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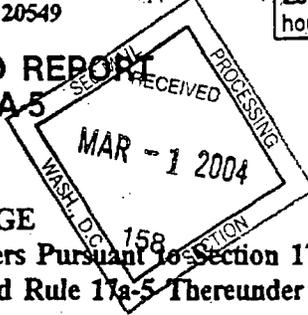
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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| OMB APPROVAL | |
| OMB Number: | 3235-0123 |
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



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 1/1/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: CIGNA Financial Services, Inc.

| |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO. |

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

One Commercial Plaza, 280 Trumbull Street
(No. and Street)

Hartford CT 06103
(City) (State) (Zip Code)

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

Gary R. Crawford, Jr. 860.534.3862
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

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

100 Pearl Street Hartford CT 06103
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAR 29 2004

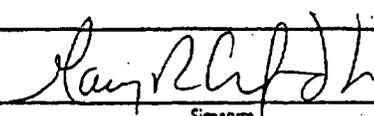
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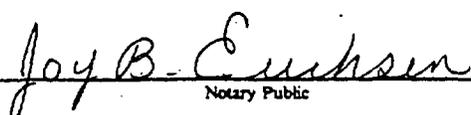
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5 (e)(2).

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OATH OR AFFIRMATION

I, Gary R. Crawford, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CIGNA Financial Services, 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
Chief Financial Officer
Title


Notary Public

My Commission Expires:
06-30-05

- 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).

**CIGNA Financial
Services, Inc.**

*(an indirect, wholly-owned subsidiary
of CIGNA Corporation)*

**Financial Statements and
Supplemental Schedules
December 31, 2003 and 2002**

CIGNA Financial Services, Inc.
Index to Financial Statements

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PricewaterhouseCoopers LLP
100 Pearl Street
Hartford CT 06103
Telephone (860) 241 7000
Facsimile (860) 241 7590

Report of Independent Auditors

To the Board of Directors and Shareholder of
CIGNA Financial Services, Inc.:

In our opinion, the accompanying statements of financial condition and the related statements of income, of changes in shareholder's equity and of cash flows present fairly, in all material respects, the financial position of CIGNA Financial Services, Inc. at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required under 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.

PricewaterhouseCoopers LLP

February 25, 2003

CIGNA Financial Services, Inc.
Statements of Financial Condition

| | December 31, | |
|--|---------------------|---------------------|
| | 2003 | 2002 |
| Assets | | |
| Cash and cash equivalents | \$ 2,504,049 | \$ 4,224,896 |
| Securities held: | | |
| Not readily marketable, at estimated fair value | 3,300 | 3,300 |
| Receivable from clearing broker | 1,035,104 | 105,247 |
| 12(b)-1 fees receivable on behalf of related party | 1,968,477 | 1,228,326 |
| 12(b)-1 and sub transfer agent fees receivable | 791,305 | 154,558 |
| Income taxes receivable, net | 330,518 | - |
| | <u>6,632,753</u> | <u>5,716,327</u> |
| Total Assets | | |
| Liabilities | | |
| Fees payable | 183,750 | - |
| 12(b)-1 fees payable to related party | 2,094,714 | 1,228,326 |
| Service agreement payable to related party | 715,788 | 245,860 |
| Accrued Premier class customer credit | 453,052 | - |
| Other liabilities | 120,764 | - |
| Income taxes payable, net | - | 62,797 |
| | <u>3,568,068</u> | <u>1,536,983</u> |
| Total Liabilities | | |
| Shareholder's Equity | | |
| Common stock (\$1 par value, 1,000 shares authorized, issued and outstanding) | 1,000 | 1,000 |
| Additional paid-in capital | 999,000 | 999,000 |
| Retained earnings | 2,064,685 | 3,179,344 |
| | <u>3,064,685</u> | <u>4,179,344</u> |
| Total Shareholder's Equity | | |
| Total Liabilities and Shareholder's Equity | <u>\$ 6,632,753</u> | <u>\$ 5,716,327</u> |

