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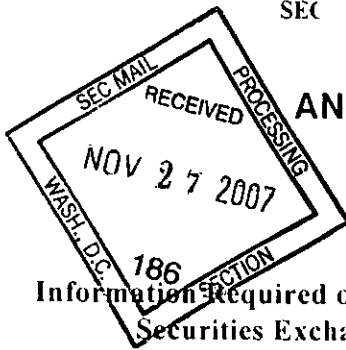
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ANNUAL AUDITED REPORT FORM X-17A-5 PART III

OMB APPROVAL OMB Number: 3235-0123 Expires: February 28, 2010 Estimated average burden hours per response..... 12.00

SEC FILE NUMBER 8- [REDACTED]

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 October 1, 2006 AND ENDING September 30, 2007 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: First Wilshire Securities Management Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 1224 E Green Street Suite 200

OFFICIAL USE ONLY FIRM I.D. NO.

Pasadena California 91106 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Scott W. Hood (626) 796-6622 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\* Lichter, Yu and Associates

9191 Towne Centre Drive, Suite 406 San Diego, CA 92122 (Address) (City) (State) (Zip Code)

CHECK ONE:

- [X] Certified Public Accountant [ ] Public Accountant [ ] Accountant not resident in United States or any of its possessions

PROCESSED FEB 04 2008 THOMSON FINANCIAL

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\*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, Scott W. Hood, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of First Wilshire Securities Management Inc, as of September 30,, 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:

Not applicable

Subscribed and Sworn to on October 16, 2007

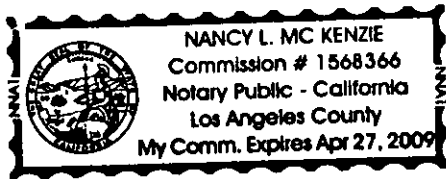
[Signature]

Signature

President and CEO

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.
- (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).

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2007 AND 2006**

# LICHTER, YU & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

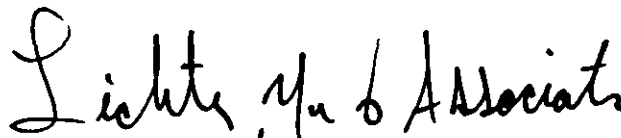
The Board of Directors  
First Wilshire Securities Management, Inc.  
Pasadena, California

We have audited the accompanying balance sheets of First Wilshire Securities Management, Inc. as of September 30, 2007 and 2006, and the related statements of operations and changes in stockholders' equity, and cash flows for the years 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 audits.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 evidence, on a test basis, 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 audits provide 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 First Wilshire Securities Management, Inc. as of September 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in 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 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits 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.



November 16, 2007  
San Diego, California

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**BALANCE SHEETS**  
**SEPTEMBER 30, 2007 AND 2006**

