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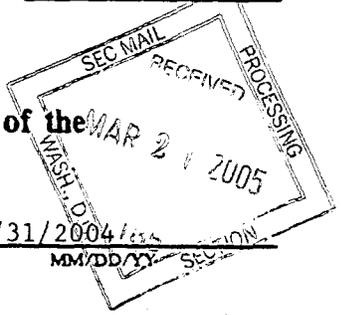
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**ANNUAL AUDITED REPORT  
 FORM X-17A-5  
 PART III**

SEC FILE NUMBER  
 33718  
 P-44303

**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 01/01/2004 AND ENDING 12/31/2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

JAMES HAROLD GOODE, JR.

OFFICIAL USE ONLY  
 FIRM ID. NO.

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

3008 LA VENTANA

(No. and Street)

SAN CLEMENTE, CA 92672

(City)

(State)

(Zip Code)

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

JAMES HAROLD GOODE, JR.

(949) 310 0462

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

CROUCH, RICHARD EDWARD

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

20532 EL TORO ROAD, SUITE 305, MISSION VIEJO, CA 92692

(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 04 2005  
 THOMSON FINANCIAL

FOR OFFICIAL USE ONLY

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

PS 3/31

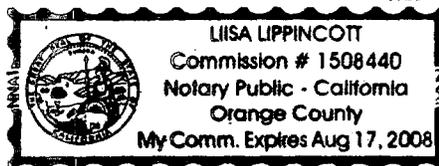
## OATH OR AFFIRMATION

I, JAMES H. GOODE, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JAMES HAROLD GOODE, JR., as of DECEMBER 31, 2004, 19    , 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*James H. Goode, Jr.*  
Signature  
Principal  
Title

*Lisa Lippincott*  
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 Proprietor's 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 15c3-1 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).

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

**JAMES HAROLD GOODE, JR.**

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3	EXHIBIT B STATEMENT OF INCOME AND OWNER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2004
4	EXHIBIT C STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2004
5	EXHIBIT D RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2004
6	SUMMARY OF ACCOUNTING POLICIES
7	NOTES TO FINANCIAL STATEMENTS
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9	SUPPLEMENTAL INFORMATION COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c-1
10	SUPPLEMENTAL INFORMATION RESERVE AND POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15c3-3

*Richard E. Crouch, Jr.*

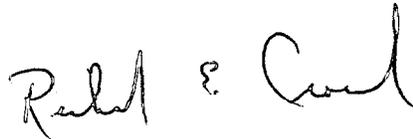
CERTIFIED PUBLIC ACCOUNTANT

20532 EL TORO ROAD, SUITE 305  
MISSION VIEJO, CALIFORNIA 92692  
TELEPHONE (949) 951-1789 • FAX (949) 916-1973

James H. Goode, Jr.  
3008 La Ventana  
San Clemente, CA 92672

We have examined the balance sheet of James H. Goode, Jr. as of December 31, 2004 and the related statements of income and owner's equity and of changes in cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of James H. Goode, Jr. at December 31, 2004 and the results of operations and the changes in their financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year.



RICHARD E. CROUCH, JR.  
Certified Public Accountant

Mission Viejo, California  
March 15, 2005

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

**JAMES HAROLD GOODE, JR.**

**BALANCE SHEET  
DECEMBER 31, 2004**

**ASSETS**

**Current Assets**

Cash in Bank \$ 130,466

Total Current Assets \$ 130,466

**Fixed Assets**

Automobiles \$2,000

Equipment 4,052

\$6,052

Less: Accumulated Depreciation (6,052) -0-

**TOTAL ASSETS \$ 130,466**

**LIABILITIES AND OWNER'S EQUITY**

**Current Liabilities**

Accounts Payable \$ 5,500

Total Current Liabilities \$ 5,500

**Owner's Equity**

Capital 124,966

**TOTAL LIABILITIES AND OWNER'S EQUITY \$ 130,466**

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

STATEMENT OF INCOME AND OWNER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2004

REVENUE

Gain on Underwriting/Selling \$7,086,007

OPERATING EXPENSES

Salaries & Employment Costs	\$ 476,614	
Commissions	6,488,713	
Professional Costs	1,095	
Rent	450	
Telephone	1,295	
Supplies	480	
Dues	250	
Publications	310	
Office Expense	876	
Accounting	1,095	
Sundry	150	(6,971,328)

