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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8- 52991

**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 Jan 1, 2003 AND ENDING Dec. 31, 2003
MM/DD/YY MM/DD/YY

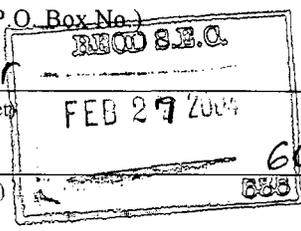
A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: thinkorswim, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3304 N. Lincoln Ave. 2nd Floor



Chicago
(City)

IL
(State)

60657
(Zip Code)

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

Joel Blow (773) 435-3210 ext. 3213

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Gleeson, Sklar, Sawyers & Cumpata LLP

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

225 West Washington Str. Suite 400 Chicago IL 60606

(Address)

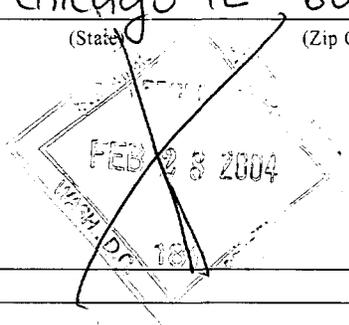
(City)

(State)

(Zip Code)

CHECK ONE:

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

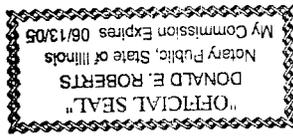


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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Joel Blom, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of thinkorswim, Inc., as of December 31, 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]
Signature
President / CEO
Title

Donald E. Roberts
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 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).

THINKORSWIM, INC.

ANNUAL REPORT

DECEMBER 31, 2003

THINKORSWIM, INC.
Annual Report
December 31, 2003

Table of Contents

	<u>Page</u> <u>No.</u>
Independent Auditors' Report.....	1
Statement of Financial Condition.....	2
Statement of Operations.....	3
Statement of Changes in Stockholders' Equity.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-10
Supplementary Information	
Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission.....	11
Independent Auditors' Report on Internal Control.....	12-13



GLEESON
SKLAR
SAWYERS
CUMPATA LLP

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
thinkorswim, Inc.
Chicago, Illinois

We have audited the accompanying statement of financial condition of **thinkorswim, Inc.** as of December 31, 2003 and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. 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 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 **thinkorswim, Inc.** as of December 31, 2003, 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 the purposes of additional analysis and is not a required part of the basic financial statements, but is 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.

Gleeson, Sklar, Sawyers & Cumpata LLP

Gleeson, Sklar, Sawyers & Cumpata LLP
Elgin, Illinois
February 10, 2004

THINKORSWIM, INC.
Statement of Financial Condition
December 31, 2003

ASSETS

Current assets

Cash and cash equivalents	\$ 5,782,601
Due from correspondent brokers	449,748
Receivables from broker-dealers and clearing organizations	851,134
Marketable securities owned, at market value	4,055
Note receivable	432
Due from affiliates	287,517
Prepaid expenses	131,494
Total current assets	<u>7,506,981</u>

Furniture, fixtures, and equipment, net

317,740

Other assets

Web site development, net	819,446
Software, net	128,982
Certificate of deposit	10,060
Loan origination costs, net	1,305
Total other assets	<u>959,793</u>

Total assets

\$ 8,784,514

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 371,571
Accrued payroll	366,405
Accrued income taxes	790,000
Securities sold, not yet purchased, at market value	10,417
Total current liabilities	<u>1,538,393</u>

Deferred tax liability

170,400

Stockholders' equity

Preferred stock	62
Additional paid in capital - preferred	999,938
Common stock	600
Additional paid in capital - common	5,009,399
Retained earnings	1,065,722
Total stockholders' equity	<u>7,075,721</u>

Total liabilities and stockholders' equity

\$ 8,784,514

See accompanying notes to financial statements

THINKORSWIM, INC.
Statement of Operations
For the Year Ended December 31, 2003

Revenues:	
Commissions	\$ 12,248,948
Interest and dividends	443,641
Total revenues	<u>12,692,589</u>
Expenses:	
Employee compensation and benefits	3,163,550
Floor brokerage, exchange, and clearance fees	3,519,199
Communications and data processing	695,473
Interest	65,595
Occupancy	597,513
Other expenses	873,715
Total expenses	<u>8,915,045</u>
Income before income taxes	3,777,544
Provision for income taxes	960,400
Net income	<u><u>\$ 2,817,144</u></u>

