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

SEC FILE NUMBER
 8-41507

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: American Wealth Management, Inc.

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

3495 Piedmont Rd., N.E., Twelve Piedmont Center, Suite 100

(No. and Street)

Atlanta

(City)

Georgia

(State)

30305

(Zip Code)

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

Jerry Borzello

(404) 262-2719

(Area Code - Telephone Number)

OFFICIAL USE ONLY
 FIRM I.D. NO.
 RECEIVED
 FEB 23 2005
 185
 SECTION

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Goldman & Company, CPAs PC

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

316 Alexander St., Suite 4,

(Address)

Marietta

(City)

Georgia

(State)

30060

(Zip Code)

CHECK ONE:

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

PROCESSED
 MAR 23 2005

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 THOMSON FINANCIAL

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

SEC 1410 (06-02)

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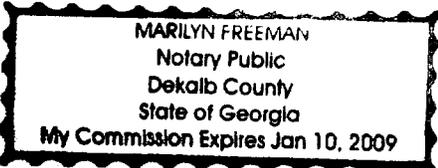
A

OATH OR AFFIRMATION

I, Jerry Borzello, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Wealth Management, Inc., as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

[Signature]
Signature
[Title]
Title

Marilyn Freeman
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditors' Report on Internal Accounting Structure, 10/10/09

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).
required by SEC Rule-17a-5.

AMERICAN WEALTH MANAGEMENT, INC.

(A Georgia Corporation)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2004 AND DECEMBER 31, 2003

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(Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934)

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(Pursuant to Rule 17a-5(d)(4) of the Securities Exchange Act of 1934)

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(Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
American Wealth Management, Inc.
Atlanta, Georgia

We have audited the accompanying statement of financial condition of American Wealth Management, Inc. (a Georgia Corporation), as of December 31, 2004 and December 31, 2003, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended that you are filing pursuant to 17a-5 under the Security and Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates 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 American Wealth Management, Inc., as of December 31, 2004 and December 31, 2003, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1, 2, 3 and 4 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange 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 relating to the basic financial statements taken as a whole.



Goldman & Company, CPAs, PC
Marietta, Georgia
February 28, 2005

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AMERICAN WEALTH MANAGEMENT, INC.
STATEMENT OF FINANCIAL CONDITION

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash – Checking | \$ 85,436 | \$ 60,534 |
| Cash & Cash Equivalent-Money Market | 32,260 | 5,749 |
| Cash & Cash Equivalent-Clearing Deposit | 201,482 | 25,005 |
| Commissions Receivable – Brokers | 6,978 | 8,998 |
| Employee Loans | 4,050 | 4,050 |
| Prepaid Expenses | 18,718 | 18,832 |
| | | |
| Furniture, Fixtures and Equipment, Less Accumulated Depreciation of \$49,738 and \$48,770 | 968 | 1,399 |
| | | |
| Other Receivables | 2,211 | 2,211 |
| Receivable for Past Income Tax (Note 3A) | 3,602 | 3,602 |
| Deferred Tax Asset (Note 3C) | 7,247 | -0- |
| Advances to Stockholder (Note 7) | 118,899 | 236,204 |
| Security Deposit | <u>1,280</u> | <u>1,280</u> |
| | | |
| TOTAL ASSETS | <u>\$ 483,131</u> | <u>\$ 367,864</u> |
| | | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| | | |
| LIABILITIES | | |
| | | |
| Payroll Tax Payable | \$ 24,648 | \$ 28,693 |
| Accrued Expenses (Note 6) | 1,500 | 1,500 |
| Commissions Payable | 5,074 | - 0 - |
| Lawsuit Settlement Liability (Note 5) | <u>128,405</u> | <u>-0-</u> |
| | | |
| TOTAL LIABILITIES | <u>\$ 159,627</u> | <u>\$ 30,193</u> |

Continued

AMERICAN WEALTH MANAGEMENT, INC.
STATEMENT OF FINANCIAL CONDITION
(Continued)

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> |
|--|--------------------------|--------------------------|
| SHAREHOLDERS' EQUITY (EXHIBIT C) | | |
| Common Stock - \$6 Stated Value, 10,000 Shares Authorized, 1,000 Shares Issued and Outstanding | \$ 6,000 | \$ 6,000 |
| Additional Paid-In Capital | 31,100 | 31,100 |
| Retained Earnings | 286,404 | 300,571 |
| TOTAL SHAREHOLDERS' EQUITY | <u>\$ 323,504</u> | <u>\$ 337,671</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 483,131</u> | <u>\$ 367,864</u> |

