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SECURITIES AND EXCHANGE COMMISSION  
06003760  
Washington, D.C. 20549

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SECURITY PROCESSING  
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SECTION

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

SEC FILE NUMBER  
8- 49078

**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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: American Equity Investment Corporation

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
4222 Grant Line Road

New Albany (No. and Street) Indiana 47150  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Melhisier Endres Tucker CPA's P.C.

301 E. Elm (Name - if individual, state last, first, middle name) New Albany IN 47150  
(Address) (City) (State) (Zip Code)

**CHECK ONE:**

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

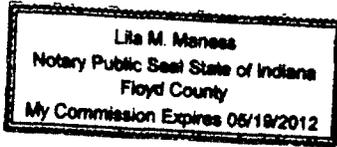
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THOMSON  
FINANCIAL

**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)

OATH OR AFFIRMATION

I, Timothy E. Peoples, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Equity Investment Corporation, as of December 31, 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:



Timothy E. Peoples
Signature

President

Title

Lia M. Maness
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).

*Audited Financial Statements*

*American Equity Investment  
Corporation*

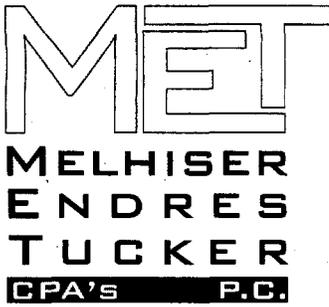
*December 31, 2005 and 2004*

**AMERICAN EQUITY INVESTMENT CORPORATION**

December 31, 2005 and 2004

CONTENTS

<u>Title</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT .....	3
STATEMENTS OF FINANCIAL CONDITION .....	4-5
STATEMENTS OF CHANGES IN RETAINED EARNINGS .....	6
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME.....	7
STATEMENTS OF CASH FLOWS .....	8
NOTES TO FINANCIAL STATEMENTS .....	9-10
ADDITIONAL INFORMATION	
SCHEDULE I - COMPUTATIONS OF NET CAPITAL .....	11
SCHEDULE II - COMPUTATIONS OF BASIC NET CAPITAL REQUIREMENT .....	12
SCHEDULE III - COMPUTATIONS OF AGGREGATE INDEBTEDNESS .....	13
SCHEDULE IV - STATEMENTS OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS ..	14
SCHEDULE V - RECONCILIATION OF AUDITED AND UNAUDITED NET CAPITAL .....	15
REPORT ON MATERIAL INADEQUACIES .....	16



INDEPENDENT AUDITOR'S REPORT

NORMAN L. MELHISER, CPA  
TOM R. TUCKER, CPA  
JOSEPH L. BROWN, CPA  
MARC J. MCCORMICK, CPA  
DOUGLAS A. YORK, CPA  
TERRY L. GRAHAM, CPA  
W. ISSAC ORWICK, CPA  
ANITA M. ASHER, CPA  
RICHARD N. ROBINSON, CPA  
JUAN R. RODRIGUEZ, CPA  
EDWARD D. ENDRES, CPA  
(1943 - 1997)

WWW.METCPA.COM

February 14, 2006

Board of Directors  
**AMERICAN EQUITY INVESTMENT CORPORATION**  
4222 Grant Line Road  
New Albany, Indiana 47150

We have audited the accompanying statements of financial condition of **AMERICAN EQUITY INVESTMENT CORPORATION** as of December 31, 2005 and 2004, and the related statements of income and comprehensive income, changes in retained earnings, 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 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 **AMERICAN EQUITY INVESTMENT CORPORATION** as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, III, IV, V, and VI 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.

*MELHISER ENDRES TUCKER*

*Melhiser Endres Tucker*

# AMERICAN EQUITY INVESTMENT CORPORATION

## STATEMENTS OF FINANCIAL CONDITION

### ASSETS

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Cash	\$ 46,648	\$ 34,565
Commissions Receivable	26,294	4,252
Agent Receivables	947	1,059
Prepaid Insurance	969	1,025
Prepaid CRD Account	355	260
Marketable Securities	10,554	3,027
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 85,767</u>	<u>\$ 44,188</u>

See Notes to Financial Statements.

