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UNITED STATES
.ND EXCHANGE COMMISSION
ıshington, D.C. 20549

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

RECEIVED APR - 8 2002 365

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 1/1/2001 (MM/DD/YY) AND ENDING 12/31/2001 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

THE PARTNERS FINANCIAL GROUP, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1401 BRICKELL AVENUE, FOURTH FLOOR
(No. and Street)

MIAMI, (City) FLORIDA (State) 33131 (Zip Code)

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

OILDA HERNANDEZ (305) 377-8734
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MORRISON, BROWN, ARGIZ & COMPANY
(Name — *if individual, state last, first, middle name*)

1001 BRICKELL BAY DRIVE, 9TH FLOOR, MIAMI, FLORIDA 33131
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
APR 15 2002
THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).*

57-400

OATH OR AFFIRMATION

I, OILDA HERNANDEZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE PARTNERS FINANCIAL GROUP, 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 soley as that of a customer, except as follows:

Oilda C. Hernandez
Signature

President & CEO
Title

Amy M. Del Cueto
Notary Public

AMY M. DEL CUETO
MY COMMISSION # CC 846916
EXPIRES: July 26, 2003
Bonded Thru Notary Public Underwriters

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).*

The Partners Financial Group, Inc.
(A Wholly Owned Subsidiary of
TPG Holdings, Inc.)

Financial Statements

December 31, 2001

MORRISON, BROWN, ARGIZ
certified public accountants + COMPANY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder
The Partners Financial Group, Inc.
(A Wholly Owned Subsidiary of TPG Holdings, Inc.)

We have audited the accompanying statement of financial condition of The Partners Financial Group, Inc. (A Wholly Owned Subsidiary of TPG Holdings, Inc.) as of December 31, 2001 and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Partners Financial Group, Inc. (A Wholly Owned Subsidiary of TPG Holdings, Inc.) as of December 31, 2001, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1(B) the Company is dependent upon its Parent for continued funding. In addition, the Company is a respondent to three arbitration claims, with maximum total exposure in excess of $40,000, the outcome of which is uncertain at this date. No adjustments have been made in the accompanying financial statements for the outcome of these uncertainties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information contained in Pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Morrison Brown Argiz + Company

Certified Public Accountants
Miami, Florida
April 3, 2002

1001 Brickell Bay Drive, 9th Floor, Miami, Florida, 33131 phone 305.373.5500 fax 305.373.0056 http://www.mba-cpa.com
1113 Spruce Street, Suite 301, Boulder, Colorado 80302 phone 303.381.2550 fax 303.381.2551

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
FINANCIAL STATEMENTS
TABLE OF CONTENTS

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS	
Cash	$ 30,337
Receivable from clearing broker	6,744
Deposit with clearing broker	35,013
Other receivables (net of allowance for doubtful accounts of $87,590)	200
Furniture, fixtures and equipment - net	34,457
Other assets	17,868
	$ 124,619
LIABILITIES AND STOCKHOLDER'S EQUITY	
Commissions payable to brokers	$ 3,847
Accounts payable and accrued expenses	14,078
Current maturities of obligation under capital lease	5,500
	23,425
OBLIGATION UNDER CAPITAL LEASE, less current maturities	11,003
COMMITMENTS AND CONTINGENCIES	
STOCKHOLDER'S EQUITY	
Common stock, $3.0417 par value; 3,000,000 shares authorized, 300,000 shares issued and outstanding	912,510
Additional paid-in capital	878,859
Accumulated deficit	(1,701,178)
	90,191
	$ 124,619

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2001

REVENUES	
Commissions	$ 653,760
Interest and other	10,507
TOTAL REVENUES	664,267
EXPENSES	
Salaries and related costs	335,804
Clearing charges	35,636
Commissions and related costs	161,355
Communications	30,790
Occupancy and equipment rental	93,212
Professional	32,411
Travel and entertainment	21,203
Depreciation	16,776
Other office expenses	65,680
Interest	1,732
Licenses, taxes and registration fees	12,896
TOTAL EXPENSES	807,495
NET LOSS	$ (143,228)

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2001

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDER'S EQUITY
BALANCES, JANUARY 1, 2001	$ 912,510	$ 838,859	$(1,557,950)	$ 193,419
CAPITAL CONTRIBUTION	-	40,000	-	40,000
NET LOSS	-	-	(143,228)	(143,228)
BALANCES, DECEMBER 31, 2001	$ 912,510	$ 878,859	$(1,701,178)	$ 90,191

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (143,228)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	16,776
Changes in operating assets and liabilities:	
Receivable from clearing broker	118,104
Other receivables	30,819
Deposit with clearing broker	66,543
Other assets	830
Commissions payable to brokers	(57,562)
Accounts payable and accrued expenses	(38,394)
TOTAL ADJUSTMENTS	137,116
NET CASH USED IN OPERATING ACTIVITIES	(6,112)
CASH FLOWS FROM FINANCING ACTIVITIES	
Capital contributions	40,000
Principal payments under capital lease obligation	(3,765)
NET CASH PROVIDED BY FINANCING ACTIVITIES	36,235
NET INCREASE IN CASH	30,123
CASH - BEGINNING OF YEAR	214
CASH - END OF YEAR	$ 30,337

