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

SEC FILE NUMBER
8- 42293

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 July 1, 2004 AND ENDING June 30, 2005 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Alamo Capital ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
26193
FIRM I.D. NO.

1777 Botelho Drive, Suite 375 (No. and Street) Walnut Creek, CA 94596-5041 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Nancy Mullally (925) 472-5700 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Cropper Accountancy Corporation (Name - if individual, state last, first, middle name) 2977 Ygnacio Valley Road, #460, Walnut Creek, CA 94598 (Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED SEP 14 2005 THOMSON FINANCIAL

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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)

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OATH OR AFFIRMATION

I, Nancy Mullally, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Alamo Capital, as of June 30, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Nancy Mullally
Signature
Chief Executive Officer
Title

Shannon Stone
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.

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

TO THE COMMISSIONER OF CORPORATION OF
THE STATE OF CALIFORNIA
VERIFICATION FORM PURSUANT TO
RULES 260.241.2(b) and 350.535(b)

(Executed Within the State of California)

I, Nancy A. Mullally certify under penalty of perjury, that I have read the foregoing and annexed financial report and supporting schedules and know the contents thereof; that the same are true and correct to my best knowledge and belief; and that neither the license nor any partner, officer, or director thereof have any proprietary interest in any account classified solely as that of a customer.

Executed this 25th day of August, 2005
at Walnut Creek, California.

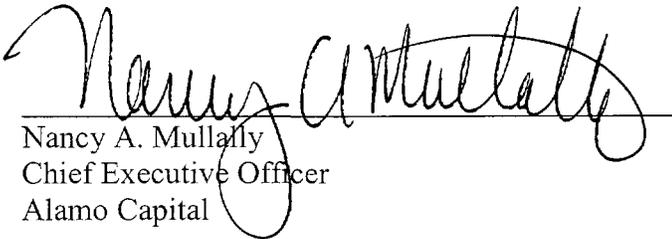

Nancy A. Mullally
Chief Executive Officer
Alamo Capital

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Cropper Accountancy Corporation

Certified Public Accountants

2977 Ygnacio Valley Road, #460
Walnut Creek, California 94598
Tel: (925) 932-3860
Fax: (925) 932-3862

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Alamo Capital
Walnut Creek, California

We have audited the accompanying statements of financial condition of Alamo Capital as of June 30, 2005 and 2004 and the related statements of operations, changes in stockholders' equity, changes in liabilities subordinated to claims of general creditors and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Alamo Capital as of June 30, 2005 and 2004 and the results of their operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, CA
August 25, 2005

ALAMO CAPITAL
 Statements of Financial Condition
 June 30, 2005 and 2004

ASSETS

	2005	2004
Cash	\$ 14,573	\$ 42,143
Accounts receivable		
Balance held by clearing broker - dealer	284,346	210,258
Other broker - dealer balances	103,390	60,365
Other accounts receivable	9,744	14,244
Secured demand note receivable	<u>100,000</u>	<u>100,000</u>
Total accounts receivable	<u>497,480</u>	<u>384,867</u>
Firm trading securities (all debt securities)		
Marketable, at market value	12,607,669	862,128
Deposits and prepaid expenses	13,138	10,450
Furniture, equipment and leasehold improvements, less accumulated depreciation and amortization of \$4,689 and \$3,349, respectively	<u>2,014</u>	<u>3,354</u>
	<u>\$ 13,134,874</u>	<u>\$ 1,302,942</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities		
Accounts payable and accrued expenses	\$ 112,778	\$ 122,968
Due to clearing broker - dealer for firm trading securities	<u>12,607,669</u>	<u>886,128</u>
	12,720,447	1,009,096
Liabilities subordinated to claims of general creditors	<u>279,000</u>	<u>279,000</u>
Total liabilities	<u>12,999,447</u>	<u>1,288,096</u>
Stockholders' equity		
Common stock of no par value, authorized 1,000,000 shares, issued 466,667 at June 30, 2005 and 2004	70,000	70,000
Preferred stock, Series A of \$100 par cumulative non-voting, issued 1750 shares and 750 shares at June 30, 2005 and 2004, respectively	175,000	75,000
Retained earnings (deficit)	<u>(109,573)</u>	<u>(130,154)</u>
Total stockholders' equity	<u>135,427</u>	<u>14,846</u>
Total liabilities and stockholders' equity	<u>\$ 13,134,874</u>	<u>\$ 1,302,942</u>

The accompanying notes are an integral part of these financial statements.