AMERICAN WEALTH MANAGEMENT, INC.
STATEMENT OF INCOME

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> |
|---|--------------------------|--------------------------|
| REVENUE | | |
| Commissions | \$ 2,338,903 | \$ 2,005,913 |
| Interest and Other Income | <u>370,996</u> | <u>347,162</u> |
| Total Revenue | <u>\$ 2,709,899</u> | <u>\$ 2,353,075</u> |
| COSTS AND EXPENSES | | |
| Clearing Costs (Note 2) | \$ 225,391 | \$ 314,679 |
| Commissions | 1,864,218 | 1,619,778 |
| Insurance | 31,074 | 32,960 |
| Payroll Taxes | 13,831 | 11,745 |
| Quote System | 50,636 | 43,239 |
| Rent (Note 8) | 78,376 | 80,496 |
| Salaries & Wages | 163,755 | 163,258 |
| Legal & Professional Fees | 70,820 | 22,582 |
| General and Administrative | 233,212 | 84,371 |
| Total Costs and Expenses | <u>\$ 2,731,313</u> | <u>\$ 2,373,108</u> |
| (Loss) Income from Operations | <u>\$ (21,414)</u> | <u>\$ (20,033)</u> |
| INCOME BEFORE PROVISION FOR INCOME TAXES | | |
| (Benefit) Provision for Income Taxes (Note 3B) | <u>\$ (7,247)</u> | <u>\$ (3,602)</u> |
| NET (LOSS) INCOME | <u>\$ (14,167)</u> | <u>\$ (16,431)</u> |

AMERICAN WEALTH MANAGEMENT, INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| | <u>Common Shares</u> | <u>Stock Amount</u> | <u>Paid-In Capital</u> | <u>Retained Earnings</u> | <u>Shareholders' Equity</u> |
|---------------------------------------|--------------------------|-------------------------|----------------------------|------------------------------|---------------------------------|
| BALANCE - December 31, 2002 | 1,000 | \$ 6,000 | \$ 31,100 | \$ 317,002 | \$ 354,102 |
| 2003 NET INCOME (LOSS) (Exhibit B) | <u>- 0 -</u> | <u>- 0 -</u> | <u>- 0 -</u> | <u>(16,431)</u> | <u>(16,431)</u> |
| BALANCE - December 31, 2003 | <u>1,000</u> | <u>\$ 6,000</u> | <u>\$ 31,100</u> | <u>\$ 300,571</u> | <u>\$ 337,671</u> |
| 2004 NET INCOME (LOSS) (Exhibit B) | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>(14,167)</u> | <u>(14,167)</u> |
| BALANCE - December 31, 2004 | <u>1,000</u> | <u>\$ 6,000</u> | <u>\$ 31,100</u> | <u>\$ 286,404</u> | <u>\$ 323,504</u> |

AMERICAN WEALTH MANAGEMENT, INC.
STATEMENT OF CASH FLOWS

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> |
|--|--------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (Loss) Profit | \$ (14,167) | \$ (16,431) |
| Adjustments to Reconcile Net Profit to Net Cash Used in Operating Activities: | | |
| Depreciation | 433 | 433 |
| Deferred Tax Benefit | (7,247) | -0- |
| (Increase) Decrease in Operating Assets: | | |
| Commissions Receivable – Brokers | 2,021 | 3,020 |
| Income Tax Refund Receivable | -0- | (3,602) |
| Employee Loans | -0- | 5,353 |
| Prepaid Expenses | 114 | (3,404) |
| Increase (Decrease) in Operating Liabilities: | | |
| Commissions Payable | 5,074 | -0- |
| Payroll Taxes Payable | (4,046) | (619) |
| Other Liabilities | | 1,500 |
| Income Tax Payable | | (10,146) |
| Accrued Interest | | (14,602) |
| Accrued Settlement Costs | <u>128,405</u> | <u>-0-</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>\$ 110,587</u> | <u>\$ (38,499)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Furniture and Fixtures | -0- | -0- |
| Collection on Advances to Stockholder | <u>117,304</u> | <u>21,750</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>\$ 117,304</u> | <u>\$ 21,750</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital Lease Obligation | <u>\$ -0-</u> | <u>\$ -0-</u> |
| NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES | <u>\$ -0-</u> | <u>\$ -0-</u> |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | \$ 227,891 | \$ (16,749) |
| CASH AT BEGINNING OF YEAR | <u>\$ 91,287</u> | <u>\$ 108,036</u> |
| CASH AT END OF YEAR | <u>\$ 319,178</u> | <u>\$ 91,287</u> |
| Supplemental Information: | | |
| Interest Paid | -0- | -0- |
| Income Taxes Paid | \$ -0- | \$ 7,261 |