**ASSETS**

	<u>2007</u>	<u>2006</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 728,357	\$ 687,310
Receivable from brokers and dealers	87,769	73,529
Investments	336,267	224,696
Prepaid expenses	15,450	7,400
Total Current Assets	<u>1,167,843</u>	<u>992,935</u>
<b>Fixed Assets</b>		
Furniture and equipment net of accumulated depreciation of \$180,381 and \$146,294, respectively.	59,755	62,369
Total Fixed Assets	<u>59,755</u>	<u>62,369</u>
<b>Other Assets</b>		
Deposit	8,500	8,500
Total Other Assets	<u>8,500</u>	<u>8,500</u>
<b>Total Assets</b>	<u>\$ 1,236,098</u>	<u>\$ 1,063,804</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable	\$ 27,198	\$ 8,045
Income tax payable	-	4,094
Deferred income	1,899	22,911
Accrued expenses	560,735	401,584
Total Current Liabilities	<u>589,832</u>	<u>436,634</u>
<b>Stockholders' Equity</b>		
Common stock, 48,500 shares issued and outstanding, \$1 par value	48,500	48,500
Additional paid in capital	179,860	179,860
Retained earnings	417,906	398,810
Total Stockholders' Equity	<u>646,266</u>	<u>627,170</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u>\$ 1,236,098</u>	<u>\$ 1,063,804</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Revenue		
Commissions and fees	<u>\$ 7,636,707</u>	<u>\$ 6,563,188</u>
Total Revenue	<u>7,636,707</u>	<u>6,563,188</u>
Expense		
Commissions	1,506,051	944,989
Salaries, payroll taxes and benefits	5,489,386	4,823,383
Occupancy and equipment expenses	96,100	86,550
Professional services	25,283	15,041
Clearing charges	201,025	255,152
Other expenses	<u>334,181</u>	<u>317,317</u>
Total Expenses	<u>7,652,027</u>	<u>6,442,432</u>
Income from Operations	<u>(15,321)</u>	<u>120,755</u>
Total Other (Income) and Expense		
Interest income	(16,030)	(16,030)
Interest expense	148	65
Other (income) expense	(35,000)	-
Bad debt	-	50,000
Dividend income	(16,640)	(12,043)
Realized trading (gain) loss	-	1,673
Unrealized investment (gain) loss	(2,102)	(4,702)
Depreciation and amortization	<u>34,087</u>	<u>27,222</u>
Total Other (Income) and Expense	<u>(35,537)</u>	<u>46,185</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	<u>20,217</u>	<u>74,570</u>
Income tax provision	<u>1,121</u>	<u>11,500</u>
NET INCOME	<u>\$ 19,096</u>	<u>\$ 63,070</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 19,096	\$ 63,070
 Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	34,087	27,222
Bad debt	-	50,000
Decrease (Increase) in receivable from Brokers and Dealers	(14,240)	57,414
Decrease (Increase) in other receivable	-	2,400
Decrease (Increase) in prepaid expenses and deposits	(8,050)	-
(Decrease) Increase in accounts payable	19,153	(2,003)
(Decrease) Increase in income tax payable	(4,094)	3,294
(Decrease) Increase in deferred revenue	(21,012)	22,911
(Decrease) Increase in accrued expenses	159,151	(91,127)
Total Adjustments	<u>164,995</u>	<u>70,111</u>
Net cash provided by operations	<u>184,091</u>	<u>133,181</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of securities	-	326,957
Purchase of securities	(111,571)	(339,789)
Purchase of furniture and equipment	(31,473)	(48,104)
Net cash ( used in ) investing activities	<u>(143,044)</u>	<u>(60,936)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from sale of common stock	-	120,000
Net cash provided by financing activities	<u>-</u>	<u>120,000</u>
Net increase in cash	<u>41,047</u>	<u>192,245</u>
Cash at beginning of period	<u>687,310</u>	<u>495,065</u>
Cash at end of period	<u>\$ 728,357</u>	<u>\$ 687,310</u>
 Supplemental cash flow disclosures:		
Income tax payments	<u>\$ 9,171</u>	<u>\$ 8,206</u>
Interest payments	<u>\$ 148</u>	<u>\$ 65</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Common Stock		
Balance at beginning of year	\$ 48,500	\$ 35,750
Sale of common stock	-	12,750
Balance at end of year	<u>48,500</u>	<u>48,500</u>
Additional paid in capital		
Balance at beginning of year	179,860	72,610
Sale of common stock	-	107,250
Balance at end of year	<u>179,860</u>	<u>179,860</u>
Retained earnings		
Balance at beginning of year	398,810	335,740
Net income for year	<u>19,096</u>	<u>63,070</u>
Balance at end of year	<u>417,906</u>	<u>398,810</u>
Total Equity	<u>\$ 646,266</u>	<u>\$ 627,170</u>



**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2007 AND 2006**

Note A - Nature of Activities

The Company was incorporated in California to operate as a registered broker dealer as a member of the Financial Industry Regulatory Authority (formerly National Association of Securities Dealers, Inc.) on September 10, 1973.

Note B - Accounting Policies

Revenue Recognition

The Company recognizes income and expense on the accrual basis for financial and income tax reporting purposes.

Commissions and related clearing expenses are recorded on a settlement date basis.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with the accrual basis of accounting. Those estimates and assumptions affect the reported amounts of assets and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Investments

Investments that were held during the year ended September 30, 2007 and 2006 consisted of mutual funds and stocks.

