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

SEC FILE NUMBER  
8- 50479

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: Galway Capital, L.P.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

3050 Post Oak Blvd., Suite 1300  
(No. and Street)

Houston  
(City)

Texas  
(State)

77056  
(Zip Code)

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

(Area Code - Telephone Number)

#### B. ACCOUNTANT IDENTIFICATION

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

Weaver and Tidwell, L.L.P.

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

24 Greenway Plaza Suite 1800 Houston, Texas  
(Address) (City) (State)

77046  
(Zip Code)

CHECK ONE:

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

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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)

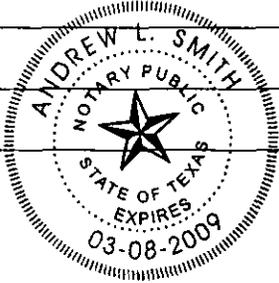
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Harold J. Miller, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Galway Capital, L.P., 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:



Harold J. Miller  
Signature  
Managing Director  
Title

Andrew L. Smith 4-28-08  
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.
- (1)  (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).

(1) See Note 4 included in notes to financial statements

**GALWAY CAPITAL, L.P.**

**FINANCIAL REPORT**

**DECEMBER 31, 2007 AND 2006**

**(With Independent Auditor's Report Thereon)**

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**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Partners of  
Galway Capital, L.P.  
Houston, Texas

We have audited the accompanying statements of financial condition of Galway Capital, L.P. (a Texas Limited Partnership) (the "Partnership") as of December 31, 2007 and 2006 and the related statements of income (loss), changes in partners' capital, 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 Partnership'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 audits 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 audit provides 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 Galway Capital, L.P. at December 31, 2007 and 2006, and the results of its operation 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 and II 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 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
February 11, 2008

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INTERNATIONAL

DALLAS

OFFICES IN

FORT WORTH

HOUSTON

**GALWAY CAPITAL, L.P.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2007 AND 2006**

**ASSETS**

	<u>2007</u>	<u>2006</u>
Cash	\$ 40,671	\$ 17,242
Prepaid expenses	1,180	1,180
Furniture, equipment, and computer software, less accumulated depreciation and amortization of \$79,420, and \$78,368 at December 31, 2007 and 2006, respectively	<u>2,103</u>	<u>3,155</u>
<b>TOTAL ASSETS</b>	<b><u><u>43,954</u></u></b>	<b><u><u>21,577</u></u></b>

**LIABILITIES AND PARTNERS' CAPITAL**

Liabilities	-	-
Partners' capital	<u>43,954</u>	<u>21,577</u>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<b><u><u>\$ 43,954</u></u></b>	<b><u><u>\$ 21,577</u></u></b>

**GALWAY CAPITAL, L.P.**  
**STATEMENTS OF INCOME (LOSS)**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
<b>REVENUES:</b>		
Other income	\$ 38,088	\$ 340
Total revenues	38,088	340
<b>OPERATING EXPENSES:</b>		
Depreciation and amortization	1,052	1,059
Dues and subscriptions	1,330	500
Consulting fees	679	500
License fees	1,000	1,000
Service fees	5,400	-
Professional services	6,250	-
Total operating expenses	15,711	3,059
<b>NET INCOME (LOSS)</b>	<b>\$ 22,377</b>	<b>\$ (2,719)</b>

**GALWAY CAPITAL, L.P.**  
**STATEMENTS OF CHANGES IN PARTNERS' CAPITAL**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

<b>Balance, December 31, 2005</b>	\$ 21,796
Net loss	(2,719)
Contributions from partners	<u>2,500</u>
<b>Balance, December 31, 2006</b>	21,577
Net income	<u>22,377</u>
<b>Balance, December 31, 2007</b>	<u><u>\$ 43,954</u></u>

**GALWAY CAPITAL, L.P.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 22,377	\$ (2,719)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,052	1,059
Increase in prepaid expenses	-	(1,180)
Net cash provided by (used in) operating activities	23,429	(2,840)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Contributions from partners	-	2,500
Net cash provided by financing activities	-	2,500
<b>INCREASE (DECREASE) IN CASH</b>	23,429	(340)
<b>CASH AT BEGINNING OF PERIOD</b>	17,242	17,582
<b>CASH AT END OF PERIOD</b>	\$ 40,671	\$ 17,242

Supplemental cash flow disclosures:

There were no interest or tax payments for the years ended December 31, 2007 and 2006.