See accompanying notes to financial statements

THINKORSWIM, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2003

Capital Stock									
Preferred \$0.001 Par Value 400,000 Shares Authorized	Common \$0.001 Par Value 1,000,000 Shares Authorized	# of Shares Issued and Outstanding	# of Shares Issued and Outstanding	Preferred Stock	Additional Paid-In Capital (Preferred)	Common Stock	Additional Paid-In Capital (Common)	Retained Earnings (Accumulated Deficit)	Stockholders' Equity
61,521	600,000	600,000	600,000	\$ 62	\$ 999,938	\$ 600	\$ 5,009,399	\$ (1,751,422)	\$ 4,258,577
---	---	---	---	---	---	---	---	2,817,144	2,817,144
<u>61,521</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>\$ 62</u>	<u>\$ 999,938</u>	<u>\$ 600</u>	<u>\$ 5,009,399</u>	<u>\$ 1,065,722</u>	<u>\$ 7,075,721</u>
		Balance at December 31, 2002							
		Net income for the year ended December 31, 2003							
		Balance at December 31, 2003							

See accompanying notes to financial statements

THINKORSWIM, INC.
Statement of Cash Flows
For the Year Ended December 31, 2003

Cash flows from operating activities:

Net income	\$ 2,817,144
Adjustments to reconcile net income to net cash flows from operating activities:	
Depreciation and amortization	461,382
Rent abatement applied to note receivable	50,371
Deferred income taxes	170,400
(Increase) decrease in operating assets:	
Receivable from correspondent brokers, broker-dealers, and clearing organizations	(397,727)
Securities owned, net	(1,715)
Other receivables	850
Prepaid expenses	(105,397)
Increase in operating liabilities:	
Accounts payable	130,288
Accrued payroll	246,123
Accrued income taxes	790,000
Securities sold, not yet purchased	8,557
Net cash provided by operating activities	<u>4,170,276</u>

Cash flows from investing activities:

Purchase of furniture, fixtures, and equipment	(128,521)
Development of web site	(235,520)
Purchase of software	(136,718)
Due from affiliates	(183,308)
Purchase of certificate of deposit	(10,060)
Net cash used in investing activities	<u>(694,127)</u>

Cash flows used in financing activities:

Line of credit origination fee	<u>(5,222)</u>
Net increase in cash	3,470,927
Cash, beginning of year	<u>2,311,674</u>
Cash, end of year	<u><u>\$ 5,782,601</u></u>

Supplemental disclosures of cash flow information:

Non-cash investing activities:	
Rent abatement applied to note receivable	<u><u>\$ 50,371</u></u>

See accompanying notes to financial statements

THINKORSWIM, INC.
Notes to Financial Statements
December 31, 2003

Note 1 – NATURE OF BUSINESS

thinkorswim, Inc. (the “Company”) was formed on September 13, 1999 as thinkorswim.com, LLC. On July 31, 2000 the Company converted into a corporation. The Company changed its name to thinkorswim, Inc. on October 25, 2000 and began operations in October of 2001.

The Company is a broker-dealer and a member of the National Association of Securities Dealers, Inc. (“NASD”) operating as a direct, dedicated internet-based introducing broker for the trading of options and other hedging instruments.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

Securities transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

Deferred income taxes 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 the 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. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The principal source of temporary differences is the capitalization of costs for tax purposes while they are expensed for book purposes, different useful lives for website development for book and tax purposes, and net operating loss carryforwards for federal and state income tax purposes.

Software

Software is stated at cost and is being amortized using the straight-line method over a three-year useful life. Amortization charged to income was \$87,076 in 2003 increasing accumulated amortization to \$167,983 as of December 31, 2003.

THINKORSWIM, INC.
Notes to Financial Statements
December 31, 2003

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Furniture, fixtures, and equipment

Furniture, fixtures, and equipment are stated at cost. Depreciation is computed using accelerated methods for furniture and equipment based on their estimated useful lives. Leasehold improvements are being depreciated using the straight-line method over their estimated useful lives or the term of the lease, whichever is less. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

Financial instruments

Derivative financial instruments used for trading purposes, including economic hedges of trading instruments, are carried at market value or, if market prices are not readily available, fair value. Market values for exchange-traded derivatives, principally futures and certain options, are based on quoted market prices. Fair values for over-the-counter derivative financial instruments, principally forwards, options, and swaps, are based on pricing models intended to approximate the amounts that would be received from or paid to a third party in settlement of the contracts. Factors taken into consideration include credit spreads, market liquidity, concentrations, and funding and administrative costs incurred over the life of the instruments.

