

06009831

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response... 12.00

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

SEC FILE NUMBER  
8-47617

**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 1/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Investment Management Corporation

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

563 W 500 S Suite 225

(No. and Street)

Bountiful

(City)

UT

(State)

84010

(Zip Code)

**PROCESSED**

**JAN 03 2007**

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

Brian Y. Horne

801 951-1085

(Area Code - Telephone Number)

THOMSON  
FINANCIAL

**B. ACCOUNTANT IDENTIFICATION**

**PROCESSED**

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

Robison-Hill

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

**JAN 03 2007**

1366 E Murray-Holliday Road Salt Lake City, UT

(Address)

(City)

THOMSON  
FINANCIAL

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions

SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**  
FEB 27 2006  
BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS

**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 (06-02)

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.

8/25

OATH OR AFFIRMATION

I, Brian Y. Horne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investment Management 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:



Brian Y. Horne  
Signature

President  
Title

Tammie Sparks  
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 15c3-1 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).

## CONTENTS

Independent Auditor's Report

Statements of Financial Condition  
December 31, 2005 and 2004 ..... Exhibit "A"

Statements of Operations  
For the Years Ended December 31, 2005 and 2004 ..... Exhibit "B"

Statement of Stockholders' Equity  
For the Years Ended December 31, 2005 and 2004 ..... Exhibit "C"

Statements of Cash Flows  
For the Years Ended December 31, 2005 and 2004 ..... Exhibit "D"

Notes to Financial Statements  
December 31, 2005 and 2004 ..... Exhibit "E"

Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
December 31, 2005 and 2004 ..... Schedule "1"



**ROBISON, HILL & CO.**  
A PROFESSIONAL CORPORATION

Certified Public Accountants

BRENT M. DAVIES, CPA  
DAVID O. SEAL, CPA  
W. DALE WESTENSKOW, CPA  
BARRY D. LOVELESS, CPA

## INDEPENDENT AUDITOR'S REPORT

Investment Management Corporation  
Bountiful, Utah

We have audited the accompanying statements of financial condition of Investment Management Corporation as of December 31, 2005 and 2004 and the related statements of operations, stockholders' equity, and cash flows for the years 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 Investment Management 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.

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBERS OF THE PRIVATE COMPANIES PRACTICE SECTION

1366 East Murray-Holladay Road, Salt Lake City, Utah 84117-5050  
Telephone 801/272-8045, Facsimile 801/277-9942

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 is presented for purposes of additional analysis and is not 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.

Respectfully Submitted,

Robison, Hill & Co.  
Certified Public Accountants

Salt Lake City, Utah  
February 1, 2006

## EXHIBIT "A"

INVESTMENT MANAGEMENT CORPORATION  
 STATEMENTS OF FINANCIAL CONDITION  
 AS OF DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Assets</u>		
Current:		
Cash and Cash Equivalents	\$ 173,552	\$ 36,286
Investment in Securities	80,491	29,791
Deposits with Clearing Organization	35,000	35,000
Other Deposits	1,754	1,754
Representatives Advances	2,345	-
Receivable from Brokers and Dealers	98,255	42,685
Total Current Assets	<u>391,397</u>	<u>145,516</u>
Furniture & Fixtures	6,872	-
Equipment	6,507	12,070
Less Accumulated Depreciation	<u>(7,518)</u>	<u>(7,035)</u>
Net Fixed Assets	<u>5,861</u>	<u>5,035</u>
Total Assets	<u>\$ 397,258</u>	<u>\$ 150,551</u>
<u>Liabilities and Stockholders' Equity</u>		
Accounts Payable	\$ 6,306	\$ 4,100
Accrued Expenses	290,042	64,512
Income Tax Payable	<u>4,688</u>	<u>1,105</u>
Total Liabilities	<u>301,036</u>	<u>69,717</u>
Stockholders' Equity		
Common Stock, \$0.01 par value, 1,000,000 shares		
Authorized, 520,000 shares issued and outstanding	5,200	5,200
Paid In Capital	69,800	69,800
Retained Earnings (Deficit)	<u>23,122</u>	<u>5,834</u>
	98,122	80,834
Less: Treasury Stock	<u>(1,900)</u>	<u>-</u>
Total Stockholders' Equity	<u>96,222</u>	<u>80,834</u>
Total Liabilities and Stockholders' Equity	<u>\$ 397,258</u>	<u>\$ 150,551</u>

