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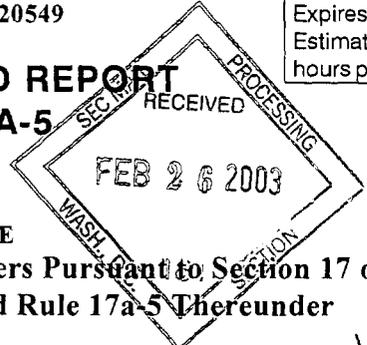
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

UF 2-28-03

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



SEC FILE NUMBER
8-53239

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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ^{NN:} Vantage Securities, INC
MAS Capital Securities Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

470 Atlantic Avenue, 4th Floor

(No. and Street)

Boston
(City)

MA
(State)

02210
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas Ashton 617-273-8401
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Stark, Winter, Schenkein & Co., LLP
(Name - if individual, state last, first, middle name)

7535 East Hampden Ave., suite 109, Denver, CO 80231
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

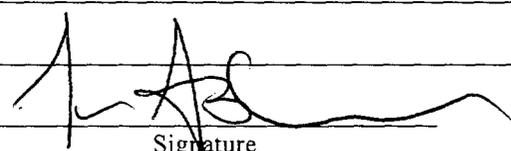
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THOMSON FINANCIAL

*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)

OATH OR AFFIRMATION

I, Thomas A Ashton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Vantage Securities, Inc, as of Feb. 25, 2003, 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:



Signature

CEO

Title

Charlene A Phillips

Notary Public

My Commission Expires: 4/10/09

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 Proprietors' 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 15c3-3 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).

MAS Capital Securities, Inc.

As of and for the Year Ended
December 31, 2002

MAS Capital Securities, Inc.
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STARK • WINTER • SCHENKEIN

REPORT OF INDEPENDENT AUDITORS

To the Shareholder of
MAS Capital Securities, Inc.

We have audited the accompanying balance sheet of MAS Capital Securities, Inc. as of December 31, 2002, and the related statements of operations, 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 auditing standards generally accepted in the United States of America. 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 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 MAS Capital Securities, Inc. as of December 31, 2002, and the results of its operations, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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 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.

Stark Winter Schenkein & Co., LLP

Stark Winter Schenkein & Co., LLP

Denver, Colorado

February 10, 2003

STARK • WINTER • SCHENKEIN & CO., LLP • Certified Public Accountants • Financial Consultants

7535 EAST HAMPDEN AVENUE • SUITE 109 • DENVER, COLORADO 80231

PHONE: 303.694.6700 • FAX: 303.694.6761 • TOLL FREE: 888.766.3985 • WWW.SWSCPAS.COM

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Statement of Financial Condition
December 31, 2002

ASSETS

Cash	\$ 5,050
Deposit	15,000
Other assets	<u>65</u>
	<u>\$ 20,115</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Accounts payable	<u>\$ 4,041</u>
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STOCKHOLDER'S EQUITY

Preferred stock, 20,000,000 undesignated shares authorized	-
Common stock, \$.001 par value, 80,000,000 shares authorized, 8,500,000 shares issued and outstanding	8,500
Additional paid-in capital	207,523
Accumulated (deficit)	<u>(199,949)</u>
	<u>16,074</u>
	<u>\$ 20,115</u>

The accompanying notes are an integral part of these financial statements

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Statement of Operations
For The Year Ended December 31, 2002

REVENUES	
Commissions	\$ 1,511
Other Income	349
Total revenue	<u>1,860</u>
EXPENSES	
Occupancy expenses	20,431
Abandonment of property and equipment	28,482
General and administrative	134,849
Total expenses	<u>183,762</u>
NET (LOSS)	<u>\$ (181,902)</u>

The accompanying notes are an integral part of these financial statements

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Statement of Stockholder's Equity
Year Ended December 31, 2002