ALAMO CAPITAL
Statements of Operations
For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Trading revenue	\$ 917,874	\$ 1,017,332
Commissions	488,239	582,818
Other	<u>514,039</u>	<u>461,256</u>
Total revenues	<u>1,920,152</u>	<u>2,061,406</u>
Expenses		
Human resource expenses		
Compensation	706,115	759,327
Contract labor	164,504	169,718
Payroll taxes	55,514	59,546
Benefits and other	<u>81,543</u>	<u>60,472</u>
	<u>1,007,676</u>	<u>1,049,063</u>
Occupancy expenses		
Rent	129,916	132,149
Telephone	19,129	27,462
Office and other	<u>41,576</u>	<u>37,876</u>
	<u>190,621</u>	<u>197,487</u>
Systems and equipment expenses		
Equipment rental and information systems	161,953	186,456
Depreciation and amortization	1,340	1,340
Other	<u>13,721</u>	<u>12,242</u>
	<u>177,014</u>	<u>200,038</u>
Marketing and sales expenses		
Advertising and promotion	34,722	77,084
Other	<u>29,647</u>	<u>10,096</u>
	<u>64,369</u>	<u>87,180</u>
Other expenses		
Interest	190,540	162,124
Clearing charges	169,440	189,049
Other	<u>91,986</u>	<u>131,422</u>
	<u>451,966</u>	<u>482,595</u>
Total expenses	<u>1,891,646</u>	<u>2,016,363</u>
Income before income taxes	<u>28,506</u>	<u>45,043</u>
Income taxes, net of operating loss carryforwards:		
California income tax	<u>800</u>	<u>3,485</u>
Total income tax expense	<u>800</u>	<u>3,485</u>
Net income	<u>\$ 27,706</u>	<u>\$ 41,558</u>

The accompanying notes are an integral part of these financial statements.

ALAMO CAPITAL
 Statements of Changes in Stockholders' Equity
 For the Years Ended June 30, 2005 and 2004

	Common Stock		Preferred Stock		Retained Earnings (Deficit)	Total
	# Shares	Amount	# Shares	Amount		
Balances at June 30, 2003	<u>\$ 466,667</u>	<u>\$ 70,000</u>	<u>\$ 750</u>	<u>\$ 75,000</u>	<u>\$ (164,587)</u>	<u>\$ (19,587)</u>
Net income for the year	-	-	-	-	41,558	41,558
Dividends on cumulative non-voting preferred stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,125)</u>	<u>(7,125)</u>
Balances at June 30, 2004	466,667	70,000	750	75,000	(130,154)	14,846
Net income for the year	-	-	-	-	27,706	27,706
Dividends on cumulative non-voting preferred stock	-	-	-	-	(7,125)	(7,125)
Issuance of 1000 shares of preferred stock (June 2005)	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Balances at June 30, 2005	<u>\$ 466,667</u>	<u>\$ 70,000</u>	<u>\$ 1,750</u>	<u>\$ 175,000</u>	<u>\$ (109,573)</u>	<u>\$ 135,427</u>

The accompanying notes are an integral part of these financial statements.

ALAMO CAPITAL
Statements of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Years Ended June 30, 2005 and 2004

Balance at June 30, 2003	\$ 279,000
No change during year	<u> -</u>
Balance at June 30, 2004	279,000
No change during year	<u> -</u>
Balance at June 30, 2005	<u><u>\$ 279,000</u></u>

The accompanying notes are an integral part of these financial statements.

ALAMO CAPITAL
 Statements of Cash Flows
 For the Years Ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Net income	\$ 27,706	\$ 41,558
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,340	1,340
<i>(Increase) decrease in</i>		
Accounts receivable	(112,613)	(30,466)
Firm trading securities	(11,745,541)	(269,099)
Deposits	(2,688)	-
<i>Increase (decrease) in</i>		
Accounts payable and accrued expenses	(10,190)	20,735
Amount due to clearing broker on trading securities	<u>11,721,541</u>	<u>285,599</u>
Net cash provided by (used in) operating activities	<u>(120,445)</u>	<u>49,667</u>
 Cash flows from financing activities		
Preferred stock issued	100,000	-
Dividends paid on preferred stock	<u>(7,125)</u>	<u>(7,125)</u>
Net cash provided by (used in) financing activities	<u>92,875</u>	<u>(7,125)</u>
 Net increase (decrease) in cash	(27,570)	42,542
 Bank balance (overdraft) at beginning of year	<u>42,143</u>	<u>(399)</u>
 Cash balance at end of year	<u>\$ 14,573</u>	<u>\$ 42,143</u>
 <u>Supplementary cash flow information</u>		
California income tax paid	<u>\$ 3,488</u>	<u>\$ 800</u>
Interest paid	<u>\$ 190,540</u>	<u>\$ 162,124</u>

The accompanying notes are an integral part of these financial statements.

