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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 Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER

8478628-51770

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: JPC Capital Partners, Inc.

OFFICIAL USE ONLY

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

FIRM ID. NO.

555 North Point Center East - 4th Floor

(No. and Street)

Alpharetta

Georgia

30022

(City)

(State)

(Zip Code)

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

Jimmie N. Carter

(678)366-4707

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Sherb & Co., LLP

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

1900 NW Corporate Blvd. Suite 210

Boca Raton

Florida

33431

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

JUL 10 2006

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).

SEC 1410 (3-91)


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OATH OR AFFIRMATION

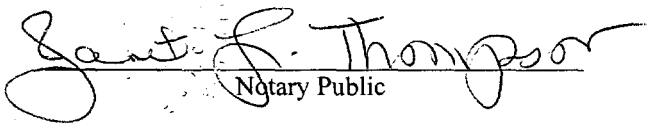
I, Jimmie N. Carter, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of **JPC Capital Partners, Inc.**, as of **December 31, 2005** are true and correct. I further swear (or affirm) that neither the company 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:

None +



Signature
Jimmie N. Carter
Executive Vice President & Chief Financial Officer

Notary Public, Cherokee County, GA
My Commission Expires March 12, 2009



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 SICP 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).

JPC Capital Partners, Inc.

Financial Statements

Year Ended December 31, 2005

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Offices in New York and Florida

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors and Stockholders
JPC Capital Partners, Inc.

We have audited the accompanying statement of financial condition of JPC Capital Partners, Inc. as of December 31, 2005 and the related statements of operations, changes in shareholders' 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. 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 JPC Capital Partners, Inc as of December 31, 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.

The accompanying financial statements have been prepared assuming that JPC Capital Partners, Inc. will continue as a going concern. As more fully described in Note 1, the Company has incurred recurring operating losses and will have to obtain additional capital to sustain operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments to reflect the possible effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in 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 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.

Boca Raton, Florida
February 24, 2006

Sherb & Co., LLP
Certified Public Accountants

JPC Capital Partners, Inc.
Statement of Financial Condition
December 31, 2005

Assets

Current assets:

Cash	\$	45,186
Advances to employees		4,000
Accounts receivable		3,170
Total current assets		<u>52,356</u>

Furniture and equipment, net		3,887
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Total assets	\$	<u><u>56,243</u></u>
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Liabilities and shareholders' equity

Amounts due to related parties	\$	4,500
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Shareholders' equity:

Common stock, \$.001 par value; 95,000,000 shares authorized, 24,006,546 issued and outstanding		24,007
Additional paid-in capital		5,674,342
Accumulated deficit		<u>(5,646,606)</u>
Total shareholders' equity		51,743

Total liabilities and shareholders' equity	\$	<u><u>56,243</u></u>
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See accompanying notes to financial statements

JPC Capital Partners, Inc.
Statement of Operations
For the Year Ended December 31, 2005

Revenues	
Fees from private placements	\$ 945,106
Consulting income	5,000
Interest income	<u>302</u>
Total Revenues	950,408
Expenses	
Compensation and benefits	640,501
Consulting services from related parties	300,649
Professional services	74,932
Rent	61,702
Realized loss on securities	40,068
Communications	26,855
Licenses & registrations	12,968
Data processing	9,677
Other expenses	4,129
Advertising	3,400
Depreciation & amortization	2,235
Insurance	1,717
Travel & entertainment	<u>1,715</u>
Total Expenses	1,180,548
Net Loss	<u>\$ (230,140)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	
- basic and diluted	<u>23,936,888</u>

See accompanying notes to financial statements

JPC Capital Partners, Inc.
Statement of Changes in Shareholders' Equity
Year ended December 31, 2005

	Common Stock		Additional Paid-In	Unrealized holding	Accumulated	Total
	Shares	Amount	Capital	losses net of tax	Deficit	Shareholders' Equity
Balance, December 31, 2004	23,707,546	\$ 23,708	\$ 5,525,141	\$ (40,000)	\$ (5,416,466)	\$ 92,383
Unrealized holding loss net of taxes				40,000		40,000
Net loss					(230,140)	(230,140)
Issuance of common stock	299,000	299	149,201			149,500
Balance, December 31, 2005	24,006,546	\$ 24,007	\$ 5,674,342	\$ -	\$ (5,646,606)	\$ 51,743

See accompanying notes to financial statements

JPC Capital Partners, Inc.
Statement of Cashflows
For the Year Ended December 31, 2005

