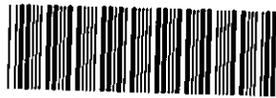


Rec'd
10/25/06

C.M.

W/S



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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8-29946

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 1-1-05 AND ENDING 12-31-05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Westcountry Financial
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
#2 GERANIUM

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)
IRVINE CA 92618
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
JAMES S. SCHMITT (805) 491-2964
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GELLER EPERTHENER & McCONNELL LLP

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

6700 E. PACIFIC COAST HIGHWAY, SUITE 230, LONG BEACH, CA 90803-4217
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MF NOV 03 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)

OATH OR AFFIRMATION

I, JAMES S. SCHMITT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WESTCOUNTRY FINANCIAL, 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:

[Handwritten Signature]

Signature

PROPRIETOR, PRINCIPAL

Title

Jan B. Jordan State of North Carolina
Notary Public
My Commission expires on November 30, 2007

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).



Mitchell R. Geller, C.P.A.
Steven D. Eperthener, C.P.A.
William L. McConnell, C.P.A.

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

OCT 25 2006

To The Principal of Westcountry Financial

DIVISION OF MARKET REGULATION

In planning and performing our audit of the financial statements of Westcountry Financial 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(e)(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 on 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 of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the 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.

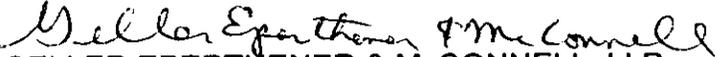
To The Principal of Westcountry Financial
Page Two

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 further 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 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 material respects indicate a material inadequacy for such purposes. Based on the 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 NASD and other regulatory agencies that rely on rule 17a-5(g) under 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.


GELLER EPERTNER & McCONNELL, LLP

Long Beach, CA
May 24, 2006

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

BROKER OR DEALER

WEST COUNTRY FINANCIAL

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

as of (MM/DD/YY) 12-31-05

SEC FILE NO. 8-29946

Consolidated

Unconsolidated

99

98

198

199

ASSETS

Allowable

Non-Allowable

Total

1. Cash	\$	<u>1,710</u>	<u>200</u>	\$	<u>1,710</u>	<u>750</u>
2. Receivables from brokers or dealers:						
A. Clearance account			<u>295</u>			
B. Other			<u>300</u>	\$	<u>550</u>	<u>810</u>
3. Receivables from non-customers			<u>355</u>		<u>642,358</u>	<u>830</u>
4. Securities and spot commodities owned, at market value:						
A. Exempted securities			<u>418</u>			
B. Debt securities			<u>419</u>			
C. Options			<u>420</u>			
D. Other securities		<u>120,946</u>	<u>424</u>			
E. Spot commodities			<u>430</u>		<u>120,946</u>	<u>850</u>
5. Securities and/or other investments not readily marketable:						
A. At cost	\$		<u>130</u>			
B. At estimated fair value			<u>440</u>		<u>610</u>	<u>860</u>
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:						
A. Exempted securities	\$		<u>150</u>			
B. Other securities	\$		<u>160</u>			
7. Secured demand notes:						
market value of collateral:						
A. Exempted securities	\$		<u>170</u>			
B. Other securities	\$		<u>180</u>			
8. Memberships in exchanges:						
A. Owned, at market	\$		<u>190</u>			
B. Owned, at cost					<u>650</u>	
C. Contributed for use of the company, at market value					<u>660</u>	<u>900</u>
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships			<u>480</u>		<u>670</u>	<u>910</u>
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization			<u>490</u>		<u>680</u>	<u>920</u>
11. Other assets			<u>535</u>		<u>10,000</u>	<u>930</u>
12. TOTAL ASSETS	\$	<u>122,656</u>	<u>540</u>	\$	<u>657,358</u>	<u>740</u>
				\$	<u>830,014</u>	<u>940</u>

