

SECURITIES AND EXCHANGE COMMISSION

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

DIVISION OF MARKET REGULATION

SEC FILE NUMBER
8- 53020

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 April 1, 2007 AND ENDING March 31, 2008  
MM/DD/YY MM/DD/YY

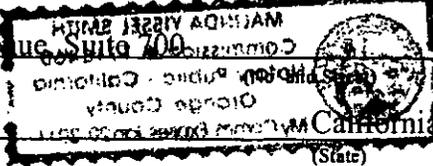
**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: C.K. Cooper & Company, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

18300 Von Karman Avenue, Suite 700



Irvine,

(City)

92612

(Zip Code)

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

Alexander G. Montano

(949) 477-9300

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Breard & Associates, Inc. Certified Public Accountants

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

9221 Corbin Avenue, Suite 170

(Address)

Northridge

(City)

CA

(State)

91324

(Zip Code)

CHECK ONE:

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

PROCESSED

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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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**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Independent Auditor's Report

Board of Directors of  
C. K. Cooper & Company, Inc. and Subsidiary:

We have audited the accompanying consolidated statement of financial condition of C. K. Cooper & Company, Inc. and Subsidiary (the Company) as of March 31, 2008, and the related consolidated statements of operations, changes in stockholder's equity, and cash flows for the year 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 audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of C. K. Cooper & Company, Inc. and Subsidiary as of March 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was 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 under the Securities Exchange Act of 1934. 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
May 28, 2008

*We Focus & Care<sup>SM</sup>*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Statement of Financial Condition**  
**March 31, 2008**

**Assets**

Cash and cash equivalents	\$ 774,868
Marketable securities, at market	3,181,544
Accounts receivable	267,994
Deposits held at clearing	100,000
Furniture and equipment, net	262,134
Prepaid expenses	<u>9,041</u>
<b>Total assets</b>	<b><u>\$ 4,595,581</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable	\$ 229,184
Accrued salaries and commissions	178,005
Deferred income taxes payable	<u>754,234</u>
<b>Total liabilities</b>	<b>1,161,423</b>

**Stockholder's equity**

Common stock, no par value: 10,000 shares authorized, issued and outstanding	6,000
Additional paid-in capital	744,164
Retained earnings	<u>2,683,994</u>

**Total stockholder's equity** 3,434,158

**Total liabilities and stockholder's equity** \$ 4,595,581

*The accompanying notes are an integral part of these financial statements.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Statement of Operations**  
**For the Year Ended March 31, 2008**

**Revenues**

Commissions	\$ 2,487,688
Management and advisory income	3,413,136
Interest income	21,799
Net dealer inventory and investment gains (losses)	(1,682,294)
Other income	<u>99,606</u>
<b>Total revenues</b>	<b>4,339,935</b>

**Expenses**

Employee compensation and benefits	2,802,688
Commissions and floor brokerage fees	1,271,459
Communications	88,025
Occupancy and equipment rental	280,318
Taxes, licences & fees other than income taxes	144
Other operating expenses	<u>1,545,692</u>
<b>Total expenses</b>	<b><u>5,988,326</u></b>

**Income (loss) before income tax expense (benefit)** (1,648,391)

**Total income tax expense (benefit), including deferred taxes** (428,320)

**Net income (loss)** \$(1,220,071)

*The accompanying notes are an integral part of these financial statements.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Statement of Changes in Stockholder's Equity**  
**For the Year Ended March 31, 2008**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at March 31, 2007	\$ 6,000	\$ 600,340	\$ 3,949,065	\$ 4,555,405
Additional paid-in capital	-	143,824	-	143,824
Dividends	-	-	(45,000)	(45,000)
Net income (loss)	<u>-</u>	<u>-</u>	<u>(1,220,071)</u>	<u>(1,220,071)</u>
Balance at March 31, 2008	<u>\$ 6,000</u>	<u>\$ 744,164</u>	<u>\$ 2,683,994</u>	<u>\$ 3,434,158</u>

*The accompanying notes are an integral part of these financial statements.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended March 31, 2008**

**Cash flows from operating activities:**

Net income (loss)		\$(1,220,071)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:		
Depreciation	\$ 61,171	
(Increase) decrease in:		
Marketable securities	2,345,781	
Accounts receivable	(207,353)	
Prepaid expenses	(7,030)	
(Decrease) increase in:		
Accounts payable	45,450	
Accrued payroll salaries and expenses	58,256	
Deferred income taxes payable	<u>(572,144)</u>	
Total adjustments		<u>1,724,131</u>
<b>Net cash and cash equivalents provided by (used in) operating activities</b>		<b>504,060</b>

