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

SEC FILE NUMBER  
8-22567

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 01/01/04 AND ENDING 12/31/04  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: STOFAN, AGAZZI & COMPANY INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

2801 BLACK ROAD, SUITE 101  
(No. and Street)

JOLIET IL 60435  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
ROBERT AGAZZI (815) 729-1266  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

SLATTERY, NOONAN & THORNTON, LLC  
(Name - if individual, state last, first, middle name)

701 ESSINGTON ROAD, SUITE 100 JOLIET IL 60435  
(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 16 2005

THOMSON  
FINANCIAL

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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)

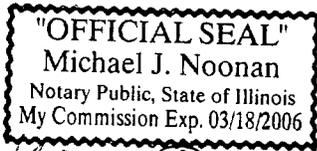
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SEC 1410 (06-02)

OATH OR AFFIRMATION

I, ROBERT AGAZZI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of STOFAN, AGAZZI & COMPANY INC. of DECEMBER 31, 2004, 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



Handwritten signature of Michael J. Noonan

Notary Public

Handwritten signature of Robert Agazzi, Executive Vice-President

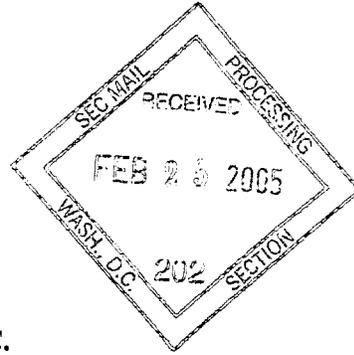
Signature

Title

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.
(o) INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



**STOFAN, AGAZZI & COMPANY INC.**

**FINANCIAL REPORT  
December 31, 2004 and 2003**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors  
Stofan, Agazzi & Company Inc.

We have audited the accompanying statements of financial condition of Stofan, Agazzi & Company Inc. (a Delaware Corporation) as of December 31, 2004 and 2003, and the related statements of income, changes in stockholders' equity, and cash flows for the years 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 the standards of the Public Company Accounting Oversight Board (United States). 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 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 Stofan, Agazzi & Company Inc. at December 31, 2004 and 2003, and the results of their operations and their cash flows for the years 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 on pages 12 through 36 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental 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.

*Slattery, Noonan & Thornton, LLC*

Joliet, Illinois  
February 10, 2005

**STOFAN, AGAZZI & COMPANY INC.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**December 31, 2004 and 2003**

<b>ASSETS</b>	<b>2004</b>	<b>2003</b>
<b>Current assets</b>		
Cash	\$ 214,223	\$ 94,725
Temporary investments	-	150,000
Receivables from clearing organization	143,666	121,978
Income tax refunds receivable	6,956	-
Deferred income tax benefit	3,000	-
Prepaid expenses	32,379	15,793
Total current assets	<u>400,224</u>	<u>382,496</u>
<b>Furniture, fixtures and leasehold improvements</b>		
Furniture and fixtures	71,814	71,814
Leasehold improvements	97,042	97,042
Total, at cost	168,856	168,856
Less accumulated depreciation	140,318	136,571
Total furniture, fixtures and leasehold improvements	<u>28,538</u>	<u>32,285</u>
<b>Other assets</b>		
Investment in equity securities	13,260	12,285
Deposit with clearing organization	50,099	50,000
Segregated cash amount	1,718	3,500
Membership in exchange, at cost	200	200
Cash value of officers' life insurance	165,675	160,599
Deposit - furniture and fixtures	9,000	-
Total other assets	<u>239,952</u>	<u>226,584</u>
Total assets	<u>\$ 668,714</u>	<u>\$ 641,365</u>

The accompanying notes are an integral part of these statements.

<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>2004</b>	<b>2003</b>
<b>Current liabilities</b>		
Accounts payable	\$ 5,364	\$ 3,469
Accrued expenses:		
Accrued commissions	29,550	-
Accrued rents	-	11,825
Profit sharing	36,850	10,443
Other	145	778
Income taxes payable	-	14,865
Total current liabilities	<u>71,909</u>	<u>41,380</u>
<b>Other liabilities, Special reserve account</b>	<u>1,725</u>	<u>3,500</u>
Total liabilities	<u>73,634</u>	<u>44,880</u>
<b>Stockholders' equity</b>		
Common stock, \$.50 par value, 1,800 shares authorized, 900 shares issued, 800 shares outstanding	450	450
Additional paid-in capital	89,550	89,550
Retained earnings	<u>540,377</u>	<u>541,782</u>
	630,377	631,782
Less: 100 shares of common stock in treasury, at cost	<u>35,297</u>	<u>35,297</u>
Total stockholders' equity	<u>595,080</u>	<u>596,485</u>
Total liabilities and stockholders' equity	<u>\$ 668,714</u>	<u>\$ 641,365</u>

The accompanying notes are an integral part of these statements.

**STOFAN, AGAZZI & COMPANY INC.**  
**STATEMENTS OF INCOME**  
**Years ended December 31, 2004 and 2003**

	2004	2003
<b>Revenues</b>		
Commissions	\$ 1,506,565	\$ 1,489,858
Miscellaneous	13,634	6,198
Total revenues	<u>1,520,199</u>	<u>1,496,056</u>
<b>Expenses</b>		
Employee compensation, commissions and benefits	946,405	894,556
Ticket charges and floor brokerage	181,894	176,048
Payroll taxes	53,667	52,306
Operating expenses	333,938	342,208
Total expenses	<u>1,515,904</u>	<u>1,465,118</u>
Income before income taxes	4,295	30,938
PROVISION FOR INCOME TAXES	<u>5,700</u>	<u>15,444</u>
NET INCOME (LOSS)	<u>\$ (1,405)</u>	<u>\$ 15,494</u>
EARNINGS (LOSS) PER COMMON SHARE	<u>\$ (1.76)</u>	<u>\$ 19.37</u>

The accompanying notes are an integral part of these statements.