ALAMO CAPITAL
Notes to Financial Statements
June 30, 2005 and 2004

1. General Information and Summary of Significant Accounting Policies

The Company

Alamo Capital (the "Company") was incorporated August 28, 1987 and began business as a broker-dealer on June 7, 1990. The Company is registered as a broker and dealer in securities under the Securities Exchange Act of 1934. It transacts trades in stocks and bonds through brokers on a "fully-disclosed" basis and receives commissions thereon. In addition, commissions are earned on sales of mutual funds and other interests. The Company also trades in bonds realizing gains or losses on the difference between the cost and the ultimate sales price of the bonds.

Basis of accounting

The financial statements are prepared on the accrual basis of accounting wherein income is recognized as earned and expenses are recognized when incurred.

Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are recorded at cost. Depreciation and amortization are provided over the lesser of the estimated useful lives of the assets or the related lease term.

Securities transactions

Proprietary securities transactions in regular-way securities are recorded on a trade date basis. Customers' securities transactions are reported on a settlement date basis with related commissions income and expenses as applicable with adjustments recorded to a trade date basis.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management. All of the securities held at June 30, 2005 and 2004 were valued at market value.

Income taxes

The Company provides taxes on those due currently and those deferred to future periods as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

ALAMO CAPITAL
Notes to Financial Statements
June 30, 2005 and 2004

2. Income Taxes

The following is a summary of the income taxes for the years ending June 30, 2005 and 2004:

	<u>Year Ended</u> <u>June 30, 2005</u>		<u>Year Ended</u> <u>June 30, 2004</u>	
	State	Federal	State	Federal
Net income before taxes	\$ 28,506	\$ 28,506	\$ 45,043	\$ 45,503
Adjustments				
Net Muni interest	-	-	(2,887)	(2,887)
Non-deductible expenses	2,117	2,117	1,150	1,150
Deductible California Franchise tax-PY	-	(3,485)	-	(800)
Subtotal	30,623	27,138	43,306	42,506
Net operating loss carry forward	(50,741)	(134,788)	-	(177,293)
Taxable income	<u>(20,118)</u>	<u>(107,650)</u>	<u>43,306</u>	<u>(134,787)</u>
Income tax provision:				
Current year minimum				
/calculation	800	-	3,485	-
Income tax expense	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 3,485</u>	<u>\$ -</u>

At June 30, 2005 and 2004, the Company had \$107,650 and \$134,787, respectively, of net operating losses to carry forward to future periods for Federal income tax purposes.

The state of Washington does not have an income tax, but utilizes an excise tax on gross income. California had temporarily suspended net operating loss until the current year. \$22,902 is available to offset future California pre-tax income at June 30, 2005. Part of the \$30,623 state income was allocated to the State of Washington resulting in the California \$22,902 being available to carryforward.

3. Net Capital Requirement

As a registered broker and dealer in securities, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1).

The Company's ratio of aggregate indebtedness to net capital as defined in the Uniform Net Capital Rule was approximately 0.34 to 1 at June 30, 2005 and 0.65 to 1 at June 30, 2004. Aggregate indebtedness and net capital change from day to day. However, the ratio is not to exceed 15 to 1.

ALAMO CAPITAL
Notes to Financial Statements
June 30, 2005 and 2004

3. Net Capital Requirement (continued)

At June 30, 2005, the Company had net capital as defined of \$332,438 (\$226,104 at June 30, 2004) which is compared to the minimum requirement of \$100,000. However, it should be noted that in order to diminish the clerical effort of interim reporting, the Company must maintain a minimum net capital of 120% of the minimum requirement (\$120,000 at June 30, 2005 and 2004).

4. Exemption from Rule 15c3-3

The Company is exempt from certain provisions of Rule 15c3-3 since it places securities transactions on a "fully-disclosed" basis with clearing broker-dealers and carries no margin accounts, promptly transmits all customer funds, delivers all customer securities and will not otherwise hold funds or securities of customers.