	2005
Operating activities:	
Net loss	\$ (230,140)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2,235
Net changes in operating assets and liabilities	
Sale of securities	50,000
Reduction in unrealized loss on securities	40,000
Accounts receivable	(2,612)
Increase in employee advances	(4,000)
Accounts payable	(6,205)
Net cash used in operating activities	(150,722)
Investing activities:	
Purchase of computer equipment	(4,195)
Net cash used in investing activities	(4,195)
Financing activities:	
Issuance of common stock	149,500
Net cash provided by financing activities	149,500
Decrease in cash and cash equivalents	(5,417)
Cash and cash equivalents at beginning of year	50,603
Cash and cash equivalents at end of year	\$ 45,186
 Supplemental disclosure of cash flow information:	
Cash paid during the period for interest	\$ -
Cash paid during the period for taxes	\$ -

See accompanying notes to financial statements

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 1. Business and Basis of Presentation

JPC Capital Partners, Inc. (The "Company") is registered with the Securities and Exchange Commission as a broker/dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The Company was formed on April 26, 1999. The primary service the Company provides is the opportunity for public companies to raise capital through the sale of equity positions in the private market (private placement). In addition, the Company provides financial consulting services to emerging companies.

The Company was organized to perform the private placement transactions via the Internet, with the Company essentially introducing the buyer (investor) to the seller (client). The Company would earn a flat fee of 4% of the funds raised by the seller. The Company would not clear, transfer or hold any securities. The transfer of any securities sold would be arranged between the buyer and the seller. In February 2001 the Company shifted its strategy to more traditional methods of identifying potential sellers and buyers of securities, relying less on utilization of the Internet. This strategy involved more research, more personal contact with potential sellers and more referrals through other firms and individuals in the securities business. In December 2001, the Company applied to the Securities and Exchange Commission to have its Common Stock quoted on the Over-the-Counter Bulletin Board ("OTCBB") market. In February 2003, the application was approved and the company subsequently was assigned the symbol "CFNC". The stock began trading in May 2003 on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. under that symbol.

In January 2004, the Company hired James P. Canouse, Scott C. Martin, and Jeffrey M. Canouse to initiate a more traditional marketing program for private placement transactions. They had previously worked for J.P. Carey Securities, Inc., a related party.

In July 2004, the Company changed its name to JPC Capital Partners, Inc. to emphasize the service the Company could provide. Subsequently the Company was assigned a new trading symbol "JPCI.OB".

Since 2001 the Company had offered retail brokerage services. To support this business the Company maintained a clearing arrangement with Fiserv Securities, Inc. Philadelphia, PA. Under the membership agreement with the NASD, the Company was required to maintain a minimum net capital balance of \$100,000 pursuant to SEC Rule 15c3-1(a)(2)(ii).

Since the Company decided to focus its efforts on the private placement financing business, it amended its membership agreement with the NASD, and reduced the required capital level to \$50,000 and subsequently to \$5,000. The Company also closed the clearing arrangement with Fiserv Securities, Inc., and suspended its retail brokerage business.

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 1. Business and Basis of Presentation (Continued)

Although the Company believes it has saved approximately \$180,000 per year by suspending its retail brokerage activity this elimination of a potentially profitable business line increases the business risk for a potential investor in the Company due to the concentration of all business efforts into fewer revenue sources or product offerings. The Company now earns approximately 95 % of its revenue from private placement fees. The remaining revenue is earned via financial consulting. The Company could readily re-start its retail brokerage operation, and may do so, if market conditions warrant such actions. However, the current concentration of revenue producing activities is a potential risk for investors.

Since its inception in 1999, the Company has incurred significant operating losses. The Company has limited assets on hand and will be unable to sustain operations for a prolonged period of time unless the Company continues to generate revenue from private placement transactions or obtains additional capital. The Company's management has indicated it will seek additional capital through the sale of securities if it is unable to consistently generate the required revenue. In addition, the Company has held discussions with a number of candidate private companies regarding the possibility of a merger. The Company will continue to have dialogues with potential merger partners. If the Company is unable to reach a merger agreement, raise equity capital, or sustain its private placement business, it is doubtful that the Company can continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Note 2. Significant Accounting Policies

Use of Estimates

Preparation of the Company's financial statements in accordance with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the financial statements and related notes. Actual results could differ from those estimates.

Revenue Recognition

The Company earns revenue from investment banking activities including successful completion of private placement transactions. Investment banking or private placement success fees are generally based on a percentage of the total value of a transaction and are recognized upon successful completion. The Company also earns revenue through consulting. Retainer fees for consulting are recognized as services are provided.

