

SECURITY

SECTION



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**ANNUAL AUDITED REPORT** Processing Section  
**FORM X-17A-5**  
**PART III** FEB 27 2009

SEC FILE NUMBER
8- 47891

FACING PAGE Washington, DC  
**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 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: GRIFFIN CAPITAL SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

2121 ROSECRANS AVENUE, SUITE 3321

(No. and Street)

EL SEGUNDO, CALIFORNIA 90245

(City)

(State)

(Zip Code)

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

KEVIN A. SHIELDS

310/606-5900

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GREEN HASSON & JANKS LLP

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

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

(Address)

(City)

(State)

(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)

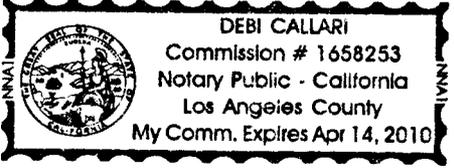
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OATH OR AFFIRMATION

I, KEVIN A. SHIELDS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GRIFFIN CAPITAL SECURITIES, INC. of DECEMBER 31, 2008, 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:

[Handwritten Signature]
Signature
PRESIDENT
Title

[Handwritten Signature: Debi Callari]
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).



**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

GREEN HASSON & JANKS LLP

70

ADDRESS

10990 WILSHIRE BOULEVARD, 16TH FLOOR; LOS ANGELES, CALIFORNIA 90024

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Number and Street

City

State

Zip Code

CHECK ONE

Certified Public Accountant

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Public Accountant

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Accountant not resident in United States  
or any of its possessions

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

**GRIFFIN CAPITAL SECURITIES, INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2008**

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**GREEN HASSON & JANKS LLP**

BUSINESS ADVISORS AND CPAs

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Griffin Capital Securities, Inc.

We have audited the accompanying statement of financial condition of Griffin Capital Securities, Inc. (the company) as of December 31, 2008, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of the company as of December 31, 2008, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Green Hasson & Janks LLP*

February 24, 2009  
Los Angeles, California

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**GRIFFIN CAPITAL SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**December 31, 2008**

**ASSETS**

**CURRENT ASSETS:**

Cash	\$	76,145
Marketable Securities		6,276
Deferred Taxes		3,500
Other Assets		200
		86,121

**TOTAL ASSETS**

86,121

**OTHER ASSETS:**

Deferred Taxes		21,100
		21,100

**TOTAL ASSETS**

\$ 107,221

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

\$ -

**STOCKHOLDER'S EQUITY:**

Common Stock - No Par Value, 5,000 Shares		
Authorized, Issued and Outstanding	\$	5,000
Additional Paid-In Capital		152,763
Accumulated Deficit		(50,542)
		107,221

**TOTAL STOCKHOLDER'S EQUITY**

107,221

**TOTAL LIABILITIES AND  
STOCKHOLDER'S EQUITY**

\$ 107,221

The Accompanying Notes are an Integral Part of These Financial Statements

**GRIFFIN CAPITAL SECURITIES, INC.**

**STATEMENT OF OPERATIONS**  
Year Ended December 31, 2008

<b>REVENUES</b>		\$	-
<b>EXPENSES:</b>			
Insurance	743		
Professional Fees	10,600		
Taxes, Licenses and NASD Fees	47,031		
Miscellaneous	816		
	<u>          </u>		
<b>TOTAL EXPENSES</b>			<u>59,190</u>
<b>LOSS FROM OPERATIONS</b>			(59,190)
<b>OTHER INCOME (EXPENSE):</b>			
Interest and Dividend Income	3,189		
Unrealized Loss on Investments	(8,166)		
	<u>          </u>		
<b>TOTAL OTHER INCOME (EXPENSE)</b>			<u>(4,977)</u>
<b>LOSS BEFORE BENEFIT FROM INCOME TAXES</b>			(64,167)
Benefit from Income Taxes			<u>(23,800)</u>
<b>NET LOSS</b>		\$	<u><u>(40,367)</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements

**GRIFFIN CAPITAL SECURITIES, INC.**

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**Year Ended December 31, 2008**

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Stockholder's Equity
	Number of Shares	Amount			
Balance at January 1, 2008	5,000	\$ 5,000	\$ 152,763	\$ (10,175)	\$ 147,588
Net Loss	-	-	-	(40,367)	(40,367)
<b><i>BALANCE AT DECEMBER 31, 2008</i></b>	<b>5,000</b>	<b>\$ 5,000</b>	<b>\$ 152,763</b>	<b>\$ (50,542)</b>	<b>\$ 107,221</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**GRIFFIN CAPITAL SECURITIES, INC.**

