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

1-378  
SEC FILE NUMBER  
8- 65902

**FACING PAGE**

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

REPORT FOR THE PERIOD BEGINNING 09/23/03 AND ENDING 12/31/03  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER:

Silver Leaf Partners, LLC

OFFICIAL USE ONLY  
FIRM ID. NO.

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

Rockefeller Center, 620 Fifth Avenue

(No. and Street)

New York

(City)

NY

(State)

10020-2457

(Zip Code)

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

Robert Youree

(212) 632-8422

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Briggs, Bunting & Dougherty, LLP

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

Two Penn Center Plaza, Suite 820

(Address)

Philadelphia

(City)

PA

(State)

19102-1732

(Zip Code)

**CHECK ONE:**

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

**PROCESSED**

MAR 25 2004

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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).

BR

OATH OR AFFIRMATION

I, Robert Youree, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Silver Leaf Partners, LLC, as of December 31, 20 03, 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:

None

*MPD*

Notary Public  
Reg # 02KH601131

*R. Youree*  
Signature  
PRESIDENT  
Title

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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).

**SILVER LEAF PARTNERS, LLC**

***ANNUAL AUDITED REPORT***

***FORM X-17A-5***

**DECEMBER 31, 2003**

**BRIGGS  
BUNTING &  
DOUGHERTY, LLP**

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT**

**To the Members  
Silver Leaf Partners, LLC  
New York, New York**

We have audited the statement of financial condition of Silver Leaf Partners, LLC as of December 31, 2003, and the related statements of income, changes in ownership equity, and cash flows for the period 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 Silver Leaf Partners, LLC as of December 31, 2003, and the results of its operations and its cash flows for the period 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 Pages 3, 4 and 7 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 of the Securities and Exchange Commission. 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.

*Briggs, Bunting & Dougherty, LLP*

**Philadelphia, Pennsylvania  
February 18, 2004**

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

**N 3**

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STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) 12/31/03 99  
SEC FILE NO. 8-65902 98  
Consolidated  198  
Unconsolidated  199

ASSETS

Allowable

Non-Allowable

Total

1. Cash.....	\$	134,365	200		\$	134,365	750
2. Receivables from brokers or dealers:							
A. Clearance account.....		100,062	295				
B. Other .....		62,773	300	\$	550	162,835	810
3. Receivables from non-customers .....			355		600		830
4. Securities and spot commodities owned, at market value:							
A. Exempted securities.....			418				
B. Debt securities .....			419				
C. Options .....			420				
D. Other securities .....			424				
E. Spot commodities .....			430				850
5. Securities and/or other investments not readily marketable:							
A. At cost <sup>2</sup> \$ .....							
B. At estimated fair value .....			440		610		860
6. Securities borrowed under subordination agree- ments and partners' individual and capital securities accounts, at market value: .....			460		630		880
A. Exempted securities \$ .....							
B. Other securities \$ .....							
7. Secured demand notes .....			470		640		890
market value of collateral:							
A. Exempted securities \$ .....							
B. Other securities \$ .....							
8. Memberships in exchanges:							
A. Owned, at market \$ .....							
B. Owned, at cost .....					650		
C. Contributed for use of the company, at market value.....					660		900
9. Investments in and receivables from affiliates, subsidiaries and associates partnerships .....			480		670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization .....			490		7,827	7,827	920
11. Other assets .....		1,818	535		3,810	5,628	930
12. TOTAL ASSETS .....	\$	299,018	540	\$	11,637	310,655	940

OMIT PENNIES

See accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

as of 12/31/03

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND  
CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable .....	\$ 1045	\$ 1255 <sup>13</sup>	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	1114	1315	1560
B. Other .....	1115 <sup>10</sup>	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		1360	1620
17. Accounts payable, accrued liabilities, expenses and other .....	72,038 1205	1385	72,038 1685
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211 <sup>12</sup>	1390 <sup>14</sup>	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings .....		1400	1710
1. from outsiders \$ .....			
2. Includes equity subordination (15c3-1(d)) of..... \$ .....			
B. Securities borrowings, at market value .....		1410	1720
from outsiders \$ .....			
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ .....			
2. Includes equity subordination (15c3-1(d)) of..... \$ .....			
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 72,038 1230	\$ 1450	\$ 72,038 1760

Ownership Equity

21. Sole proprietorship .....		1770
22. Partnership (limited partners .....	1020 <sup>11</sup>	1780
23. Corporation:		
A. Preferred stock .....		1791
B. Common stock - without par value; 10,000 shares authorized, issued and outstanding .....	312,000	1792
C. Additional paid-in capital .....		1793
D. Retained earnings .....	(73,383)	1794
E. Total .....	238,617	1795
F. Less capital stock in treasury .....		1796 <sup>16</sup>
24. TOTAL OWNERSHIP EQUITY .....	\$ 238,617	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....	\$ 310,655	1810

