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STATES  
CHANGE COMMISSION  
, D.C. 20549

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

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B- 26406

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:

Cabrera Capital Markets, Inc.

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

10 S. LaSalle Street, Suite 1050

(No. and Street)

Chicago,

Illinois

60603

(City)

(State)

(Zip Code)

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

Martin Cabrera, Jr.

(312) 236-8888

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Dooley Bradford R., CPA

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

220 S. State Street,

Chicago,

Illinois

60604

(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 29 2005

FOR OFFICIAL USE ONLY

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)

ALL SEC 3-28-05 TO (06-02)

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

12/31/03

OATH OR AFFIRMATION

I, Martin Cabrera, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cabrera Capital Markets, 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:

None

Sworn and subscribed to me on the 25th day of February, 2005.

[Signature]  
Signature

President  
Title

Erica Tebo  
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~~ 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).

**CABRERA CAPITAL MARKETS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2004**

**(FILED PURSUANT TO RULE 17a-5(d)**

**UNDER THE SECURITIES EXCHANGE ACT**

**OF 1934)**

**BRADFORD R. DOOLEY & ASSOCIATES**  
*Accountants and Auditors*  
220 SOUTH STATE STREET - SUITE 1910  
CHICAGO, ILLINOIS 60604

*Member*  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS CPA SOCIETY

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(312) 939-0477

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**INDEPENDENT AUDITOR'S REPORT**

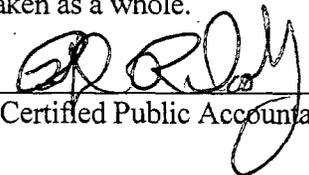
To the Board of Directors  
Cabrera Capital Markets, Inc.  
Chicago, Illinois 60604

I have audited the accompanying statement of financial condition of Cabrera Capital Markets, 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. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 principles used 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.

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

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information 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 audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
\_\_\_\_\_  
Certified Public Accountant

Chicago, Illinois  
February 25, 2005

**CABRERA CAPITAL MARKETS, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2004**

**ASSETS**

|   |                     |
|---|---------------------|
| Cash and cash equivalents   | \$ 39,413           |
| Commissions & fees receivable   | 580,726             |
| Deposit with broker/dealer  | 200,000             |
| Securities owned – at market value  | 520,565             |
| Note receivable – shareholder   | 52,000              |
| Property, plant and equipment, net of<br>accumulated depreciation of \$22,669 | 214,210             |
| Other assets  | <u>5,110</u>        |
| Total assets  | <u>\$ 1,612,024</u> |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

|  |                |
|--|----------------|
| Note payable – bank                                    | \$ 318,650     |
| Accounts payable and accrued expenses                  | 205,661        |
| Securities sold, not yet purchased- at<br>market value | <u>216,390</u> |
| Total liabilities                                      | 740,701        |

**Stockholders' Equity**

|   |                     |
|---|---------------------|
| Common stock, \$1 par value; authorized<br>56,000 shares; issued and outstanding<br>35,000 shares | \$ 35,000           |
| Additional paid in capital  | 231,090             |
| Retained earnings   | <u>605,233</u>      |
| Total stockholders' equity  | <u>871,323</u>      |
| Total liabilities and stockholders' equity  | <u>\$ 1,612,024</u> |

The accompanying notes to the financial statements are an integral part of this statement.

**CABRERA CAPITAL MARKETS, LLC**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Revenues**

|                      |                |
|----------------------|----------------|
| Trading income       | \$ 6,323       |
| Commissions and fees | 4,405,618      |
| Interest income      | 95             |
| Other                | <u>242,050</u> |

Total revenue \$ 4,654,086

**Expenses**

|                                   |                |
|-----------------------------------|----------------|
| Commissions expense               | 387,610        |
| Clearing and execution charges    | 525,049        |
| Management fees                   | 282,370        |
| Compensation and related benefits | 1,614,977      |
| Rent and occupancy                | 130,752        |
| Professional fees                 | 101,427        |
| Exchange dues & fees              | 49,366         |
| Interest expense                  | 50,415         |
| Other operating expenses          | <u>957,790</u> |

Total operating expenses 4,099,756

Net income \$ 554,330

The accompanying notes to the financial statements are an integral part of this statement.

