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

SEC FILE NUMBER
8-51145

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: Emcor Securities Inc

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

230 Park Avenue, Suite 616
(No. and Street)

New York
(City)

New York
(State)

10169
(Zip Code)

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

Gerhard H. Isele (212) 983-1910
(Area Code - Telephone Number)

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Marks Paneth & Shron LLP
(Name - if individual, state last, first, middle name)

622 Third Avenue
(Address)

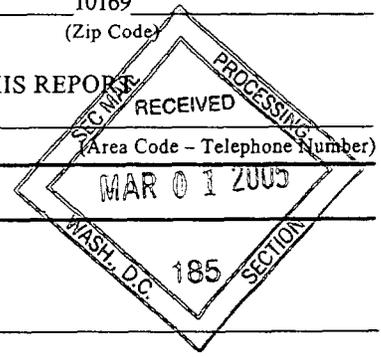
New York
(City)

NY
(State)

10017
(Zip Code)

CHECK ONE:

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



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PROCESSED
MAR 23 2005
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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3/22/05 SS

OATH OR AFFIRMATION

I, Gerhard H. Isele, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Emcor Securities, Inc., as 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:

ALISON F. ROGERS
Notary Public, State of New York
No. 01RO6079393
Qualified in Queens County
Commission Expires August 26, 2006

Alison F. Rogers
Notary Public

[Signature]
Signature

Vice President & Secretary
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.

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

EMCOR SECURITIES, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2004



Independent Auditors' Report

To the Stockholders of
Emcor Securities, Inc.
New York, New York

We have audited the accompanying statement of financial condition of Emcor Securities, Inc., (the Company) as of December 31, 2004, and the related statements of operations, cash flows, changes in subordinated liabilities, and changes in stockholders' equity for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934 and Regulation 1.16 under the Commodity Exchange Act (CEAct). 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 U.S. generally accepted auditing standards. 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. Our procedures include a review of the Company's procedures for safeguarding securities. 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 Emcor Securities, Inc. as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 14 to 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 of the Securities and Exchange Act of 1934 and the regulations under CEAct. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied on our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

MARKS PANETH & SHRON LLP

February 24, 2005

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Jeffrey's Henry International

EMCOR SECURITIES, INC.

Statement of Financial Condition

December 31, 2004

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 217,025
Accounts receivable and accrued income of \$92,500	161,702
Other current assets	<u>26,437</u>
Total Current Assets	<u>405,164</u>

Fixed Assets	<u>63,221</u>
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OTHER ASSETS

Investment in marketable securities	765,126
Investment in foreign corporation	239,415
Security deposit	113,472
Deferred tax asset	<u>291,400</u>
Total Other Assets	<u>1,409,413</u>

TOTAL ASSETS	<u>\$ 1,877,798</u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Current Liabilities	
Accounts payable and accrued expenses	\$ 262,412
Total Current Liabilities	<u>262,412</u>

Long -Term Liabilities

Subordinated debt	1,000,000
Interest payable	60,000
Total Long-Term Liabilities	<u>1,060,000</u>

Stockholder's Equity:

Common stock, \$.50 par value, authorized 50,000 shares issued and outstanding 8,800 shares	4,400
Additional paid-in capital	225,641
Retained earnings	<u>325,345</u>
Total Stockholder's Equity	<u>555,386</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 1,877,798</u>
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See Notes to Financial Statements.

EMCOR SECURITIES, INC.**Statement of Operations****For the Year Ended December 31, 2004****INCOME**

Management and advisory fees	\$ 1,368,430
Gain on marketable securities	65,652
Interest and dividends	<u>15,390</u>
Total Income	<u>1,449,472</u>

EXPENSES

Professional fees	95,478
Administrative expense	1,703,797
Pension expense	183,348
Depreciation	16,200
Interest	<u>90,000</u>

Total Expenses 2,088,823

Loss before income tax benefit (639,351)

Income tax benefit 293,000

Net Loss \$ (346,351)

See Notes to Financial Statements.

EMCOR SECURITIES, INC.

Statement of Changes in Stockholders' Equity

For the Year Ended December 31, 2004

	<u>Shares of Common Stock</u>	<u>Par Value</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance January 1, 2004	8,800	\$ 4,400	\$ 225,641	\$ 671,696	\$ 901,737
Net loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,351)</u>	<u>(346,351)</u>
Balance – December 31, 2004	<u>8,800</u>	<u>\$ 4,400</u>	<u>\$ 225,641</u>	<u>\$ 325,345</u>	<u>\$ 555,386</u>

See Notes to Financial Statements.

