

BB*
3/16



07004448



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

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

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

SEC FILE NUMBER
8-43078

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Cain Brothers & Company, LLC

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

360 Madison Avenue, 5th Floor

(No. and Street)

New York,

New York

10017

(City)

(State)

(Zip Code)

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

Mr. Rhett Thurman

(212) 869-5600

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Grant Thornton LLP

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

60 Broad Street

New York

N.Y.

10004

(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 19 2007

**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)

BB*
3/17

OATH OR AFFIRMATION

I, Rhett Thurman, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cain Brothers & Company, LLC, 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:

ELLA C. WILLIAMS-HARRIOTT
Notary Public, State of New York
Registration #01W16044663
Qualified in Bronx County
Commission Expires July 10, 2010

[Signature]
Signature
Chief Financial Officer
Title

[Signature]
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 x Cash Flows
(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).

CONSOLIDATED STATEMENT OF FINANCIAL
CONDITION AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

**CAIN BROTHERS & COMPANY, LLC
AND SUBSIDIARY**

December 31, 2006

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Member of
Cain Brothers & Company, LLC

We have audited the accompanying consolidated statement of financial condition of Cain Brothers & Company, LLC and Subsidiary (the "Company") as of December 31, 2006. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 consideration of internal controls over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, 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 statement of financial condition referred to above presents fairly, in all material respects, the consolidated financial position of Cain Brothers & Company, LLC and Subsidiary as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
February 28, 2007



Cain Brothers & Company, LLC and Subsidiary

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2006

ASSETS

Cash and cash equivalents	\$ 8,651,919
Fees receivable, net of reserves of \$86,598	3,550,824
Securities owned, at market value	17,895
Investments, at fair value	2,620,122
Receivable for unsettled securities transactions	9,846,261
Due from clearing broker	335,069
Property and equipment - net of accumulated depreciation of \$330,864	325,936
Prepaid expenses and other assets	<u>1,113,447</u>
	<u>\$26,461,473</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	
Due to clearing broker	\$ 9,846,261
Accounts payable and accrued expenses	2,817,941
Bonus and profit-sharing payable	3,620,897
Unearned revenue	1,842,000
Bank overdraft payable	<u>110,105</u>
Total liabilities	<u>18,237,204</u>
Member's equity	
Common unit holder	<u>8,224,269</u>
Total member's equity	<u>8,224,269</u>
	<u>\$26,461,473</u>

The accompanying notes are an integral part of this statement.

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2006

NOTE A - ORGANIZATION

Cain Brothers & Company, LLC (the "Company") was formed under the laws of the State of Delaware as a limited liability company on June 18, 1997, and began operations under the Amended and Restated Limited Liability Company Operating Agreement (the "Agreement") as of August 1, 1997. As of March 31, 2006, the Company is operating under the Third Amended and Restated Limited Liability Company Operating Agreement (the "New Agreement"). The Company, which was formed by Cain Brothers & Company, Incorporated ("Cain") subject to the Asset Contribution Agreement dated August 1, 1997, filed an amendment to its Form BD and assumed the broker-dealer license of Cain.

The term of the Company will expire on December 31, 2048, unless certain events (as defined in the New Agreement) occur prior to this date to effect the termination of the Company.

The Company is an investment banking and financial advisory firm concentrating on the health care industry. The Company is a registered broker-dealer and is a member of the National Association of Securities Dealers, Inc., and the Securities Investor Protection Corporation. Securities transactions are cleared on a fully disclosed basis through Pershing, LLC (the "Clearing Broker"). As the Company does not carry customer accounts, it is exempt from the SEC's Rule 15c3-3 pursuant to provision (k)(2)(ii) of such rule.