**CABRERA CAPITAL MARKETS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | <u>Common<br/>Stock</u> | <u>Additional<br/>Paid In<br/>Capital</u> | <u>Retained<br/>Earnings</u> | <u>Total<br/>Stockholders'<br/>Equity</u> |
|---|-------------------------|---|------------------------------|---|
| Balance December 31, 2003                               | \$ 35,000               | \$ 231,090                                | \$ 50,903                    | \$ 316,993                                |
| Add: Net income for the year<br>ended December 31, 2004 | <u>          </u>       | <u>          </u>                         | <u>554,330</u>               | <u>554,330</u>                            |
| Balance, December 31, 2004                              | <u>\$ 35,000</u>        | <u>\$ 231,090</u>                         | <u>\$ 605,233</u>            | <u>\$ 871,323</u>                         |

The accompanying notes to the financial statements are an integral part of this statement.

**CABRERA CAPITAL MARKETS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Cash Flows From (To) Operating Activities:**

|   |                 |            |
|---|-----------------|------------|
| Net income                              | \$ 554,330      |            |
| Depreciation                            | 22,669          |            |
| Changes in assets and liabilities:      |                 |            |
| Commissions and fees receivable         | (227,719)       |            |
| Deposit with broker/dealer              | (65,000)        |            |
| Prepaid taxes                           | 1,750           |            |
| Other assets                            | (5,110)         |            |
| Accounts payable and accrued expenses   | <u>(65,564)</u> |            |
| Net cash from (to) operating activities |                 | \$ 215,356 |

**Cash Flows From (To) Investing Activities:**

|  |                |           |
|--|----------------|-----------|
| Purchases of equipment                   | (232,704)      |           |
| Increase in securities owned – at market | (520,565)      |           |
| Increase in securities sold- at market   | <u>216,390</u> |           |
| Net cash from (to) investing activities  |                | (536,879) |

**Cash Flows From (To) Financing Activities:**

|   |                |                  |
|---|----------------|------------------|
| Increase in note payable – bank         | <u>318,650</u> |                  |
| Net cash from (to) financing activities |                | <u>318,650</u>   |
| Net increase (decrease) in cash         |                | (2,873)          |
| Cash at January 1, 2004                 |                | <u>42,286</u>    |
| Cash at December 31, 2004               |                | <u>\$ 39,413</u> |

**Supplemental Information:**

During the year ended December 31, 2004,  
the following amounts were paid:

|                  |                  |
|------------------|------------------|
| Interest expense | \$ <u>50,415</u> |
| Income taxes     | \$ <u>-0-</u>    |

The accompanying notes to the financial statements are an integral part of this statement.

**CABRERA CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

(1) **ORGANIZATION AND GENERAL**

Cabrera Capital Markets, Inc., was incorporated in the State of Illinois on April 24, 2003. The Company is registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's principal business is the sale of securities and participation in underwritings.

Prior to April 24, 2003, the Company was a wholly owned subsidiary of Cabrera Capital Management, Inc. and was incorporated in the State of Wisconsin on September 5, 1986.

Effective May 1, 2001, in conjunction with an ownership change, the name of the Corporation was changed from First Securities Corporation to Cabrera Capital Markets, Inc.

(2) **SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies which have been followed by Cabrera Capital Markets, Inc. in preparing the accompanying financial statements is set forth below.

**Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Cash Equivalents**

The Company considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost and depreciated using the straight line method over the estimated useful lives of the assets.

**Securities Owned/Securities Sold**

Securities owned and securities sold are valued at quoted market prices consistent with industry practice.

**CABRERA CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

(2) **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Income Recognition**

Securities transactions and related revenue and expense, other than the sale of direct participation programs are recorded on a trade date basis. Revenue derived from underwritings and direct participation programs (on contingent offerings) is recognized at the time the escrow agent distributes sales commissions to the Company.

**Income Taxes**

Effective July 1, 2003, the Company has elected to be taxed under Subchapter S of the Internal Revenue Code. Accordingly, the taxable income or loss of the Company is allocated to the shareholders, who are responsible for taxes thereon. The Company will be subject to State of Illinois replacement tax.

(3) **CLEARING AGREEMENT WITH OFF-BALANCE SHEET RISK**

Clearing Agreement – the Company has entered into an agreement with another broker/dealer (Clearing Broker/Dealer) whereby that broker/dealer will execute and clear securities transactions for the Company on a fully disclosed basis. Under the terms of the agreement, the Company is prohibited from entering into a similar agreement with another broker/dealer while this agreement is in effect. The Company has also agreed to regulatory arbitration and waived its right to court remedies regarding disputes between the Company and the clearing broker/dealer. The Company has deposited \$200,000 with the clearing broker/dealer to assure the Company's performance under the agreement.