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

INVESTMENT MANAGEMENT CORPORATION  
 STATEMENTS OF OPERATIONS  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Revenue		
Commissions	\$ 3,299,912	\$ 2,720,627
Interest & Miscellaneous Income	<u>31,166</u>	<u>23,994</u>
Total Revenues	<u>3,331,078</u>	<u>2,744,621</u>
Expenses		
Employee Compensation	265,642	178,877
Commissions	2,766,980	2,340,240
Communications	13,057	9,221
Occupancy and Equipment Rental	33,600	23,225
Payroll Taxes	21,571	14,605
Other Operating Expenses	<u>208,281</u>	<u>150,095</u>
Total Expenses	<u>3,309,131</u>	<u>2,716,263</u>
Income (Loss) Before Income Taxes	21,947	28,358
Income Taxes	<u>(4,659)</u>	<u>(1,105)</u>
Net Income (Loss)	<u>\$ 17,288</u>	<u>\$ 27,253</u>

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

INVESTMENT MANAGEMENT CORPORATION  
 STATEMENTS OF STOCKHOLDERS' EQUITY  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Common Stock Shares	Common Stock Amount	Paid In Capital	Retained Earnings (Deficit)	Treasury Stock
Balance at December 31, 2003	520,000	5,200	69,800	(21,419)	-
Net Income (Loss)	-	-	-	27,253	-
Balance at December 31, 2004	520,000	5,200	69,800	5,834	-
Purchase of Treasury Stock	-	-	-	-	(1,900)
Net Income (Loss)	-	-	-	17,288	-
Balance at December 31, 2005	<u>520,000</u>	<u>\$ 5,200</u>	<u>\$ 69,800</u>	<u>\$ 23,122</u>	<u>\$ (1,900)</u>

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

INVESTMENT MANAGEMENT CORPORATION  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Cash flows From Operating Activities:</u>		
Net Income (Loss)	\$ 17,288	\$ 27,253
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation	1,813	1,647
Unrealized (Gain) or Loss from Investment in Securities	1,251	(859)
(Increase) Decrease in Receivable Brokers and Dealers	(57,915)	12,830
Increase (Decrease) in Accounts Payable	2,206	(30,039)
Increase (Decrease) in Accrued Expenses	229,114	(2,970)
Total Adjustments	<u>176,469</u>	<u>(19,391)</u>
Net Cash Provided (Used) by Operating Activities	<u>193,757</u>	<u>7,862</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Fixed Assets	(2,639)	-
Purchase of Securities	(49,105)	(3,779)
Reinvested Dividends	(2,847)	536
Net Cash Provided (Used) by Investing Activities	<u>(54,591)</u>	<u>(3,243)</u>
<u>Cash Flows from Financing Activities:</u>		
Purchase of Treasury Stock	(1,900)	-
Net Cash Provided (Used) by Financing Activities	<u>(1,900)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	137,266	4,619
Cash and Cash Equivalents, Beginning of Year	<u>36,286</u>	<u>31,667</u>
Cash and Cash Equivalents, End of Year	<u>\$ 173,552</u>	<u>\$ 36,286</u>
Income Taxes	<u>\$ 1,105</u>	<u>\$ 100</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

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

INVESTMENT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

The summary of accounting policies of Investment Management Corporation is presented to assist in understanding the Company's financial statements. The accounting principles conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

History and Dividend Policy

The Company was incorporated under the laws of the State of Nevada on August 18, 1994 under the name of Kunz & Cline Management, Inc., and changed its domicile to Utah on January 11, 1999, and changed its name to Investment Management Corporation on October 14, 1999. The Company was in the development stage as of December 31, 1994. The Company commenced planned principal operations on January 1, 1995. The Company has at the present time not paid any dividends and any dividends that may be paid in the future will depend upon the financial requirements of the Company and other relevant factors.

Business

The Company engages in the business of a securities broker/dealer and operates as a fully disclosed correspondent broker.

Accounting Method

The Company's financial statements are prepared on the accrual method of accounting. Customers' securities and commodities transactions are recorded on a settlement date basis with related commissions and expenses recorded on a trade date basis. Marketable securities are valued at market value. The resulting difference between cost and market is included in income.

