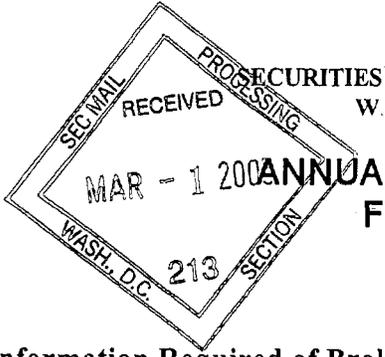


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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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

REPORT FOR THE PERIOD BEGINNING 1/1/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: E1 Asset Management, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
44 Wall Street
(No. and Street)
New York, NY 10005
(City) (State) (Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Ron Itin 212-425-2670
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Banker Associates, P.C.
(Name - if individual, state last, first, middle name)
5 Hillside Avenue Tenafly, NJ 07670
(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 23 2005
J THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

*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)

3/27

OATH OR AFFIRMATION

I, Ron Itin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of E1 Asset Management, Inc., as of February 25, 2005, 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

President

Title

LEIGH ANN JENKINS
Notary Public, State of New York
No. 01JE6118619
Qualified in Kings County
Commission Expires November 15, 2008

Leigh Ann Jenkins
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 'Cash Flows'.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

Banker Associates
Certified Public Accountants
A Professional Corporation

5 Hillside Avenue
Tenafly, New Jersey 07670

Telephone (201)871-1363
Facsimile (201)569-6915

February 22, 2005

Board of Directors
E1 Asset Management, Inc.:

In planning and performing our audit of the financial statements of E1 Asset Management, 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), and where applicable, we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e)
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System
4. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by rule 15c3-3

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to

provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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, 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.

A handwritten signature in cursive script that reads "Banker Associates, PC".

Banker Associates
February 22, 2005

E1 ASSET MANAGEMENT, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2004

E1 ASSET MANAGEMENT, INC.

DECEMBER 31, 2004

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Banker Associates
Certified Public Accountants
A Professional Corporation

5 Hillside Avenue
Tenafly, New Jersey 07670

Telephone (201)871-1363
Facsimile (201)569-6915

INDEPENDENT AUDITORS' REPORT

Shareholders of
E1 Asset Management, Inc.
New York, New York

We have audited the accompanying statement of financial condition of E1 Asset Management, Inc. as of December 31, 2004 and the related statements of income, changes in stockholders' equity and cash flows for the year 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of E1 Asset Management, Inc. as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Banker Associates, PC

E1 ASSET MANAGEMENT, INC.

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash	\$ 267,844
Receivable from broker	404,546
Marketable security (Note 2)	10,200
Prepaid expenses	39,295
Furniture, fixtures & equipment, less accumulated depreciation of \$77,601	142,839
Other assets	<u>137,144</u>
	<u>\$ 1,001,868</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:	
Accounts payable	\$ 17,834
Payroll taxes payable	3,250
Accrued expenses	<u>508,475</u>
Total liabilities	<u>529,559</u>
Commitments (Note 4)	
Stockholders' equity:	
Common stock, no par value, 100 shares authorized, issued and outstanding	109,270
Additional paid in capital	28,000
Retained earnings	357,939
Accumulated other comprehensive loss: Unrealized loss on available for sale securities	<u>(22,900)</u>
Total stockholders' equity	<u>472,309</u>
	<u>\$ 1,001,868</u>

E1 ASSET MANAGEMENT, INC.

STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2004

Commissions	\$ 6,663,392
Interest income	1,704
Other income	<u>29,750</u>
	<u>6,694,846</u>
Expenses:	
Officers' and employees' compensation and benefits	5,427,508
Regulatory fees and expenses	70,261
Communication and data processing	248,023
Interest	295
Occupancy	160,438
Other expenses	<u>652,389</u>
	<u>6,558,914</u>
Net income before income taxes	135,932
Provision for income taxes (Note 5)	<u>24,554</u>
Net income	<u>\$ 111,378</u>

E1 ASSET MANAGEMENT, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2004

	<u>Common Stock</u>	<u>Paid in Capital</u>	<u>Retained Earnings</u>	Accumulated Other Comprehensive <u>Loss</u>	<u>Total</u>
Balance - beginning	\$ 109,270	\$ 28,000	\$ 246,561	\$ (23,650)	\$ 360,181
Net income	-	-	111,378	-	111,378
Unrealized gain on securities	-	-	-	750	750
Balance - ending	<u>\$ 109,270</u>	<u>\$ 28,000</u>	<u>\$ 357,939</u>	<u>\$ (22,900)</u>	<u>\$ 472,309</u>