	Common Stock		Paid in Capital	Accumulated (Deficit)	Total
	Shares	Amount			
Balance December 31, 2001	8,500,000	\$ 8,500	\$ 80,590	\$ (18,047)	\$ 71,043
Capital contributions	-	-	126,933	-	126,933
Net (loss) for the year	-	-	-	(181,902)	(181,902)
Balance December 31, 2002	<u>8,500,000</u>	<u>\$ 8,500</u>	<u>\$ 207,523</u>	<u>\$ (199,949)</u>	<u>\$ 16,074</u>

The accompanying notes are an integral part of these financial statements

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Statement of Cash Flows
Year Ended December 31, 2002

OPERATING ACTIVITIES	
Net (loss)	\$ (181,902)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:	
Abandonment of property and equipment	28,482
Changes in:	
Other current assets	(65)
Accounts receivable - employees	10,500
Accounts payable	4,041
Net cash (used in) operating activities	<u>(138,944)</u>
INVESTING ACTIVITIES	
Acquisition of property and equipment	<u>(28,482)</u>
Net cash (used in) investing activities	<u>(28,482)</u>
FINANCING ACTIVITIES	
Capital contributions	<u>126,933</u>
Net cash provided by financing activities	<u>126,933</u>
Net (decrease) in cash	(40,493)
CASH AT BEGINNING OF YEAR	<u>45,543</u>
CASH AT END OF YEAR	<u>\$ 5,050</u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Cash paid for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

Note 1 – Summary of significant accounting policies

Organization

MAS Capital Securities, Inc. was incorporated as MAS Trade.net, Inc. on September 27, 1999 in the State of Indiana. On October 29, 2001 the Company changed its name to MAS Capital Securities, Inc. In conjunction with the sale described in Note 5 the Company changed its name to Vantage Securities, Inc. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). Until the sale described in Note 5 the Company was wholly owned by MAS Capital Securities Holdings, Inc., which is wholly owned by MAS Capital, Inc.

The Company's primary source of revenue will be derived from providing brokerage services to its customers. The Company currently has no significant revenue generating activities.

The Company is considered an introducing broker whereby customer orders are accepted but are cleared through a clearing organization, which is unaffiliated with the Company. The agreement with the clearing organization is described in Note 2.

Revenue recognition

Commission revenue and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Customers' securities and commodities transactions are reported on a settlement date basis.

Investment banking revenues include gains, losses, and fees, net of out of pocket expenses, arising from securities offerings in which the Company acts as an agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking management fees are recorded on the offering date and sales concessions on the settlement date. Nonrefundable retainers for advisory services are recorded upon receipt.

Income taxes

The Company follows Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes" ("SFAS No. 109") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change.

Vantage Securities, Inc.)
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

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 revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Cash and cash equivalents

For the purpose of the statements of cash flows, all highly liquid investments with the maturity of three months or less are considered to be cash equivalents.

Fair value of financial instruments

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of December 31, 2002. The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values. These financial instruments cash and deposits and accounts payable. Fair values were assumed to approximate carrying values for these instruments because they are short term in nature and their carrying amounts approximate fair values.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over estimated useful lives of the respective assets on a straight-line basis. Depreciation is calculated using the expected useful lives of the assets as follows:

Furniture and office equipment	5 years
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During the year ended December 31, 2002 the Company acquired furniture and office equipment with a cost aggregating \$28,482. This property and equipment was abandoned when the Company relocated from California to Indiana and the aggregate cost was charged to operations during the year.

Vantage Securities, Inc.)
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

New accounting pronouncements

In December 2002, the Financial Accounting Standards Board (FASB) issued SFAS 148 "Accounting for Stock-Based Compensation--Transition and Disclosure--an amendment of SFAS 123." SFAS 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation from the intrinsic value-based method of accounting prescribed by APB 25. As allowed by SFAS 123, the Company has elected to continue to apply the intrinsic value-based method of accounting, and has adopted the disclosure requirements of SFAS 123. The Company currently does not anticipate adopting the provisions of SFAS 148.