The Company is obligated for nonperformance by customers it has introduced to the clearing broker. The Company actively monitors its exposure under this obligation by requesting substantiation of its customers' activities from the clearing broker on a daily basis. No such nonperformance by a customer, based on refusal or inability to fulfill its obligation, occurred during the period ended December 31, 2004.

(4) **RELATED PARTY TRANSACTIONS**

The Company was formerly wholly owned by Cabrera Capital Management, Inc.(Former Parent) Pursuant to a written agreement, the Former Parent Company provides office space, administrative assistance, clerical help and various other general administration support services to the Company.

During the year ended December 31, 2004, the Company paid \$282,370 of management fees to the Former Parent Company. No amounts were outstanding to the Former Parent Company at December 31, 2004.

During the year ended June 30, 2004, the Former Parent Company contributed \$80,000 of additional paid in capital to the Company.

**CABRERA CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

(5) **NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Under this rule, the Company is required to maintain "net capital" equivalent to \$250,000 or 6 2/3% of "aggregate indebtedness", whichever is greater as these terms are defined.

Net Capital and aggregate indebtedness change from day to day, but at December 31, 2004, the Company had net capital and net capital requirements of \$309,799 and \$250,000 respectively. The net capital rule may effectively restrict the payment of cash distributions.

(6) **ADDITIONAL PAID IN CAPITAL**

Pursuant to the terms of the ownership on May 1, 2001, the former owners received distributions of the amount of tangible assets owned at the date of the closing.

In order to maintain the required net capital referred to in Note 5, the Former Parent Company contributed \$151,090 as additional paid in capital for the period of April 28, 2001 through June 30, 2002.

In addition, the Former Parent Company contributed \$80,000 as additional paid in capital during January, 2003.

(7) **LINE OF CREDIT**

The Company has available a line of credit of \$370,000 from a bank. This line of credit is due on demand and provides for interest at the bank's prime lending rate (5.25% at December 31, 2004). The Company's securities are pledged as collateral on this borrowing. At December 31, 2004, there was an outstanding balance of \$318,650 on the line of credit.

**CABRERA CAPITAL MARKETS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

(8) **COMMITMENTS AND CONTINGENCIES**

The Company occupies its office under a lease which expires on June 30, 2015. Rent expense including utilities and additional operating costs for the fiscal year ended December 31, 2004 was \$130,752. Future rental commitments under the terms of the lease are as follows:

| <u>Year Ending</u>      |          | <u>Minimum Rent</u> |
|-------------------------|----------|---------------------|
| 2005                    |          | \$ 106,787          |
| 2006                    |          | 109,084             |
| 2007                    |          | 111,380             |
| 2008                    |          | 113,677             |
| 2009                    |          | <u>115,973</u>      |
|                         | Subtotal | 556,901             |
| Thereafter through 2015 |          | <u>678,616</u>      |
|                         | Total    | <u>\$ 1,235,517</u> |

**SUPPLEMENTARY SCHEDULES**

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER **Cabrera Capital Markets, Inc.**