**STOFAN, AGAZZI & COMPANY INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Years ended December 31, 2004 and 2003**

	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	
	<u>Shares</u>	<u>Amount</u>			<u>Shares</u>	<u>Amount</u>
BALANCE AT						
DECEMBER 31, 2002	800	\$ 450	\$ 89,550	\$ 526,288	100	\$ (35,297)
Net income		-	-	15,494		-
BALANCE AT						
DECEMBER 31, 2003	800	450	89,550	541,782	100	(35,297)
Net (loss)		-	-	(1,405)		-
BALANCE AT						
DECEMBER 31, 2004	800	\$ 450	\$ 89,550	\$ 540,377	100	\$ (35,297)

The accompanying notes are an integral part of these statements.

**STOFAN, AGAZZI & COMPANY INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended December 31, 2004 and 2003**

**Cash flows from operating activities**

Net income (loss)	\$ (1,405)	\$ 15,494
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	3,747	3,951
Deferred income tax benefit	(3,000)	-
Increase in cash value of life insurance	4,529	6,820
Effects of changes in operating assets and liabilities:		
Receivables from clearing organization	(21,688)	(52,189)
Income tax refunds receivable	(6,956)	2,777
Income taxes payable	(14,865)	14,865
Prepaid expenses	(16,586)	(380)
Accounts payable and accrued expenses	45,401	19,877
	<u>(10,823)</u>	<u>11,215</u>
Net cash provided by (used in) operating activities		

**Cash flows from investing activities**

Proceeds from temporary investments	150,000	-
Decline in market value of equity securities	(975)	4,015
Deposit with clearing organization	(99)	-
Premiums applied to cash value of life insurance	(9,605)	(14,003)
Deposit - furniture and fixtures	(9,000)	-
	<u>130,321</u>	<u>(9,988)</u>
Net cash provided by (used in) investing activities		

Net increase in cash	119,498	1,227
Cash, beginning of year	<u>94,725</u>	<u>93,498</u>
Cash, end of year	<u>\$ 214,223</u>	<u>\$ 94,725</u>

The accompanying notes are an integral part of these statements.

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Organization and nature of business**

Stofan, Agazzi & Company Inc. was incorporated on April 1, 1978, in the state of Delaware. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the Chicago Stock Exchange and the National Association of Securities Dealers (NASD). The Company's principal business activity is to purchase and sell securities as agent or broker for its customers consisting of individuals and various types of businesses located primarily in the Joliet, Illinois area. The Company's fiscal year ends on December 31.

**Note 2. Significant accounting policies**

Basis of Presentation and Commission Revenue and Expense

The Company maintains its books on the accrual basis of accounting. Securities transactions are recorded on a settlement date basis with related commission revenue and expense recorded on a trade date basis.

Concentration of Credit Risk

The Company maintains several bank accounts. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$100,000. The balances in those accounts do, at times, exceed the federally insured limit. At December 31, 2004, the Company's bank accounts exceeded the federally insured limit by \$129,851.

Depreciation

Furniture and fixtures are depreciated using accelerated methods over their estimated useful lives which range from five to seven years. Leasehold improvements are amortized using the straight-line method over their estimated useful lives, five to thirty-nine years.

Exchange Membership

Exchange membership is recorded at cost pursuant to the rules of the Securities and Exchange Commission.

Income Taxes

The Company is taxed under the Internal Revenue Code as a Corporation. The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates.

**NOTES TO FINANCIAL STATEMENTS**

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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 the 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.

Fully Disclosed Method of Operations

The Company is exempt from the reserve requirements of SEC rule 15c3-3 because it transacts all business on a fully disclosed basis through City Securities Corporation of Indianapolis, Indiana and various mutual fund companies. All customers' positions and balances are carried on the books of City Securities Corporation and various mutual fund companies.

Advertising Costs

The Company expenses advertising costs when paid.

**Note 3. Membership in Exchange**

The market value of the membership in exchange (Chicago Stock Exchange), which the Company owns, was \$17,000 at December 31, 2004, and \$15,000 at December 31, 2003. The market value was determined by reference to information provided by the exchange based on the last sale of a membership in 2004 and 2003.

The Company leased the membership in exchange to a third party. Rental income recognized from this lease was \$10,200 and \$9,950 in 2004 and 2003, respectively.

**Note 4. Officers' Life Insurance**

The Company is the owner and beneficiary of life insurance policies carried on its officers. The cash surrender values and face amounts of the policies are as follows:

<u>Officer</u>	<u>Face Amount of Policies</u>		<u>Cash Surrender Value</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
George M. Stofan	\$ 262,500	\$ 262,500	\$ 130,516	\$ 125,440
Robert A. Agazzi	159,000	159,000	35,159	35,159
Total	<u>\$ 421,500</u>	<u>\$ 421,500</u>	<u>\$ 165,675</u>	<u>\$ 160,599</u>

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Common Stock and Earnings (Loss) Per Common Share**

Earnings (loss) per common share was computed by dividing net income for the year by the weighted average number of common shares outstanding during the year, 800 shares for 2004 and 2003.

**Note 6. 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 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, 2004 and 2003, the Company had net capital, as defined, of \$512,016 and \$545,364, respectively, which exceeded the minimum net capital requirement of \$250,000 at December 31, 2004 and 2003. The Company's aggregate indebtedness to net capital ratio, as defined, was .140 to 1 and .076 to 1 at December 31, 2004 and 2003, respectively, which were below the maximum ratio allowable.

**Note 7. Total Rent Expense and Lease Commitments**

The Company leased office equipment and automobiles under operating leases from Stofan Leasing Company, a related party through common ownership. Rent expense under these leases for the years ended December 31, 2004 and 2003 were \$11,230 and \$28,380, respectively. The leases terminated in 2004.

The Company also rents office space from STAG Building Partnership, a related party partnership, under an informal month to month agreement requiring payments of \$3,500 per month for January 1 through April 30, 2004, and \$5,000 per month for May 1 through December 31, 2004. Rent expense under this lease was \$54,000 for the year ended December 31, 2004 and \$52,500 for the year ended December 31, 2003.

