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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**

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: MONUMENT GROUP, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

500 BOYLSTON ST., SUITE 1650
(No. and Street)

BOSTON
(City)

MA
(State)

02116
(Zip Code)

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

TERESA H. KINJELLA

617 423-4700
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PAUL J. SOWIZRAL, COLLARD & SOWIZRAL, P.C.
(Name - if individual, state last, first, middle name)

97 LOWELL RD.
(Address)

CONCORD
(City)

MA
(State)

01742
(Zip Code)

CHECK ONE:

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

PROCESSED

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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)

OATH OR AFFIRMATION

I, ALICIA M. COONEY swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MONUMENT GROUP, INC. as of FEBRUARY 26, 2007 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:

Alicia M. Cooney
Signature

TREASURER
Title

Naomi S. Rodney Orway
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).

MONUMENT GROUP, INC.

**CONSOLIDATED AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SUPPLEMENTAL
REPORT OF INDEPENDENT AUDITORS**

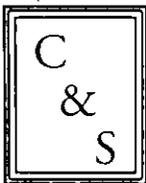
December 31, 2006

MONUMENT GROUP, INC.
CONSOLIDATED AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND SUPPLEMENTAL
REPORT OF INDEPENDENT AUDITORS

December 31, 2006

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COLLARD & SOWIZRAL, P.C.
Certified Public Accountants

Normand P. Collard, CPA, MST
Paul J. Sowizral, CPA, MST

97 Lowell Road, Concord, MA 01742 Tel 978-371-7448, FAX 978-371-0038

Report of Independent Auditors

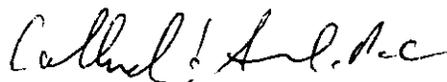
To the Board of Directors and Stockholders
Monument Group, Inc.

We have audited the accompanying consolidated statement of financial condition of Monument Group, Inc. as of December 31, 2006 and the related consolidated statements of income and comprehensive income, changes in 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Monument Group, Inc. 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information for Monument Group, Inc., listed as supplemental information in the table of contents, 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 our 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.


Concord, Massachusetts
February 12, 2007

MONUMENT GROUP, INC.
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2006

ASSETS	
Cash and cash equivalents	\$ 2,515,196
Placement and consulting fees receivable	33,505,151
Reimbursable expenses and other receivables	102,194
Prepaid expenses	416,928
Fixed assets, net of accumulated depreciation of \$383,833	373,864
Other assets	<u>672,949</u>
Total Assets	\$ <u>37,586,282</u>
LIABILITIES	
Accounts payable	\$ 144,491
Accrued expenses	176,128
Notes payable	<u>249,734</u>
Total Liabilities	<u>570,353</u>
EQUITY	
Controlling interest in equity	
Common stock, \$.01 par value, 10,000 shares authorized, 7,500 shares issued and outstanding	75
Additional paid in capital	14,925
Retained earnings	364,325
Noncontrolling interest in equity	36,625,498
Accumulated other comprehensive income	<u>11,106</u>
Total Equity	<u>37,015,929</u>
Total Liabilities and Equity	\$ <u>37,586,282</u>

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

MONUMENT GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

Year Ended December 31, 2006

REVENUES	
Private placement fees	\$ 28,005,565
Consulting	551,135
Investment income	4,449,508
Foreign exchange transaction gain	<u>102,466</u>
Total Revenues	33,108,674
 EXPENSES	
Employee compensation and benefits	4,716,557
Other personnel expenses	153,680
Consulting fees	1,000,000
Marketing	566,651
Occupancy and equipment	409,832
General and administration	497,036
Travel	421,768
Depreciation and amortization	133,845
Donations	6,000
Professional expenses	294,360
Investment expenses	2,858
NASD and other registration expenses	56,371
Taxes and other	<u>34,064</u>
Total Expenses	<u>8,293,022</u>
NET INCOME FROM OPERATIONS	<u>24,815,652</u>
 OTHER COMPREHENSIVE INCOME	
Foreign currency translation loss	(26,694)
Unrealized gain on marketable securities	<u>46,800</u>
Total other comprehensive income	<u>20,106</u>
Cumulative effect of consolidating non controlling entity	<u>24,178,867</u>
COMPREHENSIVE INCOME	\$ <u><u>49,014,625</u></u>