**GALWAY CAPITAL, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND OPERATIONS**

Galway Capital, L.P. (formerly Cornerstone Ventures, L.P.) (the "Partnership") was formed as a limited partnership pursuant to the provisions of the Texas Revised Limited Partnership Act, on August 1, 1995. On November 1, 2004, the partners of Cornerstone Ventures, L.P. changed the name of the Partnership to Galway Capital, L.P.

On September 17, 1997, the Partnership was granted registration by the Securities and Exchange Commission pursuant to rule 15(b) of the Securities Exchange Act of 1934. The Partnership is a member of the Financial Industry Regulatory Authority (FINRA).

The Partnership is engaged in investment banking services for small to mid-sized independent companies, both public and private, and operates in a single line of business as a securities broker-dealer, comprising primarily of transaction services.

In 2003, the partners of Galway Capital, L.P. formed Galway Group, L.P., a related party, to provide the financial, investment banking and energy consulting services (non-broker-dealer services) that had been previously provided by Galway Capital, L.P.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Revenues**

Revenues for private placements and mergers and acquisitions are recognized based on the nature of the engagement. Success fees are recognized upon consummation of a transaction. In 2007, the Partnership received a one-time special benefit from the National Association of Securities Dealers (NASD) as a benefit from the consolidation of the NASD and the New York Stock Exchange Member Regulation.

**Receivables and Credit Policy**

Accounts receivable, if any, are stated at the amounts management expects to collect from outstanding balances. The carrying amounts of accounts receivable are reduced by a valuation allowance, if needed, that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the respective receivable account.

**GALWAY CAPITAL, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Furniture, Equipment and Computer Software**

The cost of fixed asset purchases is capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of fixed assets sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized currently. Depreciation expense for the years ended December 31, 2007 and 2006 totaled \$1,052, and \$1,059, respectively.

Depreciation and amortization expense is provided on a straight-line basis using the following estimated service lives:

Furniture	7 years
Equipment	5 years
Computer software	3 years

**Statement of Cash Flows**

For the purpose of reporting cash flows, the Partnership 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.

**Income Taxes**

The Partnership is a limited partnership. As a result, the net taxable income of the Partnership and any related tax credits, for federal income tax purposes, are deemed to pass to the individual partners and are included in their personal tax returns even though such net taxable income or tax credits may not actually have been distributed. Accordingly, no tax provision has been made in the financial statements since the income tax is a personal obligation of the individual partners.

**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, if any, 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.

**NOTE 3. NET CAPITAL REQUIREMENTS**

The Partnership 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 requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. As of December 31, 2007, the Partnership had net capital of \$41,851, which was \$36,851 in excess of its required net capital of \$5,000.

**GALWAY CAPITAL, L.P.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS**

During the year ended December 31, 2007 and 2006, there were no liabilities subordinated to the claims of general creditors. Accordingly, a statement of changes in liabilities subordinated to claims of general creditors has not been included in these financial statements.

**NOTE 5. POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3**

The Partnership does not carry securities accounts for customers or perform custodial functions relating to customer securities. Accordingly, a review of the practices and procedures over safeguarding securities was not performed.

**NOTE 6. RELATED PARTY TRANSACTIONS**

On January 1, 2007 Galway Capital, L.P. signed an agreement with Galway Group, L.P., a related party based on common ownership, to pay an incremental allocation services fees for the overhead expenses paid on behalf of the Partnership. In addition to the incremental allocation service fee, the Partnership will also pay a proportional allocation service fee for services provided to the Partnership equal to 90% of monthly adjusted net income. Total incremental allocation services fees and proportional allocation service fees for the year ended December 31, 2007 totaled \$5,400 and \$0, respectively. During the year ended December 31, 2006, Galway Group, L.P. funded Galway Capital, L.P.'s general and administrative expenses through capital contributions totaling \$2,500.

**NOTE 7. CONCENTRATION OF CREDIT RISK**

The Partnership's financial instruments that are subject to concentrations of credit risk consist primarily of cash. The Partnership places its cash with one high credit quality institution. At times, such cash may be in excess of the FDIC insurance limits.