**Cash flows from investing activities:**

Purchase of furniture and equipment	<u>(131,017)</u>	
<b>Net cash and cash equivalents provided by (used in) investing activities</b>		<b>(131,017)</b>

**Cash flows from financing activities:**

Proceeds from additional paid-in capital	143,824	
Dividends paid	<u>(45,000)</u>	
<b>Net cash and cash equivalents provided by (used in) financing activities</b>		<b><u>98,824</u></b>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>471,867</b>
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<b>Cash and cash equivalents at beginning of year</b>	<b><u>303,001</u></b>
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<b>Cash and cash equivalents at end of year</b>	<b><u><u>\$ 774,868</u></u></b>
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**Supplemental disclosure of cash flow information:**

Cash paid during the year for

Interest	\$	—
Income taxes	\$	—

*The accompanying notes are an integral part of these financial statements.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

The accompanying consolidated financial statements of C. K. Cooper & Company, Inc. and Subsidiary (the "Company"), include the accounts of C. K. Cooper & Company, Inc. ("Cooper") and its wholly-owned subsidiary C. K. Cooper & Company Insurance Services, Inc. ("Insurance"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cooper was incorporated on January 15, 1981. In June 1996, Cooper became the wholly-owned subsidiary of C & K Capital Corporation (the "Parent"). Cooper is an institutional and retail, brokerage and investment banking firm that specializes in oil and gas and provides a wide range of investment services to individuals, institutions and various corporate entities. The Company is also authorized to perform underwriting activities and market making in 25 issues. The Company operates as a registered broker/dealer in securities under the provisions of the Securities Exchange Act of 1934. Cooper is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

Cooper operates its brokerage business on a fully-disclosed basis, whereby Cooper does not hold customer funds and/or securities, the execution and clearance of trades are handled by another broker/dealer.

Insurance was incorporated on October 17, 2003, in the State of California. Insurance sells non-securities based insurance products.

*Summary of Significant Accounting Policies*

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimate amounts.

Securities transactions and related commission revenues and expenses are recorded on a trade date basis.

Management fees and advisory income are recognized when earned, usually at the completion of an engagement or according to an earnings schedule in the engagement letter.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

Accounts receivable consists of trade accounts arising in the normal course of business. The Company uses the direct write-off method to account for bad debts, which does not result in amounts that differ materially from the allowance method required by accounting principles generally accepted in the United States of America. Accounts for which no payments have been received for 90 days are considered delinquent and customary collections efforts are initiated. Uncollectible accounts are written-off at the discretion of management.

The Company has adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). As such, marketable securities held by the Company at March 31, 2008, are classified as trading securities and stated at their fair market value based on quoted market prices. Realized gains or losses from the sale of marketable securities are computed based on specific identification of historical cost. Unrealized gains or losses on marketable securities are computed based on specific identification of recorded cost, with the change in fair value during the period included in income.

Furniture and equipment are stated at cost. Maintenance and repairs are expensed as incurred. Furniture and equipment are depreciated over their estimated useful lives of five (5), seven (7), or thirty-nine (39) years. Depreciation is computed using the straight-line method for financial purposes and accelerated methods for income tax purposes.

Advertising and promotional cost are charged to operations when incurred. At March 31, 2008, advertising and promotional cost totaled \$145,295, and are included in other operating expenses.

The operations of the Company are included in the consolidated federal income tax return filed by the Parent. Federal income taxes are calculated as if the Company filed on a separate basis and the amount of current tax and/or benefit calculated is either remitted to or received from the Parent.

Income taxes are provided for the tax effects of transactions reported on the financial statements and consist of taxes currently due or refundable plus deferred taxes. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to the investments in marketable securities.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$100,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year ended March 31, 2008, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

**Note 2: MARKETABLE SECURITIES AT MARKET VALUE**

The Company holds investments classified as trading securities recorded at fair market value in the amount of \$3,181,544, at March 31, 2008. In the current year, the Company has recognized an unrealized loss of \$1,763,682, and a realized gain of \$81,388 at March 31, 2008.