Fair values of forwards, swaps, and options contracts are recorded in securities owned or securities sold, not yet purchased, as appropriate. Open equity in futures transactions is recorded as receivables from and payables to broker-dealers and clearing organizations or customers, as applicable.

Concentrations of credit risk

The Company is engaged in various trading and brokerage activities in which counter parties primarily include broker-dealers, banks, and other financial institutions. In the event counter parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterpart or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterpart.

The Company maintains cash deposits at banks located in Illinois and Michigan. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At various times throughout the year, balances may exceed federally insured limits. The uninsured balance at December 31, 2003 was \$5,989,267. The Company has not experienced any losses in such accounts and management does not believe the Company is exposed to any significant credit risk related to cash.

Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Website development

Website development costs are being amortized using the straight-line method over a three-year useful life.

THINKORSWIM, INC.
Notes to Financial Statements
December 31, 2003

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and cash equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The certificate of deposit classified as a non-current asset serves as collateral for an employee loan guaranteed by the Company in the amount of \$10,000.

Advertising costs

The Company expenses advertising costs as incurred. During 2003, \$4,227 was expensed.

Note 3 – RECEIVABLES FROM BROKER-DEALERS, CLEARING ORGANIZATIONS AND CORRESPONDENT BROKER

Amounts receivable from broker-dealers, clearing organizations and correspondent broker at December 31, 2003, consisted of fees, commissions receivable and balances on account at correspondent broker.

Note 4 – SECURITIES OWNED AND SOLD, NOT YET PURCHASED

Marketable securities, consisted of options and warrants at market values, owned were \$4,055 and sold, not yet purchased were \$10,417 as of December 31, 2003.

Note 5 – FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consisted of the following at December 31, 2003:

Leasehold improvements	\$ 210,063
Furniture, fixtures, and equipment	562,801
	<u>772,864</u>
Less accumulated depreciation	455,124
Total, net	<u><u>\$ 317,740</u></u>

Depreciation and amortization charged to income was \$139,925 at December 31, 2003.

Note 6 – WEBSITE DEVELOPMENT EXPENDITURES

Costs related to the website development are capitalized. As of December 31, 2003, the Company has capitalized \$1,272,371 of website development costs. During 2003, \$230,464 of amortization was charged to income increasing accumulated amortization to \$452,925 at December 31, 2003.

THINKORSWIM, INC.
Notes to Financial Statements
December 31, 2003

Note 7 – CONVERTIBLE PREFERRED STOCK

Holders of the convertible preferred stock have voting rights equal to the common shares and the shares are convertible at the option of the holder at any time into shares of common stock of the Company in accordance with the conversion ratio, which was 1 to 1 at December 31, 2003. The shares also have liquidation preference at \$25 a share.

Note 8 – PROVISION FOR INCOME TAXES

Income taxes consisted of the following at December 31, 2003:

Current:	
Federal	\$ 630,000
State	160,000
Total current	<u>790,000</u>
Deferred:	
Federal	140,300
State	30,100
Total deferred	<u>170,400</u>
Provision for income taxes	<u>\$ 960,400</u>

A reconciliation of the provision for income taxes and the income tax computed at the statutory rate for 2003 is as follows:

Federal income tax expense computed at the statutory rate	\$ 1,264,814
State tax expense	271,563
Temporary book/tax differences	(110,551)
Permanent book/tax differences	43,882
Penalties	30,000
Net operating loss carryforward	<u>(539,308)</u>
Provision for income taxes	<u>\$ 960,400</u>

Amounts for deferred tax assets are as follows:

Deferred tax assets arising from:	
Book/tax, start-up costs	\$ 16,100
Deferred tax liabilities arising from:	
Book/tax website development costs	121,800
Book/tax depreciation costs	64,700
Total deferred tax liabilities	<u>186,500</u>
Net deferred tax	<u>\$ 170,400</u>

THINKORSWIM, INC.
Notes to Financial Statements
December 31, 2003

Note 9 – LEASES

The Company leases office space under an operating lease expiring in 2006. Total rent expense under the operating lease for 2003 was \$121,554. Under the office space agreement, the Company established a line of credit to the lessor for a build out of the office space. The Company agreed to receive an abatement of their lease payments for the office space until the note, including interest at 10%, is paid off. During 2003, the Company applied \$50,371 of the note to lease payments. Balance of the note at December 31, 2003 is \$0.