Cash and Cash Equivalents

For the purposes of the cash flow statement, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

INVESTMENT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes

The Company accounts for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes." SFAS No. 109 requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax bases of assets and liabilities.

Pervasiveness of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Reclassifications

Certain reclassifications have been made in the 2004 financial statements to conform with the 2005 presentation.

Furniture and Equipment

Furniture and equipment are state at cost. Depreciation and amortization are computed using the straight-line method over the estimated economic useful lives of the related assets as follows:

Office Furniture and Equipment	5-10 years
--------------------------------	------------

Upon sale or other disposition of property and equipment, the cost and related accumulated depreciation or amortization are removed from the accounts and any gain or loss is included in the determination of income or loss.

Expenditures for maintenance and repairs are charged to expense as incurred. Major overhauls and betterments are capitalized and depreciated over their estimated economic useful lives.

INVESTMENT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE 2 - RELATED PARTY TRANSACTIONS

The Company entered into a lease agreement for office equipment with an officer of the Corporation. See Note 4.

NOTE 3 - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2005 and 2004, the Company had net capital of \$81,803 and \$72,375, which was \$76,803 and \$67,375 in excess of its required net capital of \$5,000 for 2005 and 2004, respectively. At December 31, 2005 and 2004, the Company's net capital ratio was 3.68 and 0.96, respectively.

NOTE 4 - RENT AND LEASE EXPENSE

The Company utilizes office equipment under a cancelable lease between the Corporation and an officer of the Corporation. The equipment lease is based on the profitability of the Company and is negotiated monthly. The amount due under this lease may not exceed \$1,000 per month. As of December 31, 2005, no lease payments for equipment under this lease have been paid or accrued, nor are any amounts due.

The Company occupies offices under an operating lease beginning December 29, 2004 and ending January 31, 2010.

The minimum future lease payments under these leases for the next five years are:

Year Ended December 31,	Real Property	Equipment
2006	\$ 34,608	\$ -
2007	35,646	-
2008	36,716	-
2009	37,814	-
2010	38,952	-
Total Minimum Future Lease Payments	\$ 183,736	\$ -

INVESTMENT MANAGEMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

NOTE 4 - RENT AND LEASE EXPENSE (Continued)

The lease generally provides that insurance and maintenance expenses are obligations of the Company. It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other properties.

NOTE 5 - INCOME TAX

As of December 31, 2005, the Company has a net operating loss carryforward of \$0. At December 31, 2004, the Company utilized its net operating loss carryforward totaling approximately \$22,900. The loss carryforward would have expired in years beginning 2028 if not used.

Income tax expense was \$4,659 and \$1,105 for the years ended December 31, 2005 and 2004, respectively.

NOTE 6 - INVESTMENTS

The Company's securities investments that are bought and held principally for the purpose of selling them in the near future are classified as trading securities. Trading securities are recorded at fair value on the balance sheet in current assets, with the change in fair value during the period included in earnings. An unrealized gain (loss) of \$(1,251) and \$859 has been recorded in miscellaneous income for the years ended December 31, 2005 and 2004.

NOTE 7 - TREASURY STOCK

On December 9, 2005, the Company purchased 1,900 shares of its own common stock from ten shareholders at \$1.00 per share. Treasury stock is shown at cost, and as of December 31, 2005 and 2004, consists of 1,900 and 0 shares of common stock, respectively.

SUPPLEMENTAL INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AS DECEMBER 31, 2005 AND 2004



**ROBISON, HILL & Co.**  
A PROFESSIONAL CORPORATION

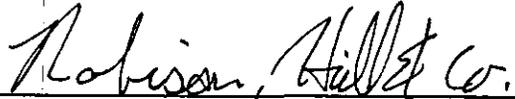
Certified Public Accountants

BRENT M. DAVIES, CPA  
DAVID O. SEAL, CPA  
W. DALE WESTENSKOW, CPA  
BARRY D. LOVELESS, CPA

INDEPENDENT AUDITOR'S REPORT  
ON SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17A-5 OF THE  
SECURITIES AND EXCHANGE COMMISSION

Investment Management Corporation  
Bountiful, Utah

We have audited the accompanying financial statements of Investment Management Corporation as of and for the year ended December 31, 2005, and have issued our report thereon dated February 1, 2006. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying 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 and 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.