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

CIGNA Financial Services, Inc.
Statements of Income

| | Years Ended December 31, | |
|---|-----------------------------|-------------------|
| | 2003 | 2002 |
| Revenues | | |
| 12(b)-1 fees collected on behalf of related party | \$ 9,498,370 | \$ 10,309,710 |
| 12(b)-1 and sub transfer agent fees | 3,775,379 | 2,654,999 |
| Commissions | 2,287,845 | 1,659,460 |
| Maintenance, annual, and termination fees | 1,758,652 | 593,173 |
| Investment advisory income | 393,830 | 504,145 |
| Dividends and interest income | 27,240 | 67,812 |
| | <u>17,741,316</u> | <u>15,789,299</u> |
| Expenses | | |
| 12(b)-1 fees paid to related party | 9,498,370 | 10,309,710 |
| Clearing expenses | 1,220,498 | 1,256,500 |
| Service agreement paid to related party | 2,645,108 | 2,955,388 |
| Other operating expenses | 774,074 | 481,799 |
| Investment advisory fees | 126,717 | 207,874 |
| Premier class threshold expense | 453,052 | - |
| | <u>14,717,819</u> | <u>15,211,271</u> |
| Income before income taxes | 3,023,497 | 578,028 |
| Income tax expense | | |
| Current federal income tax expense | 1,027,491 | 202,051 |
| Current state income tax expense | 110,665 | 739 |
| | <u>1,138,156</u> | <u>202,790</u> |
| Net income | <u>\$ 1,885,341</u> | <u>\$ 375,238</u> |

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

CIGNA Financial Services, Inc.
Statements of Changes in Shareholder's Equity

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Total Shareholder's Equity |
|------------------------------|-----------------|----------------------------------|----------------------|----------------------------------|
| Balance at December 31, 2001 | \$ 1,000 | \$ 999,000 | \$ 2,804,106 | \$ 3,804,106 |
| Net income | - | - | 375,238 | 375,238 |
| Balance at December 31, 2002 | 1,000 | 999,000 | 3,179,344 | 4,179,344 |
| Net income | - | - | 1,885,341 | 1,885,341 |
| Cash dividends | - | - | (3,000,000) | (3,000,000) |
| Balance at December 31, 2003 | \$ 1,000 | \$ 999,000 | \$ 2,064,685 | \$ 3,064,685 |

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

CIGNA Financial Services, Inc.
Statements of Cash Flows

| | Years Ended December 31, | |
|--|-----------------------------|---------------------|
| | 2003 | 2002 |
| Cash provided by operating activities: | | |
| Net income | \$ 1,885,341 | \$ 375,238 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Change in receivable from clearing broker | (929,857) | 28,971 |
| Change in 12(b)-1 fees receivable on behalf of related party | (740,151) | 168,031 |
| Change in 12(b)-1 and sub transfer agent fees receivable | (636,747) | 711,433 |
| Change in 12(b)-1 fees payable to related party | 866,388 | (804,643) |
| Increase in service agreement payable to related party | 469,928 | 16,481 |
| Increase in accrued Premier class customer credit | 453,052 | - |
| Increase in fees payable and other liabilities | 304,514 | - |
| Change in income taxes payable/receivable, net | (393,315) | 65,556 |
| Net cash flows provided by operating activities | <u>1,279,153</u> | <u>561,067</u> |
| Cash used in financing activities: | | |
| Cash dividends paid to parent | (3,000,000) | - |
| Net cash flows used in financing activities | <u>(3,000,000)</u> | <u>-</u> |
| Net change in cash and cash equivalents | (1,720,847) | 561,067 |
| Cash and cash equivalents, beginning of year | <u>4,224,896</u> | <u>3,663,829</u> |
| Cash and cash equivalents, end of year | <u>\$ 2,504,049</u> | <u>\$ 4,224,896</u> |
| Supplemental disclosure of cash information: | | |
| Federal and state income taxes paid | <u>\$ 1,531,471</u> | <u>\$ 137,234</u> |

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

CIGNA Financial Services, Inc.

