

AM 4-11-2005

AMENDED



SEC

05040098

MISSION

VF-4-8-05

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

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



| SEC FILE NUMBER |
|-----------------|
| 8-49310 |

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 APR 05 2005

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: INSTITUTIONAL CAPITAL MANAGEMENT, INC.

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

2550 GRAY FALLS, STE. 250

(No. and Street)

HOUSTON

TEXAS

77077

(City)

(State)

(Zip Code)

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

DANIEL RITZ

281-293-9900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

DAWN HARP, CPA

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

3921 W. GREEN OAKS BLVD., STE F

ARLINGTON

TEXAS

76016

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 29 2005

THOMSON FINANCIAL

B

FOR OFFICIAL USE ONLY

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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)

Handwritten initials and date

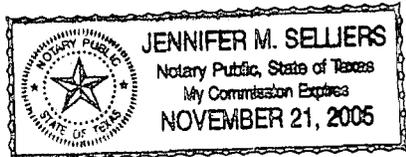
OATH OR AFFIRMATION

I, DANIEL RITZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of INSTITUTIONAL CAPITAL MANAGEMENT, 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:

Daniel Ritz
Signature

PRESIDENT
Title

J M Selliers
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) Statement of Cash Flow
- (p) Statement of exemption to 15c3-3

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

INSTITUTIONAL CAPITAL MANAGEMENT, INC.
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

INSTITUTIONAL CAPITAL MANAGEMENT, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

Institutional Capital Management, Inc.

I have audited the accompanying balance sheet of Institutional Capital Management, Inc. (a Texas corporation) as of December 31, 2004 and the related statements of income, retained earnings, and cash flows for the year ended. Those 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.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I 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 principle uses and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

My examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in Schedules I, II, III, IV, and V is presented for purposes 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 Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements. In my opinion, the financial statements referred to above present fairly, in all material respects, financial position of Institutional Capital Management, Inc. as of December 31, 2004, and the results of its accounting principles.



Dawn Harp, CPA
3921 W. Green Oaks Blvd, Suite F
Arlington, Texas 76016

March 31, 2005

INSTITUTIONAL CAPITAL MANAGEMENT, INC.
BALANCE SHEET
AS OF DECEMBER 31, 2003 AND 2004
ASSETS

| CURRENT ASSETS | <u>2004</u> | <u>2003</u> |
|------------------------------|-----------------------|-----------------------|
| Checking Account | \$95,807.77 | \$210,680.00 |
| Accounts Receivable-Brokers | 486,938.86 | 677,098.00 |
| Accounts Receivable-ICM Ins. | 150,000.00 | 86,000.00 |
| Accounts Receivable Office | <u>1,200.00</u> | <u>1,200.00</u> |
| Total Current Assets | 733,946.63 | 974,978.00 |
| | | |
| FIXED ASSETS | | |
| Equipment | 77,983.35 | 71,987.00 |
| Accumulated Depreciation | <u>(77,983.35)</u> | <u>(71,987.00)</u> |
| Total Fixed Assets | \$0.00 | 0.00 |
| | | |
| OTHER ASSETS | | |
| Deposits | 4,682.50 | 4,683.00 |
| RJA Investment | 4,535.71 | 4,035.00 |
| RBC Dain Rauscher-Security | 167,030.95 | 0.00 |
| RBC Dain Rauscher-Trust | 183,388.33 | |
| RPR Investment | 75,000.00 | 25,000.00 |
| Securities | <u>23,300.00</u> | <u>23,300.00</u> |
| Total Other Assets | 457,937.49 | 57,018.00 |
| | | |
| TOTAL ASSETS | <u>\$1,191,884.12</u> | <u>\$1,031,996.00</u> |