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

MONUMENT GROUP, INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2006

	Controlling Interest in Equity			Non controlling Interest In Equity	Accumulated Other Comprehensive Gain(Loss)	Total
	Common Stock	Capital Surplus	Retained Earnings			
Equity December 31, 2005	\$ 75	\$ 14,925	\$ 552,009	\$ -	\$ -	\$ 567,009
Income	-	-	118,316	48,885,203	11,106	49,014,625
Distribution of capital	-	-	(306,000)	(12,259,705)	-	(12,565,705)
Equity December 31, 2006	\$ <u>75</u>	\$ <u>14,925</u>	\$ <u>364,325</u>	\$ <u>36,625,498</u>	\$ <u>11,106</u>	\$ <u>37,015,929</u>

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

MONUMENT GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Comprehensive Income	\$ 49,014,625
Cumulative effect of consolidating non controlling entity	(24,178,867)
Depreciation and amortization	133,845
Loss on disposal of fixed assets	34,545
Unrealized gain on marketable securities	(46,800)
Changes in assets and liabilities:	
Fees receivable	(14,234,568)
Reimbursed expenses and other receivables	38,949
Prepaid expense	(330,281)
Accounts payable	(20,290)
Accrued expenses	105,587
Due to affiliate	<u>(36,523)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>10,480,222</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital contributions paid to limited partnerships	(8,513)
Purchase of fixed assets	(108,181)
Purchase of investment	(19,200)
Reinvest investment income	<u>(3,932)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(139,826)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Distribution of capital	<u>(12,565,705)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(12,565,705)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(2,225,309)</u>
CASH AND CASH EQUIVALENTS-BEGINNING	<u>4,740,505</u>
CASH AND CASH EQUIVALENTS-ENDING	<u>\$ 2,515,196</u>
SUPPLEMENTAL CASH FLOW INFORMATION	
Income taxes paid during the year	<u>\$ 7,958</u>

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

MONUMENT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(1) BACKGROUND AND BASIS OF PRESENTATION

Monument Group, Inc. (the Company) was formed on March 31, 1994 as a Delaware corporation and commenced operations on July 15, 1994. The Company is engaged generally in the business of placing private securities with institutional investors. As disclosed in previous financial statements, the stockholders of Monument Group, Inc. are also the majority stockholders of Monument Group, L.P. Monument Group, Inc.'s stockholders established Monument Group, L.P. on April 14, 1994 to provide management services required by Monument Group, Inc., and to provide financial consulting services to the investing community. Monument Group (UK), Ltd was formed in July 2005 and is wholly owned by Monument Group, L.P. Monument Group (UK), Ltd is engaged generally in the business of placing private securities with institutional investors with a primary focus in Europe.

The Company is the primary beneficiary of Monument Group, L.P., which qualifies as a variable interest entity under FASB Interpretation 46, "Consolidation of Variable Interest Entities (FIN 46). Accordingly, the assets, liabilities, revenues and expenses of Monument Group, LP and Monument Group (UK), Ltd have been included in the accompanying consolidated financial statements. As of December 31, 2006 and for the year then ended, Monument Group, L.P. and Monument Group (UK), Ltd had assets of \$37,288,055 and liabilities of \$552,713. Creditors and beneficial holders of Monument Group, L.P. and Monument Group (UK), Ltd have no recourse to the assets or general credit of the Company.

The cumulative effect of the change is reflected as a component of net income for 2006. The cumulative adjustment recognizes the carrying amounts of equity in Monument Group, L.P. and Monument Group, (UK) Ltd. at that date using generally accepted accounting principles. The noncontrolling interest in equity consists of Monument Group, LP and Monument Group (UK), Ltd and the controlling interest in equity consists of Monument Group, Inc.