NET INCOME \$ 114,679

OWNER'S EQUITY, JANUARY 1, 2004 59,293

Capital Withdrawals (49,006)

OWNER'S EQUITY, DECEMBER 31, 2004 \$ 124,966

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

**JAMES HAROLD GOODE, JR.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Cash Flows from Operating Activities:		
Cash received from customers	\$ 7,086,007	
Cash paid for occupancy expense	(600)	
Cash paid for communications	(1,295)	
Cash paid for overhead expense	(1,356)	
Cash paid for professional fees	(1,655)	
Cash paid for accounting	(1,095)	
Cash paid for commissions	(6,484,213)	
Cash paid for salaries	(476,614)	
Net Increase from Operating Activities		\$119,179
Cash Flows from Investing Activities		
Cash withdrawn by owner	(49,006)	
Net Decrease from Investing Activities		(49,006)
Net Increase in Cash and Cash Equivalents		\$ 70,173
Cash and Cash Equivalents, January 1, 2004		60,293
Cash and Cash Equivalents, December 31, 2004		\$ 130,466

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

**JAMES HAROLD GOODE, JR.**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**Reconciliation of Net Income to Net Cash Provided by Operating  
Activities:**

Net Income	\$ 668,876
Adjustments to reconcile net income to net cash provided by operating activities:	
Increase in Accounts Payable	1,000
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 669,876</b>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT**

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

SUMMARY OF ACCOUNTING POLICIES  
DECEMBER 31, 2004

1. Nature of Business and Basis of Accounting

The company is engaged primarily in dealing with Mutual Funds and private placements for individuals and has been from its inception in August, 1985.

2. Income Taxes and Investment Tax Credits

The company is included in the federal and state income tax returns filed by James Goode as a sole proprietorship. No specific income tax is allocated to the company because the tax is dependent upon his return taken as a whole, of which the company is only a part.

Investment tax credits attributable to the company are accounted for by the flow-through method which recognizes the credits as reductions of income tax expense in the year utilized.

3. Depreciation

Fixed assets are depreciated on a straight-line basis over the useful life of the asset for book purposes.

4. Fixed Assets

	COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Automobile	\$2,000	\$2,000	-0-
Equipment	4,052	4,052	-0-
	\$6,052	\$6,052	-0-

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

NOTE A - NET CAPITAL REQUIREMENTS

THE COMPANY, AS A REGISTERED BROKER-DEALER IN SECURITIES, IS SUBJECT TO THE SECURITIES AND EXCHANGE COMMISSION UNIFORM NET CAPITAL RULE (RULE 15c3-1). THIS RULE REQUIRES THE MAINTENANCE OF A CERTAIN MINIMUM NET CAPITAL, AS DEFINED, BUT NOT LESS THAN \$5,000, AND A RATIO OF AGGREGATE INDEBTEDNESS, AS DEFINED, TO NET CAPITAL NOT EXCEEDING 15 TO 1. AT DECEMBER 31, 2004 THE COMPANY'S NET CAPITAL AND REQUIRED NET CAPITAL WAS \$124,966 AND \$5,000 RESPECTIVELY, AND ITS RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL WAS APPROXIMATELY 1 TO 23.

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

THE BASIC FINANCIAL STATEMENTS OF JAMES HAROLD GOODE, JR. FOR THE YEAR ENDED DECEMBER 31, 2004 AND OUR REPORT THEREON, ARE PRESENTED IN THE PRECEDING SECTION OF THIS REPORT. OUR EXAMINATION WAS MADE PRIMARILY FOR THE PURPOSE OF FORMULATING AN OVERALL OPINION ON THOSE FINANCIAL STATEMENTS. THE SUPPLEMENTAL STATEMENTS PRESENTED HEREINAFTER, ALTHOUGH NOT CONSIDERED NECESSARY FOR A FAIR PRESENTATION OF FINANCIAL POSITION AND RESULTS OF OPERATIONS, ARE PRESENTED AS SUPPLEMENTARY INFORMATION AS REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION AND HAVE BEEN SUBJECTED TO THE AUDIT PROCEDURES APPLIED IN THE EXAMINATION OF THE BASIC FINANCIAL STATEMENTS. IN OUR OPINION, THE SUPPLEMENTAL INFORMATION IS FAIRLY STATED IN ALL MATERIAL RESPECTS IN RELATION TO THE BASIC FINANCIAL STATEMENTS TAKEN AS A WHOLE AND IN CONFORMITY WITH THE RULES OF THE SECURITIES AND EXCHANGE COMMISSION.