Investments were comprised of the following at September 30, 2007 and 2006 :

<b>9/30/2007</b>		
<u>Type of Investments</u>	<u>Cost</u>	<u>Fair Market Value</u>
Stocks	\$ 15,341	\$ 21,608
Mutual funds	314,659	314,659
Total	<u>\$ 330,000</u>	<u>\$ 336,267</u>
<b>9/30/2006</b>		
<u>Type of Investments</u>	<u>Cost</u>	<u>Fair Market Value</u>
Stocks	\$ 15,341	\$ 18,629
Mutual funds	206,067	206,067
Total	<u>\$ 221,408</u>	<u>\$ 224,696</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2007 AND 2006**

Note B - Accounting Policies (Continued)

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets, as follows:

Leasehold Improvements	Balance of lease at time of improvement
Furniture and Fixtures	3 to 10 years
Office Equipment	3 to 10 years

Customer Transactions

The Company does not hold inventory or funds for customers.

Financial Statement Presentation

Certain changes to the 2006 financial statements have been made to conform to the 2007 financial statement format.

Note C - Cash

The Company maintains its cash balances at banks and a brokerage house located in Pasadena, and Los Angeles, California. The bank balances are insured by the Federal Deposit Insurance Corporation and the brokerage account by the Securities Investor Protection Corporation up to \$100,000 and \$10,000,000, respectively. As of September 30, 2007 and 2006, there were \$617,019 and \$332,984 uninsured cash balances respectively.

Note D - Net Capital

Pursuant to the net capital provisions of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At September 30, 2007 and 2006, the Company had net capital requirements of \$100,000 and net capital of approximately \$528,412 and \$517,515, respectively.

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2007 AND 2006**

Note E – Customer Protection Rule Exemption

The Company relied on Section K(2)(ii) of the Securities and Exchange Commission Rule 15c3-3 to exempt them from the provisions of the rule.

Note F - Commitments

The Company leases office facilities and some of its equipment under non-cancelable operating leases. These leases expire at various dates through 2012 and may contain renewal options. Rent expense for years ended September 30, 2007 and 2006 was \$96,100 and \$86,550 respectively.

The future minimum lease obligation resulting from these agreements are as follows:

Fiscal year ended		
	2008	\$ 91,000
	2009	93,400
	2010	95,800
	2011	98,200
	Thereafter	<u>109,000</u>
		<u>\$ 487,400</u>

Note G - Furniture and Equipment

	<u>2007</u>	<u>2006</u>
Furniture and equipment	\$ 215,092	\$ 192,486
Leasehold improvements	<u>25,044</u>	<u>16,177</u>
Total fixed assets	240,136	208,663
Accumulated depreciation	<u>(180,381)</u>	<u>(146,294)</u>
Net fixed assets	<u>\$ 59,755</u>	<u>\$ 62,369</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2007 AND 2006**

Note H – Stock Transactions

During the fiscal year ended September 30, 2006 the Company sold 12,750 shares of its common stock to an employee and officer of the company for \$120,000 under a share purchase agreement issued on October 1, 2003.

Note I – Related Party Transactions

As of September 30, 2007 and 2006 the Company generated \$575,830 and \$229,160 respectively in management fees for services provided to another company in which the shareholders of First Wilshire Securities Management, Inc. are shareholders.

Note J - Income Tax Provision

At September 30, 2007 and 2006, the Company has made a \$250 and \$6,400 Federal and \$871 and \$5,100 California State Franchise Tax provision in each year, respectively.

Note K – Loan Receivable

On February 28, 2005, the Company loaned \$50,000 to an unrelated company. The terms of the loan are: interest at 12% per annum, with interest and principle due on June 30, 2006. As an incentive to make the loan, the Company also received stock warrants to purchase 10,000 shares of common stock at \$1.25 per share of a third company. As of September 30, 2006, management determined that the loan was not collectible and the balance has been written off as a bad debt.

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**SEPTEMBER 30, 2007 AND 2006**

Note L – Compensated Absences

All full time regular covered employees are eligible for vacation with pay according to the following schedule: During the first year of employment, employees can earn up to forty (40) hours of vacation; during the second year of employment, employees can earn up to eighty (80) hours of vacation; and during the sixth year of employment, employees can earn up to one hundred twenty (120) hours of vacation, and during the eleventh year of employment and thereafter, employees can earn up to one hundred sixty (160) hours of vacation. Employees can accrue up to a maximum of 1.5 times their annual rate; no additional time will be accrued until some vacation time is used. The date of employment will be considered the anniversary date for vacation purposes. At termination, employees are paid for any accumulated unpaid vacation leave. As of September 30, 2007 vacation liability exists in the amount of \$6,025.