Notes to Financial Statements

1. Organization and Operations

CIGNA Financial Services, Inc. (the "Company" or "CFS"), an indirect wholly-owned subsidiary of CIGNA Corporation ("CIGNA"), was incorporated on December 29, 1995. The Company was capitalized on February 22, 1996. The Company is a registered broker-dealer and advisor with the Securities and Exchange Commission and a member of the National Association of Securities Dealers, Inc ("NASD"). The Company's primary business is to offer investment alternatives sponsored by third parties and affiliates for rollover distributions from benefit plans of clients of Connecticut General Life Insurance Company ("CGLIC"), an affiliated life insurance company. CFS also maintains the CIGNA Saver payroll deduction program which allows CIGNA employees to make contributions from payroll into a taxable brokerage account. The company also offers general brokerage services to the public. Investment alternatives offered to customers include, but are not limited to: stocks, bonds, and mutual funds. The Company clears securities transactions through Fiserv Securities, Inc. (the "Clearing Broker") on a fully-disclosed basis.

2. Summary of Significant Accounting Policies

Basis of Presentation

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Prior year amounts have been reclassified to conform with current year presentation.

Cash and Cash Equivalents

Short-term investments with maturity of three months or less at the time of purchase are reported as cash and cash equivalents. At December 31, 2003 and 2002 all cash and cash equivalents were invested in the CIGNA Money Market Premier Class Fund. Cash and cash equivalents are included in the Company's Net Capital calculation, subject to appropriate securities haircuts. The company does have a Proprietary Account Introducing Broker ("PAIB") agreement in place.

Receivable from Clearing Broker

Receivable from clearing broker is comprised of commissions, trailer payments, and account fees. This amount is net of all clearing expenses which are paid by the clearing broker on behalf of CFS.

CIGNA Financial Services, Inc.

Notes to Financial Statements

Securities Held

The Company holds a private placement of NASD common stock. The NASD common stock is carried at cost, which approximates estimated fair value. At this time, the Company does not anticipate selling this private placement or participating in any further equity investments. Pursuant to SEC Rule 15c3-1(c)(2)(vii), this private placement investment is excluded from the Company's Net Capital calculation.

Financial instruments are reported in the financial statements at quoted market prices or at estimated amounts, which approximate fair value.

Investment Product Revenues and Expenses

Pursuant to a Servicing Agreement between the Company and its affiliate, CGLIC, the Company collects certain open-end investment company 12(b)-1 fee payments on behalf of CGLIC. These payments are made pursuant to selling agreements between the Company and various investment companies, and are considered 12(b)-1 payments as defined by that section of the Investment Company Act of 1940. Under the terms of the Servicing Agreement, any such investment company payment received by the Company becomes due and payable to CGLIC.

12(b)-1 and Sub-Transfer Agent Fees

Certain 12(b)-1 fees, related expenses and commission income from customer securities transactions are recorded on a trade date basis. Sub transfer agent fees are recorded on an accrual basis.

Investment Advisory Income

CFS is the named advisor of the CIGNA Compass series of investment products. Sub-advisory services are provided by an unrelated third party pursuant to a contractual agreement.

Income Taxes

The Company is included in the consolidated federal income tax returns of CIGNA. In accordance with a written tax sharing agreement with CIGNA, the federal income tax expense or benefit allocated to the Company is computed as if the Company were filing a separate federal income tax return, except that benefits arising from tax credits, net operating losses and capital losses are allocated to those subsidiaries producing such benefits only to the extent that they reduce CIGNA's consolidated federal income tax liability. Such current federal income taxes are paid or reimbursed in cash on a quarterly basis. The Company is also included in a combined Connecticut state income tax return with other affiliates of CIGNA. Income tax is allocated on substantially the same basis as the federal liability except that reimbursement or payment is made on an annual basis.