**Note 3: FURNITURE AND EQUIPMENT, NET**

Furniture and equipment consists of the following:

Furniture & fixtures	\$ 219,747
Computers, software & equipment	143,970
Leasehold improvements	<u>38,565</u>
	402,282
Accumulated depreciation	<u>(140,148)</u>
Total furniture and equipment, net	<u>\$ 262,134</u>

Depreciation expense for the year ended March 31, 2008, was \$61,171.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 4: INCOME TAXES**

The significant components of deferred tax assets and liabilities at March 31, 2008, are as follows:

Deferred tax assets	\$	—
Deferred tax liabilities		
Unrealized gains		<u>(754,234)</u>
Net deferred tax assets (liabilities)	\$	<u>(754,234)</u>

Deferred income taxes result from the recognition of certain income and expense items for tax purposes in different years than for financial reporting purposes.

As discussed in Note 1, the Company is a wholly-owned subsidiary and is included in the consolidated income tax returns filed by its Parent. A portion of the consolidated income tax liability is allocated to the Company as if the Company had filed separate income tax returns.

The provision for income tax expense (benefit) at March 31, 2008, is comprised of the following:

Current income tax expense (benefit)		
Federal	\$	114,004
State		<u>28,305</u>
Total current income tax expense (benefit)		142,309
Deferred income tax expense (benefit)		
Federal		(362,825)
State		<u>(207,804)</u>
Total deferred income tax expense (benefit)		<u>(570,629)</u>
Total provision for income tax expense (benefit)	\$	<u>(428,320)</u>

**Note 5: RELATED PARTY TRANSACTIONS**

The Company shares office space with Insurance, its Parent, and its Parent's wholly-owned subsidiary, Paladin Capital Partners, Inc. ("Paladin"), and Paladin's wholly-owned subsidiary, Paladin Capital Partners, LLC. The Company pays certain operating expenses relating to the rental of office space and various equipment on behalf of its Parent. These amounts have been included in the accompanying statement of operations in occupancy and equipment rental, and other operating expenses.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 6: EMPLOYEES BENEFIT PLAN**

The Company sponsors a qualified 401(k) plan for all eligible employees. Employees may contribute up to 100 percent of their yearly compensation up to the annual 401(k) limits plus catch up provisions, if applicable; with the employer matching a discretionary contribution equal to a percentage of the amount of the employee deferral as determined each year by the employer. Also, the Company can make a profit sharing contribution of three (3) percent or greater of the employees' compensation. For the year ended March 31, 2008, the Company has not made any contributions.

**Note: 7: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counterparties include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends upon the creditworthiness of the counterparty or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counterparties.

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**

*Accounting for Certain Hybrid Financial Instruments*

In February 2006, the FASB issued Statement of Financial Accounting Standards No. 155 ("SFAS 155"), "Accounting for Certain Hybrid Financial Instruments, an amendment of FASB statements No. 133 and 140." The statement allows financial instruments that have embedded derivatives to be accounted for as a whole (eliminating the need to bifurcate the derivative from its host) as long as the entire instrument is valued on a fair value basis. SFAS 155 also resolves and clarifies other specific issues contained in SFAS 133 and 140. The statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after December 15, 2006. The adoption of SFAS 155 has not had a material impact upon the Company's financial statements.

*Accounting for Uncertainty in Income Taxes*

In June 2006, the FASB issued Financial Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109" which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 requires that the Company recognize in its financial statements the impact of a tax position if it is more likely than not that such position will be sustained on audit based on its technical merits. This interpretation also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

The effective date of the provisions of FIN 48 for all nonpublic companies has been postponed to fiscal years beginning after December 15, 2007. The Company is currently evaluating the impact of this statement, but does not expect that it will have a material impact upon the Company's financial statements.

*Fair Value Measurements*

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157 ("SFAS 157"), "Fair Value Measurements". The statement defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those pronouncements that fair value is a relevant measurement attribute. Accordingly, this Statement does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of this statement, but does not expect the pronouncement will have a material impact upon the Company's financial statements.

*Retirement Plans*

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—an amendment of FASB Statements Nos. 87, 106, and 132(R)" ("SFAS 158"). SFAS 158 requires companies to recognize on a prospective basis the funded status of their defined benefit pension and postretirement plans as an asset or liability and to recognize changes in that funded status in the year in which the changes occur as a component of other comprehensive income, net of tax. The effective date of the pronouncement is a function of whether the Company's equity securities are traded publicly. If the entity has publicly traded securities, the effective date is for fiscal years ending after December 15, 2006. Entities without publicly traded securities must adopt the standard for fiscal years ending after June 15, 2007. Adoption of the new standard has not had a material effect on the Company's financial statements.

