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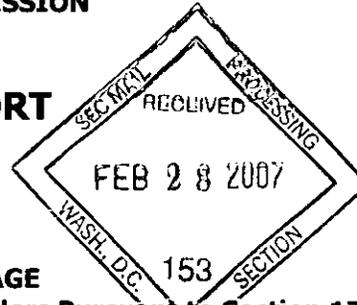
UNITED STATES  
ID EXCHANGE COMMISSION  
Washington, D.C. 20549

BPB 3/14

OMB APPROVAL

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



SEC FILE NUMBER

8-49677

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 01/01/2006 AND ENDING 12/31/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **ARVEST INVESTMENTS, INC.**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**201 West Walnut**

(No. and Street)

**Rogers, Arkansas 72756**

(City) (State) (Zip Code)

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

Name: **Calvin Jarrett** (Area Code - Telephone Number): **479-621-1825**

**B. ACCOUNTANT IDENTIFICATION**

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

**PricewaterhouseCoopers LLP**

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

(Address) **300 Madison Avenue** (City) **New York** (State) **New York** (Zip Code) **10017**

PROCESSED

CHECK ONE:

Certified Public Accountant

Public Accountant

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

MAR 21 2007 E

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)

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.

**OATH OR AFFIRMATION**

I, Calvin Jarrett, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Arvest Investments, Inc., as of December 31, 2006, 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:

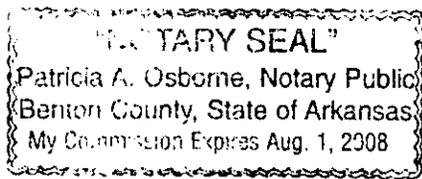
Calvin Jarrett  
Signature

President-Investment Services  
Title

Patricia A. Osborne  
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).

**Arvest Investments, Inc.**  
(a wholly-owned subsidiary of Arvest Bank)  
**Financial Statements and  
Supplementary Information**  
December 31, 2006

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Index**  
**December 31, 2006**

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**Report of Independent Auditors**

To the Board of Directors and Stockholder of  
Arvest Investments, Inc.

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in stockholder's equity and cash flows present fairly, in all material respects, the financial position of Arvest Investments, Inc. (a wholly-owned subsidiary of Arvest Bank) (the "Company") at 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. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 5, the Company has significant transactions with its parent. Because of this relationship, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Supplementary Schedules I, II and III 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 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.

*PricewaterhouseCoopers LLP*

February 26, 2007

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Statement of Financial Condition**  
**December 31, 2006**

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Cash and cash equivalents	\$ 3,154,604
Receivable from broker-dealer	868,049
Trading securities	696,309
Receivable from Arvest Bank	749,424
Other assets	263,234
Total assets	<u>\$ 5,731,620</u>
<b>Liabilities and Stockholder's Equity</b>	
Securities sold, not yet purchased	\$ 65,000
Payable to broker-dealer	646,816
Accrued compensation expense	1,019,804
Total liabilities	<u>1,731,620</u>
Common stock, no par value; 1,000 shares authorized; 100 shares issued and outstanding	<u>4,000,000</u>
Total stockholder's equity	<u>\$ 4,000,000</u>
Total liabilities and stockholder's equity	<u>\$ 5,731,620</u>

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

**Arvest Investments, Inc.**  
(a wholly-owned subsidiary of Arvest Bank)  
**Statement of Operations**  
**Year Ended December 31, 2006**

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<b>Revenues</b>	
Commissions	\$ 15,622,421
Mutual fund fees	2,561,594
Trading profits	313,885
Other income	466,587
Total revenues	<u>18,964,487</u>
<b>Expenses</b>	
Compensation and related benefits	13,557,953
Market data services	541,415
Occupancy	503,659
Travel and entertainment	404,482
Forms and supplies	100,550
Business entertainment	125,960
Legal, accounting and consulting	86,611
Other expenses	766,050
Total expenses	<u>16,086,680</u>
Net revenues prior to allocation of net revenues to Arvest Bank	2,877,807
Allocation of net revenues to Arvest Bank	<u>(2,877,807)</u>
Net income	<u>\$ -</u>

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

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Statement of Changes in Stockholder's Equity**  
**December 31, 2006**

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	<b>Common Stock</b>	<b>Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Stockholder's Equity</b>
Balance at January 1, 2005	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Arvest Bank contribution	2,500,000	-	-	2,500,000
Net income	-	-	-	-
Balance at December 31, 2005	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>

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

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Statement of Cash Flows**  
**Year Ended December 31, 2006**

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Net income	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in assets and liabilities	
Decrease in receivable from broker-dealer	84,323
Decrease in trading securities	2,026
Increase in other assets	(9,890)
Increase in securities sold, not yet purchased	65,000
Increase in receivable from Arvest Bank	463,370
Decrease in payable to broker-dealer	(55,543)
Decrease in accrued compensation expense	(369,532)
Decrease in accounts payable and other liabilities	<u>(145,553)</u>
Net cash provided by operating activities	34,201
Cash and cash equivalents, beginning of year	<u>3,120,403</u>
Cash and cash equivalents, end of year	<u>\$ 3,154,604</u>
<b>Supplemental schedule of non-cash investing and financing activities:</b>	
Capital contributions funded by forgiveness of payable to Arvest Bank	<u>\$ 2,500,000</u>