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

DECEMBER 31, 2004

Total Aggregate Indebtedness	\$ 5,500
Total Owner's Equity	\$124,966
Net Capital	\$124,966
Minimum dollar net capital requirement	5,000
Net Capital Surplus	\$119,966
Reconciliation pursuant to Rule 17a-5(d)4	
Net Capital as previously reported	\$ 80,307
Decrease (increase) in non-allowable assets as a result of audit adjustments	
Reduction in commission expense	44,659
Net Capital as Reported Herein	\$124,966
Aggregate indebtedness as previously reported	\$ 5,500
Aggregate indebtedness as reported herein	\$ 5,500

THE ACCOMPANYING NOTES ARE AN INTEGRAL  
PART OF THIS FINANCIAL STATEMENT

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

JAMES HAROLD GOODE, JR.

RESERVE AND POSSESSION OR CONTROL REQUIREMENTS  
PURSUANT TO RULE 15c3-3

DECEMBER 31, 2004

THE COMPANY IS EXEMPT FROM THE RESERVE AND POSSESSION  
OR CONTROL REQUIREMENT OF RULE 15c3-3 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934.

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

20532 EL TORO ROAD, SUITE 305  
MISSION VIEJO, CALIFORNIA 92692  
TELEPHONE (949) 951-1789 • FAX (949) 916-1973

Board of Directors  
James Harold Goode, Jr.

We have examined the financial statements of James Harold Goode, Jr. for the year ended December 31, 2004 and have issued our report thereon dated March 15, 2004. As part of our examination, we made a study and evaluation of the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards and Rule 17a-5 of the Securities and Exchange Commission. This study and evaluation included the accounting system, the practices and procedures followed by the Company (i) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and (ii) for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company (i) in making the quarterly securities examinations, counts, verifications and the recordation of differences required by Rule 17a-13 (ii) in complying with the requirements for prompt payment for securities of Section 4(c) of Regulation T of the Board of Governors of the Federal Reserve system; and (iii) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities. Rule 17a-5 states that the scope of the study and evaluation should be sufficient to provide reasonable assurance that any material weakness existing at the date of our examination would be disclosed. The purposes of our study and evaluation were to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Company's financial statements and to provide a basis for reporting material weaknesses in internal accounting control under Rule 17a-5. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of James Harold Goode, Jr. is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that

*Richard E. Crouch, Jr.*

CERTIFIED PUBLIC ACCOUNTANT

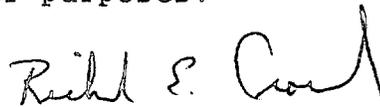
assets are safeguarded against loss from unauthorized use of disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of the inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection or any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purposes described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of James Harold Goode, Jr. taken as a whole, or on the practices and procedures described in the first paragraph. However, (i) no facts come to our attention that the conditions for exemption from Rule 15c3-3 had not been complied with during the period and (ii) our study and evaluation disclosed the following conditions that we believe results is more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial statements of James Harold Goode, Jr. may occur and not be detected within a timely period.

Effective internal control requires that the accounting system have checks and balances so that no transaction is handled in its entirety by a single individual. A limited number of personnel in your company precludes such control and, accordingly, until the growth of your company is sufficient to warrant the employment of additional personnel to effect the necessary segregation of duties and functions,, internal control will continue to be deficient in this respect. This condition was considered in determining the nature, timing and extent of audit tests applied in our examination of the December 31, 2004 financial statements and this report does no affect our report on these financial statements dated March 15, 2005.

This report is intended solely for the use of management, the Securities and Exchange Commission and other agencies which regulate the activities of securities brokers and dealers and should not be used for any other purposes.



RICHARD E. CROUCH, JR.  
Certified Public Accountant

Mission Viejo, California  
March 15, 2005