**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2008

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net Loss	\$ (40,367)
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities:	
Unrealized Loss on Investments	8,166
Deferred Taxes	(24,600)
Decrease in Other Assets	400
Decrease in Income Tax Payable	<u>(2,800)</u>
<b><i>NET CASH USED IN OPERATING ACTIVITIES</i></b>	<b>(59,201)</b>
<b><i>NET DECREASE IN CASH</i></b>	<b>(59,201)</b>
Cash - Beginning of Year	<u>135,346</u>
<b><i>CASH - END OF YEAR</i></b>	<b><u>\$ 76,145</u></b>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Cash Paid During the Year for Income Taxes	\$ 3,687
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The Accompanying Notes are an Integral Part of These Financial Statements

# GRIFFIN CAPITAL SECURITIES, INC.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2008

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) NATURE OF BUSINESS

Griffin Capital Securities, Inc. (the company) is primarily engaged in the business of brokering private placements of debt and equity financing on leased assets. The company was incorporated on June 26, 1991. Effective August 28, 2008, the company changed its name from Highland Securities Corporation dba Griffin Capital to Griffin Capital Securities, Inc.

The company operates under the provisions of Paragraph (k)(1) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(1) provide that the company limits its dealer transactions to the purchase, sale and redemption of redeemable securities of registered investment companies or participation in an insurance company separate account. The broker transactions are limited to the sale and redemption of redeemable securities of registered investment companies or participation in an insurance company separate account. The company is required to transmit all funds and securities promptly and not to hold funds or securities for, or owe money to, customers.

#### (b) MANAGEMENT'S USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### (c) CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at December 31, 2008 approximates its fair value.

The company maintains its cash and cash equivalents in bank deposit and money market accounts, which, at times, may exceed federally insured limits. The company has not experienced any losses in such accounts. The company believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### (d) INVESTMENTS

Trading securities, comprised of marketable equity securities, are recorded at fair value based on trading in the public market.

Effective January 1, 2008, the company implemented SFAS 157 for those assets (and liabilities) that are re-measured and reported at fair value at each reporting period.

**GRIFFIN CAPITAL SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) INVESTMENTS (continued)**

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets (or liabilities). Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset (or liability) and include situations where there is little, if any, market activity for the asset (or liability).

**(e) REVENUE AND EXPENSE RECOGNITION**

Revenue related to the brokering of private placements is recognized when the services are completed. In most cases, this would be at the closing of the transaction. Expenses related to an individual private placement are capitalized and recognized as a cost of the transaction upon recognition of the related revenue. Expenses related to transactions which are abandoned are recognized at the date of abandonment.

**(f) INCOME TAXES**

Income taxes are provided based on income reported in the financial statements adjusted for transactions that do not enter into the computation of income taxes payable.

Under the asset and liability method of accounting for income taxes, income tax expense (benefit) is recognized by establishing deferred tax assets and liabilities for the estimated future tax consequences attributable to the differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The company's evaluation of the realizability of deferred tax assets includes consideration of the amount and timing of future reversals of existing temporary differences.

**(g) RECENT ACCOUNTING PRONOUNCEMENT**

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "Accounting for Uncertainty in Income Taxes - An Interpretation of FASB Statement 109." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken, or expected to be taken, on a tax return. FIN 48 was initially effective for fiscal years beginning after December 15, 2006. The implementation date for non-public corporations for FIN 48 has been delayed and is

**GRIFFIN CAPITAL SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(g) **RECENT ACCOUNTING PRONOUNCEMENT** (continued)

now effective for fiscal years beginning after December 15, 2008. The company has elected to defer the adoption of FIN 48 until January 1, 2009 and has not currently determined the impact of FIN 48 on its financial position and results of operations. However, until FIN 48 is adopted, the company will continue to account for uncertain tax positions using the guidance in FASB Statement 5, "Accounting for Contingencies." The cumulative effect, if any, of adopting FIN 48 will be recorded as an adjustment of retained earnings on January 1, 2009.

**NOTE 2 - INVESTMENTS**

The following table presents information about the company's assets that are measured at fair value on a recurring basis at December 31, 2008, and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using			
	Year Ended December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Marketable securities:</b>				
Common Stock	\$ 6,276	\$ 6,276	\$ -	\$ -

The fair values of marketable securities within level 1 input were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

**NOTE 3 - NET CAPITAL REQUIREMENTS**

The company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 which requires the maintenance of minimum net capital at all times and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2008, the company had net capital of \$81,680 which is \$76,680 in excess of its required net capital of \$5,000.

