



COMMISSION 0549

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

A

SEC FILE NUMBER
8-47910

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 January 1, 2007 AND ENDING December 31, 2007  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Hancock Financial, Inc.

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

1563 Virginia Way

(No. and Street)

La Jolla

CA

92037-3836

(City)

(State)

(Zip Code)

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

James P. Hancock 858-459-3635

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

PROCESSED

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

MAY 29 2008

Culver, Harold Lee

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

THOMSON REUTERS

3517 Camino Del Rio South, Suite 303

San Diego CA 92108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

APR 29 2008

Washington, DC  
104

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)

SEC 1410 (06-02)

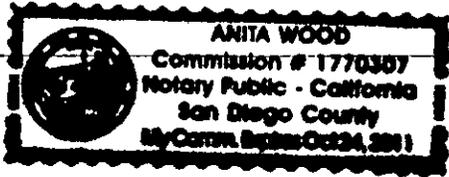
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

5/28

OATH OR AFFIRMATION

I, James P. Hancock, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hancock Financial, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NO EXCEPTIONS



[Signature]  
Signature  
President  
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.
- (o) Independent auditors report on internal accounting control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

February 21, 2008

SUPPLEMENTARY REPORT OF INDEPENDENT  
ACCOUNTANTS UNDER SEC RULE 17a-5 (g) (1)

To the Board of Directors  
and Shareholders of  
Hancock Financial, Inc.

I have examined the financial statements of Hancock Financial, Inc. (the Company) for the year ended December 31, 2007, and have issued my report thereon dated February 21, 2008. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Also, as required by Rule 17a-5 (g) (1) of the Securities and Exchange Commission, I have made a study of the practices and procedures followed by the Company, that I considered relevant to the objectives stated in Rule 17a-5 (g), in making the periodic computations of aggregate indebtedness and net capital compliance with the exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company (i) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (ii) in complying with the requirements for prompt payment for securities of Section 4 (c) of the Regulation T of the Board of Governors of the Federal Reserve System; and (iii) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities per SEC Rule 15c3-3(k) (2) (ii).

The management of the Company is responsible for establishing and maintaining a system of internal accounting 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 control procedures and of the practices and

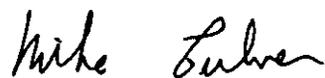
procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance 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 accordance with generally accepted accounting principles. Rule 17a-5 (g) lists additional objectives of the procedures listed in the preceding paragraph.

Because of inherent limitations in any internal accounting control procedures, or the practices and procedures referred to above, errors or irregularities may nevertheless 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 degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Hancock Financial Inc. taken as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

I understand that practices and procedures that accomplish those objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate material inadequacy for such purposes. Based on this understanding and on my study, I believe that the Company's practices and procedures were adequate at December 31, 2007, to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.

  
H.L Mike Culver,  
Certified Public Accountant

**H. L. MIKE CULVER**  
Certified Public Accountant  
3517 Camino del Rio South, Suite 303  
San Diego, CA 92108  
(619) 282-9033

Member of California Society  
of Certified Public Accountants

April 18, 2008

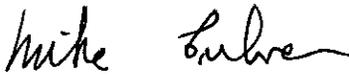
Financial Industry Regulatory Authority  
300 South Grand Avenue  
Suite 1600  
Los Angeles, CA 90071-3126  
Attn: Mary Soo

Dear Ms. Soo

I am enclosing a corrected Supplementary Report of Independent Accountants Under Rule 17a-5 (g) (1) as requested by your office. I have corrected the error(s) and resubmitting to you. I apologize for this oversight.

Should you have any questions, please contact my office.

Very truly yours,

  
H.L. Mike Culver  
Certified Public Accountant

April 19, 2008

**SEC Headquarters**  
Securities and Exchange Commission  
Registrations Branch  
Mail Stop 8031  
100 F Street, NE  
Washington, DC 20549

Re: Response to FINRA Letter Dated March 25, 2008

SEC  
Mail Processing  
Section

APR 29 2008

Dear SEC Employee:

Enclosed please find two (2) of the following items

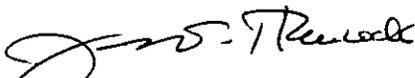
Washington, DC  
104

- Copy of the FINRA Letter Dated March 25, 2008
- Cover Letter from the independent accountant dated April 18, 2008
- Notarized Annual Audited Report, Form X-17A-5, Part III
- Correction to the "Supplementary Report Of Independent Accountants Under SEC Rule 17a-5 (g) (1)" per the FINRA Letter Dated March 25, 2008

If you have any questions or comments, please feel free to call me at your convenience at (858) 459-3635.

Thank you.

Sincerely,



James P. Hancock, President  
Hancock Financial, Inc.

March 25, 2008

Mr. James Hancock, President  
Hancock Financial, Inc.  
1563 Virginia Way  
La Jolla, Ca 92037

Dear Mr. Hancock:

This acknowledges receipt of your December 31, 2007 annual filing of audited financial statements made pursuant to Securities and Exchange Commission (SEC) Rule 17a-5(d) ("the Rule"). The report as submitted appears deficient in that the Independent auditor's report on internal control cites "SEC Rule a-5 (g)(1)" and exemptive provision "SEC Rule 15c3-3(k)(iii)." Staff notes that these do not appear to be correct.

Based on the above, your filing does not comply with the requirements of the Rule. The text of the Rule is reproduced in the NASD Manual under the section titled SEC Rules & Regulation T. We urge you to review the Rule with your independent accountant.

Pursuant to the provisions of NASD Rule 8210, we request that you immediately send one copy of the items listed above to this office and the SEC regional or district office, and two copies to the SEC Washington, D.C. office. Your submissions must include a new completed Part III Facing Page, a copy of which is enclosed for your convenience.

Please respond to this matter by April 8, 2008. If you have any questions, please contact Mary Soo, Senior Examiner at (213)613-2642.

Sincerely,

  
Allissa Johnson  
Examination Manager

Enclosure

cc: Cindy Wong  
Assistant Regional Director  
SEC  
5670 Wilshire Boulevard, 11<sup>th</sup> Floor  
Los Angeles, CA 90036-3468

H.L. Mike Culver, CPA  
3517 Camino del Rio South, Suite 303  
San Diego, CA 92108

SEC  
15c3-3 Processing  
RE: Hancock

APR 29 2008

Washington, DC  
104



Financial Industry Regulatory Authority

March 25, 2008

Mr. James Hancock, President  
Hancock Financial, Inc.  
1563 Virginia Way  
La Jolla, Ca 92037

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Sincerely,

  
Allissa Johnson  
Examination Manager

Enclosure

cc: Cindy Wong  
Assistant Regional Director  
SEC  
5670 Wilshire Boulevard, 11<sup>th</sup> Floor  
Los Angeles, CA 90036-3468

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t 213 229 2300  
f 213 617 3299  
www.finra.org

**END**