OMIT PENNIES

*See accompanying notes*

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

as of 12/31/03

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition .....	\$ 238,617	3480
2.	Deduct ownership equity not allowable for Net Capital .....	( )	3490
3.	Total ownership equity qualified for Net Capital .....	238,617	3500
4.	Add:		
	A. Liabilities subordinated to claims of general creditors allowable in computation of net capital .....		3520
	B. Other (deductions) or allowable credits (List) .....		3525
5.	Total capital and allowable subordinated liabilities .....	\$ 238,617	3530
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$ 11,637		3540
	B. Secured demand note deficiency .....		3590
	C. Commodity futures contracts and spot commodities- proprietary capital charges .....		3600
	D. Other deductions and/or charges .....	( 11,637 )	3620
7.	Other additions and/or allowable credits (List) .....		3630
8.	Net capital before haircuts on securities positions .....	\$ 226,980	3640
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
	A. Contractual securities commitments .....	\$ 3660	
	B. Subordinated securities borrowings .....		3670
	C. Trading and investment securities:		
	1. Exempted securities .....		3735
	2. Debt securities .....		3733
	3. Options .....		3730
	4. Other securities .....		3734
	D. Undue Concentration .....		3650
	E. Other (List) .....		3736
10.	Net Capital .....	\$ 226,980	3740
			3750

OMIT PENNIES

*See accompanying notes*

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

as of 12/31/03

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A		
11. Minimum net capital required (6-2/3% of line 19).....	\$ 4,802	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A).....	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12).....	\$ 5,000	3760
14. Excess net capital (line 10 less 13).....	\$ 221,980	3770
15. Excess net capital at 100% (line 10 less 10% of line 19).....	\$ 219,776	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.1. liabilities from Statement of Financial Condition.....	\$ 72,038	3790
17. Add:		
A. Drafts for immediate credit.....	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited.....	\$ 3810	
C. Other unrecorded amounts (List).....	\$ 3820	3838
19. Total aggregate indebtedness.....	\$ 72,038	3840
20. Percentage of aggregate indebtedness to net capital (line 19 $\div$ by line 10).....	%	3750
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d).....	%	3760

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B		
22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits.....	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A).....	\$	3880
24. Net capital requirement (greater of line 22 or 23).....	\$	3760
25. Excess net capital (line 10 less 24).....	\$	3910
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000.....	\$	3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

*See accompanying notes*

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

For the period (MMDDYY) from <sup>▼</sup>24 09/23/03 3932 to 12/31/03 3933  
Number of months included in this statement 4 3931

COMPUTATION OF NET INCOME (LOSS)

REVENUE

1.	Commissions:		
	a. Commissions on transactions in exchange listed equity securities executed on an exchange.....	\$	3935
	b. Commissions on listed option transactions.....	25	3938
	c. All other securities commissions.....	207,635	3939
	d. Total securities commissions.....	207,635	3940
2.	Gains or losses on firm securities trading accounts		
	a. From market making in options on a national securities exchange.....		3945
	b. From all other trading.....		3949
	c. Total gain (loss).....		3950
3.	Gains or losses on firm securities investment accounts.....	▼	3952
4.	Profit (loss) from underwriting and selling groups.....	26	3955
5.	Revenue from sale of investment company shares.....		3970
6.	Commodities revenue.....		3990
7.	Fees for account supervision, investment advisory and administrative services.....		3975
8.	Other revenue.....	898	3995
9.	Total revenue.....	208,533	4030

EXPENSES

10.	Salaries and other employment costs for general partners and voting stockholder officers.....	\$	80,000	4120
11.	Other employee compensation and benefits.....	27	46,636	4115
12.	Commissions paid to other broker-dealers.....		11,886	4140
13.	Interest expense.....			4075
	a. Includes interest on accounts subject to subordination agreements.....		4070	
14.	Regulatory fees and expenses.....		3,083	4195
15.	Other expenses.....		140,311	4100
16.	Total expenses.....	\$	281,916	4200

NET INCOME

17.	Net income (loss) before Federal income taxes and items below (Item 9 less Item 16).....	\$	(73,383)	4210
18.	Provision for Federal income taxes (for parent only).....	▼		4220
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above.....	28		4222
	a. After Federal income taxes of.....		4238	
20.	Extraordinary gains (losses).....			4224
	a. After Federal income taxes of.....		4239	
21.	Cumulative effect of changes in accounting principles.....			4225
22.	Net income (loss) after Federal income taxes and extraordinary items.....	\$	(73,383)	4230