In July 2002, the FASB issued SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS 146 provides new guidance on the recognition of costs associated with exit or disposal activities. The standard requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of commitment to an exit or disposal plan. SFAS 146 supercedes previous accounting guidance provided by the EITF Issue No. 94-3 "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." EITF Issue No. 94-3 required recognition of costs at the date of commitment to an exit or disposal plan. SFAS 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. Early application is permitted. The adoption of SFAS 146 by the Company is not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

In April 2002, the FASB issued SFAS 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other things, this statement rescinds FASB Statement No. 4, "Reporting Gains and Losses from Extinguishment of Debt" which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in APB Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions," will now be used to classify those gains and losses. The provisions of SFAS 145 related to the classification of debt extinguishment are effective for years beginning after May 15, 2002. The adoption of SFAS 145 by the Company is not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

In November 2001, the EITF of the FASB issued EITF 01-9 "Accounting for Consideration Given by a Vendor to a Subscriber (Including a Reseller of the Vendor's Products)." EITF 01-9 provides guidance on when a sales incentive or other consideration given should be a reduction of revenue or an expense and the timing of such recognition. The guidance provided in EITF 01-9 is effective for financial statements for interim or annual periods beginning after December 15, 2001. The adoption of EITF 01-9 by the Company is not expected to have a material impact on the Company's financial statements.

Vantage Securities, Inc.)
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS 144 provides new guidance on the recognition of impairment losses on long-lived assets with definite lives to be held and used or to be disposed of and also issued the definition of what constitutes a discontinued operation and how the results of a discontinued operation are to be measured and presented. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The adoption of SFAS 144 is not expected to have a material impact on the Company's financial position, results of operations, or cash flows.

In June 2001, the FASB issued SFAS 143, "Accounting for Asset Retirement Obligations." SFAS 143 requires the fair value of a liability for an asset retirement obligation to be recognized in the period that it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS 143 is effective for fiscal years beginning after June 15, 2002. The adoption of SFAS 143 is not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In June 2001, the FASB issued SFAS 142, "Goodwill and Other Intangible Assets," which provides for non-amortization of goodwill and intangible assets that have indefinite useful lives, annual tests of impairments of those assets and interim tests of impairment when an event occurs that more likely than not has reduced the fair value of such assets. The statement also provides specific guidance about how to determine and measure goodwill impairments, and requires additional disclosure of information about goodwill and other intangible assets. The provisions of this statement are required to be applied starting with fiscal years beginning after December 15, 2001, and applied to all goodwill and other intangible assets recognized in the financial statements at that date. Goodwill and intangible assets acquired after June 30, 2001 will be subject to the non-amortization provisions of the statement. Early application is permitted for entities with fiscal years beginning after March 15, 2001, provided that the first interim financial statements had not been issued previously. The Company's adoption of the provisions of SFAS 142 are not expected to have a material impact on the Company's financial position, results of operations or cash flows.

In June 2001, the FASB issued SFAS 141, "Business Combinations," which is effective for all business combinations initiated after June 30, 2001. SFAS 141 requires companies to account for all business combinations using the purchase method of accounting, recognize intangible assets if certain criteria are met, as well as provide additional disclosures regarding business combinations and allocation of purchase price. The adoption of SFAS 141 did not have a material impact on the Company's financial position, results of operations or cash flows.

Note 2 – Clearing agreement

The Company has an agreement with SAL Financial Services, Inc. (SAL) under which SAL clears all securities transactions for the Company's customers and also performs all "back room" functions for the Company. These functions include, among other things, executing customer orders as they are transmitted to SAL, preparing and mailing transaction confirmations and customer statements directly to the customers and performing all

Vantage Securities, Inc.)
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

cashiering functions for customer accounts. The SAL agreement expires during August 2003.

The Company receives commission and fee income from SAL based on the number and size of transactions. The Company pays all costs associated with transactions executed through SAL plus a "per transaction" fee based on the amount of business transacted during the month.