LIABILITIES & STOCKHOLDERS EQUITY

| | | |
|---|-----------------------|-----------------------|
| CURRENT LIABILITY | | |
| Accounts Payable | \$6,086.52 | \$4,921.00 |
| A/P RBC Dain Rauscher | 183,025.00 | 0.00 |
| Commission Payable | 458,962.64 | 403,595.00 |
| Income Tax Payable | 16,517.00 | 121,122.00 |
| Dividend Payable | <u>28,253.60</u> | <u>28,254.00</u> |
| Total Current Liabilities | <u>693,744.76</u> | <u>557,892.00</u> |
| | | |
| TOTAL LIABILITIES | <u>693,744.76</u> | <u>557,892.00</u> |
| | | |
| OWNERS EQUITY | | |
| Preferred Stock (\$.01 Par, 1,000,000 Authorized, 353,288 issued and Outstanding) | 3,532.88 | 3,532.88 |
| Common Stock (\$.01 Par, 1,000,000 Authorized, 27,500 Issued and Outstanding) | 275.00 | 275.00 |
| Paid-in Capital | 349,755.12 | 349,755.12 |
| Less: Treasury Stock | (39,500.00) | 0.00 |
| Retained Earnings | <u>184,076.31</u> | <u>120,541.00</u> |
| Total Owners Equity | <u>\$498,139.36</u> | <u>\$474,104.00</u> |
| | | |
| TOTAL LIABILITIES & STOCKHOLDERS EQUITY | <u>\$1,191,884.12</u> | <u>\$1,031,996.00</u> |

SEE NOTES TO FINANCIAL STATEMENTS

INSTITUTIONAL CAPITAL MANAGEMENT, INC.
INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2004

| | <u>2004</u> | <u>2003</u> |
|------------------------------------|----------------------|----------------------|
| INCOME | | |
| CD Sales | \$4,855.43 | \$2,117.00 |
| Equity Sales | 9,876,054.76 | 11,622,347.00 |
| Insurance | <u>187,085.34</u> | <u>0.00</u> |
| Total Income | <u>10,067,995.53</u> | <u>11,624,464.00</u> |
| EXPENSES | | |
| Accounting | 5,089.25 | 5,102.00 |
| Advertising | 19,024.86 | 13,314.00 |
| Bank Charges | 186.85 | 291.00 |
| Bloomberg | 35,005.26 | 60,586.00 |
| Clearing Charge | 49,949.11 | 0.00 |
| Commissions | 9,396,896.35 | 10,152,110.00 |
| Computer Equipment & Repair | 6,113.76 | 12,170.00 |
| Depreciation | 5,996.02 | 66,211.00 |
| Dues & Subscriptions | 5,166.53 | 6,409.00 |
| Franchise Tax | 23,416.88 | 0.00 |
| Insurance | 121,098.05 | 124,064.00 |
| Interest | 0.00 | 28,262.00 |
| Legal Fees | 58,830.14 | 69,952.00 |
| NASD Fees | 29,314.91 | 35,397.00 |
| Outside Services | 0.00 | 441,237.00 |
| Postage & Delivery | 11,295.54 | 11,969.00 |
| Printing | 54,658.20 | 44,209.00 |
| Rent | 57,160.91 | 60,763.00 |
| Supplies | 75,967.40 | 41,575.00 |
| Taxes-Property | 229.85 | 3,265.00 |
| Telephone | 32,431.23 | 56,706.00 |
| Training | 3,693.29 | 2,315.00 |
| Travel | <u>24,144.56</u> | <u>12,256.00</u> |
| Total Expenses | <u>10,015,668.95</u> | <u>11,248,163.00</u> |
| INCOME FROM OPERATIONS | 52,326.58 | 376,301.00 |
| OTHER INCOME (EXPENSES) | | |
| Interest Income | 19,196.35 | 0.00 |
| Unrealized Gain | <u>11,613.57</u> | <u>0.00</u> |
| Total Other Income | <u>\$30,809.92</u> | <u>0.00</u> |
| NET INCOME (LOSS) | | |
| BEFORE INCOME TAXES | 83,136.50 | 376,301.00 |
| INCOME TAXES | 19,601.70 | 127,942.00 |
| NET INCOME | <u>\$63,534.80</u> | <u>\$248,359.00</u> |
| NET INCOME PER COMMON SHARE | | |
| (NOTE A) | <u>\$2.31</u> | \$8.28 |