NOTE B - BACKGROUND

Cain formed the Company on June 18, 1997, and was the sole member of the Company as of this date. On August 1, 1997, Cain amended the limited liability company operating agreement to admit Banc One Capital Partners, LLP ("Banc One") as a member of the Company. On August 1, 1997, Cain contributed certain assets, at their carrying value, to the Company in exchange for the Company assuming certain liabilities of Cain, at their carrying value, and issuing 750 of the Company's common units. On October 4, 2000, Cain amended its limited liability agreement to effect the withdrawal of Banc One's membership and admit Able Health Ventures LLC ("Lehman"), a wholly-owned subsidiary of Lehman Brothers Holdings, Inc., as a member of the Company. On March 31, 2006, Cain made an additional contribution of capital to the Company which was used to redeem in full the preferred interest of Lehman at its carrying value (the "Lehman Redemption"). The Lehman Redemption did not affect the Company's capital, but as a consequence of this transaction, the Company became a single-member LLC.

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE B (continued)

Effective with the Lehman Redemption, the business and affairs of the Company have been managed and controlled by Cain as the sole corporate member. Cain has designated four officers of the Company who manage its affairs, subject to Cain's supervision and control. These officers and certain other management employees of the Company are shareholders in Cain and are paid by the Company through compensation.

NOTE C - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Cash and Cash Equivalents

Cash and cash equivalents include cash in bank accounts and deposits in money market accounts.

Cash on deposit with banks as of December 31, 2006 exceeded insured limits.

2. Fees Receivable

Fees receivable are comprised of billed invoices and work-in-process for engagements substantially complete but unbilled at December 31, 2006. Fees receivable associated with billed invoices are carried net of reserves, which are established primarily on an aging basis, as an allowance for doubtful accounts.

3. Securities Transactions

Securities transactions are recorded on a trade-date basis. Amounts related to unsettled securities transactions are reported net on the Consolidated Statement of Financial Condition. Securities owned are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

4. Due From or To Clearing Broker

The amount due from or to clearing broker primarily represents receivables for funds held by the clearing broker which result from cash deposits and proceeds from realized securities transactions or amounts due to clearing broker on settled securities transactions. It is the Company's policy to monitor the credit standing of the clearing broker with whom it conducts business.

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE C (continued)

5. *Property and Equipment*

The Company records property and equipment at cost. Depreciation is computed over the estimated useful lives of the assets on a straight-line basis.

6. *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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

7. *Taxes*

The Company is a limited liability company. The operations of the Company will be included in the taxable income of the members, and, accordingly, no provision for Federal income taxes is recorded in the financial statements. Included within the provision for taxes are certain state and local taxes. Upon the Company becoming a single member LLC effective April 1, 2006 and a disregarded entity for tax purposes, no provision for New York City unincorporated business tax has been made.

8. *Consolidation*

The consolidated financial statements include the accounts of Cain Brothers RE LLC, its wholly owned subsidiary. All intercompany balances have been eliminated in consolidation.

NOTE D - NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1, which requires that net capital, as defined, shall be the greater of \$100,000, or 6-2/3% of aggregate indebtedness, as defined, of \$8,390,943. Net capital and aggregate indebtedness change from day to day, but at December 31, 2006, the Company had net capital of \$2,370,020, which exceeded its requirement of \$559,396 by \$1,810,624.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE E - INVESTMENTS, AT FAIR VALUE

At December 31, 2006, the Company has, in addition to certain marketable securities, the following investments: CB Health Ventures LLC and CB Health Ventures II LLC, collectively referred to as "Ventures," which are included in the accompanying consolidated statement of financial condition at fair value.

In determining fair value, the Company has given consideration to changes in financial condition of the investee, prospects of the investee and current status of the investee's marketability. The values as of any particular date are not indicative of amounts that may ultimately be realized as a result of future sales or other dispositions of investments held. Additionally, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed.

At December 31, 2006, the Company's investment in Ventures was valued at approximately \$2,620,000. This is its fair value, as determined by management, based upon the underlying net asset value of the funds. Ventures makes investments concentrated in the health care industry. The Company has committed to contribute to Ventures approximately \$1.21 million. As of December 31, 2006, the Company has made contributions totaling approximately \$1.18 million to Ventures. The Company's outstanding commitment, as of December 31, 2006, is approximately \$30,000. The Company will be required to make additional capital contributions on an "as needed" basis, up to the amount of its commitment.