as of 12/31/04

### COMPUTATION OF NET CAPITAL

|     |   |    |             |         |
|-----|---|----|-------------|---------|
| 1.  | Total ownership equity from Statement of Financial Condition - Item 1800 .....                        | \$ | 871,323     | 3480    |
| 2.  | Deduct Ownership equity not allowable for Net Capital .....   |    | ( )         | 3490    |
| 3.  | Total ownership equity qualified for Net Capital .....  |    | 871,323     | 3500    |
| 4.  | Add:  |    |             |         |
| A.  | Liabilities subordinated to claims of general creditors allowable in computation of net capital ..... |    |             | 3520    |
| B.  | Other (deductions) or allowable credits (List) .....  | 33 |             | 3525    |
| 5.  | Total capital and allowable subordinated liabilities .....  | \$ | 871,323     | 3530    |
| 6.  | Deductions and/or charges:  |    |             |         |
| A.  | Total nonallowable assets from  |    |             |         |
|     | Statement of Financial Condition (Notes B and C) .....  | \$ | 521,320     | 3540    |
| 1.  | Additional charges for customers' and non-customers' security accounts .....                          | \$ |             | 3550    |
| 2.  | Additional charges for customers' and non-customers' commodity accounts .....                         |    |             | 3560    |
| B.  | Aged fail-to-deliver .....  |    |             | 3570    |
| 1.  | Number of items .....   | 29 | 3450        |         |
| C.  | Aged short security differences-less reserve of .....   | \$ | 3460        | 30 3580 |
|     | number of items .....   |    | 3470        |         |
| D.  | Secured demand note deficiency .....  |    |             | 3590    |
| E.  | Commodity futures contracts and spot commodities - proprietary capital charges .....                  |    |             | 3600    |
| F.  | Other deductions and/or charges .....   |    |             | 3610    |
| G.  | Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) .....                   |    |             | 3615    |
| H.  | Total deductions and/or charges .....   |    | ( 521,320 ) | 3620    |
| 7.  | Other additions and/or allowable credits (List) .....   |    |             | 3630    |
| 8.  | Net capital before haircuts on securities positions .....   | \$ | 350,003     | 3640    |
| 9.  | Haircuts on securities: (computed, where applicable, pursuant to 15c3-1(f)):                          |    |             |         |
| A.  | Contractual securities commitments .....  | \$ |             | 3660    |
| B.  | Subordinated securities borrowings .....  |    |             | 3670    |
| C.  | Trading and investment securities:  |    |             |         |
| 1.  | Bankers' acceptances, certificates of deposit and commercial paper .....                              | 31 |             | 3680    |
| 2.  | U.S. and Canadian government obligations .....  |    | 12,983      | 3690    |
| 3.  | State and municipal government obligations .....  |    | 27,221      | 3700    |
| 4.  | Corporate obligations .....   |    |             | 3710    |
| 5.  | Stocks and warrants .....   |    |             | 3720    |
| 6.  | Options .....   |    |             | 3730    |
| 7.  | Arbitrage .....   |    |             | 3732    |
| 8.  | Other securities .....  | 32 |             | 3734    |
| D.  | Undue Concentration .....   |    |             | 3650    |
| E.  | Other (List) .....  |    |             | 3736    |
|     |   |    | ( 40,204 )  | 3740    |
| 10. | Net Capital .....   | \$ | 309,799     | 3750    |

Line 6A; Nonallowable Assets

OMIT PENNIES

|                               |    |         |
|-------------------------------|----|---------|
| Commissions & fees receivable | \$ | 250,000 |
| Note receivable - shareholder |    | 52,000  |
| Property and equipment - net  |    | 214,210 |
| Other assets                  |    | 5,110   |
|                               |    | 5,110   |

Total \$ 521,320

There are no material modifications between the above audited computation of net capital and the Company's corresponding unaudited filing.

See Auditor's Report.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER Cabrera Capital Markets, Inc.

as of 12/31/04

### COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

**Part A**

|   |      |         |      |
|---|------|---------|------|
| 11. Minimum net capital required (6 2/3% of line 19) .....  | \$   | 34,954  | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) ..... | \$   | 250,000 | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) .....  | \$   | 250,000 | 3760 |
| 14. Excess net capital (line 10 less 13) .....  | \$   | 59,799  | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19) .....   | 3x\$ | 257,368 | 3780 |

### COMPUTATION OF AGGREGATE INDEBTEDNESS

|  |      |         |      |
|--|------|---------|------|
| 16. Total A.I. liabilities from Statement of Financial Condition .....   | \$   | 524,311 | 3790 |
| 17. Add:   |      |         |      |
| A. Drafts for immediate credit .....   | 3x\$ | 3800    |      |
| B. Market value of securities borrowed for which no equivalent value is paid or credited .....   | \$   | 3810    |      |
| C. Other unrecorded amounts (List) .....   | \$   | 3820    | 3830 |
| 18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii)) .....  | \$   |         | 3838 |
| 19. Total aggregate indebtedness .....   | \$   | 524,311 | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) .....   | %    | 169     | 3850 |
| 21. Percentage of aggregate indebtedness to net capital <i>after</i> anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 25) ..... | %    | 169     | 3853 |

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

There are no material modifications between the above audited computation of aggregate indebtedness and the Company's corresponding unaudited filing.