**Note 8. Advertising Costs**

Total advertising costs recognized by the Company for the years ended December 31, 2004 and 2003 were \$32,343 and \$42,602 respectively.

**Note 9. Profit Sharing Retirement Plans**

The Company maintains a qualified profit sharing retirement plan which includes a deferred savings provision under Internal Revenue Code Section 401(k). All employees of the Company are eligible to participate. Contributions are discretionary and are determined by the Board of Directors annually. Total profit sharing contributions to the plan for the years ended December 31, 2004 and 2003 were \$29,911 and \$4,488, respectively.

The Company also matches 25% of a participant's elective Section 401(k) salary deferrals up to 5% of the participating employee's annual compensation. Matching contributions for the years ended December 31, 2004 and 2003 were \$10,558 and \$10,443, respectively.

NOTES TO FINANCIAL STATEMENTS

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**Note 10. Income Taxes**

A reconciliation of the provision for income taxes at the statutory federal tax rates to the Company's actual provision for income taxes is as follows:

	<u>2004</u>	<u>2003</u>
Computed at federal statutory rates	\$ 5,700	\$ 10,582
State income taxes, net of federal tax benefit	3,000	4,862
Deferred	(3,000)	-
Nondeductible expenses	<u>-</u>	<u>-</u>
Total provision for income taxes	<u>\$ 5,700</u>	<u>\$ 15,444</u>

Deferred income tax assets (liabilities) were \$3,000 at December 31, 2004. Deferred income tax assets (liabilities) were determined to be immaterial in amount at December 31, 2003 and, therefore, were not recorded for that year.

**Note 11. Statements of Cash Flows Disclosures**

Cash paid for income taxes was \$30,465 in 2004 and \$93 in 2003. There was no cash paid for interest expense in 2004 or 2003.

SUPPLEMENTAL INFORMATION

**STOFAN, AGAZZI & COMPANY INC.**  
**SCHEDULES OF OPERATING EXPENSES**  
**Years ended December 31, 2004 and 2003**

	2004	2003
Advertising	\$ 32,343	\$ 42,602
Legal and professional fees	9,620	9,216
Travel, promotion and entertainment	31,413	21,079
Contributions	475	511
Dues and subscriptions	9,936	11,588
Insurance	98,170	82,630
Office supplies and postage	22,368	18,642
Miscellaneous, including errors and omissions	9,141	34,763
Rent	54,000	52,500
Repairs and maintenance	4,176	6,819
Equipment rental	11,230	14,487
News service	9,981	7,026
Telephone	6,292	7,294
Utilities	7,423	7,816
Registration and other fees	19,094	14,464
Depreciation	3,747	3,951
Officers' life insurance, net	4,529	6,820
	<u>4,529</u>	<u>6,820</u>
<b>Total operating expenses</b>	<b><u>\$ 333,938</u></b>	<b><u>\$ 342,208</u></b>

Form  
X-17A-5

**FOCUS REPORT**  
(Financial and Operational Combined Uniform Single Report)  
**PART II** 11

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a)  16      2) Rule 17a-5(b)  17      3) Rule 17a-11  18  
4) Special request by designated examining authority  19      5) Other  26

NAME OF BROKER-DEALER

STOFAN, AGAZZI & COMPANY INC.  13

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

2801 BLACK ROAD, SUITE 101  20

(No. and Street)

JOLIET  21 IL  22 60435  23

(City)

(State)

(Zip Code)

SEC FILE NO.

8-22567  14

FIRM I.D. NO.

7596  15

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/04  24

AND ENDING (MM/DD/YY)

12/31/04  25

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

(Area Code) — Telephone No.

ROBERT AGAZZI  30

(815) 729-1266  31

NAMES OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

N/A  32

OFFICIAL USE

34

36

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements, and schedules remain true, correct and complete as previously submitted.

Dated the 24<sup>th</sup> day of FEBRUARY, 2005

Manual signatures of:

1) [Signature]  
Principal Executive Officer or Managing Partner

2) [Signature]  
Principal Financial Officer or Partner

3) [Signature]  
Principal Operations Officer or Partner

**ATTENTION** — Intentional misstatement or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:f(a))

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**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (if individual, state last, first, middle name)

SLATTERY, NOONAN & THORNTON, LLC

70

ADDRESS

701 ESSINGTON ROAD, SUITE 100

71

JOLIET

72

IL

73

60435

74

Number and Street

City

State

Zip Code

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States  
or any of its possessions

77

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER  
STOFAN, AGAZZI & COMPANY INC.

N 2

100

### STATEMENT OF FINANCIAL CONDITION

as of (MM/DD/YY) 12/31/04  
SEC FILE NO. 8-22567

	99
	98
Consolidated	198
Unconsolidated	199

	ASSETS		
	Allowable	Non-Allowable	Total
1. Cash .....	\$ 214,223		\$ 214,223
2. Cash segregated in compliance with federal and other regulations .....	1,718		1,718
3. Receivable from brokers or dealers and clearing organizations:			
A. Failed to deliver:			
1. Includable in "Formula for Reserve Requirements" .....	220		
2. Other .....	230		770
B. Securities borrowed:			
1. Includable in "Formula for Reserve Requirements" .....	240		
2. Other .....	250		780
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements" .....	260		
2. Other .....	270		790
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements" .....	280		
2. Other .....	50,099		50,099
E. Other .....	143,666	550	143,666
4. Receivables from customers:			
A. Securities accounts:			
1. Cash and fully secured accounts .....	310		
2. Partly secured accounts .....	320	560	
3. Unsecured accounts .....		570	
B. Commodity accounts .....	330	580	
C. Allowance for doubtful accounts .....	( ) 335	( ) 590	820
5. Receivables from non-customers:			
A. Cash and fully secured accounts .....	340		
B. Partly secured and unsecured accounts .....	350	600	830
6. Securities purchased under agreements to resell .....	360	605	840
7. Securities and spot commodities owned, at market value:			
A. Bankers acceptances, certificates of deposit and commercial paper .....	370		
B. U.S. and Canadian government obligations .....	380		
C. State and municipal government obligations .....	390		
D. Corporate obligations .....	400		