**SUPPLEMENTAL SCHEDULES**

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**COMPUTATION OF NET CAPITAL**  
**AND AGGREGATE INDEBTEDNESS**  
**SEPTEMBER 30, 2007 AND 2006**

**SCHEDULE I**

	<u>2007</u>	<u>2006</u>
EQUITY - FISCAL YEAR ENDED	\$ 646,266	\$ 627,170
Less Non Allowable Assets		
Prepaid expenses	15,450	7,400
Fixed assets	59,755	62,369
Managed account fee receivable	24,457	23,926
Petty cash	82	463
Deposit	8,500	8,500
Total Non Allowable Assets	<u>108,244</u>	<u>102,658</u>
Less Haircuts	<u>9,610</u>	<u>6,997</u>
NET CAPITAL	<u>\$ 528,412</u>	<u>\$ 517,515</u>
Total Liabilities	<u>589,832</u>	<u>436,634</u>
Aggregated Indebtedness	<u>589,832</u>	<u>436,634</u>
Net Capital Required	100,000	100,000
Minimum Net Capital Required (6 2/3% of Aggregated Indebtedness)	<u>39,342</u>	<u>29,123</u>
Minimum Dollar Requirement	<u>100,000</u>	<u>100,000</u>
Net Capital Requirement (greater of the two)	<u>100,000</u>	<u>100,000</u>
Excess Net Capital @ 1000% (Net Capital - 10% of Aggregate Indebtedness)	<u>\$ 469,429</u>	<u>\$ 473,852</u>

**FIRST WILSHIRE SECURITIES MANAGEMENT, INC.**  
**RECONCILIATION OF NET CAPITAL COMPUTATION WITH FOCUS II**  
**SEPTEMBER 30, 2007 AND 2006**

**SCHEDULE II**

	<u>2007</u>	<u>2006</u>
NET CAPITAL PER FOCUS II REPORT	\$ 538,050	\$ 725,835
Increase (Decrease) in income due to audit adjustments	<u>(9,638)</u>	<u>(208,320)</u>
NET CAPITAL	<u>\$ 528,412</u>	<u>\$ 517,515</u>
RECONCILIATION OF AUDIT ADJUSTMENTS:		
(Increase) decrease in bonus accrual	\$ -	\$ (190,000)
(Increase) decrease in income tax provision	3,294	(3,294)
Write off loan receivable	-	(50,000)
Increase vacation expense accrual	(2,171)	(1,735)
Correction to expense accounts	<u>(10,761)</u>	<u>36,709</u>
Increase (Decrease) in income due to audit adjustments	<u>\$ (9,638)</u>	<u>\$ (208,320)</u>



FIRST WILSHIRE SECURITIES MANAGEMENT, INC.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO THE POSSESSION AND CONTROL  
REQUIREMENTS UNDER RULE 15C3-3

SEPTEMBER 30, 2007

Schedule III

First Wilshire Securities Management, Inc. relies on Section K(2)(ii) of the Securities and Exchange Rule 15c3-3 to exempt them from the provisions of these rules.

# LICHTER, YU & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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The Board of Directors  
First Wilshire Securities Management, Inc.  
Pasadena, California

In planning and performing our audit of the financial statements of First Wilshire Securities Management, Inc. as of September 30, 2007, we considered its internal control, including activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Act of 1934, we have made a study of the practices and procedures followed by the Company including test of such practices and procedures that we considered relevant to the objectives state in Rule 17a-5(g) in making the periodic computation of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with exemptive provision of Rule 15c3-3. Because the Company does not carry security 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, verification and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost 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 accordance with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

MEMBER

CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Because of inherent limitations in internal controls 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 the internal control that might be material weakness 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 amount 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 the internal control, including control activities for safeguarding securities that we consider to be material weakness 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 were adequate at September 30, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, FINRA (formerly NASD), 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.

*Lichter, Yu & Associates*

November 16, 2007  
San Diego, California

**END**