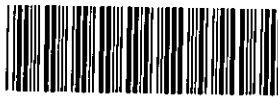


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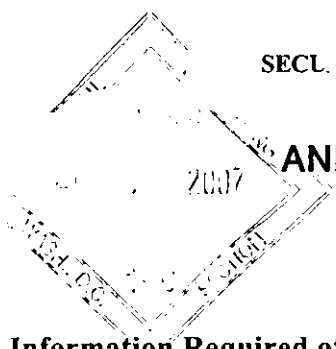
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# ANNUAL AUDITED REPORT FORM X-17A-5 PART III

|                 |
|-----------------|
| SEC FILE NUMBER |
| B-52180         |

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 01/01/06 AND ENDING 12/31/06  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
Hancock Securities Group, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
9645 Clayton Road

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

(No. and Street) City State Zip Code  
St. Louis MO 63124  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Don Hancock (314) 997-3191  
(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

Hauk, Fasani, Ramsey, Kruse & Company, P.C.

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

104 West Adams Ave. St. Louis MO 63122  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED

MAR 07 2007

|                       |
|-----------------------|
| FOR OFFICIAL USE ONLY |
| THOMSON FINANCIAL     |

\*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.

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OATH OR AFFIRMATION

I, Donald R. Hancock, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statement and supporting schedules pertaining to the firm of Hancock Services Group, as of 2/20, 20 07, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Signature]  
Signature  
President  
Title

\_\_\_\_\_  
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 and Changes in Member Equity.
- (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).



**HANCOCK SECURITIES GROUP, LLC**  
**(A WHOLLY-OWNED SUBSIDIARY OF MANCHESTER HOLDINGS, LLC)**

**FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION**

**YEAR ENDED DECEMBER 31, 2006**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

# HANCOCK SECURITIES GROUP, LLC

## FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

Year Ended December 31, 2006

### TABLE OF CONTENTS

|  | <u>Page</u> |
|--|-------------|
| Report of Independent Public Accountants   | 1           |
| Financial Statements:  |             |
| Statement of Financial Condition   | 2           |
| Statement of Income and Changes in Member's Equity   | 3           |
| Statement of Changes in Liabilities Subordinated to Claims of<br>General Creditors   | 4           |
| Statement of Cash Flows  | 5           |
| Notes to Financial Statements  | 6 – 10      |
| Supplementary Information Required by Rule 17a-5 of the<br>Securities and Exchange Commission:                             |             |
| Accountants' Report on Information Accompanying the<br>Basic Financial Statements  | 11          |
| Computation of Net Capital, Aggregate Indebtedness and Ratio<br>of Aggregate Indebtedness to Net Capital Under Rule 15c3-1 | 12          |
| Independent Auditors' Report on Internal Accounting Control  | 13 – 14     |

# Hauk, Fasani, Ramsey, Kruse & Company, P.C.

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

## Report of Independent Public Accountants

Member  
Hancock Securities Group, LLC  
St. Louis, Missouri

We have audited the statement of financial condition of Hancock Securities Group, LLC, a wholly-owned subsidiary of Manchester Holdings, LLC, as of December 31, 2006, and the related statements of income and changes in member's equity, changes in liabilities subordinated to claims of general creditors and cash flows for the year 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 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 the Hancock Securities Group, LLC as of December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

St. Louis, Missouri

February 20, 2007

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)  
**STATEMENT OF FINANCIAL CONDITION**

**For Year Ended December 31, 2006**

---

**ASSETS**

|  |                          |
|--|--------------------------|
| Cash and cash equivalents  | \$ 179,116               |
| Cash and securities segregated under clearing organization regulations | 75,000                   |
| Receivable from clearing organization                                  | 40,847                   |
| Prepaid expenses and other assets                                      | 80,729                   |
| Securities owned:  |                          |
| Marketable, at estimated fair market value                             | 200,772                  |
| Property and equipment, net of accumulated depreciation of \$19,977    | <u>5,245</u>             |
| <b>Total assets</b>  | <u><u>\$ 581,709</u></u> |

**LIABILITIES AND MEMBER'S EQUITY**

|  |                          |
|--|--------------------------|
| Liabilities:                                 |                          |
| Commissions payable to brokers               | \$ 69,089                |
| Accounts payable and accrued expenses        | <u>29,302</u>            |
| <b>Total liabilities</b>                     | <u>98,391</u>            |
| Subordinated borrowings                      | 250,000                  |
| Member's equity                              | <u>233,318</u>           |
| <b>Total liabilities and member's equity</b> | <u><u>\$ 581,709</u></u> |