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

### STATEMENT OF FINANCIAL CONDITION

	ASSETS			
	Allowable	Non-Allowable		
E. Stocks and warrants .....	\$ 13,260	410		
F. Options .....		420		
G. Arbitrage .....		422		
H. Other securities .....		424		
I. Sport commodities .....		430		
			\$ 13,260	850
8. Securities owned not readily marketable:				
A. At Cost .....	\$ 130	440	\$ 610	860
9. Other investments not readily marketable:				
A. At Cost .....	\$ 140			
B. At estimated fair value .....		450	620	870
10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities ..	\$ 150			
B. Other .....	\$ 160	460	630	880
11. Secured demand notes- market value of collateral:				
A. Exempted securities ..	\$ 170			
B. Other .....	\$ 180	470	640	890
12. Memberships in exchanges:				
A. Owned, at market value .....	\$ 17,000	190		
B. Owned at cost .....			200	650
C. Contributed for use of company, at market value .....			660	200 900
13. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480	670	910
14. Property, furniture, equipment, leasehold improvements and rights under lease agreements:				
At cost (net of accumulated depreciation and amortization).....		490	28,538 680	28,538 920
15. Other Assets:				
A. Dividends and interest receivable .....		500	690	
B. Free shipments .....		510	700	
C. Loans and advances .....		520	710	
D. Miscellaneous .....	165,675	530	51,335 720	217,010 930
16. TOTAL ASSETS .....	\$ 588,641	540	\$ 80,073 740	\$ 668,714 940

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGGAZI & COMPANY INC.**

### STATEMENT OF FINANCIAL CONDITION

#### LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
17. Bank loans payable:			
A. Includable in "Formula for Reserve Requirements" .....	\$ <u>1030</u>	\$ <u>1240</u>	\$ <u>1460</u>
B. Other.....	<u>1040</u>	<u>1250</u>	<u>1470</u>
18. Securities sold under repurchase agreement....		<u>1260</u>	<u>1480</u>
19. Payable to brokers or dealers and clearing organizations:			
A. Failed to receive:			
1. Includable in "Formula for Reserve Requirements" .....	<u>1050</u>	<u>1270</u>	<u>1490</u>
2. Other.....	<u>1060</u>	<u>1280</u>	<u>1500</u>
B. Securities loaned:			
1. Includable in "Formula for Reserve Requirements" .....	<u>1070</u>		<u>1510</u>
2. Other.....	<u>1080</u>	<u>1290</u>	<u>1520</u>
C. Omnibus accounts:			
1. Includable in "Formula for Reserve Requirements" .....	<u>1090</u>		<u>1530</u>
2. Other.....	<u>1095</u>	<u>1300</u>	<u>1540</u>
D. Clearing organizations:			
1. Includable in "Formula for Reserve Requirements" .....	<u>1100</u>		<u>1550</u>
2. Other.....	<u>1105</u>	<u>1310</u>	<u>1560</u>
E. Other: .....	<u>1110</u>	<u>1320</u>	<u>1570</u>
20. Payable to customers:			
A. Securities accounts-including free credits of .....\$ <u>950</u>	<u>1120</u>		<u>1580</u>
B. Commodities accounts .....	<u>1130</u>	<u>1330</u>	<u>1590</u>
21. Payable to non customers:			
A. Securities accounts .....	<u>1140</u>	<u>1340</u>	<u>1600</u>
B. Commodities accounts .....	<u>1150</u>	<u>1350</u>	<u>1610</u>
22. Securities sold not yet purchased at market value-including arbitrage of .....\$ <u>960</u>		<u>1360</u>	<u>1620</u>
23. Accounts payable and accrued liabilities and expenses:			
A. Drafts payable .....	<u>1160</u>		<u>1630</u>
B. Accounts payable .....	<u>5,364</u>		<u>5,364</u>
C. Income taxes payable .....	<u>1180</u>		<u>1650</u>
D. Deferred income taxes .....		<u>1370</u>	<u>1660</u>
E. Accrued expenses and other liabilities .....	<u>68,270</u>		<u>68,270</u>
F. Other .....	<u>1200</u>	<u>1380</u>	<u>1680</u>

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\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