**GRIFFIN CAPITAL SECURITIES, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2008**

**NOTE 4 - INCOME TAXES**

The benefit from income taxes is comprised of the following:

Current - State	\$	800
Deferred Tax Benefit		<u>(24,600)</u>
<b><i>BENEFIT FROM INCOME TAXES</i></b>	<b>\$</b>	<b><u>(23,800)</u></b>

Deferred tax assets are comprised of the following:

Unrealized Losses on Investments	\$	3,500
Net Operating Loss		23,100
State Income Taxes		<u>(2,000)</u>
<b><i>NET DEFERRED TAX ASSETS</i></b>	<b>\$</b>	<b><u>24,600</u></b>
Net Current Assets	\$	3,500
Net Long-Term Assets		<u>21,100</u>
<b><i>NET DEFERRED TAX ASSETS</i></b>	<b>\$</b>	<b><u>24,600</u></b>

The difference between the benefit from income taxes as a percentage of loss before taxes and the federal statutory rate of 34% is due primarily to the effect of using graduated rates for calculating federal income taxes, state income taxes and various permanent differences.

As of December 31, 2008, the company has a net operating loss carryforward available to be utilized for state and federal income tax purposes of approximately \$50,000, which will begin to expire in the year 2018.

**GRIFFIN CAPITAL SECURITIES, INC.**

SUPPLEMENTAL INFORMATION

YEAR ENDED DECEMBER 31, 2008

**GRIFFIN CAPITAL SECURITIES, INC.**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2008



**GREEN HASSON & JANKS LLP**

BUSINESS ADVISORS AND CPAs

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**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION REQUIRED BY  
RULE 17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION**

Board of Directors  
Griffin Capital Securities, Inc.

We have audited the accompanying financial statements of Griffin Capital Securities, Inc. as of and for the year ended December 31, 2008, and have issued our report thereon dated February 24, 2009. 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, III, and IV are presented for purposes of additional analysis and are not required parts of the basic financial statements, but are supplemental 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Green Hasson & Janks LLP*

February 24, 2009  
Los Angeles, California

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**GRIFFIN CAPITAL SECURITIES, INC.**

**SCHEDULE I  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2008**

<b>NET CAPITAL:</b>	
Total Stockholder's Equity	\$ 107,221
Deductions:	
Nonallowable Assets	(24,600)
15% Haircut on Security Positions	<u>(941)</u>
<b><i>NET CAPITAL</i></b>	<b><u>\$ 81,680</u></b>
<b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:</b>	
Minimum Net Capital Required	<u>\$ 5,000</u>
Excess Net Capital	<u>\$ 76,680</u>
Excess Net Capital at 1500%	<u>\$ 81,680</u>
Excess Net Capital at 1000%	<u>\$ 81,680</u>
Ratio: Aggregate Indebtedness to Net Capital	<u>0.00%</u>

See Independent Auditors' Report on Supplemental Information

**GRIFFIN CAPITAL SECURITIES, INC.**

**SCHEDULE II  
RECONCILIATION OF THE COMPANY'S COMPUTATION  
OF NET CAPITAL TO AMOUNTS REPORTED IN  
PART II OF FORM X-17A-5  
As of December 31, 2008**

Net Capital as Reported in the Company's Focus Report Part II	\$ 76,436
Net Capital Per Schedule I	<u>81,680</u>
<b><i>DIFFERENCE</i></b>	<b><u><u>\$ (5,244)</u></u></b>
Excess Net Capital as Reported in Company's Focus Report Part II	\$ 71,436
Excess Net Capital Per Schedule I	<u>76,680</u>
<b><i>DIFFERENCE</i></b>	<b><u><u>\$ (5,244)</u></u></b>

See Independent Auditors' Report on Supplemental Information

**GRIFFIN CAPITAL SECURITIES, INC.**

**SCHEDULE III  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2008**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.

**SCHEDULE IV  
INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
As of December 31, 2008**

Exemption is claimed under Section (k)(1) of Rule 15c3-3.

See Independent Auditors' Report on Supplemental Information



**GREEN HASSON & JANKS LLP**

BUSINESS ADVISORS AND CPAs

-Since 1953-

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5**

Board of Directors  
Griffin Capital Securities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Griffin Capital Securities, Inc. (the company) as of and for the year ended December 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 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 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 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.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment of securities under Section 8 of the 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 an internal control structure 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 internal control structure policies and 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 SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity 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 any internal control structure or the practices and procedures referred to above, errors or irregularities 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 company's practices and procedures were adequate at December 31, 2008 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, 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 should not be used by anyone other than these specified parties.

*Green Hasson Et Janks LLP*

February 24, 2009  
Los Angeles, California