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SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
 FORM X-17A-5
 PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
 Securities and Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 10/01/2004 AND ENDING 9/30/2005
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

Capstone Asset Planning Company

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

5847 San Felipe, Suite 4100

(No. and Street)

Houston

(City)

TX

(State)

77057

(Zip Code)

OFFICIAL USE ONLY
 FIRM ID NO.

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

Richard Nunn, Vice-President

(713) 260-9000

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Briggs, Bunting & Dougherty, LLP

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

Two Penn Center Plaza, Suite 820

(Address)

Philadelphia

(City)

PA

(State)

19102-1732

(Zip Code)

CHECK ONE:

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

PROCESSED
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 FINANCIAL

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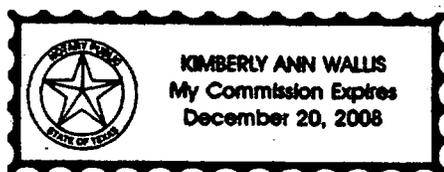
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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.

1/27/05

OATH OR AFFIRMATION

I, Richard Nunn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Capstone Asset Planning Company, as of September 30, 20 05, 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:



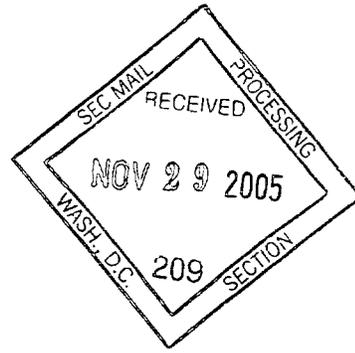
Richard Nunn
Signature
Senior Vice-President / ^{Chief} Compliance Officer
Title

Kimberly A. Wallis
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 Cash Flows.
- (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).



CAPSTONE ASSET PLANNING COMPANY

ANNUAL AUDITED REPORT

FORM X-17A-5

SEPTEMBER 30, 2005

**BRIGGS
BUNTING &
DOUGHERTY, LLP**

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITOR'S REPORT

**Board of Directors and Stockholders
Capstone Asset Planning Company
Houston, Texas**

We have audited the accompanying statement of financial condition of Capstone Asset Planning Company as of September 30, 2005, and the related statements of income, changes in ownership equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capstone Asset Planning Company as of September 30, 2005, and the results of its operations and its cash flows for the year 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 Pages 3, 4 and 7 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 under the Securities Exchange Act of 1934. 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.

Briggs, Bunting & Dougherty, LLP

**Philadelphia, Pennsylvania
October 20, 2005**

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER Capstone Asset Planning Company	N 3			100
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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) <u>9/30/2005</u>	99
SEC FILE NO. <u>8-30944</u>	98
Consolidated <input type="checkbox"/>	198
Unconsolidated <input checked="" type="checkbox"/>	199

ASSETS

Allowable

Non-Allowable

Total

1. Cash.....	\$ 142,984	200		\$ 142,984	750
2. Receivables from brokers or dealers:					
A. Clearance account.....		295			
B. Other		300	\$ 25,637	25,637	810
3. Receivables from non-customers		355			830
4. Securities and spot commodities owned, at market value:					
A. Exempted securities.....		418			
B. Debt securities		419			
C. Options.....		420			
D. Other securities		424			
E. Spot commodities		430			850
5. Securities and/or other investments not readily marketable:					
A. At cost ² \$					
B. At estimated fair value		440		610	860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:		460		630	880
A. Exempted securities \$					
B. Other securities \$					
7. Secured demand notes		470		640	890
market value of collateral:					
A. Exempted securities \$					
B. Other securities \$					
8. Memberships in exchanges:					
A. Owned, at market \$					
B. Owned, at cost				650	
C. Contributed for use of the company, at market value.....			6	660	900
9. Investments in and receivables from affiliates, subsidiaries and associates partnerships	5,330	480		670	5,330 910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490		680	920
11. Other assets		535	917	735	917 930
12. TOTAL ASSETS	5 \$ 148,314	540	\$ 26,554	740	\$ 174,868 940

OMIT PENNIES

See accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Capstone Asset Planning Company

as of 9/30/05

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255 ¹³	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115 ¹⁰	1305	1540
15. Payable to non-customers	1155	1355	1610
16. Securities sold not yet purchased, at market value		1360	1620
17. Accounts payable, accrued liabilities, expenses and other	9,868 1205	1385	9,868 1685
18. Notes and mortgages payable:			
A: Unsecured	1210		1690
B: Secured	1211 ¹²	1390 ¹⁴	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings		1400	1710
1. from outsiders \$			
2. Includes equity subordination (15c3-1(d)) of..... \$			
B. Securities borrowings, at market value		1410	1720
from outsiders \$			
C. Pursuant to secured demand note collateral agreements		1420	1730
1. from outsiders \$			
2. Includes equity subordination (15c3-1(d)) of..... \$			
D. Exchange memberships contributed for use of company, at market value		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	1750
20. TOTAL LIABILITIES	\$ 9,868 1230	\$ 1450	\$ 9,868 1760