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

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)  
**STATEMENT OF INCOME AND CHANGES IN MEMBER'S EQUITY**

**For Year Ended December 31, 2006**

---

**Revenues:**

|                         |              |
|-------------------------|--------------|
| Commissions             | \$ 1,242,587 |
| Financial advisory fees | 178,500      |
| Securities gains        | 8,795        |
| Interest and dividends  | 15,014       |
| Other income            | 2,933        |
|                         | <hr/>        |
| Total revenues          | 1,447,829    |

**Expenses:**

|                                       |           |
|---------------------------------------|-----------|
| Employee compensation and benefits    | 284,180   |
| Brokers commissions and clearing fees | 590,959   |
| Communications expense                | 32,374    |
| Occupancy and equipment expense       | 28,283    |
| Management fees                       | 192,804   |
| Interest expense                      | 27,399    |
| Other operating expenses              | 175,326   |
|                                       | <hr/>     |
| Total expenses                        | 1,331,325 |

|                                    |                   |
|------------------------------------|-------------------|
| <b>Net income</b>                  | <b>\$ 116,504</b> |
|                                    | <hr/>             |
| Member's equity, beginning of year | 216,452           |
| Member's capital contributions     | -                 |
| Distributions to member            | (99,638)          |
|                                    | <hr/>             |
| Member's equity, end of year       | <b>\$ 233,318</b> |

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

**HANCOCK SECURITIES GROUP, LLC**

(A wholly-owned subsidiary of Manchester Holdings, LLC)

**Statement of Changes in Liabilities  
Subordinated to Claims of General Creditors**

**For The Year Ended December 31, 2006**

---

|  |                          |
|--|--------------------------|
| Subordinated borrowings at January 1, 2006   | <u>\$ 250,000</u>        |
| Issuance of subordinated notes               | -                        |
| Payments of subordinated notes               | <u>-</u>                 |
| Subordinated borrowings at December 31, 2006 | <u><u>\$ 250,000</u></u> |

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



**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)  
**STATEMENT OF CASH FLOWS**

**For Year Ended December 31, 2006**

---

|  |                   |
|--|-------------------|
| <b>Cash flows from operating activities:</b>   |                   |
| <b>Net income</b>  | \$ 116,504        |
| <br>   |                   |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                   |
| Depreciation and amortization  | 3,602             |
| <br>   |                   |
| <b>Change in operating assets:</b>   |                   |
| Receivable from clearing organization  | 4,696             |
| Receivable from Hancock Investment Advisors, LLC   | (34,137)          |
| Receivable from sales of mutual funds and annuities                                      | 12,623            |
| Prepaid expenses and other assets  | 3,543             |
| Securities owned, net  | (152,292)         |
| <br>   |                   |
| <b>Changes in operating liabilities:</b>   |                   |
| Payable to broker-dealers and clearing organizations                                     | 23,607            |
| Accounts payable and accrued expenses  | (3,210)           |
| <br>   |                   |
| <b>Total cash provided by operating activities</b>                                       | <u>(25,064)</u>   |
| <br>   |                   |
| <b>Cash flows used from investing activities:</b>  |                   |
| Purchases of property and equipment  | <u>(5,100)</u>    |
| <br>   |                   |
| <b>Cash flows used from financing activities:</b>  |                   |
| Distributions to member  | <u>(99,638)</u>   |
| <br>   |                   |
| <b>Decrease in cash and cash equivalents</b>   | (129,802)         |
| <br>   |                   |
| <b>Cash and cash equivalents at beginning of year</b>                                    | <u>308,918</u>    |
| <br>   |                   |
| <b>Cash and cash equivalents at end of year</b>  | <u>\$ 179,116</u> |
| <br>   |                   |
| <b>Supplemental cash flows disclosure:</b>   |                   |
| Cash paid for interest   | \$ 26,591         |

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

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)

**NOTES TO FINANCIAL STATEMENTS**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**ORGANIZATION** - Hancock Securities Group, LLC (the Company) was formed as a limited liability company under the laws of the State of Missouri on November 9, 1999 and commenced operations on April 4, 2000. During 2001, the members of the Company exchanged their ownership interest in the Company for equal interests in Manchester Holdings, LLC such that the Company is now a wholly-owned subsidiary of Manchester Holdings, LLC (the Parent). The latest date upon which the Company is to dissolve is December 31, 2029.

**NATURE OF OPERATIONS** - The Company primarily operates as an introducing broker-dealer clearing all transactions for customers on a fully disclosed basis. These transactions are cleared through Mesirow Financial, Inc. (Mesirow). The Company does not hold cash or securities for its customers. In accordance with the clearing agreement with Mesirow, the Company is required to maintain a minimum deposit of \$75,000 in cash and/or government securities with Mesirow. The Company is a member of the National Association of Securities Dealers (NASD) and is registered with the Securities and Exchange Commission (SEC).