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

### OTHER RATIOS

**Part C**

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

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6 2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

See Auditor's Report.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER **Cabrera Capital Markets, Inc.**

as of 2/31/04

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

#### CREDIT BALANCES

|  |    |    |       |      |
|--|----|----|-------|------|
| 1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3) .....   | 46 | \$ | 4340  |      |
| 2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B) .....   |    |    | 4350  |      |
| 3. Monies payable against customers' securities loaned (see Note C) .....  |    |    | 4360  |      |
| 4. Customers' securities failed to receive (see Note D) .....  |    |    | 4370  |      |
| 5. Credit balances in firm accounts which are attributable to principal sales to customers .....   |    |    | 4380  |      |
| 6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days .....  |    |    | 4390  |      |
| 7. **Market value of short security count differences over 30 calendar days old .....  |    |    | 4400  |      |
| 8. **Market value of short securities and credits (not to be offset by logs or by debits) in all suspense accounts over 30 calendar days .....   | 47 |    | 4410  |      |
| 9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days ..... |    |    | 4420  |      |
| 10. Other (List) <u>Commission Recapture</u> .....   |    |    | 5,782 | 4425 |
| 11. TOTAL CREDITS .....  |    | \$ | 5,782 | 4430 |

#### DEBIT BALANCES

|   |    |    |      |      |
|---|----|----|------|------|
| 12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3 ..... | 48 | \$ | 4440 |      |
| 13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver .....  |    |    | 4450 |      |
| 14. Failed to deliver of customers' securities not older than 30 calendar days .....  |    |    | 4460 |      |
| 15. Margin required and on deposit with Options Clearing Corporation for all option contracts written or purchased in customer accounts (see Note F) .....                                      |    |    | 4465 |      |
| 16. Other (List) .....  | 48 |    | 4469 |      |
| 17. **Aggregate debit items .....   |    | \$ | -0-  | 4470 |
| 18. **Less 3% (for alternative method only—see Rule 15c3-1(f)(5)(i)) .....  |    |    | ( )  | 4471 |
| 19. **TOTAL 14c3-3 DEBITS .....   |    | \$ | -0-  | 4472 |

#### RESERVE COMPUTATION

|  |    |    |       |      |
|--|----|----|-------|------|
| 20. Excess of total debits over total credits (line 19 less line 11) .....   | 49 | \$ | 4480  |      |
| 21. Excess of total credits over total debits (line 11 less line 19) .....   |    |    | 5,782 | 4490 |
| 22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits .....   |    |    | 6,071 | 4500 |
| 23. Amount held on deposit in "Reserve Bank Account(s)," including value of qualified securities, at end of reporting period .....                       |    |    | 6,071 | 4510 |
| 24. Amount of deposit (or withdrawal) including<br>\$ <u>4515</u> value of qualified securities .....  |    |    | 4520  |      |
| 25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including<br>\$ <u>4525</u> value of qualified securities ..... |    | \$ | 6,071 | 4530 |
| 26. Date of deposit (MMDDYY) .....   |    |    | 4540  |      |

#### FREQUENCY OF COMPUTATION

27. Daily  4332 Weekly  4333 Monthly  4334

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

See Auditor's Report.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART II

BROKER OR DEALER Cabrera Capital Markets, Inc.

as of 12/31/04

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

#### EXEMPTIVE PROVISIONS

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

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

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

State the market valuation and number of items of:

|   |  |  |    |   |      |
|---|--|--|----|---|------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frame specified under Rule 15c3-3, Notes A and B ..... |  |  | \$ | -0-                                     | 4586 |
| A. Number of items .....  |  |  |    |   | 4587 |
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3, Notes B, C and D .....  |  |  | \$ | -0-                                     | 4588 |
| A. Number of items .....  |  |  |    |   | 4589 |
| OMIT PENNIES  |  |  |    |   |      |
| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 .....   |  |  |    | Yes <input checked="" type="checkbox"/> | 4584 |
|   |  |  |    | No                                      | 4585 |

#### NOTES

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

See Auditor's Report.

**BRADFORD R. DOOLEY & ASSOCIATES**  
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To the Board of Directors  
Cabrera Capital Markets, Inc.

In planning and performing my audit of the financial statement of Cabrera Capital Markets, Inc. for the year ended December 31, 2004, I considered its internal control, including control activities for safeguarding securities, in order to determine my 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), I have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Cabrera Capital Markets, Inc. that I 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 examination, 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 a system of internal accounting control 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 of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 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 any internal control structure 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 operations may deteriorate. My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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, I noted no matters involving the internal control, including control activities for safeguarding securities that I consider to be material weaknesses as defined above.

I 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 my study, I 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 use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. 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.

  
Certified Public Accountant

Chicago, Illinois  
February 25, 2005