MONTHLY INCOME

23.	Income (current month only) before provision for Federal income taxes and extraordinary items.....	\$	N/A	4211
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*See accompanying notes*

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER Silver Leaf Partners, LLC

For the period (MMDDYY) from 9/23/03 to 12/31/03

STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	312,000		4240
A. Net income (loss) .....		(73,383)		4250
B. Additions (includes non-conforming capital of .....		29	4262	4260
C. After Federal income taxes of .....			4272	4270
2. Balance, end of period (From item 1800) .....	\$	238,617		4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	30	\$		N/A		4300
A. Increases .....						4310
B. Decreases .....						4320
4. Balance, end of period (From item 3520) .....		\$				4330

OMIT PENNIES

*See accompanying notes*



# SILVER LEAF PARTNERS, LLC

## STATEMENT OF CASH FLOWS

Period\* ended December 31, 2003

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### CASH FLOWS FROM OPERATING ACTIVITIES

Net loss \$(73,383)

*Adjustments to reconcile net loss to net cash used for operating activities*

Depreciation 1,292

(Increase) decrease in

Receivables from brokers or dealers (62,773)

Other assets (5,628)

Increase (decrease) in

Accounts payable and accrued expenses 72,038

**Net cash used for operating activities** (68,454)

### CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment (9,119)

**Net decrease in cash and cash equivalents** (77,573)

### CASH AND CASH EQUIVALENTS

Beginning of period 312,000

**End of period** \$234,427

\* Effective date of registration – September 23, 2003.

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See accompanying notes

# SILVER LEAF PARTNERS, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### (1) ORGANIZATION AND NATURE OF BUSINESS

Silver Leaf Partners, LLC (the "**Company**"), a New York Limited Liability Company, is a registered broker-dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. (NASD). The Company clears its securities transactions on a fully disclosed basis with a clearing broker.

The Company's effective date of organization was January 15, 2003. The effective date of the Company's registration as a broker-dealer was September 23, 2003 (date operations commenced). The only transactions occurring between those dates were related to the initial capitalization of the Company by its members in the amount of \$312,000. Start-up expenses were also incurred during this period and have been expensed as occurring on the Company's first day of operations.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash in banks, brokerage accounts and short-term highly liquid investments.

#### Securities Transactions

Securities transactions (and related commissions, revenue and expenses) are recorded on a trade date basis. Realized gains and losses from securities transactions are reported on the basis of identified cost.

#### Accounting 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 from those estimates.

#### Income Taxes

The Company has elected Partnership status for federal and state tax purposes whereby taxable income is reported by the Company's members.

### (3) CONTINGENCIES AND COMMITMENTS

The Company has a clearing agreement with its clearing broker, ABN Amro Incorporated (the "**Clearing Broker**"). The agreement provides that certain minimum capital balances must be maintained while the Company's customer accounts are being introduced to and cleared by the Clearing Broker on a fully disclosed basis. In connection with this agreement, the Company is contingently liable to the Clearing Broker in the event of nonperformance by its introduced customers. It is the Company's policy to continuously monitor its exposure to these risks.

# SILVER LEAF PARTNERS, LLC

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003

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### **(4) REGULATORY REQUIREMENTS**

The Company is exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934 (reserve requirements for brokers and dealers) in that the Company does not hold funds or securities for customers. All customer transactions are cleared through another broker-dealer on a fully-disclosed basis.

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined, equal to the greater of \$5,000 or 6-2/3% of aggregate indebtedness. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2003, the Company had net capital of \$226,980, and net capital requirements of \$5,000. The percentage of aggregate indebtedness to net capital was 31.74%. These net capital requirements may effectively restrict the Company's ability to make distributions to its members.

### **(5) SIGNIFICANT CONCENTRATION OF CREDIT RISK**

The Company's brokerage accounts, which at December 31, 2003 amounted to \$100,062, are maintained at its Clearing Broker.

**BRIGGS  
BUNTING &  
DOUGHERTY, LLP**

Certified Public Accountants

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**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5**

**To the Members  
Silver Leaf Partners, LLC  
New York, New York**

In planning and performing our audit of the financial statements of Silver Leaf Partners, LLC for the period 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 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 custodian 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 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 management, the SEC, 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 is not intended to be and should not be used by anyone other than these specified parties.

*Briggs, Banting & Dougherty, LLP*

**Philadelphia, Pennsylvania**  
**February 18, 2004**