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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER
8-49078

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 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

SEC  
MCA Processing  
Section  
FEB 27 2008  
Washington, DC  
104

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: American Equity Investment Corporation  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
4222 Grant Line Rd.

OFFICIAL USE ONLY
FIRM I.D. NO.

New Albany Indiana 47150  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Timothy Peoples 812-945-9888  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

MELHISER ENDRES TUCKER CPA'S, P.C.

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

301 E. Elm Street New Albany IN 47150  
(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 05 2008

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FINANCIAL

SECURITIES AND EXCHANGE COMMISSION
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FEB 27 2008
BRANCH OF REGISTRATIONS AND EXAMINATIONS
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**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)

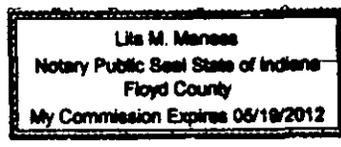
OATH OR AFFIRMATION

I, Timothy E. Peoples, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Equity Investment Corporation, as of December 31, 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:

*Timothy E. Peoples*  
Signature

President

Title



*Lisa M. Maness*  
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).

*Audited Financial Statements*

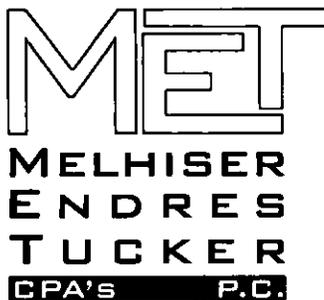
*American Equity Investment  
Corporation*

*December 31, 2007 and 2006*

**AMERICAN EQUITY INVESTMENT CORPORATION**  
December 31, 2007 and 2006

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INDEPENDENT AUDITOR'S REPORT

NORMAN L. MELHISER, CPA  
TOM R. TUCKER, CPA  
JOSEPH L. BROWN, CPA  
MARC J. MCCORMICK, CPA  
DOUGLAS A. YORK, CPA  
TERRY L. GRAHAM, CPA  
W. ISSAC ORWICK, CPA  
RICHARD N. ROBINSON, CPA  
ANITA M. ASHER, CPA  
JUAN R. RODRIGUEZ, CPA  
LISA M. NEWBANKS, CPA  
EDWARD D. ENDRES, CPA  
(1943-1997)  
WWW.METCPA.COM

February 22, 2008

Board of Directors  
**AMERICAN EQUITY INVESTMENT CORPORATION**  
4222 Grant Line Road  
New Albany, Indiana 47150

We have audited the accompanying statements of financial condition of **AMERICAN EQUITY INVESTMENT CORPORATION** as of December 31, 2007 and 2006, and the related statements of income and comprehensive income, changes in retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 **AMERICAN EQUITY INVESTMENT CORPORATION** as of December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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, III, IV, V, VI and VII 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 Commission. 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.

MELHISER ENDRES TUCKER

*Melhiser Endres Tucker*

AMERICAN EQUITY INVESTMENT CORPORATION

STATEMENTS OF FINANCIAL CONDITION

ASSETS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Cash	\$ 83,764	\$ 74,680
Commissions Receivable	2,452	12,736
Agent Receivables	1,047	1,060
Prepaid Insurance	1,021	982
Prepaid CRD Account	158	388
Marketable Securities	<u>14,847</u>	<u>9,237</u>
TOTAL ASSETS	<u>\$ 103,289</u>	<u>\$ 99,083</u>

See Notes to Financial Statements.

AMERICAN EQUITY INVESTMENT CORPORATION

STATEMENTS OF FINANCIAL CONDITION

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 3,825	\$ 11,207
Accrued and Withheld Payroll Taxes	<u>2,280</u>	<u>1,579</u>
<b>TOTAL LIABILITIES</b>	<b>6,105</b>	<b>12,786</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common Stock, No Par Value, 1,000 Shares Authorized 100 Shares Issued & Outstanding	11,000	11,000
Retained Earnings	74,364	69,087
Accumulated other comprehensive income	<u>11,820</u>	<u>6,210</u>
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<u><b>97,184</b></u>	<u><b>86,297</b></u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<u><b>\$ 103,289</b></u>	<u><b>\$ 99,083</b></u>

See Notes to Financial Statements.