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

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Notes to Financial Statements**  
**December 31, 2006**

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**1. Organization and Nature of Business**

Arvest Investments, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD"). The Company is an Arkansas corporation that is a wholly-owned subsidiary of Arvest Bank, a wholly-owned indirect subsidiary of Arvest Bank Group, Inc. ("ABG"). The Company primarily acts as an introducing broker-dealer offering a wide range of investment security products to retail customers of Arvest Bank.

The Company executes all of its customers' transactions, on a fully-disclosed basis, through unaffiliated clearing broker-dealers, which carry the accounts and securities of the Company's customers.

**2. Summary of Significant Accounting Policies**

The significant accounting and reporting policies of the Company conform to accounting principles generally accepted in the United States of America and prevailing practices within the broker-dealer industry. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which impact 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.

The following is a summary of the more significant accounting policies of the Company:

**Income Recognition**

Commission revenues and related clearing expenses are recorded by the Company on a trade date basis as securities transactions occur.

Trading securities and securities sold, not yet purchased are carried at fair value based on quoted market prices. Included in trading profits are unrealized losses on the marketable securities of \$15,508 at December 31, 2006. The Company had \$696,309 of trading securities on hand at December 31, 2006.

**Income Taxes**

The Company's operations are included in the consolidated federal and state income tax returns of ABG. Since the Company generates no taxable income or significant permanent or temporary differences, no income tax provision has been recorded.

**Statement of Cash Flows**

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments with original maturities of less than ninety days that are not held for sale in the ordinary course of business.

**Statement of Changes in Subordinated Liabilities**

The financial statements of the Company do not include a statement of changes in liabilities subordinated to the claims of general creditors as required under Rule 17a-5 of the SEC since no such liabilities existed at December 31, 2006 or during the year then ended.

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Notes to Financial Statements**  
**December 31, 2006**

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**Fair Values of Financial Instruments**

The Company's financial instruments, which are included in the accompanying statement of financial condition, are either carried at quoted market prices or are short-term in nature. As a result, the carrying amounts reported in the accompanying statement of financial condition approximate the estimated fair values of all financial instruments at December 31, 2006.

**3. Receivable From Broker-Dealer**

Amounts receivable from broker-dealer at December 31, 2006 consisted of fees and commissions receivable from the Company's clearing brokers.

**4. Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital and establishes a maximum ratio of aggregate indebtedness to net capital, both as defined. At December 31, 2006, the Company had net capital of \$2,985,179 which was \$2,735,179 in excess of its required net capital of \$250,000, and a ratio of aggregate indebtedness to net capital of .56 to 1, which was less than the maximum allowable ratio of 15 to 1.

**5. Transactions with Arvest Bank**

The Company is a provider of retail brokerage services and primarily derives its revenues from these services. Most of the Company's sales representatives are located in banking locations of Arvest Bank and, therefore, Arvest Bank customers have ready access to the sales representatives. In connection with this relationship, the Company is a party to an agreement with Arvest Bank under which all of the Company's net revenues are allocated to Arvest Bank. Under other provisions established in the agreement, the allocation is net of the direct expenses incurred in connection with the generation of the revenues plus an allocation of all of the Company's other expenses. As a result, the Company reports no net income after such allocations.

The Company rents office space and equipment and purchases support services, including all personnel services, from Arvest Bank. Total expenses incurred for the above activities for the year ended December 31, 2006 amounted to \$13,847,860. Stated financial results may differ if these transactions were conducted with other external parties.

Arvest Bank may, from time to time, provide the Company with capital contributions in order to maintain minimum net capital requirements. During the year ended December 31, 2006, Arvest Bank contributed \$2,500,000 of capital. The Company also maintained cash on deposit with Arvest Bank at December 31, 2006 totaling \$99,284.

**6. Commitments and Contingent Liabilities**

In the normal course of business, the Company may become subject to litigation or claims. The Company is not aware of any litigation or claims against the Company which would materially affect its business and operations.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company's clearing brokers extend credit to the Company's customers, subject to various regulatory and internal margin requirements, collateralized by cash and

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Notes to Financial Statements**  
**December 31, 2006**

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securities in the customers' accounts. In connection with these activities, the clearing brokers clear customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. In the event the customer fails to satisfy its obligations, the clearing broker may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. Any associated loss incurred by the clearing brokers will be reimbursed by the Company in accordance with the clearing agreements between the clearing brokers and the Company. The Company seeks to control the risks associated with these activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions, when necessary.