  
Certified Public Accountants

Salt Lake City, Utah  
February 1, 2006

MEMBERS OF AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
MEMBERS OF THE PRIVATE COMPANIES PRACTICE SECTION

1366 East Murray-Holladay Road, Salt Lake City, Utah 84117-5050  
Telephone 801/272-8045, Facsimile 801/277-9942

INVESTMENT MANAGEMENT CORPORATION  
 COMPUTATION OF NET CAPITAL UNDER  
 RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
 DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Net Capital</u>		
Total Stockholders' Equity Qualified For Net Capital	\$ 96,222	\$ 80,834
Deductions and/or Charges:		
A. Non-allowable assets		
Furniture, Fixtures and Equipment	5,861	5,035
Other Deposits	1,754	1,754
Representative Advances	2,345	-
Total Deductions and/or Charges	<u>(9,960)</u>	<u>(6,789)</u>
Net Capital Before Haircuts on Securities Position	<u>86,262</u>	<u>74,045</u>
Haircuts on Securities		
Trading and Investment Securities, Other Securities	<u>4,459</u>	<u>1,670</u>
Total Haircuts on Securities	<u>4,459</u>	<u>1,670</u>
Net Capital	<u>\$ 81,803</u>	<u>\$ 72,375</u>
<u>Aggregate Indebtedness</u>		
Items Included in Statement of Financial Condition:		
Accounts Payable	\$ 6,306	\$ 4,100
Accrued Expenses	290,042	64,512
Income Tax Payable	<u>4,688</u>	<u>1,105</u>
Total Aggregate Indebtedness	<u>\$ 301,036</u>	<u>\$ 69,717</u>
<u>Computation of Basic Net Capital Requirements</u>		
Minimum Net Capital Required	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess Net Capital at 1500%	<u>\$ 61,734</u>	<u>\$ 67,375</u>
Excess Net Capital at 1000%	<u>\$ 51,699</u>	<u>\$ 65,403</u>
Ratio: Aggregate indebtedness to net capital	<u>3.68 to 1</u>	<u>0.96 to 1</u>

SCHEDULE 1  
(Continued)

INVESTMENT MANAGEMENT CORPORATION  
COMPUTATION OF NET CAPITAL UNDER  
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>Reconciliation with Company's Computation</u> (Included in Part II of Form X-17A-5 as of December 31, 2005)		
Net Capital, As reported in Company's Part II (Unaudited) FOCUS Report	\$ 81,891	\$ 72,620
Correction to Beginning Retained Earnings	-	(14)
Accrue Income Tax Payable	(88)	-
Other Audit Adjustments	-	(231)
	<u>          </u>	<u>          </u>
Net Capital Per Above	<u>\$ 81,803</u>	<u>\$ 72,375</u>



INDEPENDENT AUDITOR'S REPORT ON  
INTERNAL ACCOUNTING CONTROL REQUIRED  
BY SEC RULE 17A-5

Investment Management Corporation  
Bountiful, Utah

In planning and performing our audit of the financial statements of Investment Management Corporation for the year ended December 31, 2005, we considered its internal control, including control activities for safe-guarding 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.

We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities. The Company operates as a fully disclosed broker.

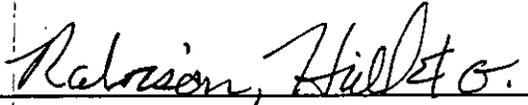
The management of the Company is responsible for establishing and maintaining internal controls and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs 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 an 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 preparation of financial statements in conformity 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 the internal control would not necessarily disclose all matters in the 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 component does not reduce to a relatively low level the risk that errors 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 the internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

During our study of the practices and procedures followed by the Company, in complying with the conditions of the exemption under rule 15c3-3, no matters came to our attention indicating that such conditions of the exemption were not complied with during the audit period.

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 December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the use of Board of Directors, management, the Securities and Exchange Commission, and other regulatory agencies which 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 specific parties.

  
\_\_\_\_\_  
Certified Public Accountants

Salt Lake City, Utah  
February 1, 2006