Ownership Equity

21. Sole proprietorship		15	\$ 1770
22. Partnership (limited partners	11	1020	1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock			25,000 1792
C. Additional paid-in capital			110,000 1793
D. Retained earnings			30,000 1794
E. Total			165,000 1795
F. Less capital stock in treasury		16	1796
24. TOTAL OWNERSHIP EQUITY			\$ 165,000 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY			\$ 174,868 1810

OMIT PENNIES

See accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER **Capstone Asset Planning Company**

as of 9/30/05

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition	\$ 165,000	3480
2.	Deduct ownership equity not allowable for Net Capital	()	3490
3.	Total ownership equity qualified for Net Capital	165,000	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)		3525
5.	Total capital and allowable subordinated liabilities	\$	3530
6.	Deductions and/or charges:		
	A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$	26,554	3540
	B. Secured demand note deficiency		3590
	C. Commodity futures contracts and spot commodities- proprietary capital charges		3600
	D. Other deductions and/or charges		3610
		(26,554)	3620
7.	Other additions and/or allowable credits (List)	138,446	3630
8.	Net capital before haircuts on securities positions	\$	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. Exempted securities		3735
	2. Debt securities		3733
	3. Options		3730
	4. Other securities		3734
	D. Undue Concentration		3650
	E. Other (List)		3736
		()	3740
10.	Net Capital	\$ 138,446	3750

OMIT PENNIES

There were no differences between the audited net capital and the Company's computation of net capital as filed.

See accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER **Capstone Asset Planning Company**

as of 9/30/05

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19).....	\$ 657	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).....	\$ 25,000	3758
13. Net capital requirement (greater of line 11 or 12).....	\$ 25,000	3760
14. Excess net capital (line 10 less 13).....	\$ 113,446	3770
15. Excess net capital at 100% (line 10 less 10% of line 19).....	\$ 137,459	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.1. liabilities from Statement of Financial Condition.....	\$ 9,868	3790
17. Add:		
A. Drafts for immediate credit.....	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited.....	\$ 3810	
C. Other unrecorded amounts (List).....	\$ 3820	3838
19. Total aggregate indebtedness.....	\$ 9,868	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10).....	%	7
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d).....	%	N/A

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits.....	\$	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. Net capital in excess of: 5% of combined aggregate debit items or \$120,000.....	\$	3920

OMIT PENNIES

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 note 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 accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Capstone Asset Planning Company

For the period (MMDDYY) from [▼] 10/01/2004 **3932** to 9/30/2005 **3933**
Number of months included in this statement 12 **3931**

COMPUTATION OF NET INCOME (LOSS)

REVENUE

1.	Commissions:		
	a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	3935
	b. Commissions on listed option transactions	25	3938
	c. All other securities commissions		3939
	d. Total securities commissions		3940
2.	Gains or losses on firm securities trading accounts		
	a. From market making in options on a national securities exchange		3945
	b. From all other trading		3949
	c. Total gain (loss)		3950
3.	Gains or losses on firm securities investment accounts	▼	3952
4.	Profit (loss) from underwriting and selling groups	26	3955
5.	Revenue from sale of investment company shares	210,498	3970
6.	Commodities revenue		3990
7.	Fees for account supervision, investment advisory and administrative services		3975
8.	Other revenue		3995
9.	Total revenue		4030

EXPENSES

10.	Salaries and other employment costs for general partners and voting stockholder officers		
		\$	4120
11.	Other employee compensation and benefits	27	4115
12.	Commissions paid to other broker-dealers	9,937	4140
13.	Interest expense		4075
	a. Includes interest on accounts subject to subordination agreements	4070	
14.	Regulatory fees and expenses	26,499	4195
15.	Other expenses	174,062	4100
16.	Total expenses	\$ 210,498	4200

NET INCOME

17.	Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)		
		\$ 0	4210
18.	Provision for Federal income taxes (for parent only)	28	4220
19.	Equity in earnings (losses) of unconsolidated subsidiaries not included above		4222
	a. After Federal income taxes of	4238	
20.	Extraordinary gains (losses)		4224
	a. After Federal income taxes of	4239	
21.	Cumulative effect of changes in accounting principles		4225
22.	Net income (loss) after Federal income taxes and extraordinary items	\$ 0	4230