Monument Group, Inc., Consolidated (the Organization) includes the accounts of Monument Group, Inc., Monument Group, L.P. and Monument Group (UK), Ltd. as they are commonly controlled by the same majority shareholders and general partner. All significant inter-company accounts and transactions have been eliminated.

MONUMENT GROUP, INC.,
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the application of certain significant accounting policies as described below.

(a) Cash Equivalents

The Organization considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents include investments in money market accounts.

(b) Revenue Recognition

Monument Group, Inc. and Monument Group (UK) Ltd. earn fees from their customers for the sale of private placement securities to institutional investors. Cash flows representing the fees earned are received over future periods and are recorded at their net present value discounted at an estimated incremental borrowing rate at the time the sale transaction closed.

(c) Income Taxes

Monument Group, Inc. and its stockholders have elected to be treated as a Sub-Chapter S Corporation under the provisions of the Internal Revenue Code, which provides that, in lieu of federal and certain state corporate income taxes, the stockholders are taxed on their proportionate share of the Company's taxable income. Monument Group, LP is treated as a partnership for federal and state income tax purposes so that the tax effects of the partnership are passed on to the partners. Accordingly, no provision or liability for federal and certain state income taxes is presented in these financial statements for Monument Group, LP. Current income taxes are based on taxable income for the fiscal year for Monument Group, (UK) Ltd as measured by current tax provisions.

(d) Estimates

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

(e) Fair Value of Financial Instruments

The carrying amounts of all financial instruments in the accompanying statement of financial condition approximate their fair value.

MONUMENT GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2006

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash balances maintained in high quality financial institutions which at times exceed the federally insured limit. At December 31, 2006, the balance in excess of federally insured limits was \$1,808,515. In addition, the Organization has operations in the United Kingdom which could be subject to disruptions in that country.

(g) Other Assets

Other assets consist of deposits, investments in securities and interests in limited partnerships and limited liability companies. Investments in securities are reported at fair value, unrealized gains and losses are reported as other comprehensive income. Interests in limited partnerships are accounted for at cost as individual holdings represent a less than 20% interest in the partnership. Cost is reduced for permanent declines in value and dividends are recorded as income when received. At December 31, 2006, securities with a cost of \$67,900 and an unrealized gain of \$46,800 were included in other assets.

(h) Advertising

All advertising costs are expenses as incurred.

(i) Fixed Assets

Fixed assets consist of leasehold improvements and various items of furniture, computers and other office equipment that are recorded at cost. The Organization depreciates the improvements and equipment over its estimated useful life using accelerated methods. The estimated useful life for equipment and furniture range from 3 to 7 years; the estimated useful life for leasehold improvements is 10 years. Depreciation expense in 2006 was \$133,845. Major classes of fixed assets are as follows:

Equipment and furniture	\$ 565,053
Leasehold improvements	<u>192,644</u>
	757,697
Less accumulated depreciation	<u>(383,833)</u>
	<u>\$ 373,864</u>

MONUMENT GROUP, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2006

(3) RESTRICTED CASH

Other assets include a certificate of deposit in the amount of \$125,000 that is pledged as collateral under a security agreement with a bank. The security agreement is required to support an irrevocable letter of credit in the same amount required to be established under a lease agreement.

(4) NET CAPITAL REQUIREMENTS

Monument Group, Inc is subject to the Security and Exchange Commission's 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. At December 31, 2006, the Company had net capital of \$204,681, which was \$199,681 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 0.0862 to 1. In addition, the Company has informally agreed with the NASD that it will maintain minimum net capital of \$15,000.

(5) COMMITMENTS

The Organization leases office locations under operating leases which provide for base rent and payment of the lessees pro rata share of common area maintenance expenses and real estate taxes. Rent paid under the leases amounted to \$395,040 for the period ended December 31, 2006.