AMERICAN WEALTH MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. The Company was formed November 1, 1989, primarily for the purpose of qualifying and operating as a broker-dealer of securities. The Company is registered with the Securities and Exchange Commission, The National Association of Securities Dealers, and the Georgia Securities Commissions. Pursuant to the registration, the Company must maintain a minimum net capital requirement of the greater of 6 2/3% of aggregate indebtedness or \$5,000 and is not authorized to hold securities or funds for customers. American Wealth Management, Inc. clears all transactions with and for customers on a fully disclosed basis with a clearing member, which carries all customer accounts and maintains and preserves all books and records pertaining thereto (see Note 2.)
- B. The Company files income tax returns on the accrual basis and the financial statements are prepared on the accrual basis of accounting.
- C. Property is recorded at cost and is depreciated over a five year estimated useful life using the straight-line method. Maintenance and repairs are charged to income, and renewals and betterments are capitalized.
- D. Commission income and the related expense are recorded on a settlement date basis.
- E. Cash and cash equivalents include cash on hand, money market accounts, and short term investments with maturities of less than 90 days. For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days that are not held for sale in the ordinary course of business.
- F. The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- G. The results of operations of the Company are included in the income tax returns of American Wealth Management. The Company utilizes the asset and liability approach defined in Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes". SFAS No. 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement amounts and the tax bases of assets and liabilities. The 2004 provision for income taxes includes an income tax asset, (see Note 3B).

2. CLEARING BROKER-DEALER AGREEMENT

In January 1990, the Company entered into an agreement with Raymond James, an independent broker-dealer, to provide clearing, execution, and data processing services. The initial term of the agreement was two years; thereafter, the agreement operates on a continuous quarterly basis until terminated in writing by either the Company or the clearing broker-dealer. Clearing charges of 15% to 25% of commissions earned are withheld from the monthly remittance. Raymond James is responsible for all clearing transactions and maintenance of customer accounts for the company.

3A. RECEIVABLE FOR PAST INCOME TAXES

Receivable for Past Income Tax as of December 31, 2004, is as follows:

| | |
|--|-----------------|
| | <u>2004</u> |
| Pre-tax Financial Loss at 12/31/03 | \$ (20,033) |
| Plus Permanent Differences | <u>2,883</u> |
| Net Operating Loss: | \$ (17,150) |
| | |
| Federal Tax Benefit at 15% | \$ 2,573 |
| Georgia Tax Benefit at 6% | <u>1,029</u> |
| Total Receivable for Past Income Tax at 12/31/03 | <u>\$ 3,602</u> |
| | |
| Activity for 2004 | <u>-0-</u> |
| | |
| Total Receivable for Past Income tax at 12/31/04 | <u>\$ 3,602</u> |

The tax benefit results from carrying back the 2003 net operating loss to taxable years 2001 and 2002, this creates a tax refund receivable of \$3,602. The loss carry back was not done in 2004, but will be done in 2005 thus the receivable still exists. This will use all the taxable income for 2001 and 2002 and the loss for 2004 will generate a net operating loss carry over (see Note 3C).