MONTHLY INCOME

23.	Income (current month only) before provision for Federal income taxes and extraordinary items		
		\$ 0	4211

See accompanying notes

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER Capstone Asset Planning Company

For the period (MMDDYY) from 10/01/2004 to 9/30/2005

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	165,000		4240
A. Net income (loss)		0		4250
B. Additions (includes non-conforming capital of 29			4262	4260
C. After Federal income taxes of			4272	4270
2. Balance, end of period (From item 1800)	\$	165,000		4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$			4300
A. Increases				4310
B. Decreases				4320
4. Balance, end of period (From item 3520)	\$			4330

OMIT PENNIES

See accompanying notes

CAPSTONE ASSET PLANNING COMPANY

STATEMENT OF CASH FLOWS

Year ended September 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ -
Adjustments to reconcile net income to net cash used for operating activities	
(Increase) decrease in	
Commissions receivable	(424)
Due from affiliate and parent	(5,330)
Other	(1)
Increase (decrease) in	
Commissions payable and accrued expenses	610
Due to affiliate and parent	<u>(84,456)</u>
Net cash used for operating activities	(89,601)
CASH	
Beginning of year	<u>232,585</u>
End of year	<u>\$142,984</u>

See accompanying notes

CAPSTONE ASSET PLANNING COMPANY

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

(1) SIGNIFICANT ACCOUNTING POLICIES

Organization

Capstone Asset Planning Company (the "**Company**"), a wholly-owned subsidiary of Capstone Financial Services, Inc. ("**CFS**"), primarily serves as the Distributor for Capstone-sponsored investment companies.

Accounting Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash balances with financial institutions which maintain high credit ratings. Generally, cash balances exceed the FDIC insurance limit.

The Company is engaged in various trading activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument.

Revenue Recognition

Commissions relating to 12b-1 plans are recorded on an accrual basis.

The Company is reimbursed for certain expenses incurred in distributing the shares of sponsored investment companies.

Income Taxes

The Company provides for income taxes in accordance with the provisions of Financial Accounting Standards Board Statement No. 109, "**Accounting for Income Taxes**". This statement requires an asset and liability approach for financial accounting and reporting for income taxes.

The Company's taxable income and deductions are included in the consolidated federal return filed by CFS. Pursuant to a tax allocation agreement with CFS, the Company calculates its federal income tax liability as if it filed a separate company tax return.

(2) DISTRIBUTION FEES

The Company is the Distributor of the shares of Capstone Series Fund, Inc. and the Steward Funds, Inc. under distribution plans pursuant to Rule 12b-1 of the Investment Company Act of 1940. Under the plans, the Company is reimbursed for distribution and marketing costs incurred in the distribution of the Funds' shares at various rates ranging from .05% to a maximum of .25% of the respective Fund's average daily net assets. A portion of the distribution fees is re-allowed to dealers responsible for the sales of the shares. In the event that each of the Fund's distribution costs, in any quarter, exceed the limits of the payments to the Company, the Company may seek payment of such excess in the succeeding year if the plan limits for the succeeding year have not been reached.

CAPSTONE ASSET PLANNING COMPANY

NOTES TO FINANCIAL STATEMENTS

September 30, 2005

(3) RELATED PARTY TRANSACTIONS

CFS was reimbursed \$161,008 in 2005 for certain costs of the 12b-1 plans which it paid. The Company had a receivable from CFS of \$5,330 at September 30, 2005.

The Company received distribution fees from affiliated funds described in Note 2 of \$130,012 for the year ended September 30, 2005. These distribution fees were 62% of total income for the year ended September 30, 2005.

(4) NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined, equal to the greater of \$25,000 or 6-2/3% of aggregate indebtedness. Net capital and the related net capital ratio may fluctuate on a daily basis. At September 30, 2005, the Company had net capital of \$138,446. Net capital requirements were \$25,000 and the ratio of aggregate indebtedness to net capital was 7%. These net capital requirements may effectively restrict the Company's ability to make distributions to CFS.

**BRIGGS
BUNTING &
DOUGHERTY, LLP**

Certified Public Accountants and Business Advisors

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5**

**Board of Directors
Capstone Asset Planning Company
Houston, Texas**

In planning and performing our audit of the financial statements and supplemental schedules of Capstone Asset Planning Company (the "**Company**"), for the year ended September 30, 2005, we considered its internal control, including control activities 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 internal control.

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 the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the 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 internal control 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 controls 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 SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance 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 internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second 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 our study, we believe that the Company's practices and procedures were adequate at September 30, 2005, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC 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 should not be used by anyone other than these specified parties.

Briggs, Bunting & Dougherty, LLP

Philadelphia, Pennsylvania
October 20, 2005