The future minimum payments under the operating leases are as follows:

Twelve months ended December 31,	\$	Total Commitment
2007	\$	430,255
2008		435,030
2009		437,417
2010		437,417
2011		<u>437,417</u>
	\$	<u>2,177,536</u>

(6) RETIREMENT PLAN

Monument Group, LP maintains a profit sharing plan for the benefit of substantially all its employees. Contributions to the plan are at the discretion of the Organization. Contributions to the plan for 2006 were \$383,913.

MONUMENT GROUP, INC.
CONSOLIDATED NOTES TO FINANCIAL STATEMENTS

December 31, 2006

(7) NOTES PAYABLE

The Organization entered into various notes payable with one of the investment partnerships whereby cash was loaned to the Organization. The notes bear no stated or required imputed interest and are to be repaid by offsetting future capital contributions to or distributions from the investment partnership. The notes are payable on demand or in any event no later than the dissolution of the investment partnership.

(8) PLACEMENT FEE RECEIVABLE

The Organization receives placement fees which are paid over various terms usually exceeding one year. Some transactions do not bear interest. Non interest bearing transactions are recorded at net present value using an imputed interest rate of 8%. At December 31, 2006, the face amount of long-term receivables that did not bear interest was \$32,218,673 and the discount for imputed interest was \$4,641,121. The Organization considers all amounts to be collectible and no provision for doubtful accounts has been established.

(9) INCOME TAXES

The Organization's income tax provision is as follows at December 31:

<u>Current provision</u>		
Federal	\$	-
Foreign		25,708
State		<u>3,883</u>
		<u>29,591</u>
<u>Deferred income taxes</u>		
Federal		-
Foreign		-
State		<u>-</u>
		<u>-</u>
Total provision	\$	<u>29,591</u>

The state tax provisions would differ from that calculated using a statutory rate due primarily to differences between placement fees calculated for financial statement and tax return purposes. However, deferred taxes have not been recorded because the amount was deemed immaterial for financial statement purposes. See Note 2 (c).

SUPPLEMENTAL INFORMATION

MONUMENT GROUP, INC.
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND
 EXCHANGE COMMISSION

December 31, 2006

Net Capital:	
Total consolidated equity	\$ 37,161,467
Deduct equity not allowable for net capital	<u>(36,735,342)</u>
Total stockholders' equity qualified for net capital	426,125
Deduct nonallowable assets:	
Accounts Receivable	182,367
Prepaid expense	5,731
Deduct undue concentration	13,635
Deduct 2% reduction on money market balance	2,506
Deduct 15% reduction on owned securities	<u>17,205</u>
Net Capital	\$ <u>204,681</u>
Aggregate indebtedness	\$ <u>17,639</u>
Computation of basic net capital requirement:	
minimum net capital required 6 2/3 % of total aggregate indebtedness, but not less than \$5,000	\$ <u>5,000</u>
Excess of net capital over requirement	\$ <u>199,681</u>
Ratio: aggregate indebtedness to net capital	<u>8.62%</u>

There are no differences from the above computations and the Company's corresponding amended unaudited Part II-A filing of December 31, 2006.

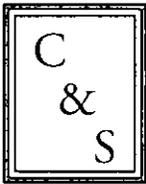
MONUMENT GROUP, INC.

EXEMPTION UNDER RULE 15c3-3

December 31, 2006

The Company claims exemption under the provision of Rule 15c3-3(k)2(i), since the Company is a broker/dealer engaged in the business of raising funds for private placements.

**SUPPLEMENTAL REPORT OF
INDEPENDENT AUDITORS**



Independent Auditors' Report on Internal Accounting Control

Required by SEC Rule 17a-5

The Board of Directors and Stockholders of Monument Group, Inc.

In planning and performing our audit of the financial statements of Monument Group, Inc. (the Company) for the year ended December 31, 2006, we considered its internal control 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 and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. 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.

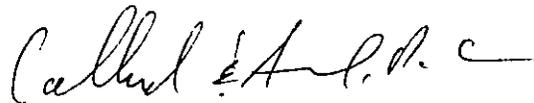
The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related 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 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 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 do 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 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 purpose 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, 2006 to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission 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.



February 12, 2007