## SUPPLEMENTARY INFORMATION

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER: GALWAY CAPITAL, L.P.

as of 'DECEMBER 31, 2007

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition . . . . . (1)	\$ 43,954	3480	
2. Deduct ownership equity not allowable for Net Capital . . . . .	(		3490
3. Total ownership equity qualified for Net Capital . . . . .	43,954	3500	
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital . . . . .	-	3520	
B. Other (deductions) or allowable credits (List) . . . . .	-	3525	
5. Total capital and allowable subordinated liabilities . . . . .	43,954	3530	
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C . . . . .	2103	3540	
B. Secured demand note deficiency . . . . .	-	3590	
C. Commodity futures contracts and spot commodities- Proprietary capital charges . . . . .	-	3600	
D. Other deductions and/or charges . . . . .	-	3610	
		(2,103)	3620
7. Other additions and/or allowable credits (List) . . . . .		-	3630
8. Net capital before haircuts on securities positions . . . . .		41,851	3640
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f):			
A. Contractual securities commitments . . . . .	\$ -	3660	
B. Subordinated securities borrowings . . . . .	-	3670	
C. Trading and investment securities:			
1. Exempted securities . . . . .	-	3735	
2. Debt securities . . . . .	-	3733	
3. Options . . . . .	-	3730	
4. Other securities . . . . .	-	3734	
D. Undue Concentration . . . . .	-	3650	
E. Other (List) . . . . .	-	3736	
		(	3740
10. Net Capital . . . . . (3)	\$ 41,851	3750	

SEE ATTACHED

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER GALWAY CAPITAL, L.P.

as of DECEMBER 31, 2007

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19) .....	\$ -	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$ 5,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$ 5,000	3760
14. Excess net capital (line 10 less 13) .....	\$ 36,851	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$ 41,851	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. Liabilities from Statement of Financial Condition .....	-	3790
17. Add:		
A. Drafts for immediate credit .....	\$ -	3800
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$ -	3810
C. Other unrecorded amounts (List) .....	\$ -	3820
19. Total aggregate indebtedness .....	\$ -	3840
20. Percentage of aggregate indebtedness to net capital (line 19 by line 10) .....	0%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) .....	0%	3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT - N/A

Part B

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	N/A 3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$	N/A 3880
24. Net capital requirement (greater of line 22 or 23) .....	\$	N/A 3760
25. Excess net capital (line 10 less 24) .....	\$	N/A 3910
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000 .....	\$	N/A 3920

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
  2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

(1) AMOUNT DOES NOT AGREE WITH AMOUNT OF EQUITY PER FOCUS REPORT DUE TO THE FOLLOWING:

OWNERSHIP EQUITY FROM AUDITED STATEMENT	\$ 43,954
ADJUSTMENTS	<u>931</u>
EQUITY FROM FOCUS REPORT	<u>\$ 44,885</u>

(2) NONALLOWABLE ASSETS

FURNITURE, EQUIPMENT AND COMPUTER SOFTWARE	<u>\$ 2,103</u>
--	-----------------

(3) NET CAPITAL RECONCILIATION

CAPITAL - PER FOCUS REPORT	\$ 40,671
ADD ADJUSTMENTS	<u>1,180</u>
AUDITED NET CAPITAL	<u>\$ 41,851</u>

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART IIA

BROKER OR DEALER GALWAY CAPITAL, L.P.	as of <u>DECEMBER 31, 2007</u>
---------------------------------------	--------------------------------

Exceptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 .....		4550
B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained .....	X	4560
C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm _____	4335	4570
D. (k) (3)—Exempted by order of the Commission .....		4580

Note: In the opinion of the management of Galway Capital, L.P. conditions of the Partnership's exemption from Rule 15c3-3 were complied with through the year ended December 31, 2007.



**WEAVER  
AND  
TIDWELL**

*L.L.P.*

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Partners of  
Galway Capital, L.P.

In planning and performing our audit of the financial statements of Galway Capital, L.P. (the "Partnership") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its 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 Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership'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 Partnership 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 Partnership in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons 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 Partnership 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 Partnership 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 practices and procedures listed in the preceding paragraph.

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Because of inherent limitations in internal control 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.

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 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 Partnership's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of 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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL L.L.P.

Houston, Texas  
February 11, 2008

**END**