The Company generates additional revenue through its Financial Advisory and Merchant Banking lines of business. Financial Advisory revenues are generated through the Company's significant knowledge base relating to the financial services industry and revolve around maximizing shareholder value to their clients. Shareholder value may be enhanced through a number of offerings including, but not limited to: mergers and acquisitions, restructuring or re-capitalization, and private placement.

The Company's Merchant Banking fees represent mergers and acquisitions related transactions whereby the Principals participate in the equity investment. The Company earns their fees associated with these transactions through charges to the equity group based upon industry standard rates for due-diligence, brokerage, and consulting on the proposed transaction.

**CASH AND CASH EQUIVALENTS** - The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)

**NOTES TO FINANCIAL STATEMENTS**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONCENTRATION OF CREDIT RISK** - Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains several cash and money market accounts with banks and several money market accounts with a securities broker/dealer. The banks provide \$100,000 of deposit insurance through the Federal Depositors Insurance Corporation. The securities broker/dealer provides the same amount of coverage through the Securities Investor Protection Corporation. The securities broker/dealer has also purchased additional coverage providing \$500,000 of deposit insurance on cash balances and \$34.5 million on investment securities. There were no amounts in excess of insured limits at December 31, 2006. Management does not believe significant credit risk exists at December 31, 2006.

**PROPERTY AND EQUIPMENT** - Property and equipment is stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method using estimated useful lives of three to seven years. Leasehold improvements are amortized over the shorter of the life of the improvement or the term of the lease.

**SECURITIES TRANSACTIONS** – Marketable securities are valued at fair market value. Gains and losses, both realized and unrealized, are included in net trading gains.

**INCOME TAXES** – The Company is a limited liability company and the current period net income is recognized on the Parent Company's income tax return. The Parent is also a limited liability company taxed as a partnership in which all elements of income and deductions are included in the tax returns of the members of the Parent. Therefore, no income tax provision is recorded by the Company:

**COMMISSIONS** – Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**USE OF ESTIMATES** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)

**NOTES TO FINANCIAL STATEMENTS**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

ALLOCATION OF PROFITS OR LOSSES – Profits or losses from operations are allocated to the Parent. All profits or losses from a sale or other disposition of the assets of the Company will be allocated to the Parent as of the date of such sale or disposition.

**B. SECURITIES OWNED**

Securities owned consist of the following at December 31, 2006:

|  |                   |
|--|-------------------|
| Government bonds   | \$ 275,772        |
| Less: Securities segregated under clearing<br>organization regulations | <u>75,000</u>     |
|  | <u>\$ 200,772</u> |

The unrealized trading account gain included in operating income was \$3,956 as of December 31, 2006.

**C. SUBORDINATED BORROWINGS**

Amounts due under subordination agreements at December 31, 2006 consist of the following:

|                    |                   |
|--------------------|-------------------|
| Subordinated notes | <u>\$ 250,000</u> |
|--------------------|-------------------|

The subordinated notes earn interest at the rate of prime (8.25 percent at December 31, 2006) plus 3 percent and are due February 11, 2010. The interest rate on the subordinated debt fluctuates as the prime rate changes from time-to-time as published by the Wall Street Journal. The prime rate ranged from 7.25% to 8.25% during 2006. The subordinated borrowings are treated as net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. In accordance with the subordinated borrowing agreements between the Company and the principals, minimum net capital was in excess of 120% of the minimum net capital required by the Securities and Exchange Commission. Interest expense for the subordinated debt amounted to \$27,399 for the year ended December 31, 2006. The above borrowings are payable to principals involved in the operations of the Company or other related parties.

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)

**NOTES TO FINANCIAL STATEMENTS**

**D. RESERVE REQUIREMENTS**

The Company is not obligated to report under SEC Rule 15c3-3, "Customer Protection: Reserves and Custody of Securities" Rule, because it does not maintain customer accounts or hold customer cash or securities. Therefore, the Company does not have a reserve requirement nor does it have any information relating to the possession or control requirement under Rule 15c3-3.

**E. CAPITAL REQUIREMENTS**

The Company is subject to the net capital rules of the Securities and Exchange Commission. Under these rules, a broker-dealer may not engage in any securities transaction at a time when its "aggregate indebtedness" exceeds by 15 times its "net capital," as those terms are defined by the rules. At December 31, 2006, the Company's net capital was \$391,626 or \$141,626 in excess of the minimum required net capital of \$250,000. The Company's ratio of aggregate indebtedness to net capital was 0.25 to 1 at December 31, 2006.

**F. LEASES**

The Company has two leases classified as operating leases for office equipment. The leases are for three and five year periods that expire in June 2008 and August 2009. The Company subleases building space and office equipment from their Parent. The leases are classified as operating leases by the Parent Company. The lease for building space is for a three year period that expires in June 2007. Management's intent regarding the equipment lease is that it is ongoing in nature. See G. Related Party Transactions footnote for further information on building and equipment rent.