OMIT PENNIES

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

BROKER OR DEALER

WEST COUNTRY FINANCIAL

as of 12-31-05

**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	\$ <u>10,817</u> 1045	\$ <u>1255</u> 13	\$ <u>10,817</u> 1470
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	1560
B. Other	1115	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	1205	1385	1685
18. Notes and mortgages payable:			
A. Unsecured	1210		1690
B. Secured	1211	1390	1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	1710
1. from outsiders \$	970		
2. Includes equity subordination (15c3-1 (d)) of \$	980		
B. Securities borrowings, at market value: ... from outsiders \$	990	1410	1720
C. Pursuant to secured demand note collateral agreements:		1420	1730
1. from outsider: \$	1000		
2. Includes equity subordination (15c3-1 (d)) of \$	1010		
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	1230	1450	1760

Ownership Equity

21. Sole proprietorship		819,197	1770
22. Partnership (limited partners	1020		1780
23. Corporation:			
A. Preferred stock			1791
B. Common stock			1792
C. Additional paid-in capital			1793
D. Retained earnings			1794
E. Total			1795
F. Less capital stock in treasury			1796
24. TOTAL OWNERSHIP EQUITY		819,197	1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		830,014	1810

OMIT PENNIES

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

BROKER OR DEALER

WESTCOUNTRY FINANCIAL

as of 12-31-05

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition	\$	819,197	3480
2. Deduct ownership equity not allowable for Net Capital	19		3490
3. Total ownership equity qualified for Net Capital		819,197	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) ¹⁷ \$		657,350	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
7. Other additions and/or allowable credits (List)		657,350	3620
8. Net capital before haircuts on securities positions	20		3630
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	18		3735
2. Debt securities			3733
3. Options			3730
4. Other securities		25,642	3734
D. Undue Concentration			3650
E. Other (List) <u>500 PATENT TRANSPORTATION</u>		4011	3736
10. Net Capital	\$		3740
		132,216	3750

OMIT PENNIES

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

BROKER OR DEALER

WEST COUNTRY FINANCIAL

as of 12-31-05

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	<u>21</u>	<u>3756</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	<u>100,000</u>	<u>3758</u>
13. Net capital requirement (greater of line 11 or 12)	\$		<u>3760</u>
14. Excess net capital (line 10 less 13)	\$	<u>32,186</u>	<u>3770</u>
15. Excess net capital at 100% (line 10 less 10% of line 19)	\$	<u>13,104</u>	<u>3780</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	<u>10817</u>	<u>3790</u>
17. Add:			
A. Drafts for immediate credit	\$	<u>3800</u>	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	<u>3810</u>	
C. Other unrecorded amounts (List)	\$	<u>3820</u>	
19. Total aggregate indebtedness	\$	<u>10817</u>	<u>3830</u>
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	<u>8</u>	<u>3840</u>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%		<u>3850</u>
			<u>3860</u>

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	\$		<u>3870</u>
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		<u>3880</u>
24. Net capital requirement (greater of line 22 or 23)	\$		<u>3760</u>
25. Excess net capital (line 10 less 24)	\$		<u>3910</u>
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$		<u>3920</u>

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.

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

BROKER OR DEALER	WEST COUNTRY FINANCIAL		
	For the period (MMDDYY) from 1-1-05	3932 to 12-31-05	3933
	Number of months included in this statement		3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	65,235	3935
b. Commissions on listed option transactions	"	8,540	3938
c. All other securities commissions			3939
d. Total securities commissions		74,275	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			
		60,981	3952
4. Profit (loss) from underwriting and selling groups			
	"		3955
5. Revenue from sale of investment company shares			
			3970
6. Commodities revenue			
			3990
7. Fees for account supervision, investment advisory and administrative services			
			3975
8. Other revenue			
		1,423	3995
9. Total revenue		\$	136,629
			4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers		\$	4120
11. Other employee compensation and benefits		"	4115
12. Commissions paid to other broker-dealers			4140
13. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses			4195
15. Other expenses			4100
16. Total expenses		\$	27,494
			4200