As the right to charge the Company has no maximum amount and applies to all trades executed through the clearing brokers, the Company believes there is no maximum amount assignable to this right. At December 31, 2006, the Company has recorded no liabilities with regard to this right. The Company does not anticipate losses, if any, arising from these activities to have a material impact on the financial statements.

In addition, the Company has the right to pursue collection or performance from the counterparties who do not perform under their contractual obligations. The Company monitors the credit standing of the clearing brokers and all counterparties with which it conducts business.

**Supplementary Information Required  
By Rule 17a-5 of  
The Securities and Exchange Commission**

**Arvest Investments, Inc.**  
**(a wholly-owned subsidiary of Arvest Bank)**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**December 31, 2006**

Schedule I

**Computation of Net Capital**

Total stockholder's equity	\$ 4,000,000
Total stockholder's equity qualified for net capital	<u>4,000,000</u>
Deductions	
Nonallowable assets	
Receivable from broker-dealer	(52,844)
Other assets	(912,658)
Total nonallowable assets	<u>(965,502)</u>
Total deductions	<u>(965,502)</u>
Net capital before haircuts on securities	<u>3,034,498</u>
Haircuts on securities and cash equivalents	
Trading securities and cash equivalents	(49,319)
Total haircuts on securities and cash equivalents	<u>(49,319)</u>
Net capital	<u>\$ 2,985,179</u>

**Computation of Aggregate Indebtedness**

Items included in the Statement of Financial Condition	
Payable to broker-dealer and accrued compensation expense	\$ 1,666,620
Aggregate indebtedness	<u>\$ 1,666,620</u>

**Computation of Basic Net Capital Requirements**

Minimum net capital required (greater of \$250,000 or 6 2/3% of aggregate indebtedness)	\$ 250,000
Excess net capital	<u>\$ 2,735,179</u>
Ratio of aggregate indebtedness to net capital	<u>.56 to 1</u>

No material differences existed between the above computation and the computation included in the Company's amended unaudited FOCUS report as of December 31, 2006 filed on February 24, 2007.

**Arvest Investments, Inc.**

Schedule II

**(a wholly-owned subsidiary of Arvest Bank)****Computation for Determination of Reserve Requirements Under Rule  
15c3-3 of the Securities and Exchange Commission****December 31, 2006**

Credit balances	\$ -
Free credit balances and other credit balances in customers' security accounts	
Monies borrowed collateralized by securities carried for the accounts of customers	
Monies payable against customers' securities loaned	
Customers' securities failed to receive (including credit balances in continuous net settlement accounts)	
Credit balances in firm accounts that are attributable to principal sales to customers	
Market value of stock dividends, stock splits and similar distributions receivable outstanding over thirty calendar days	
Market value of short security count differences over thirty calendar days old	
Market value of short securities and credits in all suspense accounts over thirty calendar days	
Market value of securities that are in transfer in excess of forty calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer	
Total credit items	<u>\$ -</u>
Debit balances	\$ -
Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to rule 15c3-3	
Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver	
Failed to deliver of customers' securities not older than thirty calendar days	
Other	
Gross debits	<u>-</u>
Less three percent charge	
Total debit items	<u>\$ -</u>
Reserve computation	
Excess of total debits over total credits	<u>\$ -</u>
Required deposit	<u>None</u>

No material differences existed between the above computation and the computation included in the Company's amended unaudited FOCUS report as of December 31, 2006 filed on February 24, 2007.

(a wholly-owned subsidiary of Arvest Bank)

Information Relating to Possession or Control Requirements Under  
Rule 15c3-3 of the Securities and Exchange Commission  
December 31, 2006

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1. Customers' fully paid securities and excess margin securities not in the Company's possession or control as of December 31, 2005 (for which instructions to reduce to possession or control had been issued as of December 31, 2005 but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3).	\$ -
A. Number of Items	-
2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of December 31, 2005, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.	\$ -
A. Number of Items	-

No material differences existed between the above computation and the computation included in the Company's amended unaudited FOCUS report as of December 31, 2006 filed on February 24, 2007.

**Report of Independent Auditors  
on Internal Control Required By SEC Rule 17a-5**

To the Board of Directors and Stockholder of  
Arvest Investments, Inc.:

In planning and performing our audit of the financial statements of Arvest Investments, Inc. (the "Company") as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in 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 and 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we identified the following deficiency in internal control that we consider to be a material weakness, as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Company, as of and for the year ended December 31, 2006, and this report does not affect our report thereon dated February 26, 2007. The Company did not maintain effective controls over the classification of certain amounts within the FOCUS report. Specifically, the Company did not properly classify amounts related to receivables as required by Rule 15c3-1 of the Securities and Exchange Commission. This control deficiency resulted in the amendment of the Company's December 31, 2006 FOCUS reports. In addition, this control deficiency could result in a misstatement of the FOCUS reports that would cause a material misstatement of the net capital that would not be prevented or detected. Accordingly, we have concluded that this control deficiency constitutes a material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives except for the material weakness described in the previous paragraph.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



February 26, 2007