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Company considers any liquid investment with an original maturity of three months or less as a cash and cash equivalent..

Financial Instruments

The carrying amounts reported in the balance sheet for cash, advances to employees, receivables and accounts payable approximate fair value based on the short-term maturity of these instruments.

Property and Equipment

Office equipment is carried at cost and depreciated using accelerated and straight-line methods over their estimated useful lives. Depreciation for the year ended December 31, 2005 of \$2,235 is included in expense.

Liabilities Subordinated To The Claims of General Creditors

At December 31, 2005 and during the year then ended, the Company had no liabilities subordinated to the claims of general creditors.

Earnings Per Share

The Company has adopted SFAS, No. 128, Earnings per Share. Basic earnings (loss) per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the per share amount that would have resulted if dilutive common stock had been converted to common stock, as prescribed by SFAS No. 128.

Stock Based Compensation

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. The Company has chosen to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the estimated fair market value of the Company's stock at the date of the grant

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

over the amount an employee must pay to acquire the stock. The Company has adopted the “disclosure only” alternative described in SFAS 123 and SFAS 148, which require pro-forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied.

Income Taxes

As of December 31, 2005 the Company had an unused net operating loss carry forward of approximately \$4,589,000 available for its future federal tax returns. The Company’s evaluation of the tax benefit of its loss carry forward is presented in the following table:

The tax amounts have been calculated using the Company’s effective income tax rate resulting from the use of graduated rates.

	<u>2005</u>
Deferred tax asset:	
Tax benefit of net operating loss carry forward	\$1,640,000
Less: Valuation allowance	<u>(1,640,000)</u>
Total deferred tax asset	<u>\$ -</u>

The table below summarizes the difference between the company’s effective tax rate and the statutory federal rate as follows for the year ended December 31, 2005:

	<u>2005</u>
Computed (expected) tax expense (benefit)	(34.0) %
State income taxes	<u>(3.9) %</u>
Change in valuation allowance	37.9 %
Effective tax rate	0.0 %

The effective federal tax rate is 34 %. The Georgia state income tax rate is 6 %. This rate is effectively reduced by 2.1 % due to the Federal tax benefit.

Net operating loss carry forwards expire between 2019 and 2024. The utilization of the above loss carry forwards for federal tax purposes may not be possible with changes in ownership of the Company.

Note 3. Net Capital Requirements

As a registered broker-dealer, JPC Capital Partners, Inc. is subject to the requirements of Rule 15c3-1 (“the net capital rule”) of the Securities Exchange Act of 1934. The basic concept of the rule is liquidity; its object being to require a member firm to have at all times sufficient liquid

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 3. Net Capital Requirements (Continued)

assets to cover its current indebtedness. Specifically, the rule prohibits a broker dealer from permitting its "aggregate indebtedness" to exceed fifteen times its "net capital" as those terms are defined. The Company is required to maintain the greater of minimum net capital of 6 2/3% of aggregated indebtedness or \$5,000. On December 31, 2005, the Company had aggregated indebtedness of \$4,500 and its net capital as defined was \$40,686, which exceeded requirements by \$35,686.

Note 4. Furniture and Equipment

At December 31, 2005 furniture and equipment consisted of the following:

	<u>Useful Life</u>	
Furniture	5 Years	\$ 1,829
Telephone Equipment	5 Years	19,990
Computer Equipment	3 Years	<u>75,200</u>
		97,019
Accumulated Depreciation		<u>(93,132)</u>
		<u>\$ 3,887</u>

Note 5. Commitments and Contingencies

The Company rents its office facility under a lease that expires in May, 2006. The future minimum obligation under this lease is \$41,350. The Company cannot cancel the lease prior to its expiration without penalty. Net rental expense for the year ended December 31, 2005 totaled \$61,702.

The Company maintains no inventory of securities on site. When securities are purchased or received for services provided, the Company will rely on a clearing agent or recognized financial institution to safekeep the securities and clear transactions.

In accordance with industry practice, customers and other dealers are not required to deliver cash or securities pursuant to securities transactions until settlement date. The Company is not exposed to risk of loss, other than the loss of commission income, should any counterpart to a securities transaction fail to fulfill his contractual obligation.

In 2004, the Company had been named as a Defendant in a case filed with the Superior Court of Fulton County, State of Georgia, styled First Empire Corporation, et al. v. John C. Canouse, et al. Case # 2004CV88793. Fleming, The firm of Fried & Bonder, LLC, Atlanta, GA was retained to defend the Company. In June 2005 the Company was dropped as a defendant in the case.