3B. INCOME TAX (BENEFIT) PROVISION

The components of income tax (benefit) provision are as follows:

| | | |
|--------------------------------------|-------------------|-------------------|
| | <u>2004</u> | <u>2003</u> |
| Current (Note 3A & 3C) | \$ -0- | \$ (3,602) |
| Deferred Tax Benefit | <u>(7,247)</u> | <u>-0-</u> |
| Total Income Tax (benefit) Provision | <u>\$ (7,247)</u> | <u>\$ (3,602)</u> |

3C. DEFERRED TAX ASSET

| | <u>2004</u> | <u>2003</u> |
|----------------------------------|--------------------|-------------|
| Pretax Financial Loss | \$ (21,414) | -0- |
| Plus Permanent Difference | 3,127 | -0- |
| Less Temporary Differences | <u>(16,222)</u> | <u>-0-</u> |
| Tax Net Operating Loss- Current | \$ <u>(34,509)</u> | -0- |
| | | |
| Federal Tax Benefit at 15% | \$ 5,176 | -0- |
| Georgia Tax Benefit at 6% | <u>2,071</u> | <u>-0-</u> |
| Total Current Deferred Tax Asset | \$ <u>7,247</u> | -0- |

Included in the accompanying Statement of Financial Condition at 12/31/04 is a deferred tax asset of \$7,247 representing tax loss and credit carry forwards. Realization of that asset is dependent on the Company's ability to generate taxable income. Management believes that it is more likely than not that forecasted taxable income will be sufficient to utilize the tax carry forwards before they expire in 2024. However, there can be no assurance that the company can meet its expectations of future income. As a result, the amount of the deferred tax assets considered realizable could be reduced in the near term if estimates of future taxable income are reduced.

4. CONCENTRATIONS OF CREDIT RISK

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

5. LAWSUIT SETTLEMENT LIABILITY

In December 2004, the Company settled a legal action through arbitration procedures for reimbursement for losses sustained by a client in the years 2000 and 2001. Under the settlement, the Company has agreed to provide monetary relief of \$175,000, of which \$50,000 was paid in 2004 and \$125,000 is to be paid out over the next 50 months beginning on January 1, 2005. The present value of the cost of the settlement and estimated additional legal fees totaling \$128,405, have been included in results of operations for 2004, as "Lawsuit Settlement Liability".

6. COMMITMENTS AND CONTINGENCIES

In March, 2003, a joint report was issued by the staff of the SEC, National Association of Securities Dealers ("NASD") and NYSE regarding the results of an "examination sweep" of a sample of broker-dealers that sell mutual funds with front-end sales loads. The report concluded that many securities firms failed to provide breakpoint discounts in certain instances where customers were eligible to receive them. Following that report, the NASD required certain member firms to conduct a self-assessment of breakpoint compliance and report the results to the NASD. The Company was required to participate in this self-assessment program by notifying customers during a specified period and report results of that self-assessment to the NASD. In compliance with the most recent communication from the NASD the Company has calculated its expected liability for the breakpoint discounts that should have been granted to customers. As of December 31, 2003 and December 31, 2004, the Company has estimated an amount due to customers for breakpoint discounts of \$1,500, which is included in Accrued Expenses. No claims have been paid as a result of this contingency as of December 31, 2004.

7. ADVANCES TO STOCKHOLDER

The company had at December 31, 2004 and December 31, 2003 an advance to Stockholder that is due on demand and is uncollateralized of \$118,899 and \$236,204. The advance to stockholder carries an interest rate of 3% due on 12/31/16. Accrued interest receivable is \$21,920 at December 31, 2003 and \$28,580 and is included in the balance of the advance to stockholder at December 31, 2003 and December 31, 2004.

8. OPERATING LEASE

The company leases its office facility under a non-cancelable 12-month operating lease, beginning December 31, 2004 and continuing through November 30, 2005. The monthly lease payment is \$4,577. The lease expense totaled \$80,496 in 2003 and \$78,376 in 2004.

The future minimum lease payments are:

2005 \$50,347

SCHEDULE 1

AMERICAN WEALTH MANAGEMENT, INC.
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 (Pursuant to Rule 15c3-1 of the Securities Exchange Act of 1934)
 DECEMBER 31, 2004

| | | |
|---|----|-----------------------|
| TOTAL SHAREHOLDERS' EQUITY FROM STATEMENT OF FINANCIAL CONDITION | \$ | 323,504 |
| LESS NON-ALLOWABLE ASSETS | | |
| Commissions Receivable – Brokers | | 6,978 |
| Employee Loans | | 4,050 |
| Prepaid Expenses | | 18,817 |
| Furniture & Fixtures | | 968 |
| Other Receivables | | 2,211 |
| Deferred Tax Asset | | 10,849 |
| Advances to Stockholder | | 118,899 |
| Security Deposit | | <u>1,280</u> |
| Subtotal Non Allowable Assets | | 164,052 |
| Less: Haircut on Other Securities - | | |
| Money Market (\$32,260 x 15%-Equities) | \$ | (4,839) |
| Money Market (\$122,939 x 2%-Tbills, CD's) | | (4,259) |
| Cash (\$163,979 No haircut) | | <u>-0-</u> |
| | | <u>(7,298)</u> |
| NET CAPITAL | \$ | <u><u>152,154</u></u> |