Deferred income taxes are generally recognized when assets and liabilities have different bases for financial statement and tax reporting purposes, and for other temporary taxable and deductible

CIGNA Financial Services, Inc.

Notes to Financial Statements

temporary differences as defined by Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. At December 31, 2003 and 2002, there were no such differences.

The provision for federal income tax expense differs from the amount of income tax determined by applying the applicable U.S. statutory federal rate (35%) to income before taxes due to state income taxes.

3. Net Capital Information

Pursuant to the Uniform Net Capital requirements of the SEC, the Company is subject to Rule 15c3-1(a)(1)(ii) of the Securities Exchange Act of 1934 which requires maintenance of minimum net capital of \$250,000 or 2% of aggregate debit items computed in accordance with the "Alternative Standard" under Rule 15c3-3.

The impact of any future dividends, when and if declared, must be measured against excess net capital as calculated in Schedule I in order to ascertain any restrictions regarding the amount of dividends that could be paid. At December 31, 2003, the Company had net capital of \$1,753,386, which was \$1,503,386 in excess of its required net capital of \$250,000.

4. Related Party Transactions

During 2003 and 2002, substantially all of the Company's business came from rollover distributions out of benefit plans administered by CGLIC and a payroll deduction program offered to CIGNA employees.

Certain expenses incurred by the Company such as salaries, rent, printing, data processing and other general and administrative expenses were provided by CGLIC. For the years ended December 31, 2003 and 2002, the amount of such services and facilities totaled \$2,575,982 and \$3,051,042, respectively. These expenses were paid by the Company as incurred.

The Company receives 12(b)-1 fees related to mutual fund assets purchased by CGLIC for investment in qualified benefit plans of CGLIC's clients. These fees are subsequently paid to CGLIC. During 2003 and 2002, fees related to these transactions are included in 12(b)-1 fees collected on behalf of related party and offsetting expenses are included in 12(b)-1 fees paid to related party. Amounts due to be remitted to CGLIC are \$2,094,714 and \$1,228,326, at December 31, 2003 and 2002, respectively.

5. Premier Class Money Market Mutual Fund Payment

In the third quarter of 2003, CFS discovered that it had placed certain investors in the wrong class of the CIGNA Funds Group Money Market Fund. CFS serves as the distributor for the Money Market Fund. A subsidiary of CIGNA Corporation serves as the Fund's adviser. The Fund's prospectus provided that shareholders investing over \$200,000 in CIGNA Funds Group are eligible for the premier class of the Fund, which does not charge any 12(b)-1 fee. CFS discovered that it had placed investors with over \$200,000 invested in CIGNA Funds Group in the retail class of the Fund, which charges a 25 basis point 12(b)-1 fee. Upon discovery of this error, CFS identified all investors eligible for the premier class and moved them into the premier class, instituted procedures to make sure that future investors were placed in the proper class, and reimbursed all 12(b)-1 fees, with

CIGNA Financial Services, Inc.
Notes to Financial Statements

interest, to investors who were eligible for the premier class but had been placed in the retail class. As a consequence, CFS recorded an expense of \$453,052 in December 2003 to reflect these reimbursements. Payments were made to customers during the first quarter of 2004.

6. Contingencies

The Company clears all of its securities transactions through a single Clearing Broker on a fully disclosed basis. Pursuant to the terms of the agreement between the Company and the Clearing Broker, the Clearing Broker has the right to charge the Company for losses that result from a counterparty's failure to fulfill its contractual obligations.

As the right to charge the Company has no maximum amount and applies to all trades executed through the Clearing Broker, the Company believes there is no maximum amount assignable to this right. At December 31, 2003, the Company has recorded no liabilities with regard to the right. During 2003, the Company paid the Clearing Broker \$2,271 to related to these guarantees.

In addition, the Company has the right to pursue collection of performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the Clearing Broker and all counterparties with which it conducts business.