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest	$ 1,732

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) ORGANIZATION

The Partners Financial Group, Inc. (the "Company") was incorporated on February 10, 1993 in the State of Florida and is a wholly owned subsidiary of TPG Holdings, Inc. (the "Parent"). The Company operates as a registered broker and dealer in securities under the Securities and Exchange Act of 1934 and is licensed and regulated by the National Association of Securities Dealers, Inc. ("NASD"), the United States Securities and Exchange Commission and the Securities Investor Protection Corporation. Consequently, its record keeping is in accordance with the rules and regulations prescribed by those agencies.

B) OPERATIONS

The Company has incurred net losses and negative cash flows since commencing operations in 1993. The Parent has made capital contributions of approximately $300,000 since 1997. Management has implemented a business plan to obtain new customers, increase revenues and reduce costs. The efficacy of such plan is uncertain. The Company's ability to continue as a going concern is dependent upon capital or debt financing from its Parent and, ultimately, upon the Company's ability to operate on a profitable basis (Note 4).

C) CLEARING ARRANGEMENT

The Company has an agreement with a clearing broker to provide execution and clearing services on behalf of its customers and to maintain all customer records and accounts. Pursuant to this arrangement, the Company must maintain a collateral account with a minimum balance of $25,000 with the clearing broker.

D) COMMISSION INCOME

The Company receives commission income from the purchases and sales of securities executed on behalf of its customers. Commission income is recognized on a trade date basis.

E) FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment are stated at cost. Depreciation is provided using the straight-line method over five years.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F) ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 December 31, 2001 and revenues and expenses during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements. Estimates that are particularly susceptible to change in the near term.

NOTE 2 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business the Company encounters economic risk, mainly comprised of credit risk and market risk. Credit risk arises from the customer securities activities which are transacted on either a cash or margin basis. These transactions may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contracted obligations and margin requirements are not sufficient to fully cover losses which customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. In connection with its clearing arrangements, the Company is required to guarantee the performance of its customers in meeting their contracted obligations.

As a securities broker and dealer, the Company is engaged in various brokerage and trading activities with domestic and international investors. The Company attempts to minimize credit risk associated with these activities by monitoring customer credit exposure and collateral values on a daily basis and requiring additional collateral to be deposited with or returned to the Company when necessary. The credit risk is also minimized by the careful monitoring of customer accounts by the clearing firm.

NOTE 3 - FURNITURE, FIXTURES AND EQUIPMENT

Furniture, fixtures and equipment consist of the following:

Leasehold improvements	$ 31,768
Furniture and fixtures	81,677
Office equipment	167,936
Capital lease equipment	27,483
	308,864
Less accumulated depreciation	274,407
	$ 34,457

NOTE 4 - RELATED PARTY TRANSACTIONS

During 2001, the Company entered into an agreement with its Parent whereby the Parent will assume all the following costs and liabilities of the Company: 1) office space rent, 2) legal and professional fees 3) accounting and consulting fees 4) clients settlements (NASD). In addition, at the discretion of the Parent with the approval of the Parent's Board of Directors, it will also assume all cost and liabilities of the Company with respect to telephone and courier expenses. Further, in the event that the Parent is unable to pay any costs or liabilities associated with the agreement, the Parent's majority shareholder will be personally liable and responsible to pay them. Consequently, both the Parent and the majority shareholder have released the Company of any obligation related to the items enumerated above.

During 2001, the Parent assumed approximately $146,000 for rent, settlement of arbitration proceedings, and accounting fees incurred by the Company. In addition, the Parent paid legal fees and various other of the Company's operating expenses.

NOTE 5 - INCOME TAXES

The Company is taxed under the provisions of Sub-Chapter C of the Internal Revenue Code and has elected to file a consolidated income tax return with its Parent. Any applicable tax charges or credits are allocated to the Company on a separate return basis.

At December 31, 2001, the Company has available for Federal income tax purposes net operating loss carryforwards of approximately $240,000 which expire between 2012 and 2016.

Due to the uncertainties relating to the ultimate utilization of the net operating loss described above, the Company has provided a 100% valuation allowance for the entire amount of the deferred tax asset at December 31, 2001.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

OPERATING LEASE

The Company entered into a lease for office space which expires in May, 2003. Rent expense for the year ended December 31, 2001 was approximately $162,000 of which $81,000 was paid by the Company. (Note 4)

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

OPERATING LEASE (CONTINUED)

Future minimum rental payments under this non-cancelable operating lease are as follows:

December 31,		
2002	$	168,000
2003		70,000
	$	238,000

CAPITAL LEASE

The Company has entered into a capital lease for telephone equipment expiring in 2004. Minimum future lease obligations on this capital lease in effect at December 31, 2001 is as follows:

2002	$	7,424
2003		7,424
2004		1,856
		16,704
Less amount representing interest		201
	$	16,503

Depreciation expense and accumulated depreciation of equipment under capitalized leases for the year ended December 31, 2001 were $5,497 and $14,200, respectively.