AMERICAN WEALTH MANAGEMENT, INC.
 RECONCILIATION OF NET CAPITAL COMPUTATION
 (Pursuant to Rule 17a-5(d)(4) of the Securities and Exchange Act of 1934)
 DECEMBER 31, 2004

| | Reported in Unaudited <u>Part II Focus Report</u> | <u>Difference</u> | Reported in Audited <u>Financial Statement</u> |
|--|---|-------------------|--|
| TOTAL SHAREHOLDERS' EQUITY FROM STATEMENT OF FINANCIAL CONDITION | \$ 306,066 | \$ 17,438 | \$ 323,504 |
| Less: Non-Allowable Assets | 172,393 | (8,341) | 164,052 |
| Less: Haircuts | <u>7,298</u> | <u>-0-</u> | <u>7,298</u> |
| NET CAPITAL | <u>\$ 126,375</u> | <u>\$ 25,779</u> | <u>\$ 152,154</u> |

DIFFERENCE BETWEEN
UNAUDITED AND ADJUSTED
STATEMENTS

| | |
|---------------------------------------|----------------|
| Decrease in Receivable-Brokers | \$ (16,565) |
| Decrease in Fixed Assets | (575) |
| Decrease in Employee Loan | (4,775) |
| Increase in Deferred Tax Asset | 7,247 |
| Increase in Accum. Depreciation | (432) |
| Increase in Loan to Shareholder | 6,660 |
| Decrease in Commissions Payable | 27,299 |
| Increase in Cash | 1,984 |
| Increase in Accrued Lawsuit Liability | <u>(3,405)</u> |

NET INCREASE (DECREASE) IN SHAREHOLDERS' EQUITY \$ 17,438

AMERICAN WEALTH MANAGEMENT, INC.
 COMPUTATION OF AGGREGATE INDEBTEDNESS AND BASIC CAPITAL REQUIREMENT
 (Pursuant to Rule 15c3-1 of the Securities and Exchange Act of 1934)
 DECEMBER 31, 2004

AGGREGATE INDEBTEDNESS

| | |
|------------------------------|---------|
| Payroll Taxes Payable | 24,648 |
| Accrued Liabilities | 1,500 |
| Commissions Payable | 5,074 |
| Lawsuit Settlement Liability | 128,405 |

TOTAL AGGREGATE INDEBTEDNESS \$ 159,627

RATIO – Aggregate Indebtedness to Net Capital 1.04911 to 1

BASIS NET CAPITAL REQUIREMENT

Net Capital (Schedule 1) \$ 152,154

Minimum Net Capital Requirement (See note A
 below) ($\$152,154 \times 6 \frac{2}{3}\% = \$10,149$) 10,149

EXCESS NET CAPITAL \$ 142,005

Note A: Minimum capital requirement per Rule 15c3-1 is the greater of 6 2/3% of aggregate indebtedness or \$5,000.

AMERICAN WEALTH MANAGEMENT, INC.
STATEMENTS OF EXEMPTION FROM COMPLIANCE WITH RULE 15c3-3
AND STATEMENTS OF SUBORDINATED LIABILITIES
DECEMBER 31, 2004

The Company is exempt from compliance with Rule 15c3-3. All transactions with and for customers are cleared on a fully disclosed basis with a clearing member, which carries all customer accounts and maintains and preserves all books and records pertaining thereto. The Company does not carry security accounts for customers or perform custodial functions relating to customer securities. The Company was in compliance with the conditions of the exemption during the year ended December 31, 2004.

The Company had no liabilities subordinated to the claims for creditors as of December 31, 2004.

INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL STRUCTURE

To the Board of Directors
American Wealth Management, Inc.
Atlanta, Georgia

In planning and performing our audit of the financial statements and supplemental schedules of American Wealth Management, Inc., 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 attestations of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customers' 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-3
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 judgment by management are required to assess the expected benefits and related costs of controls and of the practice 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 practice 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, NASD, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



Goldman & Company, CPAs, PC
February 28, 2005