7. Pending Agreement to Sell CFS to Prudential Retirement Financial Services Holding, LLC

On November 17, 2003, CIGNA Corporation agreed to sell CIGNA Retirement and Investment Services business to Prudential Financial. As a part of this transaction, the stock of CIGNA Financial Services will also be sold to Prudential Financial, Inc. This transaction is expected to close on or after March 31, 2004.

CIGNA Financial Services, Inc.
Computation of Net Capital Under Rule 15c3-1 of
the Securities and Exchange Commission

Supplemental Schedule
Schedule I

| | December 31, 2003 |
|---|----------------------|
| Net capital: | |
| Total shareholder's equity, allowable for purposes of net capital calculation | \$ 3,064,685 |
| Less: | |
| Non-allowable assets | |
| Investments not readily marketable | 3,300 |
| Accounts receivable | 927,454 |
| Income taxes receivable | 330,518 |
| | <u>1,803,413</u> |
| Net capital before haircuts on securities positions | 1,803,413 |
| Haircuts on securities: | |
| Cash and cash equivalents | <u>50,027</u> |
| Net capital | 1,753,386 |
| Minimum dollar net capital requirement | 250,000 |
| 2% aggregate debit items | <u>-</u> |
| Excess net capital (\$1,753,386 - \$250,000) | <u>\$ 1,503,386</u> |
| Excess net capital at 120% of minimum net capital (\$1,753,386 - \$300,000) | <u>\$ 1,453,386</u> |

CFS has elected the alternative standard under Rule 15c3-1(a)(1)(ii) of the Securities Exchange Commission.

The above calculation does not differ materially from the Company's calculation as reported in Part II of the Company's unaudited FOCUS Report as of December 31, 2003.

CIGNA Financial Services, Inc.
Computation for Determination of
Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

Supplemental Schedule
Schedule II

| | December 31, 2003 |
|---|----------------------|
| Credit Balances: | |
| Free credit balances in customer accounts | \$ - |
| Monies borrowed collateralized by customers' securities | - |
| Monies payable against customers' securities loaned | - |
| Customers' securities failed to receive | - |
| <i>Credit balances in firm accounts resulting from principal sales</i> | - |
| Market value of stock dividends, splits outstanding over 30 days | - |
| Market value of short security count differences over 30 days | - |
| Market value of short securities and credits in suspense accounts over 30 days | - |
| Market value of securities in transfer over 40 days - unconfirmed | - |
| Other - Breakpoint Reserve | 2,718 |
| Total credit items | 2,718 |
| Debit Balances | |
| Debit balances in customer accounts | \$ - |
| Securities borrowed for short sales or to settle customer fails | - |
| Customers' securities failed to deliver | - |
| Other | - |
| Total debit items | - |
| Reserve Computation | |
| Excess of total debits over credits | \$ - |
| Excess of total credits over debits | \$ 2,718 |
| Required deposit | \$ - |
| Balance in reserve account as of December 31, 2003 | \$ 2,718 |

The above calculation does not differ materially from the Company's calculation as reported in Part II of the Company's unaudited FOCUS Report as of December 31, 2003.

CIGNA Financial Services, Inc.
Information for Possession or
Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

Supplemental Schedule
Schedule III

State the market valuation and the number of items of:

1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3, Notes A and B.

A. Number of items

-

2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3, Notes B, C and D.

A. Number of items

-

3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3.

YES



PricewaterhouseCoopers LLP
100 Pearl Street
Hartford CT 06103
Telephone (860) 241 7000
Facsimile (860) 241 7590

February 25, 2004

To the Board of Directors and Shareholder of
CIGNA Financial Services, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of CIGNA Financial Services, 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 the internal control.

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

1. Making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e);
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the 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; and
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Board of Directors and Shareholder of
CIGNA Financial Services, Inc.

Page 2 of 2

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

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

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 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 National Association of Securities Dealers, Inc. and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Principals of the Firm

Hartford, Connecticut

February 25, 2004