CONTINGENCIES

The Company is a defendant in an arbitration proceeding before the National Association of Securities Dealers, Inc. The claimant has alleged that a former account executive engaged in unauthorized, unsuitable and excessive trading in his account. The claimant seeks damages of approximately $172,000. Management believes that the Company has adequate insurance available to cover any loss or expense incurred in excess of the $25,000 deductible under the policy. The Company was involved in another arbitration before the National Association of Securities Dealers, Inc. The matter was settled in January 2002 and the Parent paid $25,000 in full settlement.

During 2001, NASD conducted an investigation of the Company's supervision of a registered representative formerly employed by the Company. Subsequent to December 31, 2001, the Company and the NASD reached an agreement in principle to resolve the investigation. The settlement is subject to review by various departments and counsel at the NASD. The Company, upon advice of counsel, believes that its maximum potential loss as a result of this investigation is $15,000. However, any settlement agreed to by the Company will be reimbursed by the Parent.

NOTE 6 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

CONTINGENCIES (CONTINUED)

The Company is exposed to other losses, the ultimate resolution of which cannot currently be estimated, but which may be subject to change in the near term. The effect of changes in the estimates of losses, if any, as a result of these proceedings could be material to these financial statements.

NOTE 7 - EMPLOYEE BENEFIT PLAN

The Company has a 401K pension plan that covers substantially all employees. The Company does not match employee contributions.

NOTE 8 - NET CAPITAL

The Company, as a registered broker and dealer in securities, is subject to the Securities and Exchange Commission's 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 as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had net capital of $32,493, which was $27,493 in excess of its required net capital of $5,000. The Company's ratio of aggregate indebtedness to net capital was .55 to 1.

ACCOMPANYING INFORMATION

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
(SEE INDEPENDENT AUDITOR'S REPORT)
AS OF DECEMBER 31, 2001

CREDITS	
Stockholder's equity	$ 90,191
DEBITS	
Receivable from clearing broker	173
Accounts receivable	200
Furniture, fixtures and equipment, net	34,457
Other assets	17,868
Charge for NASD insurance bond, deductible in excess of $5,000	5,000
TOTAL DEBITS	57,698
NET CAPITAL	32,493
MINIMUM NET CAPITAL REQUIREMENT 6-2/3% of aggregate indebtedness of $17,925 or $5,000, whichever is greater	5,000
EXCESS NET CAPITAL	$ 27,493
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	.55 to 1
SCHEDULE OF AGGREGATE INDEBTEDNESS	
Commissions payable to brokers	$ 3,847
Accounts payable and accrued expenses	14,078
	$ 17,925

RECONCILIATION OF COMPUTATION OF NET CAPITAL
UNDER UNIFORM NET CAPITAL RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION TO COMPANY'S
CORRESPONDING UNAUDITED FORM X-17A-5, PART IIA FILING
AS OF DECEMBER 31, 2001

NET CAPITAL, AS REPORTED IN THE COMPANY'S UNAUDITED FORM X-17A-5, PART IIA FILING (UNAUDITED REPORT)	$ 44,313
DIFFERENCE IN INSURANCE BOND CHARGE	(5,000)
AUDIT ADJUSTMENTS:	
Cash	1,474
Accrued expenses	(6,794)
Obligation under capital lease	(1,500)
NET CAPITAL PER ABOVE	$ 32,493

THE PARTNERS FINANCIAL GROUP, INC.
(A WHOLLY OWNED SUBSIDIARY OF TPG HOLDINGS, INC.)
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
(SEE INDEPENDENT AUDITOR'S REPORT)
AS OF DECEMBER 31, 2001

The Company is not required to maintain a "Special reserve bank account for the exclusive benefit of customers" as it is exempt under (k)(2)(ii); all customers' transactions are cleared through a clearing broker.

SUBORDINATED LIABILITIES

At December 31, 2001 and during the year then ended, there were no liabilities subordinated to the claims of general creditors.

Independent Auditor's Report on

Internal Control Required by

Rule 17a-5 of the

Securities and Exchange Commission

MORRISON, BROWN, ARGIZ

certified public accountants + COMPANY

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors and Stockholder of
The Partners Financial Group, Inc.
(A Wholly Owned Subsidiary of TPG Holdings, Inc.)

In planning and performing our audit of the financial statements and accompanying information of The Partners Financial Group, Inc. (A Wholly Owned Subsidiary of TPG Holdings, Inc.) (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 financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for 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 quarterly securities examinations, counts, verifications, and comparisons

2. Recordation of differences required by rule 17a-13

3. 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

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 judgements by management are required to assess the expected benefits and related costs of controls 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 U.S. 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, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they 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 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 control activities 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 and 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 use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Morrison Brown Argiz & Company

Certified Public Accountants
Miami, Florida
April 3, 2002