EMCOR SECURITIES, INC.**Statement of Cash Flows****For the Year Ended December 31, 2004****OPERATING ACTIVITIES**

Net loss	\$ (346,351)
Adjustments to reconcile net loss to net cash (used) in operating activities:	
Depreciation	16,200
Tax benefit	(293,000)
Gain on marketable securities	(65,652)
Increase (decrease) in cash flows due to changes in operating assets and liabilities:	
Accounts receivable	416,608
Other current assets	(26,050)
Accounts payable and other accrued liabilities	<u>82,350</u>
Net Cash (Used) in Operating Activities	<u>(215,895)</u>

INVESTING ACTIVITIES

Fixed asset additions	(3,707)
Net increase in marketable securities	(451,072)
Investment in foreign corporation	<u>(104,164)</u>
Net Cash (Used) in Investing Activities	<u>(558,943)</u>

Decrease in cash and cash equivalents	(774,838)
Cash and cash equivalents at beginning of year	<u>991,863</u>
Cash and cash equivalents at end of year	<u>\$ 217,025</u>

Supplemental disclosures of cash flow information

Income taxes paid	<u>\$ 90,988</u>
Interest paid	<u>\$ 90,000</u>

See Notes to Financial Statements.

EMCOR SECURITIES, INC.**Notes to Financial Statements****NOTE 1 ORGANIZATION**

Emcor Securities Inc. (the Company) is registered with the Securities and Exchange Commission as a broker/dealer and is a member of the National Association of Securities Dealers (NASD). The Company provides advisory services on risk management of foreign currency exposures, third-party fund management services, manager due diligence and asset allocation strategies.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIESRevenue Recognition

The Company recognizes revenue on its management and advisory contracts on a pro rata basis over the term of the contract.

Significant Customers

Substantially all of the Company's management and advisory fees are earned from companies engaged in investing and financing activities. Three customers represented 68% of revenue for 2004 and 64% of accounts receivable as of December, 31, 2004. In addition, the Company owns 9.99% of one of these customers which provided 34% of the Company's revenue in 2004 (see Note 11).

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all money market accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Company uses the liability method to account for income taxes, in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. To the extent that current available evidence about the future raises doubt about the realization of deferred tax assets, a valuation allowance must be established. Deferred tax assets and liabilities are measured using enacted tax rates that are expected to be applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled.

EMCOR SECURITIES, INC.

Notes to Financial Statements

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash accounts in financial institutions. At times these balances exceed federally insurable limits.

Investments

The Company has an investment in a foreign corporation which has been reflected at cost. In addition it has an investment in a limited liability company. Such investment is also stated at cost.

The remaining investments have been classified by management as trading securities and are stated at market value. Trading securities are securities purchased and held principally for the purpose of selling them in the near term. Unrealized gains and losses are included in earnings and are computed using the specific identification method.

Marketable securities as of December 31, 2004 are as follows:

Fixed Income (U.S. Treasury)	\$ 125,081
Equities (Corporate Stocks)	556,298
NASD Warrants	<u>20,100</u>
Marketable Securities, at cost	701,479
Net unrealized gain	<u>63,647</u>
Marketable securities, at market	<u>\$ 765,126</u>
Realized net gain	<u>\$ 7,368</u>

Depreciation

Fixed assets are being depreciated on a straight-line basis over their estimate useful lives. Leasehold improvements are being depreciated over the life of the lease.

NOTE 3 DERIVATIVES

Included in investments, the Company has warrants to purchase 3000 shares of the NASDAQ Stock Market Inc. for a purchase price ranging from \$15 to \$16 per share. These warrants expire June 2005 and 2006.

NOTE 4 INCOME TAXES

The income tax benefit consists of the following:

Federal	\$ 187,000
State and City	<u>106,000</u>
Total benefit	<u>\$ 293,000</u>

EMCOR SECURITIES, INC.**Notes to Financial Statements****NOTE 4 INCOME TAXES (continued)**

The Company has a deferred tax asset of \$291,400 relating to its pension plan and loss carry-forwards.

No valuation allowance has been recognized for the deferred tax assets as management believes the realization of such benefits to be more likely than not.

The Company is subject to Federal, New York State and city income taxes. The provision for income taxes for 2004 is for Federal, State and city income taxes. Net operating loss carry-forwards as of December 31, 2004 approximated \$640,000. Such carry-forwards can be used to offset future taxable income and expire in 2019.