*Fair Value Option*

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 ("SFAS 159"), "Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FASB Statement No. 115". SFAS 159 is expected to expand the use of fair value accounting but does not affect existing standards which require certain assets or liabilities to be carried at fair value. The objective of this pronouncement is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions.

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Consolidated Notes to Financial Statements**  
**March 31, 2008**

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

Under SFAS 159, a company may choose at specified election dates, to measure eligible items at fair value and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of this statement, but does not expect that it will have a material impact upon the Company's financial statements.

**Note 9: NET CAPITAL**

The Company 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. Net capital and aggregate indebtedness change day to day, but on March 31, 2008, the Company had net capital of \$1,792,572 which was \$1,692,572 in excess of its required net capital of \$100,000; and the Company's ratio of aggregate indebtedness (\$407,189) to net capital was 0.23 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

**Note 10: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a \$304,253 difference between the computation of net capital under net capital SEC Rule 15c3-1 and the corresponding unaudited Focus part IIA.

Net capital per unaudited schedule		\$ 1,488,319
Adjustments:		
Retained earnings	\$ (59,987)	
Deferred taxes	60,466	
Non-allowable assets	123,364	
Haircuts on undue concentration	<u>180,410</u>	
Total adjustments		<u>304,253</u>
Net capital per audited statements		<u>\$ 1,792,572</u>

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of March 31, 2008**

**Computation of net capital**

**Stockholder's equity**

Common stock	\$ 6,000	
Additional paid-in capital	744,164	
Retained earnings	<u>2,683,994</u>	
<b>Total stockholder's equity</b>		<b>\$ 3,434,158</b>

**Adjustments to stockholder's equity**

Deferred income taxes payable	<u>754,234</u>	
<b>Total stockholder's equity and allowable credits</b>		<b>4,188,392</b>

**Less: non-allowable assets and deductions**

Accounts receivable	(207,245)	
Furniture and equipment, net	(262,134)	
Investment in subsidiary	(24,038)	
Prepaid expenses	(9,041)	
Blockage charge	<u>(1,368,545)</u>	
<b>Total adjustments</b>		<b><u>(1,871,003)</u></b>

**Net capital before haircuts and undue concentration** 2,317,389

**Less: haircuts and undue concentration**

Haircuts on money market funds	(11,997)	
Haircuts on marketable securities	(271,950)	
Undue concentration	<u>(240,870)</u>	
<b>Total haircuts and undue concentration</b>		<b><u>(524,817)</u></b>

**Net capital** 1,792,572

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 20,232	
\$2,500 per market greater than \$5 (-0-),		
\$1,000 per market less than \$5 (-0-)	\$ -	
Minimum dollar net capital required	\$ 100,000	
<b>Net capital required (greater of above)</b>		<b><u>100,000</u></b>

**Excess net capital** **\$ 1,692,572**

Ratio of aggregate indebtedness to net capital 0.23:1

There was a \$304,253 difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated March 31, 2008. See Note 10.

*See independent auditor's report.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of March 31, 2008**

A computation of reserve requirement is not applicable to C. K. Cooper & Company, Inc. and Subsidiary as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

*See independent auditor's report.*

**C. K. Cooper & Company, Inc. and Subsidiary**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of March 31, 2008**

Information relating to possession or control requirements is not applicable to C. K. Cooper & Company, Inc. and Subsidiary as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

*See independent auditor's report.*

**C. K. Cooper & Company, Inc. and Subsidiary**

**Supplementary Accountant's Report**

**on Internal Accounting Control**

**Report Pursuant to 17a-5**

**For the Year Ended March 31, 2008**

**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Board of Directors

C. K. Cooper & Company, Inc. and Subsidiary:

In planning and performing our audit of the consolidated financial statements of C. K. Cooper & Company, Inc. and Subsidiary (the Company), as of and for the year ended March 31, 2008, 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 consolidated 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 (or aggregate debits) 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 judgements 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

*i*

***We Focus & Care<sup>SM</sup>***

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 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 entity's financial statements that is more than inconsequential 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 March 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
May 28, 2008

**END**