AMERICAN EQUITY INVESTMENT CORPORATION

STATEMENTS OF FINANCIAL CONDITION

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
LIABILITIES		
Accounts Payable	\$ 17,286	\$ 4,915
Accrued and Withheld Payroll Taxes	1,563	2,197
	<hr/>	<hr/>
TOTAL LIABILITIES	18,849	7,112
STOCKHOLDER'S EQUITY		
Common Stock, No Par Value, 1,000 Shares Authorized 100 Shares Issued & Outstanding	11,000	11,000
Retained Earnings	48,391	26,076
Accumulated other comprehensive income	7,527	0
	<hr/>	<hr/>
TOTAL STOCKHOLDER'S EQUITY	66,918	37,076
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 85,767</u>	<u>\$ 44,188</u>

See Notes to Financial Statements.

AMERICAN EQUITY INVESTMENT CORPORATION

STATEMENTS OF CHANGES IN RETAINED EARNINGS

For the Years Ended December 31, 2005 and 2004

	<u>Retained Earnings</u>
BALANCE - December 31, 2003	\$ 20,139
Net Income - 2004	5,937
	<hr/>
BALANCE - December 31, 2004	26,076
Net Income - 2005	26,315
Distribution to Stockholder - 2005	(4,000)
	<hr/>
BALANCE - December 31, 2005	<u>\$ 48,391</u>

See Notes to Financial Statements.

**AMERICAN EQUITY INVESTMENT CORPORATION**

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Year Ended

December 31,

2005

2004

Revenues

Commissions	\$ 245,333	\$ 172,308
Dividend Income	0	192
Interest	320	117
Administrative Fees	<u>1,800</u>	<u>1,800</u>
<b>TOTAL REVENUE</b>	<b>247,453</b>	<b>174,417</b>

Expenses

Commissions	172,480	120,617
Licensing Fees	1,012	0
Office Supplies	2,826	1,756
Postage	411	511
Professional Services	2,100	2,000
Insurance	1,135	906
Salaries	28,387	30,324
Payroll Taxes	2,405	2,556
Due and Subscriptions	283	15
Rent	7,081	6,738
Telephone Expense	1,549	1,187
Miscellaneous	721	966
Membership Assessment	522	297
Penalties	0	300
Conference Expense	0	100
Printing & Reproduction	<u>226</u>	<u>207</u>
<b>TOTAL EXPENSES</b>	<b><u>221,138</u></b>	<b><u>168,480</u></b>

NET INCOME	26,315	5,937
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OTHER COMPREHENSIVE INCOME

Unrealized gains (losses) on securities:

Unrealized holding gains (losses)  
arising during the period

	<u>7,527</u>	<u>0</u>
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COMPREHENSIVE INCOME

	<u>\$ 33,842</u>	<u>\$ 5,937</u>
--	------------------	-----------------

See Notes to Financial Statements.

# AMERICAN EQUITY INVESTMENT CORPORATION

## STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2005	2004
Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 225,091	\$ 173,714
Cash Paid for Services and Supplies	(209,328)	(168,264)
Interest Received	320	117
Dividends Received	<u>0</u>	<u>192</u>
Net Cash Provided by Operating Activities	16,083	5,759
Cash Flows from Financing Activities:		
Distributions to Stockholder	<u>(4,000)</u>	<u>0</u>
Net Cash Provided (Used) by Financing Activities	(4,000)	0
Net Increase in Cash and Cash Equivalents	12,083	5,759
Cash and Cash Equivalents - Beginning of Year	<u>34,565</u>	<u>28,806</u>
Cash and Cash Equivalents - End of Year	<u>\$ 46,648</u>	<u>\$ 34,565</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 26,315	\$ 5,937
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Decrease (Increase) in Commissions Receivable	(22,042)	(394)
Increase (Decrease) in Accounts Payable	12,371	(36)
(Increase) Decrease in Prepaid Insurance	56	(311)
(Increase) Decrease in Agent Receivables	112	(248)
(Increase) Decrease in Prepaid CRD Account	(95)	(30)
Increase (Decrease) in Accrued and Withheld Payroll Taxes	<u>(634)</u>	<u>841</u>
Net Cash Provided by Operating Activities	<u>\$ 16,083</u>	<u>\$ 5,759</u>

See Notes to Financial Statements.

# AMERICAN EQUITY INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE A - NATURE OF OPERATIONS

The Company is a licensed broker/dealer limited to mutual funds and variable insurance products. The Company is licensed in the States of Indiana and Kentucky. The Company's office is located in New Albany, Indiana.

### NOTE B - ACCOUNTING POLICIES

#### Basis of Accounting

The Company uses the accrual basis of accounting.

#### Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

#### Income Tax Status

The Company, with the consent of its stockholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

#### Allowance for Doubtful Accounts

The Company has determined that no allowance for doubtful accounts is required.

#### Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Investments

All marketable securities are classified as "available for sale." Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

### NOTE C - RESTRICTED CASH

The Company is required to maintain \$ 6,000 of cash as capital. The Company has a Money Market account to meet this requirement.

# AMERICAN EQUITY INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE D - MARKETABLE SECURITIES - AVAILABLE-FOR-SALE

The Company has 300 shares at \$ 35.18 a share of NASD Stock.

Available-for-sale securities are carried in the financial statements at fair value. Net unrealized holding gains on available-for-sale securities in the amount of \$ 7,527 and \$ 0 for the years ended December 31, 2005 and 2004, respectively, have been included in accumulated other comprehensive income.

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Market Value of Common Equity Securities	\$ 10,554	\$ 3,027
Cost	<u>3,027</u>	<u>3,027</u>
Unrealized Gain	<u>\$ 7,527</u>	<u>\$ 0</u>

### NOTE E - RELATED PARTIES

The Company paid rent to the shareholder of the Company in the amount of \$ 7,081 and \$ 6,738 for 2005 and 2004, respectively. The Company also paid the shareholder commissions of \$ 8,208 for 2005 and \$ 7,057 for 2004.

**AMERICAN EQUITY INVESTMENT CORPORATION**

SCHEDULE I

COMPUTATIONS OF NET CAPITAL

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Total Ownership Equity from Statement of Financial Condition	<u>\$ 66,918</u>	<u>\$ 37,076</u>
Non-Allowable Assets:		
Agent Receivable	(947)	(1,059)
Prepaid Insurance	(969)	(1,025)
Prepaid CRD Account	(355)	(260)
Marketable Securities	<u>(10,554)</u>	<u>(3,027)</u>
Total Ownership Equity Qualified for Net Capital	<u>54,093</u>	<u>31,705</u>
Total Capital and Allowable Subordinated Liabilities	<u>54,093</u>	<u>31,705</u>
Net Capital Before Haircuts on Securities Positions	<u>54,093</u>	<u>31,705</u>
Net Capital	<u>\$ 54,093</u>	<u>\$ 31,705</u>

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE II

COMPUTATIONS OF BASIC NET CAPITAL REQUIREMENT

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Minimum Dollar Net Capital Requirement of Reporting Broker or Dealer and Minimum Net Capital Requirement	\$ <u>5,000</u>	\$ <u>5,000</u>
Net Capital Required	<u>5,000</u>	<u>5,000</u>
Excess Net Capital	\$ <u>49,093</u>	\$ <u>26,705</u>

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE III

COMPUTATIONS OF AGGREGATE INDEBTEDNESS

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Total Liabilities from Statement of Financial Condition	\$ <u>18,849</u>	\$ <u>7,112</u>
Total Aggregate Indebtedness	<u>18,849</u>	<u>7,112</u>
Percentage of Aggregate Indebtedness to Net Capital	35%	22%
Percentage of Debt to Debt-Equity Total Computed in Accordance with Rule 15c3-1(d)	35%	22%

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE IV

STATEMENTS OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

	<u>December 31,</u>	
	<u>2005</u>	<u>2004</u>
Balance, Beginning of Period	\$ <u>0</u>	\$ <u>0</u>
Balance, End of Period	\$ <u>0</u>	\$ <u>0</u>

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE V

RECONCILIATION OF AUDITED AND UNAUDITED NET CAPITAL

Capital (Unaudited) December 31, 2005	\$ 64,001
Reduction of Accounts Payable & Accrued Liabilities	3,085
Reduction of Prepaid Assets	(168)
	<hr/>
Capital (Audited) December 31, 2005	<u>\$ 66,918</u>
Non-Allowable Assets:	
Agent Receivable	(947)
Prepaid Insurance	(969)
Prepaid CRD Account	(355)
Marketable Securities	<u>(10,554)</u>
Net Capital	<u>\$ 54,093</u>

**AMERICAN EQUITY INVESTMENT CORPORATION**

Report on Material Inadequacies

Board of Directors

**AMERICAN EQUITY INVESTMENT CORPORATION**

4222 Grant Line Road

New Albany, Indiana 47150

We have audited the financial statements of **American Equity Investment Corporation** as of and for the year ended December 31, 2005, and have issued our report thereon dated February 14, 2006. During our audit we did not find any material inadequacies.

*MELHISER ENDRES TUCKER*

*Melhiser Endres Tucker*