### STATEMENT OF FINANCIAL CONDITION

#### LIABILITIES AND OWNERSHIP EQUITY (continued)

Liabilities	A.I. Liabilities*	Non-A.I. Liabilities*	Total
<b>24. Notes and mortgages payable:</b>			
A. Unsecured .....	\$ <span style="border: 1px solid black; padding: 0 5px;">1210</span>		\$ <span style="border: 1px solid black; padding: 0 5px;">1690</span>
B. Secured .....	\$ <span style="border: 1px solid black; padding: 0 5px;">1211</span>	\$ <span style="border: 1px solid black; padding: 0 5px;">1390</span>	\$ <span style="border: 1px solid black; padding: 0 5px;">1700</span>
<b>25. Liabilities subordinated to claims of general creditors:</b>			
A. Cash borrowings:			
1. from outsiders <sup>24</sup> \$ <span style="border: 1px solid black; padding: 0 5px;">970</span>		<span style="border: 1px solid black; padding: 0 5px;">1400</span>	<span style="border: 1px solid black; padding: 0 5px;">1710</span>
2. Includes equity subordination (15c3-1(d) of ..... \$ <span style="border: 1px solid black; padding: 0 5px;">980</span>			
B. Securities borrowings, at market value from outsiders \$ <span style="border: 1px solid black; padding: 0 5px;">990</span>		<span style="border: 1px solid black; padding: 0 5px;">1410</span>	<span style="border: 1px solid black; padding: 0 5px;">1720</span>
C. Pursuant to secured demand note collateral agreements .....			
1. from outsiders \$ <span style="border: 1px solid black; padding: 0 5px;">1000</span>		<span style="border: 1px solid black; padding: 0 5px;">1420</span>	<span style="border: 1px solid black; padding: 0 5px;">1730</span>
2. Includes equity subordination (15c3-1(d) of ..... \$ <span style="border: 1px solid black; padding: 0 5px;">1010</span>			
D. Exchange memberships contributed for use of company, at market value .....		<span style="border: 1px solid black; padding: 0 5px;">1430</span>	<span style="border: 1px solid black; padding: 0 5px;">1740</span>
E. Accounts and other borrowings not qualified for net capital purposes .....			
<b>26. TOTAL LIABILITIES</b> .....	<b>\$ <span style="border: 1px solid black; padding: 0 5px;">73,634</span> <span style="border: 1px solid black; padding: 0 5px;">1230</span></b>	<b>\$ <span style="border: 1px solid black; padding: 0 5px;">1440</span> <span style="border: 1px solid black; padding: 0 5px;">1450</span></b>	<b>\$ <span style="border: 1px solid black; padding: 0 5px;">1750</span> <span style="border: 1px solid black; padding: 0 5px;">1760</span></b>
<b>Ownership Equity</b>			
<b>27. Sole Proprietorship</b> .....			<b>\$ <span style="border: 1px solid black; padding: 0 5px;">1770</span></b>
<b>28. Partnership-limited partners</b> .....	<b>\$ <span style="border: 1px solid black; padding: 0 5px;">1020</span></b>		<b>\$ <span style="border: 1px solid black; padding: 0 5px;">1780</span></b>
<b>29. Corporation:</b>			
A. Preferred stock .....			<span style="border: 1px solid black; padding: 0 5px;">1791</span>
B. Common stock .....		<span style="border: 1px solid black; padding: 0 5px;">450</span>	<span style="border: 1px solid black; padding: 0 5px;">1792</span>
C. Additional paid-in capital .....		<span style="border: 1px solid black; padding: 0 5px;">89,550</span>	<span style="border: 1px solid black; padding: 0 5px;">1793</span>
D. Retained earnings .....		<span style="border: 1px solid black; padding: 0 5px;">540,377</span>	<span style="border: 1px solid black; padding: 0 5px;">1794</span>
E. Total .....		<span style="border: 1px solid black; padding: 0 5px;">630,377</span>	<span style="border: 1px solid black; padding: 0 5px;">1795</span>
F. Less capital stock in treasury .....		<span style="border: 1px solid black; padding: 0 5px;">(35,297)</span>	<span style="border: 1px solid black; padding: 0 5px;">1796</span>
<b>30. TOTAL OWNERSHIP EQUITY</b> .....			<b>\$ <span style="border: 1px solid black; padding: 0 5px;">595,080</span> <span style="border: 1px solid black; padding: 0 5px;">1800</span></b>
<b>31. TOTAL LIABILITIES AND OWNERSHIP EQUITY</b> .....			<b>\$ <span style="border: 1px solid black; padding: 0 5px;">668,714</span> <span style="border: 1px solid black; padding: 0 5px;">1810</span></b>

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\*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1800 .....	\$ 595,080	3480	
2. Deduct Ownership equity not allowable for Net Capital .....	( )	3490	
3. Total ownership equity qualified for Net Capital .....	595,080	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) .....	33	3525	
5. Total capital and allowable subordinated liabilities .....	\$ 595,080	3530	
6. Deductions and/or charges:			
A. Total nonallowable assets from			
Statement of Financial Condition (Notes B and C) .....	\$ 80,073	3540	
1. Additional charges for customers' and non-customers' security accounts .....	\$	3550	
2. Additional charges for customers' and non-customers' commodity accounts .....		3560	
B. Aged fail-to-deliver .....		3570	
1. Number of items .....	29	3450	
C. Aged short security differences-less reserve of .....	\$ 3460	30	3580
number of items .....	3470		
D. Secured demand note deficiency .....		3590	
E. Commodity futures contracts and spot commodities - proprietary capital charges .....		3600	
F. Other deductions and/or charges .....		3610	
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) .....		3615	
H. Total deductions and/or charges .....	( 80,073 )	3620	
7. Other additions and/or allowable credits (List) .....		3630	
8. Net capital before haircuts on securities positions .....	\$ 515,007	3640	
9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments .....	\$ 1,002	3660	
B. Subordinated securities borrowings .....		3670	
C. Trading and investment securities:			
1. Bankers' acceptances, certificates of deposit and commercial paper .....	31	3680	
2. U.S. and Canadian government obligations .....		3690	
3. State and municipal government obligations .....		3700	
4. Corporate obligations .....		3710	
5. Stocks and warrants .....		3720	
6. Options .....		3730	
7. Arbitrage .....		3732	
8. Other securities .....	32	1,989	3734
D. Undue Concentration .....		3650	
E. Other (List) .....		3736	
	( 2,991 )	3740	
10. Net Capital .....	\$ 512,016	3750	

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# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6 2/3% of line 19) .....	\$	<u>4,795</u>	<u>3756</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	<u>250,000</u>	<u>3758</u>
13. Net capital requirement (greater of line 11 or 12) .....	\$	<u>250,000</u>	<u>3760</u>
14. Excess net capital (line 10 less 13) .....	\$	<u>262,016</u>	<u>3770</u>
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$	<u>504,824</u>	<u>3780</u>

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$	<u>73,634</u>	<u>3790</u>
17. Add:			
A. Drafts for immediate credit .....	\$	<u>3800</u>	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$	<u>3810</u>	
C. Other unrecorded amounts (List) .....	\$	<u>3820</u>	<u>3830</u>
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii)) .....	\$	<u>1,718</u>	<u>3838</u>
19. Total aggregate indebtedness .....	\$	<u>71,916</u>	<u>3840</u>
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) .....	%	<u>14.0</u>	<u>3850</u>
21. Percentage of aggregate indebtedness to net capital <i>after</i> anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 25) .....	%	<u>14.0</u>	<u>3853</u>