On January 18, 2007, the Company received a capital distribution from Ventures totaling \$115,500.

A principal of the Company also serves in a management capacity of Ventures.

NOTE F - UNEARNED REVENUE

On November 21, 2005, the United States Bankruptcy Court for the Western District of Texas, San Antonio Division (the Court) approved Cain Brothers' Final Fee Application in conjunction with investment banking services rendered by Cain Brothers to its client, the National Benevolent Association (NBA). An element of the Court's ruling, whereby Cain Brothers was awarded a \$1.842 million Transaction Fee, was appealed by NBA to the District Court of the Western District of Texas on November 28, 2005. On March 9, 2006, a stipulation was entered by the District Court under which the

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE F (continued)

transaction fee was to be paid to Cain Brothers in accordance with the November 21, 2005 order, as long as Cain Brothers agreed that, if the Court's ruling were overturned on appeal, such funds would be returned to NBA. The appeal process in the District Court was unresolved as of December 31, 2006. Until resolution, Cain Brothers can give no assurance as to the amount of its final Transaction Fee award, if any, and has therefore classified the March 2006 payment as *unearned revenue*.

NOTE G - MEMBER'S EQUITY

Per the New Agreement, Cain is the sole corporate member and common interest holder of the Company. Prior to the date of the New Agreement, Lehman had been the sole Class A Preferred interest holder and was entitled to a Preferred Return on its unrecovered preferred Class A capital balance. From January 1, 2006 through March 31, 2006, the Class A Preferred capital balance was \$4,000,000.

From January 1, 2006 through the date of the New Agreement, for purposes of allocating net income or net loss to the members, Lehman was allocated net income equal to the Lehman Preferred Return, which carried a maximum Return Rate of 17% per annum. Any remaining net income or net loss was allocated to the common interest holder (Cain). Per the New Agreement, all net income or net loss is allocated to Cain as the sole corporate member.

For the year ended December 31, 2006, the Preferred Return (paid solely to Lehman based on its preferred capital balance from January 1, 2006 through March 31, 2006) totaled \$170,000.

NOTE H - RELATED-PARTY TRANSACTIONS

At December 31, 2006, the Company had a receivable from Ventures totaling \$28,400 relating to chargebacks for services provided between the Company and Ventures. Also, as of December 31, 2006, the Company had a \$12,323 receivable from Health Enterprise Partners, a private equity fund of which two officers of the Company serve in a management capacity, and \$77,200 from several individuals who are employees of the Company and are also members in CB Insurance Holdings LLC, which is the owner of life insurance policies on certain Company employees.

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE H (continued)

On December 28, 2006, the Company entered into a Receivables Sale and Servicing Agreement with James Cain and a similar agreement with Thomas Barry (the "Receivables Agreements"), each of whom is an employee of the Company and a member of the Company's Executive Committee. Under the terms of the Receivables Agreements, Mr. Cain and Mr. Barry have purchased a nonrecourse interest in the proceeds of certain trade accounts receivable due to the Company. The value of receivables purchased under the two Receivables Agreements collectively was \$450,000

NOTE I - LEASE COMMITMENTS

The Company is obligated under noncancelable operating leases through August 31, 2017, for office space requiring minimum annual rental payments as follows:

2007	\$ 1,213,396
2008	1,183,707
2009	1,159,826
2010	1,130,685
2011	994,321
2012 - 2017	<u>5,374,657</u>
	<u>\$11,056,592</u>

NOTE J - EMPLOYEE BENEFIT PLAN

The Company has a profit-sharing plan (the "Plan") with a deferred arrangement under Section 401(k) of the Internal Revenue Code. The defined contribution plan is subject to the Employee Retirement Income Security Act of 1974 ("ERISA").