5. Office Space and Equipment Rental

The Company leased and occupied new premises as of July 2001. The term of the lease expires June 30, 2008 and requires base monthly rents, which have scheduled rent increases based on square footage and increases in building operating costs. Rent expense in fiscal years ended June 30, 2005 and 2004 was \$129,916 and \$132,149, respectively. These costs included certain variable costs which are added to the base rent as provided. The following base rents are due under the lease. Differences between committed rent and actual includes fees for parking and similar amounts.

<u>Year Ended June 30:</u>	<u>Base Annual Rents</u>
2006	\$119,190
2007	\$121,574
2008	\$123,958

The Company also rents equipment on a month to month basis at various amounts from a party related to the principal stockholder. Rents paid to this party were \$31,492 and \$43,168 in 2005 and 2004, respectively.

ALAMO CAPITAL
Notes to Financial Statements
June 30, 2005 and 2004

6. Liabilities Subordinated to Claims of General Creditors

Notes payable which are subordinated to claims of general creditors were as follows at June 30, 2005 and 2004, respectively:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>2005 and 2004</u>	<u>Due to</u>
April 30, 2007	10.00%	\$ 20,000	Stockholder
May 31, 2007	10.00%	35,000	Stockholder
June 30, 2007	10.00%	24,000	Stockholder
March 31, 2008	6.25%	100,000	Unrelated party
January 31, 2009	11.00%	<u>100,000</u>	Stockholder
		<u>\$279,000</u>	

Prior written approval by the National Association of Securities Dealers, Inc. is required before any repayment of a subordinated debt. Such approval is contingent on the Company meeting the net capital requirements. (See Note 3).

7. Investments

Investments are stated at market and are generally traded within a month of purchase. At June 30, 2005 and 2004, securities held totaled \$12,607,669 and \$862,128, respectively. These investments were as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
U.S. Treasury Bills	\$ 11,987,640	-
FNMA Bonds	148,641	-
Municipal Bonds	<u>471,388</u>	<u>862,128</u>
	<u>\$ 12,607,669</u>	<u>\$ 862,128</u>

ALAMO CAPITAL
Schedule 1 - Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
June 30, 2005

Stockholders' equity		\$ 135,427	
Liabilities subordinated to claims of general creditors		279,000	
		<u>414,427</u>	
Non-allowable assets and charges against net capital			
Prepaid expenses and deposits		13,138	
Other accounts receivable		9,744	
Equipment, net of depreciation		2,014	
Haircut on firm trading inventory		29,990	
Broker-dealer balances aged		2,093	
Firm trading inventory - not readily marketable		<u>25,010</u>	
		<u>81,989</u>	
Net capital, as defined		332,438	(A)
Minimum requirement of net capital (\$100,000 or 1/5 of aggregate indebtedness)		<u>100,000</u>	
Excess of net capital over requirement		<u>\$ 232,438</u>	
Aggregate indebtedness			
Total liabilities	\$ 12,999,447		
Less: subordinated capital	(279,000)		
Due to clearing broker-secured by firm trading securities	<u>(12,607,669)</u>		
		<u>\$ 112,778</u>	(B)
Ratio of aggregate indebtedness to net capital (B/A)		<u>0.34 to 1</u>	

Reconciliation of computation of net capital from FOCUS Part II (A) as submitted by Company to audited amounts.

	<u>Net Capital</u>	<u>Aggregate Indebtedness</u>	<u>Ratio</u>
Amounts submitted by Company	\$ 337,125	\$ 119,618	0.35 to 1
Offset amount due to against due from clearing broker	-	(17,481)	
Increase in accounts payable	(10,641)	10,641	
Increase in cash balance	<u>5,954</u>	<u>-</u>	
Amounts reflected above	<u>\$ 332,438</u>	<u>\$ 112,778</u>	<u>0.34 to 1</u>

Cropper Accountancy Corporation

Certified Public Accountants

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Walnut Creek, California 94598
Tel: (925) 932-3860
Fax: (925) 932-3862

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE REQUIRED BY SEC RULE 17A-5

To the Board of Directors
Alamo Capital
Walnut Creek, California

In planning and performing our audit of the financial statements and supplementary schedule of Alamo Capital, for the year ended June 30, 2005, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities 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 periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exceptive 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

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities 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 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the 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 our study, we believe that the Company's practices and procedures were adequate at June 30, 2005 to meet the commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission and other regulatory bodies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended for and should not be used for any other purpose.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

August 25, 2005