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	<u>3870</u>	
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	<u>3880</u>	
24. Net capital requirement (greater of line 22 or 23) .....	\$	<u>3760</u>	
25. Excess net capital (line 10 less 24) .....	\$	<u>3910</u>	
26. Percentage of Net Capital to Aggregate Debts (line 10 ÷ by line 17 page 8) .....	%	<u>3851</u>	
27. Percentage of Net Capital, <i>after</i> anticipated capital withdrawals, to Aggregate Debts (line 10 less item 4880 page 11 ÷ by line 17 page 8) .....	%	<u>3854</u>	
28. Net capital in excess of the greater of:			
A. 5% of combines aggregate debit items or \$120,000 .....	\$	<u>3920</u>	

### OTHER RATIOS

**Part C**

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) .....	%	<u>3860</u>	
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital .....	%	<u>3852</u>	

**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 notes 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.

## PART II - FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

BROKER OR DEALER	For the period (MMDDYY) from <sup>38</sup> 01/01/04 to 12/31/04	3933
STOFAN, AGAZZI & COMPANY INC.	Number of months included in this statement	12
		3931

### STATEMENT OF INCOME (LOSS)

#### REVENUE

1. Commissions:		
a. Commissions on transactions in listed equity securities executed on an exchange .....	\$ 469,894	3935
b. Commissions on transactions in exchange listed equity securities executed over-the-counter .....	269,414	3937
c. Commissions on listed option transactions .....	4,960	3938
d. All other securities commissions .....	99,715	3939
e. Total securities commissions .....	40	3940
2. Gains or losses on firm securities trading accounts		
a. From market making in over-the-counter equity securities .....		3941
1. Includes gains or (losses) OTC market making in exchange listed equity securities .....	3943	
b. From trading in debt securities .....		3944
c. From market making in options on a national securities exchange .....		3945
d. From all other trading .....		3949
e. Total gains or (losses) .....		3950
3. Gains or losses on firm securities investment accounts		
a. Includes realized gains (losses) .....	4235	
b. Includes unrealized gains (losses) .....	4236	
c. Total realized and unrealized gains (losses) .....		41
41		3952
4. Profits or (losses) from underwriting and selling groups		
a. Includes underwriting income from corporate equity securities .....	4237	
5. Margin interest .....		
		3960
6. Revenue from sale of investment company shares .....		
	550,950	3970
7. Fees for account supervision, investment advisory and administrative services .....		
		3975
8. Revenue from research services .....		
		3980
9. Commodities revenue .....		
		3990
10. Other revenue related to securities business .....		
		42
42		3985
11. Other revenue .....		
	125,266	3995
12. Total revenue .....		
	\$ 1,520,199	4030

#### EXPENSES

13. Registered representative's compensation .....		
	\$ 469,633	4110
14. Clerical and administrative employees' expenses .....		
	152,441	4040
15. Salaries and other employment costs for general partners, and voting stockholder officers .....		
a. Includes interest credited to General and Limited Partners capital accounts .....	4130	
16. Floor brokerage paid to certain brokers (see definition) .....		
		4055
17. Commissions and clearance paid to all other brokers (see definition) .....		
		43
43		4145
18. Clearance paid to non-brokers (see definition) .....		
		4135
19. Communications .....		
		4060
20. Occupancy and equipment costs .....		
		4080
21. Promotional costs .....		
		4150
22. Interest expense .....		
a. Includes interest on accounts subject to subordination agreements .....	4070	
23. Losses in error account and bad debts .....		
		4170
24. Data processing costs (including service bureau service charges) .....		
		44
44		4186
25. Non-recurring charges .....		
		4190
26. Regulatory fees and expenses .....		
	19,094	4195
27. Other expenses .....		
	590,875	4100
28. Total expenses .....		
	\$ 1,515,904	4200

#### NET INCOME

29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28) .....		
	4,295	4210
30. Provision for Federal income taxes (for parent only) .....		
	5,700	4220
31. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....		
		45
45		4222
a. After Federal income taxes of .....	39	4238
32. Extraordinary gains (losses) .....		
		4224
a. After Federal income taxes of .....	4239	
33. Cumulative effect of changes in accounting principles .....		
		4225
34. Net income (loss) after Federal income taxes and extraordinary items .....		
	\$ <1,405>	4230

#### MONTHLY INCOME

35. Income (current month only) before provision for Federal income taxes and extraordinary items .....		
	\$	4211

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

### COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

#### CREDIT BALANCES

1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3) .....	\$	4340
2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B) .....		4350
3. Monies payable against customers' securities loaned (see Note C) .....		4360
4. Customers' securities failed to receive (see Note D) .....		4370
5. Credit balances in firm accounts which are attributable to principal sales to customers .....		4380
6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days .....		4390
7. **Market value of short security count differences over 30 calendar days old .....		4400
8. **Market value of short securities and credits (not to be offset by logs or by debits) in all suspense accounts over 30 calendar days .....	47	4410
9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days .....		4420
10. Other (List) .....		4425
11. TOTAL CREDITS .....	\$	4430

#### DEBIT BALANCES

12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3 .....	\$	4440
13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver .....		4450
14. Failed to deliver of customers' securities not older than 30 calendar days .....		4460
15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F) .....		4465
16. Other (List) .....	48	4469
17. **Aggregate debit items .....	\$	4470
18. **Less 3% (for alternative method only--see Rule 15c3-1(f)(5)(i)) .....		4471
19. **TOTAL 14c3-3 DEBITS .....	\$	4472

#### RESERVE COMPUTATION

20. Excess of total debits over total credits (line 19 less line 11) .....	49	\$	4480
21. Excess of total credits over total debits (line 11 less line 19) .....			4490
22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits .....			4500
23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period .....			4510
24. Amount of deposit (or withdrawal) including \$ <span style="border: 1px solid black; padding: 0 5px;">4515</span> value of qualified securities .....			4520
25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ <span style="border: 1px solid black; padding: 0 5px;">4525</span> value of qualified securities .....		\$	4530
26. Date of deposit (MMDDYY) .....			4540

#### FREQUENCY OF COMPUTATION

27. Daily  4332 Weekly  4333 Monthly  4334

\*\* In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

as of 12/31/04

STOFAN, AGAZZI & COMPANY INC.

## COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

### EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check only one)

A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 .....	\$		4550
B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained .....			4560
C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <sup>51</sup> <u>8-975 CITY SECURITIES CORPORATION</u> .....		4335	X
D. (k)(3) — Exempted by order of the Commission .....			4570
			4580

### Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and 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 frame specified under Rule 15c3-3. Notes A and B .....

	\$		4586
A. Number of items .....			4587

  
2. Customers' fully paid securities and excess margin securities for which instructions to reduce 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 .....

	\$		4588
A. Number of items .....			4589

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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	4584		No	4585
--	--	-----	------	--	----	------

### NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent with the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

as of 12/31/04

STOFAN, AGAZZI & COMPANY INC.

## SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

### CUSTOMER'S REGULATED COMMODITY FUTURES ACCOUNTS

#### SEGREGATION REQUIREMENTS

1.	Net ledger balance:	
	A. Cash .....	7010
	B. Securities (at market) .....	7020
2.	Net unrealized profit (loss) in open futures contracts traded on a contract market .....	7030
3.	Exchange traded options:	
	A. Add: Market Value of an open option contracts purchased on a contract market .....	7032
	B. Deduct: Market Value of an open option contracts granted (sold) on a contract market .....	7033
4.	Net equity (deficit) (total of 1, 2 and 3) .....	7040
5.	Add accounts liquidating to a deficit and accounts with debit balances with no open trades .....	7050
6.	Amount required to be segregated (total of 5 and 4) .....	7060

#### FUNDS ON DEPOSIT IN SEGREGATION

7.	Deposited in segregated funds bank accounts:	
	A. Cash .....	7070
	B. Securities representing investments of customers' fund (at market) .....	7080
	C. Securities held in particular customers or option customers in lieu of cash (at market) .....	7090
8.	Margin on deposits with clearing organizations of contract markets:	
	A. Cash .....	7100
	B. Securities representing investments of customers' fund (at market) .....	7110
	C. Securities held in particular customers or option customers in lieu of cash (at market) .....	7120
9.	Settlement due from (to) clearing organizations of contract markets .....	7130
10.	Exchange traded options:	
	A. Add: Unrealized receivables for option contracts purchased on contract markets .....	7132
	B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets .....	7133
11.	Net equities with other FCMs .....	7140
12.	Segregated funds on hand:	
	A. Cash .....	7150
	B. Securities representing investments of customers' funds (at market) .....	7160
	C. Securities held for particular customers in lieu of cash (at market) .....	7170
13.	Total amount in segregation *total of 7 through 12) .....	\$ 7180
14.	Excess (insufficiency) funds in segregation (13 minus 6) .....	\$ 7190

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER

as of 12/31/04

**STOFAN, AGAZZI & COMPANY INC.**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposal Withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
54	4600	4601	4602 \$	4603	4604	4605
55	4610	4611	4612	4613	4614	4615
56	4620	4621	4622	4623	4624	4625
57	4630	4631	4632	4633	4634	4635
58	4640	4641	4642	4643	4644	4645
59	4650	4651	4652	4653	4654	4655
60	4660	4661	4662	4663	4664	4665
61	4670	4671	4672	4673	4674	4675
62	4680	4681	4682	4683	4684	4685
63	4690	4691	4692	4693	4694	4695
Total \$ 54				4699*		

OMIT PENNIES

\* To agree with the total on Recap (Item No. 4880)

Instructions: Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals
4.	15c3-1(c)(2)(iv) Liabilities

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT**  
**Capital Withdrawals**  
**PART II**

BROKER OR DEALER

as of 12/31/04

STOFAN, AGAZZI & COMPANY INC.

**RECAP**

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

1. Equity Capital			
A. Partnership Capital:			
1. General Partners .....	¶ 65 \$	4700	
2. Limited .....		4710	
3. Undistributed Profits .....		4720	
4. Other (describe below) .....		4730	
5. Sole Proprietorship .....		4735	
B. Corporation Capital:			
1. Common Stock .....		4740	
2. Preferred Stock .....		4750	
3. Retained Earnings (Dividends and Other) .....	¶ 66	4760	
4. Other (describe below) .....		4770	
2. Subordinated Liabilities			
A. Secured Demand Notes .....		4780	
B. Cash Subordinates .....		4790	
C. Debentures .....		4800	
D. Other (describe below) .....		4810	
3. Other Anticipated Withdrawals			
A. Bonuses .....		4820	
B. Voluntary Contributions to Pension or Profit Sharing Plans .....	¶ 67	4860	
C. Other (describe below) .....		4870	
Total .....			\$ 4880
4. Description of Other			
_____			
_____			
_____			

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

1. Balance, beginning of period .....	\$	596,485	4240
A. Net income (loss) .....		<1,405>	4250
B. Additions (includes non-conforming capital of .....	\$	4263	¶ 68 4260
C. Deductions (includes non-conforming capital of .....	\$	4272	4270
2. Balance, end of period (From Item 1800) .....	\$	595,080	4290

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED**  
**TO CLAIMS OF GENERAL CREDITORS**

3. Balance, beginning of period .....	\$	0	4300
A. Increases .....			4310
B. Decreases .....			4320
4. Balance, end of period (From Item 3520) .....	\$	0	4330

OMIT PENNIES



STOFAN, AGAZZI & COMPANY INC.  
DIFFERENCES IN COMPUTATION OF NET CAPITAL AND AGGREGATE  
INDEBTEDNESS FROM DEALER'S UNAUDITED COMPUTATION  
December 31, 2004 and 2003

	<u>2004</u>		<u>2003</u>	
	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>
Balance per dealer's unaudited computation (unaudited)	\$ 511,344	\$ 6,270	\$ 512,134	\$ 33,758
Reconciling items:				
Net audit adjustments	<u>672</u>	<u>65,646</u>	<u>33,230</u>	<u>7,622</u>
Balance per audited financial statements less non-allowable assets	<u>\$ 512,016</u>	<u>\$ 71,916</u>	<u>\$ 545,364</u>	<u>\$ 41,380</u>