SEE NOTES TO FINANCIAL STATEMENTS

**INSTITUTIONAL CAPITAL MANAGEMENT, INC.
STATEMENT OF CHANGES IN CAPITAL STOCK
FOR THE YEAR ENDED DECEMBER 31, 2004**

| | PREFERRED | STOCK | COMMON |
|--|-------------------|-------|---------------------|
| BALANCE AT JANUARY, 2004 | \$3,532.88 | | \$350,030.12 |
| NET CHANGES FOR THE PERIOD | | | |
| REPURCHASE OF COMMON STOCK FOR TREASURY | 0 | | (\$39,500.00) |
| BALANCE AT DECEMBER 31, 2004 | <u>\$3,532.88</u> | | <u>\$310,530.12</u> |

**INSTITUTIONAL CAPITAL MANAGEMENT, INC.
STATEMENT OF RETAINED EARNINGS
BALANCE AT DECEMBER 31, 2004**

| | <u>2004</u> | <u>2003</u> |
|---------------------------|---------------------|---------------------|
| BALANCE JANUARY 1 | \$120,541.00 | (\$127,818.00) |
| ROUNDING ERROR | 0.51 | |
| NET INCOME FOR THE PERIOD | <u>63,534.80</u> | <u>248,359.00</u> |
| BALANCE DECEMBER 31 | <u>\$184,076.31</u> | <u>\$120,541.00</u> |

SEE NOTES TO FINANCIAL STATEMENT

INSTITUTIONAL CAPITAL MANAGEMENT, INC.
STATEMENTS OF CHANGES IN FINANCIAL POSITION AND CASH FLOW
FOR THE PERIOD ENDED DECEMBER 31, 2004 AND 2003

| | 12 Months Ended December 31, 2004 | 12 Months Ended December 31, 2003 |
|---|--------------------------------------|--------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Income (Loss) | <u>\$63,534.80</u> | <u>\$248,359.00</u> |
| Adjustments to Net Income | | |
| Decrease (Increase) in Current Assets | 126,159.14 | (414,470.00) |
| Increase (Decrease) in Current Liabilities | 135,852.76 | 254,700.00 |
| Decrease (Increase) in Other Assets | <u>(199.50)</u> | <u>(1,765.00)</u> |
| Total Adjustments | <u>261,812.40</u> | <u>(161,535.00)</u> |
| Cash provided (Used) by Operations | 325,347.20 | 86,824.00 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sales (Purchases) of Fixed Assets | <u>0.00</u> | <u>0.00</u> |
| Cash Provided (Used) by Investing | (400,719.43) | 0.00 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Cash (Used) or Provided by Purchase of Treasury stock | <u>(39,500.00)</u> | |
| Cash (Used) or Provided by Sale (Purchase) of stock | | <u>8,854.00</u> |
| Cash provided from Financial Activities | (39,500.00) | 8,854.00 |
| NET INCREASE (DECREASE) IN CASH | (\$114,872.23) | \$95,678.00 |
| CASH AT BEGINNING OF PERIOD | <u>210,680.00</u> | <u>115,002.00</u> |
| CASH AT END OF PERIOD | <u>\$95,807.77</u> | <u>\$210,680.00</u> |

SEE NOTES TO FINANCIAL STATEMENTS

INSTITUTIONAL CAPITAL MANAGEMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The company is an introducing brokerage firm formed for the purpose of generating commissions from buying and selling securities for customers.

Revenue and Cost Recognition

The Company prepares its books on the accrual basis of accounting. The Company recognizes revenues from brokerage firm commissions when confirmation of each, individual transaction is received from the brokerage firm. The Company recognizes commissions due to its salesmen at the end of each month, after receiving a final confirmation of the month's transactions from the individual brokerage firms.

Income Per Share

Net Income per share of common stock computed basis on weighted average number of shares outstanding during the year (27,500 shares in 2004). $\$63,534.80 / 27,500 = \2.31 .

Income Taxes

The Company's Federal income taxes for the current year are \$19,601.70.

Depreciation Expense

The Company expenses all assets on a straight line basis, however it takes advantage of Sec. 179 when possible. As of December 31, 2004, the Company owned \$ 77,983.35 of equipment which was fully depreciated at that date. The depreciation expense for the twelve months ended December 31, 2004, was \$ 5,996.02.