AMERICAN EQUITY INVESTMENT CORPORATION

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

For the Years Ended December 31, 2007 and 2006

	<u>Common Stock Issued and Outstanding</u> Shares	<u>Amount</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
BALANCE - December 31, 2005	100	\$ 11,000	\$ 48,391	\$ 7,527	\$ 66,918
Net Income - 2006			20,696		20,696
Distribution to Stockholder - 2006					-
Comprehensive Income (Loss) - 2006				(1,317)	(1,317)
BALANCE - December 31, 2006	100	11,000	69,087	6,210	86,297
Net Income - 2007			62,577		62,577
Distribution to Stockholder - 2007			(57,300)		(57,300)
Comprehensive Income - 2007				5,610	5,610
BALANCE - December 31, 2007	<u>100</u>	<u>\$ 11,000</u>	<u>\$ 74,364</u>	<u>\$ 11,820</u>	<u>\$ 97,184</u>

See Notes to Financial Statements.

# AMERICAN EQUITY INVESTMENT CORPORATION

## STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Year Ended December 31,	
	2007	2006
<b>Revenues</b>		
Commissions	\$ 321,374	\$ 314,314
Other Income	35,000	-
Interest	1,522	1,133
Administrative Fees	1,800	1,800
TOTAL REVENUE	359,696	317,247
<b>Expenses</b>		
Commissions	237,441	245,236
Licensing Fees	996	972
Office Supplies	1,906	2,056
Postage	516	485
Professional Services	4,000	2,300
Insurance	2,014	1,079
Salaries	36,126	31,106
Payroll Taxes	3,113	2,660
Dues and Subscriptions	290	155
Rent	7,200	7,200
Telephone Expense	1,554	1,562
Miscellaneous	343	588
Membership Assessment	1,094	903
Conference Expenses	150	-
Printing & Reproduction	299	-
Contributions	-	50
Travel	-	148
Utilities	76	51
TOTAL EXPENSES	297,119	296,551
NET INCOME	62,577	20,696
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized gains (losses) on securities:		
Unrealized holding gains (losses) arising during the period	5,610	(1,317)
COMPREHENSIVE INCOME	\$ 68,187	\$ 19,379

See Notes to Financial Statements.

**AMERICAN EQUITY INVESTMENT CORPORATION**

**STATEMENTS OF CASH FLOWS**

Year Ended December 31,

2007

2006

Cash Flows from Operating Activities:		
Cash Received from Customers	\$ 368,458	\$ 329,672
Cash Paid for Services and Supplies	(303,596)	(302,773)
Interest Received	<u>1,522</u>	<u>1,133</u>
Net Cash Provided by Operating Activities	66,384	28,032
Cash Flows from Financing Activities:		
Distributions to Stockholder	<u>(57,300)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	(57,300)	-
Net Increase in Cash and Cash Equivalents	9,084	28,032
Cash and Cash Equivalents - Beginning of Year	<u>74,680</u>	<u>46,648</u>
Cash and Cash Equivalents - End of Year	<u>\$ 83,764</u>	<u>\$ 74,680</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net Income	\$ 62,577	\$ 20,696
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Decrease (Increase) in Commissions Receivable	10,284	13,558
Increase (Decrease) in Accounts Payable	(7,382)	(6,079)
(Increase) Decrease in Prepaid Insurance	(39)	(13)
(Increase) Decrease in Agent Receivables	13	(113)
(Increase) Decrease in Prepaid CRD Account	230	(33)
Increase (Decrease) in Accrued and Withheld Payroll Taxes	<u>701</u>	<u>16</u>
Net Cash Provided by Operating Activities	<u>\$ 66,384</u>	<u>\$ 28,032</u>

See Notes to Financial Statements.

# AMERICAN EQUITY INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS December 31, 2007 and 2006

### NOTE A - NATURE OF OPERATIONS

The Company is a licensed broker/dealer limited to mutual funds and variable insurance products. The Company is licensed in the States of Indiana and Kentucky. The Company's office is located in New Albany, Indiana.

### NOTE B - ACCOUNTING POLICIES

#### Basis of Accounting

The Company uses the accrual basis of accounting.

#### Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

#### Income Tax Status

The Company, with the consent of its stockholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

#### Commissions & Agent Receivables

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history and current relationships regarding these receivables, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

#### Accounting Estimates

The preparation of 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 those estimates.

#### Investments

All marketable securities are classified as "available for sale." Securities classified as "available for sale" are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

AMERICAN EQUITY INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE C - RESTRICTED CASH

The Company is required to maintain \$6,000 of cash as capital. The Company has a Money Market account to meet this requirement.

NOTE D - MARKETABLE SECURITIES - AVAILABLE-FOR-SALE

The Company has 300 shares of NASD Stock valued at \$49.49 per share and \$30.79 per share at December 31, 2007 and 2006, respectively.