All eligible employees of the Company may participate and all contributions are 100% vested immediately. The Company does not make any matching contributions; however, it may make a discretionary profit-sharing contribution to the Plan.

For the year ended December 31, 2006, the Company's profit-sharing contribution to the Plan totaled \$ 1,396,720 and is included in "Bonus and profit-sharing payable" on the accompanying consolidated statement of financial condition. This amount was funded on February 27, 2007.

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

**NOTE K - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK
AND CONCENTRATIONS OF CREDIT RISK**

In the normal course of business, the Company enters into underwriting and other securities transactions as principal and agent. The Company is exposed to off-balance-sheet risk of loss on unsettled securities transactions in the event counterparties are unable to fulfill contractual obligations. Pursuant to its agreement with its clearing broker, the Company is liable for amounts uncollected from customers introduced by the Company.

The Company has established various procedures to manage credit exposure related to its transactions with off-balance-sheet risk, including credit approval and collateral requirements.

On October 23, 2006, Cain Brothers entered into a \$2.33 million Total Return Swap on bonds maturing July 1, 2008. The bonds have a coupon of 5.500% and are callable as of March 26, 2007. The Company accrues interest based on the difference between the coupon rate and the market yield on a monthly basis. As of December 31, 2006, the amount of accrued interest was approximately \$7,221 (which was received January 2, 2007). The Company also determines, on a monthly basis, the market value of the underlying bonds and records, as unrealized gains and losses, the change in value, if any. From the inception of this swap until December 31, 2006, there had been no appreciable change in market value.

NOTE L - CONTINGENCIES

To management's knowledge, other than as described below, there are no legal contingencies as of December 31, 2006. However, a routine audit initiated by the IRS for the calendar year 2003 remains open; the IRS auditor has advised management that he has recommended the audit be closed with no amendments, subject to review of these recommendations with his supervisors. In addition, the Company has filed amended Unincorporated Business Tax ("UBT") returns with the City of New York for the calendar year 2005 and the period January 1, 2006 through March 31, 2006. The Company has established reserves, as of December 31, 2006, which in its opinion are sufficient to cover any potential liability resulting from the IRS audit or the amended UBT returns, and the outcomes of these matters in the opinion of management will have no material adverse effect on the Company's financial position, results of operations and cash flows.

Cain Brothers & Company, LLC and Subsidiary

NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION (continued)

December 31, 2006

NOTE L (continued)

On December 28, 2006, the Company was issued a subpoena by the Department of Justice, Antitrust Division, to produce documents pertaining to the investment or reinvestment of the proceeds of tax-exempt municipal bond issues, plus related transactions involving the management or transferal of the interest rate risk associated with these bond issues. The Company understands this subpoena is one of more than a dozen such subpoenas issued by Justice in December 2006, expanding an investigation into certain bid-rigging and other practices by the Internal Revenue Service in the summer of 2006. The Company has not, as of December 31, 2006, been named a party to any proceeding, nor does it expect to become party to any proceeding, and it is cooperating fully with government investigators. No reserves associated with this matter have been established by the Company, nor does management believe that the process and resolution of this matter will have any material effect on the current or future results of operations or financial condition of the Company.

INDEPENDENT AUDITORS' SUPPLEMENTARY
REPORT ON INTERNAL CONTROL REQUIRED BY
SEC RULE 17a-5

**CAIN BROTHERS & COMPANY, LLC
AND SUBSIDIARY**

December 31, 2006



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

To the Member of
Cain Brothers & Company, LLC and Subsidiary

In planning and performing our audit of the financial statements and supplementary schedule of Cain Brothers & Company, LLC and Subsidiary (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 ("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 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 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 and recordation of differences required by rule 17a-13.
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 accounting principles generally accepted in the United States 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 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 accounting principles generally accepted in the United States of America 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 and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and 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 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, as described in the second paragraph of this report, 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 SEC, the National Association of Securities Dealers, Inc. and other regulatory organizations which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

New York, New York
February 28, 2007

END