Ownership

Institutional Capital Management, Inc. was formerly BCR Holding Corporation. The common stock is owned by six individuals with no one stockholder holding over 50% of the outstanding common stock. The preferred stock is held by four individuals with one stockholder owning 59% of the issued and outstanding preferred stock.

FOCUS REPORT – PART 11A
Statement of Changes in Ownership Equity/Subordinated Liabilities

Firm Name: INSTITUTIONAL CAPITAL MANAGEMENT, INC. Firm ID: 41055

From: 10/01/04

To: 12/31/04

State of Changes in Ownership Equity

| | | |
|----|---|-----------------|
| 1. | Balance, Beginning of Period | 537,639 |
| | A. Net income (loss) | 0 |
| | B. Additions, incl. Non-conforming capital of | 0 |
| | C. Deductions, incl. purchase of Treasury stock | <u>(39,500)</u> |
| 2. | <u>Balance, end of Period</u> | <u>498,139</u> |

Statement of Changes in Subordinated Liabilities

| | | |
|----|-------------------------------|----------|
| 3. | Balance, beginning of Period | 0 |
| | A. Increases | 0 |
| | B. Decreases | <u>0</u> |
| 4. | <u>Balance, End of Period</u> | <u>0</u> |

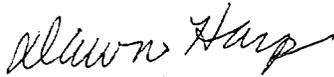
FOCUS REPORT – PART 11A
Computation of Net Capital

| | | As of 12/31/04 |
|---|--|-----------------|
| Firm Name: Institutional Capital Management, Inc. | | Firm ID: 041055 |
| 1 | Total ownership equity (o/e) | 498,139 |
| 2 | Deduct o/e not allowable for net capital | 0 |
| 3 | Total o/e qualified for net capital | 498,139 |
| 4 | Add: | |
| | A. Allowable subordinated liabilities | |
| | B. Other deductions or credits | |
| | Description | Amount |
| | 0 | |
| | 0 | |
| | 0 | |
| 5 | Total cap & allowable subloans | 0 |
| 6 | Deductions &/or charges | |
| | A. Total non-allowable assets | 373,300 |
| | B. Secured demand note deficiency | |
| | C. Cap chgs for spot & commodity futures | |
| | D. Other deductions &/or charges | 373,300 |
| 7 | Other additions &/or allowable credits | |
| | Description | Amount |
| | 0 | |
| | 0 | |
| | 0 | |
| 8 | Net capital before haircuts | 124,839 |

Compliance Examiner
National Association of Securities Dealers

After examination of Institutional Capital Management, Inc. as of the date of this letter, I find no evidence that Institutional Capital Management, Inc. conducts any practices that would cause it to lose its exemption to regulation 15c3-3 under rule K(2)(iii).

Institutional Capital Management, Inc. is an introducing broker, which clears all transactions on a fully disclosed basis with a clearing broker, Raymond James; RBC Dain Rauscher, Inc. Institutional Capital Management, Inc. does not handle customer funds or securities. All customers are instructed to send funds or securities directly to Raymond James; RBC Dain Rauscher, Inc.



Dawn Harp, CPA
March 31, 2005

Institutional Capital Management, Inc.
 COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION
 AS OF DECEMBER 31, 2004

| | |
|---|----------------|
| NET CAPITAL | |
| Total stockholders' equity | 498,139 |
| Deduct stockholders' equity not allowable for net capital | <u>0</u> |
| Total stockholders' equity qualified for net capital | 498,139 |
| Additions | |
| Liabilities allowable in computation of net capital | <u>0</u> |
| Total capital and allowable liabilities | 498,139 |
| Deductions and/or charges | |
| Non-allowable assets | 373,300 |
| Net capital before haircuts on security positions | 0 |
| Haircuts on securities | 0 |
| NET CAPITAL | 124,839 |
| AGGREGATE INDEBTEDNESS | |
| Items including statement of financial condition payable to stockholder | <u>693,745</u> |
| Total aggregate indebtedness | 693,745 |
| COMPUTATION OF BASIS NET CAPITAL REQUIREMENT | |
| Minimum Capital Required (Based on Net Indebtedness) | 46,273 |
| Minimum Net Capital Required | 5,000 |
| Net Capital Requirement | 46,273 |
| Excess Net Capital | 78,566 |
| Excess Net Capital at 1000% | 55,464 |
| Ratio: Aggregate indebtedness to net capital | 5.56 |

INSTITUTIONAL CAPITAL MANAGEMENT, INC.