NOTE 5 SUBORDINATED DEBT

The Stockholders loaned the Company \$1,000,000 which bears interest at 9% per annum and matures April 30, 2007. The payment of principal is subordinate to all claims of all other present and future creditors of the Company.

NOTE 6 FIXED ASSETS

Fixed assets consist of the following as of December 31, 2004:

Furniture and fixtures	\$ 54,890
Computer equipment	50,644
Leasehold improvements	<u>18,487</u>
	124,021
Less: accumulated depreciation	<u>(60,800)</u>
	<u>\$ 63,221</u>

NOTE 7 NET CAPITAL REQUIREMENTS

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. This rule is designed to measure the general financial integrity and liquidity of a broker-dealer and the minimum net capital deemed necessary to meet the broker-dealer's continuing commitments. At December 31, 2004, the Company had net capital of \$537,358, which was \$507,358 in excess of its required net capital of \$30,000. The Company's aggregate indebtedness to net capital ratio was .635 to 1.0.

EMCOR SECURITIES, INC.

Notes to Financial Statements

NOTE 8 COMMITMENTS

On December 27, 2000, the Company entered into a seven-year lease agreement for approximately 2,400 square feet in a Manhattan office building. Rent under the terms of the lease was \$178,636 for 2004 plus the Company's proportionate share of real estate taxes and operating expenses as defined in the lease. In addition, the lease requires a security deposit of \$112,653, which was paid in January 2001.

The minimum future rent payments under the terms of this lease until the expiration as follows:

2005	\$ 178,636
2006	\$ 178,636
2007	\$ 178,636

NOTE 9 DEFINED BENEFIT PLAN

The Company has a defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service (up to a maximum of ten years) and an employee's compensation during the three (3) highest consecutive years. The Company's funding policy is to contribute annually the maximum amount that can be deducted for federal income tax purposes.

The primary objective for the investments of the Plan is to provide for long-term growth of capital without undue exposure to risk. This is accomplished by investing the Plan's assets in a diversified portfolio consisting of an array of asset classes within the target asset allocation ranges outlined in the table below:

<u>Asset Category</u>	<u>Target Allocation Ranges</u>	<u>2004 Actual Allocation</u>
Domestic Equity Securities	40 – 80 %	68.6 %
Foreign Equity Securities	10 – 30 %	18.4 %
Debt Securities	10 – 40 %	2.1 %
Real Estate	0 – 15 %	0.0 %
Hedge Funds	0 – 15 %	0.0 %
Cash	0 – 20 %	0.9 %

The goal of the investment manager is to meet or exceed the actuarial return assumptions of 6 % p.a. over time while managing the portfolio's liquidity to match the expected pay-out schedule for retiring employees. No attempt is being made at "market-timing" or to sell securities short as a hedge. Call options can be sold as long as there is a long position of the same stock in the portfolio ("covered calls"). The investment manager will attempt to mitigate portfolio volatility by broadly diversifying the investments among various sectors of an asset category.

The investment manager will provide the trustee with a monthly activity and performance report. This policy is subject to be reviewed annually by the trustee and the directors of the Company.

EMCOR SECURITIES, INC.

Notes to Financial Statements

NOTE 9 **DEFINED BENEFIT PLAN (continued)**

The following tables provide further information about the plan as of December 31, 2004:

	<u>2004</u>
Fair value of plan assets	\$ 780,775
Benefit obligation	<u>(772,368)</u>
Funded status: over funded	<u>\$ 8,407</u>
Prepaid (accrued) benefit cost recognized in the balance sheet	\$ (36,197)
Weighted-average assumptions:	
Discount rate	5.75%
Expected return on plan assets	6%
Rate of compensation increase	5%

For the year ended December 31, 2004:

Benefit cost	\$ 183,348
Employer contributions	\$ 161,387
Benefits paid	\$ -

The expected future benefits payments for each of the next five fiscal years and in the aggregate for the five years thereafter, are as follows:

<u>Year</u>	<u>Expected Benefit Payments</u>
2005	\$ -
2006	\$ 48,175
2007	\$ 48,175
2008	\$ 48,175
2009	\$ 48,175
Years 6-10	\$ 713,726

The Company currently is unable to estimate the expected contributions to be paid to the plan during the next fiscal year.