Available-for-sale securities are carried in the financial statements at fair value. Net unrealized holding gains (losses) on available-for-sale securities in the amount of \$ 5,610 and (\$ 1,317) for the years ended December 31, 2007 and 2006, respectively, have been included in accumulated other comprehensive income.

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Market Value of Common Equity Securities	\$14,847	\$9,237
Cost	<u>3,027</u>	<u>3,027</u>
Unrealized Gain	<u>\$11,820</u>	<u>\$6,210</u>

NOTE E - RELATED PARTIES

The Company paid rent to the stockholder of the Company in the amount of \$ 7,200 and \$ 7,200 for 2007 and 2006, respectively. The Company also paid the stockholder commissions of \$ 14,256 and \$ 12,971 for 2007 and 2006, respectively.

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE I

COMPUTATIONS OF NET CAPITAL

	<u>December 31,</u>	
	<u>2007.</u>	<u>2006</u>
Total Ownership Equity from Statement of Financial Condition	\$ 97,184	\$ 86,297
Non-Allowable Assets:		
Agent Receivable	(1,047)	(1,060)
Prepaid Insurance	(1,021)	(982)
Prepaid CRD Account	(158)	(388)
Marketable Securities	<u>(14,847)</u>	<u>(9,237)</u>
Total Ownership Equity Qualified for Net Capital	<u>80,111</u>	<u>74,630</u>
Total Capital and Allowable Subordinated Liabilities	<u>80,111</u>	<u>74,630</u>
Net Capital Before Haircuts on Securities Positions	<u>80,111</u>	<u>74,630</u>
Net Capital	<u>\$ 80,111</u>	<u>\$ 74,630</u>

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE II

COMPUTATIONS OF BASIC NET CAPITAL REQUIREMENT

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Minimum Dollar Net Capital Requirement of Reporting Broker or Dealer and Minimum Net Capital Requirement	\$ <u>5,000</u>	\$ <u>5,000</u>
Net Capital Required	<u>5,000</u>	<u>5,000</u>
Excess Net Capital	\$ <u>75,111</u>	\$ <u>69,630</u>

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE III

COMPUTATIONS OF AGGREGATE INDEBTEDNESS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Total Liabilities from Statement of Financial Condition	\$ <u>6,105</u>	\$ <u>12,786</u>
Total Aggregate Indebtedness	<u>6,105</u>	<u>12,786</u>
Percentage of Aggregate Indebtedness to Net Capital	8%	17%
Percentage of Debt to Debt-Equity Total Computed in Accordance with Rule 15c3-1(d)	8%	17%

AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE IV

STATEMENTS OF CHANGES IN LIABILITIES SUBORDINATED  
TO CLAIMS OF GENERAL CREDITORS

	<u>December 31,</u>	
	<u>2007</u>	<u>2006</u>
Balance, Beginning of Period	\$ -	\$ -
Balance, End of Period	\$ -	\$ -

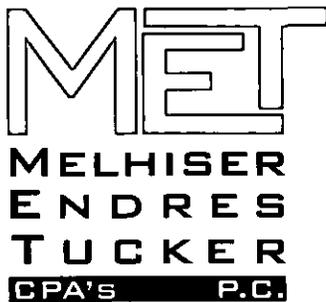
AMERICAN EQUITY INVESTMENT CORPORATION

SCHEDULE V

RECONCILIATION OF AUDITED AND UNAUDITED NET CAPITAL

Pursuant to SEC Rule 17a-5(d) (4)

Capital (Unaudited) December 31, 2007	\$ 97,266
Addition of Agent Receivables, CRD Account, & Prepaid Insurance	2,068
Addition of Accounts Payable	(2,150)
Reduction of Marketable Securities	-
Addition of Accrued Liabilities	<u>-</u>
Capital (Audited) December 31, 2007	<u>\$ 97,184</u>
Non-Allowable Assets:	
Agent Receivable	(1,047)
Prepaid Insurance	(1,021)
Prepaid CRD Account	(158)
Marketable Securities	<u>(14,847)</u>
Net Capital	<u>\$ 80,111</u>



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AMERICAN EQUITY INVESTMENT CORPORATION

Report on Material Inadequacies

Board of Directors  
AMERICAN EQUITY INVESTMENT CORPORATION  
4222 Grant Line Road  
New Albany, Indiana 47150

We have audited the financial statements of **American Equity Investment Corporation** as of and for the year ended December 31, 2007, and have issued our report thereon dated February 22, 2008. During our audit we did not find any material inadequacies.

MELHISER ENDRES TUCKER

END