E1 ASSET MANAGEMENT, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

Cash flows from operating activities:	
Net income	\$ 111,378
Add, adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	36,367
Deferred income taxes	(38,896)
Increases in assets and increase (decreases) in liabilities:	
Receivable from broker	(197,867)
Prepaid expenses	(22,953)
Other assets	(3,690)
Accounts payable	(4,962)
Payroll taxes payable	(22,645)
Accrued expenses	278,584
Income taxes payable	<u>(62,622)</u>
Net cash provided by operating activities	72,694
Cash flows from investing activities:	
Purchase of furniture, fixtures & equipment	(30,730)
Cash flows from financing activities:	
Repayment of loan from officers	<u>52,000</u>
Increase in cash	93,964
Cash - beginning	<u>173,880</u>
Cash - end	<u>\$ 267,844</u>
Supplemental disclosure of cash flows information:	
Cash paid during the year for:	
Interest	<u>\$ 295</u>
Income taxes	<u>\$ 144,307</u>

E1 ASSET MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

Note 1: Organization and Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD).

Note 2: Summary of Significant Accounting Policies

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 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.

Furniture, Fixtures & Equipment

Furniture, fixtures & equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful life of the asset.

Income Taxes

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

E1 ASSET MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

Note 2: Summary of Significant Accounting Policies-Continued

Investments

The Company accounts for its investments as "available-for-sale" in accordance with Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*. Investments are reported at fair market value with unrealized gains and losses reported as a separate component of stockholders' equity.

Note 3: Lines of Credit

The Company has \$90,000 in revolving lines of credit, all of which was available at December 31, 2004. Bank advances on the credit lines are payable over 36 months and carry an interest rate of 1% and 6% over prime respectively. The credit lines are personally guaranteed by the shareholders of the corporation.

Note 4: Commitments

Leases

The Company leases its two premises under operating leases expiring June 2006, July 2010 & March 2014. The two leases for the Company's primary location require the payment of real estate taxes and specific operating expenses. The lease for the second location which expires June 2006 requires the payment of real estate taxes and increases based upon the consumer price index and offers a renewable option for an additional five-year period. Rents under the lease expiring July 2010 commence July 2005. Additionally, the Company leases assets and licenses information systems under various operating leases expiring September 2005 through December 2006. Rental expense under all operating leases and licensing agreements was \$319,577. Future minimum lease payments under operating leases and licensing agreements are as follows:

E1 ASSET MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

Note 4: Commitments - continued

December 31,	
2005	\$ 497,662
2006	498,494
2007	336,432
2008	339,729
2009	360,641
Thereafter	<u>930,066</u>
	<u>\$2,963,024</u>

Note 5: Income Taxes

The current and deferred portions of the income tax expense (recovery) included in the statement of income:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$12,019	(\$ 21,409)	(\$ 9,390)
State and local	<u>51,431</u>	<u>(17,487)</u>	<u>33,944</u>
	<u>\$63,450</u>	<u>(\$ 38,896)</u>	<u>\$ 24,554</u>

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 1500%. At December 31, 2004, the Company had net capital of \$151,501, which was \$116,198 in excess of its required net capital of \$35,303. The Company's aggregate indebtedness to net capital as defined was 350%.

Banker Associates
Certified Public Accountants
A Professional Corporation

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Facsimile (201)569-6915

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

Shareholders of
E1 Asset Management, Inc.
New York, New York

We have audited the accompanying financial statements of E1 Asset Management, Inc. as of and for the year ended December 31, 2004, and have issued our report thereon dated February 22, 2005. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statement, but is supplementary 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.

E1 ASSET MANAGEMENT, INC.

SCHEDULE 1
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2004

Net capital

Total stockholders' equity qualified for net capital		\$ 472,309
Deductions:		
Non-allowable assets:		
Furniture, fixtures & equipment, net	\$ 142,839	
Prepaid expenses	39,295	
Other assets	<u>137,144</u>	
Total deductions		<u>319,278</u>
Net capital before haircuts on securities		153,031
Haircuts on securities		<u>1,530</u>
Net capital		<u>\$ 151,501</u>
Aggregate indebtedness:		
Total aggregate indebtedness liabilities		<u>\$ 529,559</u>
Computation of basic net capital requirements		
Minimum net capital required		<u>\$ 35,303</u>
Excess net capital		<u>\$ 116,198</u>
Excess net capital at 1,000%		<u>\$ 98,545</u>
Percentage of aggregate indebtedness to net capital		<u>350%</u>

Reconciliation with Company's computation
 (included in Part IIV of Form X-17A-5 as
 of December 31, 2004)