EMCOR SECURITIES, INC.**Notes to Financial Statements****NOTE 10 SIGNIFICANT EVENTS**

The Company's relationship with one of its major customers, PWM SGR, became strained during the year resulting in an early termination of the contract by the customer. The Company estimates amounts due under the contract, subsequent to the termination were \$1,140,000, of which approximately \$230,000 would be payable by the Company to a sub-advisor if received. Because of the uncertainty, the Company did not record this amount as revenue. After the institution of an arbitration proceeding in Italy and in order to avoid a lengthy and costly arbitration proceeding, which would not have been in the best interests of the Company, the parties have reached an agreement in principle. First the parties agreed to renounce all existing claims against each other. It was further agreed that the Company would be paid an amount of €1,000,000 (approximately \$1,321,000 at February 15, 2005) for the transfer of "Know How" and for entering into a 12 month non-compete agreement with PWM SGR. In addition, the Company agreed to sell back its investment of 99,900 shares in PWM SGR at a price still to be determined. A letter agreement has been drafted and sent to the involved parties. A final settlement is expected in early 2005.

It should be noted that the Company has sued the sub-advisor in State Court in New York in view of the damage caused by their inappropriate and malicious action relating to the above matter.

EMCOR SECURITIES, INC.

Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission

December 31, 2004

Total Stockholders' Equity and Allowable Subordinated Liabilities Qualified for Net Capital	<u>\$ 1,555,386</u>
Deductions and/or charges:	
Non-allowable assets:	
Receivables from non-customers	161,702
Other current assets	28,437
Investments in foreign and non-traded securities	239,415
Fixed assets	63,221
Security deposits	113,472
Deferred tax asset	291,400
Haircuts on securities and money market accounts	<u>120,381</u>
	<u>1,018,028</u>
Net Capital	<u>\$ 537,358</u>
Aggregate Indebtedness	
Items included in statement of financial condition	
Accounts payable and accrued expenses	262,412
Interest payable	<u>60,000</u>
Total Aggregate Indebtedness	<u>\$ 322,412</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required	<u>\$ 30,000</u>
Excess net capital	<u>\$ 507,358</u>
Ratio: Aggregate indebtedness to net capital	<u>.635 to 1.00</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2004).	
Net capital, as reported in Company's Part II (unaudited) Focus report	\$ 333,412
Audit adjustments to record federal, state and city tax benefit	(291,400)
Adjustments to receivables from non-customers	1,146,884
Adjustment to net loss	(652,970)
Decrease in non-allowable assets and haircuts	<u>1,432</u>
Net capital per above	<u>\$ 537,358</u>

EMCOR SECURITIES, INC.

**Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the
Securities and Exchange Commission**

December 31, 2004

The Company has claimed exemption from the provisions of Rule 15c3-3 of the Securities and Exchange Commission under Section (k) (2)i.

EMCOR SECURITIES, INC.

**Information Relating to Possession or Control Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission**

December 31, 2004

The Company has claimed exemption from the provisions of Rule 15c3-3 of the Securities and Exchange Commission under Section (k)(2).

EMCOR SECURITIES, INC.**Statement of Changes in Subordinated Liabilities****December 31, 2004**

Balance - January 1, 2004	\$ 1,000,000
Increases	-
Decreases	<u>-</u>
Balance - December 31, 2004	<u>\$ 1,000,000</u>



Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 and CFTC Rule 1.16

To the Stockholder of
Emcor Securities, Inc.
New York, New York

In planning and performing our audit of the financial statements and supplemental schedules of Emcor Securities, 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 an 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 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.

In addition, as required by Regulation 1.16 of the Commodity Futures Trading Commission (CFTC), we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the following objectives stated in Regulation 1.16, in making (1) the periodic computations of minimum financial requirements pursuant to Regulation 1.17, (2) the daily computations of the segregation requirements of Section 4d(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based upon such computations, and (3) the daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. 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 paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's and the CFTC'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) and Regulation 1.16 (d)(2) list additional objectives of the practices and procedures listed in the preceding paragraphs.

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Because of the 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 of 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 and third paragraphs of this report are considered by the SEC and CFTC to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the Commodity Exchange Act 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 and CFTC's objectives.

This report is intended solely for the information and use of The Board of Directors, management, the Securities and Exchange Commission, the Commodities Futures Trading Commissions, the National Association of Securities Dealers, Inc., the National Futures Association and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and/or Regulation 1.16 under the Commodity Exchange Act in their regulation of registered brokers and dealers and registered futures commission merchants and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Mark Panchy" followed by a stylized flourish or initials.

February 24, 2005