Minimum future rental payments under the non-cancelable operating lease, for each of the next three years and in aggregate are:

2004	\$ 105,757
2005	109,455
2006	<u>9,147</u>
Total minimum future rental payments	<u>\$ 224,359</u>

Note 10 – RELATED-PARTY TRANSACTIONS

	Due From at December 31, 2002	2003 Advances	Due From at December 31, 2003
TOS Technologies	\$ 82,668	\$ 41,168	\$ 123,836
TOS Advisors	21,541	81,364	102,905
TOS Services	---	60,276	60,276
TOS Red, Inc.	---	500	500
Total	<u>\$ 104,209</u>	<u>\$ 183,308</u>	<u>\$ 287,517</u>

Related-party transactions during 2003 include funding of start-up costs for affiliate operations and payables operating expenses on behalf of affiliated companies. All due from affiliate balances were payable in full to the Company at December 31, 2003.

Note 11 – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum “adjusted net capital.” At December 31, 2003, the Company had adjusted net capital of \$5,354,682, which was \$5,104,682 in excess of its required net capital of \$250,000.

Note 12 – LINE OF CREDIT

The Company maintains two \$500,000 lines of credit. The first line is an equipment line of credit, which bears interest at either the Index Rate (US Swap Rate) plus 3.75% or at the Bank’s Prime Rate plus 1%. Any borrowings on this line must be for purchases of equipment used in normal operations. The Company had no amounts outstanding under this line of credit at December 31, 2003. The second line provides for general funding of the Company’s operating activities and bears interest at the Bank’s Prime Rate. No amounts were outstanding under this line at December 31, 2003. The Bank’s Prime and Index Rates were 4% at December 31, 2003. The lines are due on March 31, 2004 and are collateralized by substantially all corporate assets.

**SUPPLEMENTARY INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THINKORSWIM, INC.
Schedule I - Computation of Net Capital Under Rule 15c3-1 of
The Securities and Exchange Commission
As of December 31, 2003

	<u>Unaudited</u>	<u>Audit Adjustment</u>	<u>Audited</u>
Net capital			
Total stockholders' equity qualified for net capital	\$ 7,241,821	\$ (166,100)	\$ 7,075,721
Add:			
Adjustment for option positions	<u>7,054</u>		<u>7,054</u>
Total capital and allowable subordinated borrowings	7,248,875	(166,100)	7,082,775
Deductions and/or charges:			
Non-allowable assets:			
Furniture, equipment, and leasehold improvements, net	317,740		317,740
Web site development, net	819,446		819,446
Software, net	128,982		128,982
Other assets	<u>430,808</u>		<u>430,808</u>
Total non-allowable assets from statement of financial condition	<u>1,696,976</u>	<u>(166,100)</u>	<u>1,696,976</u>
Net capital before haircuts on securities positions (tentative net capital)	5,551,899	(166,100)	5,385,799
Haircuts on securities:			
Option securities	20,700		20,700
Other securities	<u>10,417</u>		<u>10,417</u>
Total haircuts on securities	<u>31,117</u>		<u>31,117</u>
Net capital	<u>\$ 5,520,782</u>	<u>\$ (166,100)</u>	<u>\$ 5,354,682</u>
Aggregate indebtedness:			
Items included in statement of financial condition:			
Accounts payable and accrued expenses	<u>\$ 1,534,437</u>	<u>\$ (166,100)</u>	<u>\$ 1,700,537</u>
Computation of basic net capital requirement:			
Minimum net capital required	<u>\$ 250,000</u>		<u>\$ 250,000</u>
Excess net capital	<u>\$ 5,270,782</u>	<u>\$ (166,100)</u>	<u>\$ 5,104,682</u>
Ratio: aggregate indebtedness to net capital	<u>0.28 to 1</u>		<u>0.28 to 1</u>

Note: Audit adjustments due to accrual of additional income taxes payable and an increase in deferred tax liabilities.

See independent auditors' report



GLEESON
SKLAR
SAWYERS
CUMPATA LLP

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Board of Directors
thinkorswim, Inc.
Chicago, Illinois

In planning and performing our audit of the financial statements and supplemental schedule of **thinkorswim, Inc.** (the "Company"), for the year ended December 31, 2003, 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 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 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 conformity 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, 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 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, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the NASD, 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.

Gleeson, Sklar, Sawyers & Cumpata LLP

Gleeson, Sklar, Sawyers & Cumpata LLP

Elgin, Illinois

February 10, 2004