:

	2001	2000
Furniture	\$ 478,000	\$ 321,000
Computer hardware and software	1,155,000	144,000
Leasehold improvements	72,000	-
	<u>1,705,000</u>	<u>465,000</u>
Less accumulated depreciation and amortization	(462,000)	(124,000)
	<u>\$ 1,243,000</u>	<u>\$ 341,000</u>

4. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both of which are defined terms, shall not exceed 15-to-1. At December 31, 2001, the Company had net capital of \$1,892,000, which exceeded the minimum net capital requirement by \$1,415,000. The Company's ratio of aggregate indebtedness to net capital was 3.79 to 1 at December 31, 2001.

5. Transactions with Phoenix Life Insurance Company and Affiliate

Concession revenues for the years ended December 31, 2001 and 2000 include \$2,625,000 and \$4,595,000, respectively, earned on sales of mutual funds sponsored by the Affiliate, and \$27,071,000 and \$37,339,000, respectively, earned from the Affiliate for sales of variable annuity

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

products sponsored by Phoenix Life Insurance Company and sold by the Company on behalf of the Affiliate which is the distributor of the products. Variable annuity commissions are paid to the registered sales agents by Phoenix Life Insurance Company on behalf of the Company and the Company reimburses Phoenix Life Insurance Company.

During the years ended December 31, 2001 and 2000, the Company paid Phoenix Life Insurance Company \$3,662,000 and \$5,087,000, respectively, for training and other benefits for the Company's registered sales agents. These amounts are included as a component of commission expense.

Compensation and employee benefits are paid by Phoenix Life Insurance Company on behalf of the Company and the Company reimburses Phoenix Life Insurance Company. In addition, Phoenix Life Insurance Company provides certain administrative support to the Company. During the years ended December 31, 2001 and 2000, Phoenix Life Insurance Company charged the Company \$3,971,000 and \$2,241,000, respectively, for compensation and employee benefits and \$1,791,000 and \$804,000, respectively, for administrative support.

6. Processing Charges

Effective March 31, 2001, the Company terminated its service agreement with a non-affiliated company and began processing transactions in-house. The Company paid \$1,200,000 (included as an expense in 2000) for, among other things, an orderly transition and the right to recruit personnel from the prior servicer.

7. Income Taxes

The components of federal and state income taxes for the years ended December 31, are as follows:

	2001	2000
Current		
Federal	\$ (579,000)	\$ 574,000
State	20,000	177,000
Deferred		
Federal	439,000	(443,000)
State	66,000	(66,000)
	<u>\$ (54,000)</u>	<u>\$ 242,000</u>

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

The tax effect of temporary differences which gave rise to deferred tax assets is as follows:

	December 31	
	2001	2000
Accrued expenses and reserves	\$ 87,000	\$ 384,000
Contract termination fee	230,000	459,000
Securities owned	43,000	30,000
Other	11,000	3,000
	<hr/>	<hr/>
Net deferred income tax	\$ 371,000	\$ 876,000

The reconciliation between the statutory federal income tax rate and the effective rate is as follows:

	December 31	
	2001	2000
Federal statutory rate	(35)%	35%
Meals and entertainment	3	6
Tax exempt interest income	(14)	(16)
State tax, net of federal tax effect	23	21
Other	2	-
	<hr/>	<hr/>
	(21)%	46%

8. Disclosure About Fair Value of Financial Instruments

Financial instruments are reported in the financial statements either at market value or at amounts that approximate fair value.

9. Commitments and Contingent Liabilities

The Company is a defendant in various lawsuits and is the subject of certain claims in connection with the sales of investments by its representatives or individuals claiming to be its representatives. Management believes the amount of ultimate liability, if any, with respect to these actions will not have a material adverse effect on the financial condition of the Company. The Company denies liability in the foregoing matters and is vigorously defending against the actions.

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Notes to Consolidated Financial Statements

December 31, 2001 and 2000

The Company has a noncancelable lease, which expires January 15, 2008 for its office space. At December 31, 2001, the aggregate minimum annual obligations under the operating lease were as follows:

Year Ending December 31,

2002	\$ 405,000
2003	421,000
2004	438,000
2005	456,000
2006 and thereafter	<u>1,025,000</u>
	<u>\$ 2,745,000</u>

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Computation of Net Capital and Aggregate Indebtedness Under SEC Rule 15c3-1**December 31, 2001**

Stockholder's equity	\$ 8,464,000
Less non-allowable assets	
Unsecured receivables from brokers and dealers	2,804,000
Unsecured concessions due from affiliate	350,000
Deposits	221,000
Prepaid expenses	451,000
Deferred income taxes	371,000
Equipment, net	1,243,000
Promissory notes	<u>710,000</u>
Net capital before haircuts on securities positions	2,314,000
Less haircuts on securities owned	(234,000)
Less fidelity bond excess deductible	<u>(188,000)</u>
Net capital	<u>1,892,000</u>
Net capital requirement	
Greater of 6.6667% of aggregate indebtedness or \$250,000	<u>477,000</u>
Excess net capital	<u>\$ 1,415,000</u>
Aggregate indebtedness	
Total liabilities included in statement of financial condition	<u>\$ 7,161,000</u>
Total aggregate indebtedness	<u>\$ 7,161,000</u>
Ratio of aggregate indebtedness to net capital	<u>3.79</u>

There are no material differences between this computation of net capital and the corresponding computation prepared by the Company for inclusion in its unaudited Part IIA Focus Report as of December 31, 2001.

WS Griffith Securities, Inc.

An indirect wholly owned subsidiary of Phoenix Life Insurance Company

Computation for Reserve Requirements and Information Relating

To Possession or Control Requirements Pursuant to SEC Rule 15c3-3

As of December 31, 2001

The Company has complied with the exemptive provisions of Rule 15c3-3 under subparagraph (k)(2)(ii).

**Report of Independent Accountants on Internal Control
Required by SEC Rule 17-a-5**

To the Board of Directors and Stockholder of
WS Griffith Securities, Inc.

In planning and performing our audit of the consolidated financial statements and supplemental schedules of WS Griffith & Co., Inc. (a wholly owned subsidiary of PM Holdings, Inc.) and its subsidiaries (the "Company") for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g) in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-

mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 1, 2002