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

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

# FOCUS REPORT

## FORM X-17A-5

### SCHEDULE I

*(To be filed annually as of the end of calendar year)*

### Contents

Schedule I      **INFORMATION REQUIRED OF ALL BROKERS  
AND DEALERS PURUSANT TO RULE 17a-5**

---

\* \* \* \* \*

STOFAN, AGAZZI & COMPANY INC.  
Name of Respondent

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Form  
X-17A-5

**FOCUS REPORT**

(Financial and Operational Combined Uniform Single Report)

**Schedule I**

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5  
Report for the Calendar Year 2004 ▼ [8004]  
of if less than 12 months

Report for the period beginning \_\_\_/\_\_\_/\_\_\_ [8005] and ending \_\_\_/\_\_\_/\_\_\_ [8006]  
MM DD YY MM DD YY

SEC FILE NUMBER  
8- 22567 [8011]

1. NAME OF BROKER DEALER

▼  
2 STOFAN, AGAZZI & COMPANY INC. [8020] **N9** OFFICIAL USE ONLY [8021]  
Firm No. M M Y Y

2. Name(s) of Broker-dealer(s) merging with respondent during reporting period:

	NAME	OFFICIAL USE ONLY
▼ 3	NONE [8053]	▼40 [8057]
▼ 4	[8054]	[8058]
▼ 5	[8055]	[8059]
▼ 6	[8056]	[8060]

3. Respondent conducts a securities business exclusively with registered broker-dealers:  
(enter applicable code: 1 = Yes 2 = No) [1] [8073]

4. Respondent is registered as a specialist on a national securities exchange.  
(enter applicable code: 1 = Yes 2 = No) [2] [8074]

5. Respondent is registered as a specialist on a national securities exchange:

(a) equity securities ..... (enter applicable code: 1 = Yes 2 = No) [2] [8075]  
(b) municipals ..... (enter applicable code: 1 = Yes 2 = No) [2] [8076]  
(a) other debt instruments ..... (enter applicable code: 1 = Yes 2 = No) [2] [8077]

6. Respondent is registered solely as a municipal bond dealer:  
(enter applicable code: 1 = Yes 2 = No) [2] [8078]

7. Respondent is an insurance company or an affiliate of an insurance company:  
(enter applicable code: 1 = Yes 2 = No) [2] [8079]

8. Respondent carries its own public customer accounts:  
(enter applicable code: 1 = Yes 2 = No) [2] [8084]

9. Respondent's total number of public customer accounts:  
(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts ..... [8080]  
(b) Omnibus accounts ..... [8081]

10. Respondent clears its public customer and/or proprietary accounts:  
(enter applicable code: 1 = Yes 2 = No) [2] [8085]

# FOCUS REPORT

## Schedule I

page 2

11. Respondent clears its public customer accounts in the following manner:

(enter a "1" in appropriate boxes)

- (a) Direct Mail (New York Stock Exchange Members Only) .....  8086
- (b) Self-Clearing .....  8087
- (c) Omnibus .....  8088
- (d) Introducing .....  8089
- (e) Other .....  8090

If Other please describe:

- (f) Not applicable .....  8091

12. (a) Respondent maintains membership(s) on national securities exchange(s):

(enter applicable code: 1 = Yes 2 = No)

8100

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

- (1) American .....  8120
- (2) Boston .....  8121
- (3) CBOE .....  8122
- (4) Midwest .....  8123
- (5) New York .....  8124
- (6) Philadelphia .....  8125
- (7) Pacific Coast .....  8126
- (8) Other .....  8129

13. Employees:

(a) Number of full-time employees .....  9 8101

(b) Number of full-time registered representatives employed by respondent included in 13(a) .....  6 8102

14. Number of NASDAQ stocks respondent makes market .....  11 8103

15. Total number of underwriting syndicates respondent was a member .....  8104

(Carrying or clearing firms filing X-17A-5 Part II)

16. Number of respondent's public customer transactions: Actual .....  8105  
 Estimate .....  8106

(a) equity securities transactions effected on a national securities exchange .....  8107

(b) equity securities transactions effected other than on a national securities exchange .....  8108

(c) commodity, bond, option, and other transactions effected on or off a national securities exchange .....  8109

# FOCUS REPORT

## Schedule I

page 3

17. Respondent is a member of the Securities Investor Protection Corporation  
(enter applicable code: 1 = Yes 2 = No) ...   <sup>▼13</sup>
- 
18. Number of branch offices operated by respondent .....
- 
19. (a) Respondent directly or indirectly controls, is controlled by, or is under  
common control with, a U.S. bank  
(enter applicable code: 1 = Yes 2 = No)    
(b) Name of parent or affiliate   
(c) Type of institution
- 
20. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank  
(enter applicable code: 1 = Yes 2 = No)
- 
21. (a) Respondent is a subsidiary of a registered broker-dealer  
(enter applicable code: 1 = Yes 2 = No)    
(b) Name of parent <sup>▼12</sup>
- 
22. Respondent is a subsidiary of a parent which is not a registered broker or dealer  
(enter applicable code: 1 = Yes 2 = No)
- 
23. Respondent sends quarterly statements to customers pursuant to  
10b-10(b) in lieu of daily or immediate confirmations:  
(enter applicable code: 1 = Yes 2 = No)\*
- 
24. Aggregate Dollar Amount of Non-exempted OTC Sales of Exchange-Listed  
Securities Done by Respondent During the Reporting Period ..... \$

\*Required in any Schedule I filed for calendar year 1978 and succeeding years

**Report of Independent Registered Public Accounting Firm on Internal Control  
Required by Securities Exchange Commission Rule 17a-5**

To the Board of Directors  
of Stofan, Agazzi & Company Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Stofan, Agazzi & Company Inc. (the Company), for the year ended December 31, 2004, 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 (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 making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and 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, 2004, 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, Securities Investors Protection Corporation, the New York Stock Exchange, the Chicago Stock Exchange, 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.

*Slattery, Noonan & Thornton, LLC*

Joliet, Illinois  
February 10, 2005