The agreement requires, and the Company maintains, a minimum cash deposit with SAL of \$15,000.

The Company currently intends to transact all of its brokerage business through SAL. Should SAL not fulfill its obligations under the agreement, the Company may be exposed to risk. The risk of default depends on SAL's ability to continue to perform under the agreement as well as the creditworthiness of SAL. It is the Company's policy to review, as necessary, the credit standing and financial viability of SAL.

Note 3 – Income taxes

Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse.

The Company files consolidated income tax returns with MAS Capital, Inc. and currently has net operating loss carryforwards aggregating approximately \$200,000, which expire through 2022. The deferred tax asset related to this carryforward has been fully reserved. No income tax expense has been allocated to the Company because of its net operating losses and the net operating losses of MAS Capital, Inc.

Note 4 – Capital requirements

The Company is subject to the SEC uniform net capital rule (SEC 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, 2002, the Company had net capital of \$15,709, which was \$10,709 in excess of its required net capital of \$5,000.

Note 5 – Commitments

During November 2002 the Company's sole shareholder entered into an agreement to sell all of the issued and outstanding shares of the Company to Vantage Securities, LLC. (Vantage). The sole shareholder agreed to transfer a 20% interest in the Company to Vantage in exchange for \$5,000, which was paid during December 2002. In addition the sole

Vantage Securities, Inc.)
(Formerly MAS Capital Securities, Inc.)
Notes to Financial Statements
December 31, 2002

shareholder agreed to transfer the other 80% interest in exchange for a cash payment of \$35,000, which was made during February 2003. In conjunction with this agreement Vantage entered into a management agreement with an officer of the Company whereby the officer would provide consulting services to Vantage for a period of three months or until such time as the NASD approves the transfer of ownership of the Company to Vantage for a fee of \$1,500 per month for three months and \$2,500 per month thereafter.

Note 6 – Subsequent Event

During January 2003 the Company entered into an Administrative Services and Funding Agreement with Vantage Advisor Group, LLC (LLC), a related entity. Pursuant to the terms of the agreement LLC will provide the Company with certain administrative services and pay the third party administrative expenses of the Company. In exchange for this the Company has agreed to pay to LLC 90% of its net earnings.

Vantage Securities, Inc.
(Formerly MAS Capital Securities, Inc.)
Schedule I - Computation Of Net Capital Under Rule 15c3-1
Of The Securities And Exchange Commission
December 31, 2002

Stockholder's equity per Statement of Financial Condition	<u>\$ 16,074</u>
Other deductions	<u>(365)</u>
Aggregate indebtedness - items included in financial statements	<u>4,041</u>
Basic net capital requirement (\$5,000 minimum)	<u>5,000</u>
Net capital	<u><u>\$ 15,709</u></u>
Ratio aggregate indebtedness to net capital	<u><u>26%</u></u>
Excess net capital	<u><u>\$ 10,709</u></u>
Net capital as reported in Company's Part II (unaudited) FOCUS report as of December 31, 2002	<u><u>\$ 15,709</u></u>



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To the Shareholder of
MAS Capital Securities, Inc.

In planning and performing the audit of the financial statements and supplemental schedule of MAS Capital Securities, Inc. (the Company) for the year ended December 31, 2002, we consider 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 (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 17-a(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 provision 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 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 the responsibility, estimates and judgments 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practice and procedures listed in the preceding paragraph.

STARK • WINTER • SCHENKEIN & CO., LLP • *Certified Public Accountants • Financial Consultants*

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PHONE: 303.694.6700 • FAX: 303.694.6761 • TOLL FREE: 888.766.3985 • WWW.SWSCPAS.COM

Because of the inherent limitations in internal control or the practice 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 control component 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 purpose 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 indicates 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, 2002 to meet the SEC's objectives.

This report is intended solely for the information and use of the members, management, the SEC, 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 those specified parties.

Stark Winter Schenkein & Co., LLP

Stark Winter Schenkein & Co., LLP

Denver, Colorado

February 10, 2003