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 6. Shareholders' Equity

On October 10, 2001, the Company adopted the JPC Capital Partners, Inc.(formally Corpfin.com, Inc.) 2001 Stock Option Plan (the 'Plan'), which expires in 2011 and enables the Company or the Board of Directors to grant incentive stock options and nonqualified stock options for up to an aggregate of 7,500,000 shares of the Company's common stock. Incentive stock options granted under the Plan must conform to applicable federal income tax regulations and have an exercise price not less than the fair market value of the shares at the date of grant (110% of fair market value for ten percent or more shareholders). Other options may be granted on terms determined by the board of directors or a committee of the board of directors.

The Company granted options to employees for 1,000,000 shares of common stock on October 10, 2001. These options are exercisable at \$1.25, and have been adjusted for stock splits, and have entirely vested. In 2003 we cancelled options granted to former employees totaling 225,000 shares. Options granted to Mr. Joseph Tabback, a former employee of the Company, to purchase 150,000 shares of stock expired on August 31, 2005. The remaining 625,000 shares are exercisable. Of this amount, 150,000 will expire May 01, 2006. The remaining 475,000 will expire in October, 2006.

During 2005 we sold 299,000 shares of common stock to J.P. Carey Asset Management LLC, a related party and an accredited investor, for \$149,500, an average price of \$0.50.

Note 7. Related Party Transactions

The Company provides support services to related parties under a shared services agreement. These services included accounting and tax services, compliance support, healthcare for employees of the companies, telephone service, and rent. Also, these companies assist JPC Capital Partners, Inc. in private placement transactions.

During the year the Company paid \$294,025 to JP Carey Securities, Inc., a related party, for assistance with our private placement transactions. The Company received \$6,836 from J.P. Carey Securities, Inc. as reimbursement for rent, healthcare expense, telephone expense, and administrative support.

Also, the Company paid \$6,375 to JP Carey Asset Management, LLC, a related party, for assistance with our private placement transactions. The Company received \$11,495 from J.P. Carey Asset Management, LLC as reimbursement for rent, healthcare expense, telephone expense, and administrative support.

JPC Capital Partners, Inc.
Notes to Financial Statements

Note 7. Related Party Transactions (Continued)

The Company also paid \$249 in miscellaneous expenses on behalf of JPC Holding Company, Inc., a related party.

During the year the Company also made cash advances to Scott C. Martin, a related party, and commissioned salesperson. No interest was charged for the advances. Mr. Martin received two advances totaling \$12,000. As of December 31, 2005 he had repaid \$8,000 of this amount. In January, 2006 he received an additional \$3000.

During the year the Company paid \$12,000 to Frank Connor, a related party, for website support, maintenance, and the use of a computer system for the operations of the Company.

Note 9. Subsequent Events

In February 2006, the Company sold 285,000 shares of common stock to JP Carey Asset Management LLC, a related party, an accredited investor, and shareholder for \$28,500.

SUPPLEMENTARY INFORMATION

JPC CAPITAL PARTNERS, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2004

Net Capital			
Total stockholder's equity qualified for net capital	\$	51,743	
Deduction for non-allowable assets:			
Amounts due from related parties		3,170	
Computer equipment		3,887	
Advances made to employees on commissions		4,000	
Net capital before haircuts		40,686	
Haircuts		-	
Net capital	\$	40,686	
Minimum net capital required		5,000	
Excess net capital		35,686	
Aggregate Indebtedness:			
Liabilities		4,500	
Net capital required based on 6.67 % of aggregate indebtedness		\$300	
Ratio of aggregate indebtedness to net capital		.11 / 1.0	

**RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL
INCLUDED IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2005**

There is no significant difference between the net capital reported on Form X-17A-5 and as shown in the accompanying financial statements.

SCHEDULE II

**COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS UNDER
THE SECURITIES AND EXCHANGE COMMISSION RULE 15c3-3 AND INFORMATION
RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS UNDER SECURITIES
AND EXCHANGE COMMISSION RULE 15c3-3.**

DECEMBER 31, 2005

JPC Capital Partners, Inc. is not required to file the above schedules as it is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(1) of the rule and does not hold customers' monies or securities.



SHERB & CO., LLP

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Offices in New York and Florida

Certified Public Accountants

**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5
FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

Board of Directors
JPC Capital Partners, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of JPC Capital Partners, Inc. for the year ended December 31, 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 and 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 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 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 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, which 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 December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and 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 is not intended to be and should not be used by anyone other than these specified parties.

Boca Raton, Florida
February 24, 2006


Certified Public Accountants