RECONCILIATION WITH COMPANY'S COMPUTATION

No material difference exists between company's calculations and above calculation; therefore, no reconciliation is provided.

INDEPENDENT AUDITOR'S REPORT

Board of Directors:
INSTITUTIONAL CAPITAL MANAGEMENT, INC.

I have examined the financial statements of Institutional Capital Management, Inc. for the year ended December 31, 2004 and have issued my report thereon dated March 31, 2005. As part of my examination, I made a study and evaluation of the Company's system on internal accounting control (which included the procedures for safeguarding securities) to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Also, as required by Rule 17a-5(g) (1) of the Securities and Exchange Commission, I have made a study of the practices and procedures (including tests of compliance with such practice and procedures) followed by Institutional Capital Management, Inc. that I considered relevant to the objectives stated in Rule 17a-5(g). I also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(ii) and the procedures for determining compliance with exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System because the Company does not carry security accounts for customers nor perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting controls and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures and the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system 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 of 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 limitation in any internal accounting control procedures or the practice and procedures referred to above, errors or irregularities may nevertheless 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 degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Institutional Capital Management, Inc. taken as a whole. However, my study and evaluation disclosed no conditions that I believe to be a material weakness.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.



Dawn Harp, CPA
March 31, 2005

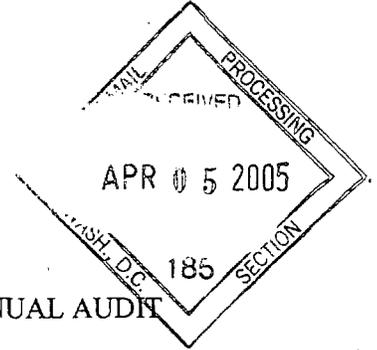
Institutional Capital Management, Inc.
Investment Bankers

2550 Gray Falls, Suite 250
Houston, Texas 77077

April 4, 2005

VIA UPS OVERNIGHT

ATTN: Debra Williams
NASD – Dallas District Office
12801 North Central Expressway
Suite 1050
Dallas, TX 75243-1778



RE: Institutional Capital Management, Inc. – CRD # 41055 – AMENDED ANNUAL AUDIT

Dear Debra,

As per our conversation last Thursday, I am forwarding the following documents to you:

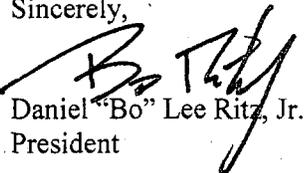
1. A copy of the Notice Pursuant to Rule 17a-5(f)(2) – Designation of Accountant; and
2. An Amended Annual Audit.

To summarize the situation, the auditor, George Owen, who has recently begun his retirement, is turning the business over to Ms. Harp. She is, as you verified with me, licensed in the State of Texas and has been actively involved in the audit in prior years and has done the bulk of the work for the 2004 audit. Additional, we reviewed certain inadequacies in the notes, which you and I had discussed, and she upgraded the note section of the audit to include items relative to the method of earning and paying commissions, method of depreciation of equipment, and ownership structure.

Since we felt confident in the fact that there were no material changes in the audit and that Ms. Harp could restate the audit under her cover, as auditor, we do not anticipate needing any additional extension. It is our belief that we have adequately addressed your letter dated March 28, 2005.

We will forward an original to the SEC Regional Office and two copies to the SEC Washington D.C. Office, under separate cover. If there are any additional questions, please do not hesitate to contact our office.

Sincerely,


Daniel "Bo" Lee Ritz, Jr.
President

Enclosures

DLR/jms