Future minimum lease payments under non-cancelable operating leases with original terms greater than one year at December 31, 2006 are as follows:

| <u>December 31,</u> |                   |
|---------------------|-------------------|
| 2007                | \$ 53,681         |
| 2008                | 37,578            |
| 2009                | 34,584            |
| 2010                | 28,800            |
| 2011                | <u>28,800</u>     |
|                     | <u>\$ 183,443</u> |

**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)

**NOTES TO FINANCIAL STATEMENTS**

**G. RELATED PARTY TRANSACTIONS**

The Company entered into an agreement with the Parent whereby a management fee is paid on a monthly basis in lieu of salaries to officers, building rent, and equipment rent. Management fees were \$192,804 for the year ended December 31, 2006. Management fees include \$132,000 for management of the firm and \$60,804 for building and equipment rent.

The Company maintains a business relationship with Hancock Investment Advisory, LLC who is owned by their common Parent. The Company acts as the introducing broker for the customers of their sister company. All fees are negotiated on an arms length basis. There were no inter-company transactions in 2006 associated with this business relationship.

The Company provides strategic and operational consulting services and also functions as the executive committee of the Board of Directors for Consumer Auto Refinance Services, Inc. which has some common ownership as the Parent. Financial advisory fees associated with this business relationship were \$36,000 for the year ended December 31, 2006.

**H. COMPENSATED ABSENCES**

The Company has not accrued compensated absences because such amounts cannot be reasonably determined. The Company has no written plan for compensated absences.

SUPPLEMENTARY INFORMATION  
REQUIRED BY RULE 17a-5  
OF THE SECURITIES AND  
EXCHANGE COMMISSION

**Hauk, Fasani, Ramsey, Kruse & Company, P.C.**

A PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

**ACCOUNTANTS' REPORT ON INFORMATION ACCOMPANYING THE  
BASIC FINANCIAL STATEMENTS**

Our audit of the basic financial statements presented in the preceding section of this report was made for the purpose of forming an opinion on such financial statements taken as a whole. The accompanying information shown on pages 12 through 14 is presented for 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 audit 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

St. Louis, Missouri

February 20, 2007



**HANCOCK SECURITIES GROUP, LLC**  
(A wholly-owned subsidiary of Manchester Holdings, LLC)  
**COMPUTATION OF NET CAPITAL AGGREGATE INDEBTEDNESS, AND RATIO OF  
AGGREGATE INDEBTEDNESS TO NET CAPITAL UNDER RULE 15c3-1**

**For Year Ended December 31, 2006**

|  |    |          |
|--|----|----------|
| Member's equity  | \$ | 233,318  |
| Add: Subordinated borrowings allowable in computation of net capital |    | 250,000  |
| Total capital and allowable subordinated borrowings                  |    | 483,318  |
| Less nonallowable assets:  |    |          |
| Prepaid expenses and other assets                                    |    | 80,587   |
| Property and equipment, net  |    | 5,245    |
|  |    | 85,832   |
| Net capital before haircuts on securities positions                  |    | 397,486  |
| Haircuts on securities pursuant to Rule 15c3-1                       |    | 5,860    |
| Net capital  |    | 391,626  |
| Less net capital requirement   |    | 250,000  |
| Net capital in excess of requirement                                 | \$ | 141,626  |
| Aggregate indebtedness:  |    |          |
| Payable to broker-dealers and clearing organizations                 | \$ | 69,089   |
| Accounts payable and accrued expenses                                |    | 29,302   |
| Aggregate indebtedness   | \$ | 98,391   |
| Ratio of aggregate indebtedness to net capital                       |    | .25 to 1 |

No material differences exist between the computation above and the one filed by Hancock Securities Group, LLC on FOCUS Report Part II as of December 31, 2006.

# **Hauk, Fasani, Ramsey, Kruse & Company, P.C.**

A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

Member  
Hancock Securities Group, LLC  
St. Louis, Missouri

In planning and performing our audit of the financial statements of Hancock Securities Group, LLC (the Company) for the year ended December 31, 2006, we considered its internal control structure 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 structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the Commission), we have made a study of the practices and procedures followed by the Company, including tests of compliance with 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 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 cash or 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 and (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 an internal control structure 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 preparation of financial statements in conformity with accounting principles generally accepted in the United State of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors 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 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 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 and 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, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the Securities and Exchange Commission, the National Association of Securities Dealers 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.

*Heck, Fasani, Ramsey, Kraus & C. P. C.*

Certified Public Accountants

St. Louis, Missouri

February 20, 2007

*END*