NET INCOME

17. Net Income (loss) before Federal income taxes and items below (Item 9 less Item 16)		\$	59,185	4210
18. Provision for Federal income taxes (for parent only)		"		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		\$	59,185	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items		\$	4211
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**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

WEST COUNTRY FINANCIAL

For the period (MMDDYY) from 1-1-05 to 12-31-05

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

1. Balance, beginning of period		\$	<u>778020</u>	<u>4240</u>
A. Net income (loss)			<u>59185</u>	<u>4250</u>
B. Additions (Includes non-conforming capital of	\$	<u>21289</u>	<u>4262</u>	<u>4260</u>
C. Deductions (Includes non-conforming capital of	\$	<u>39297</u>	<u>4272</u>	<u>4270</u>
2. Balance, end of period (From item 1800)		\$	<u>819197</u>	<u>4290</u>

**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS**

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

OMIT PENNIES

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

BROKER OR DEALER WEST COUNTRY FINANCIAL as of 12/31/05

Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 4550
- B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained 4560
- C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm WEDBUSH MORGAN SECURITIES INC 4335 OTHER 4570
- D. (k) (3)—Exempted by order of the Commission 4580

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)	
4600		4601	4602	4603	4604	4605
4610		4611	4612	4613	4614	4615
4620		4621	4622	4623	4624	4625
4630		4631	4632	4633	4634	4635
4640		4641	4642	4643	4644	4645
4650		4651	4652	4653	4654	4655
4660		4661	4662	4663	4664	4665
4670		4671	4672	4673	4674	4675
4680		4681	4682	4683	4684	4685
4690		4691	4692	4693	4694	4695
TOTAL \$:						4699

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION**
- 1. Equity Capital
 - 2. Subordinated Liabilities
 - 3. Accruals
 - 4. 15c3-1(c)(2)(iv) Liabilities

WESTCOUNTRY FINANCIAL
STATEMENT OF CHANGES IN FINANCIAL CONDITION
For The Year Ended December 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

NET INCOME	\$ 59,185
Adjustments to reconcile net income to net cash used by operating activities:	
Gain on Sale of Securities	(42,145)
Adjustment of securities to market value	(18,836)
Decrease in payables	(45,488)
Increase in receivables	<u>(95,000)</u>
Net cash used by operating activities	(142,284)

CASH FLOWS FROM INVESTING ACTIVITIES

Sales of securities	294,971
Purchase of securities	<u>(153,610)</u>
Net cash provided by investing activities	141,361
Decrease in cash	(1,923)
Cash at beginning of year	<u>2,633</u>
Cash at end of year	<u>\$ 1,710</u>



Mitchell R. Geller, C.P.A.
Steven D. Eperthener, C.P.A.
William L. McConnell, C.P.A.

February 23, 2006

Westcountry Financial
Sec. File No. 8-29946

In connection with the examination of Westcountry Financial for the period ended December 31, 2005, no material differences exist between the computation of net capital per the company's most recent unaudited Focus Report Part IIA and the computation of net capital under Rule 15c3-1.

Geller Eperthener & McConnell
Certified Public Accountants

WESTCOUNTRY FINANCIAL
2005 ANNUAL AUDITED REPORT

To The Principal of Westcountry Financial

In planning and performing our audit of the financial statements of Westcountry Financial 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(e)(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

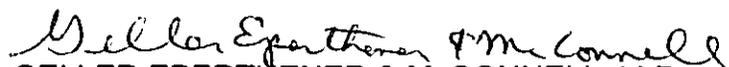
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs 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 on 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 of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the 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 further 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 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 material respects indicate a material inadequacy for such purposes. Based on the 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 NASD and other regulatory agencies that rely on rule 17a-5(g) under 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.


GELLER EPERTENER & McCONNELL, LLP

Long Beach, CA
May 24, 2006