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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington D.C. 20549

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

SEC FILE NUMBER  
8- 16935

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 12/01/2007 AND ENDING 11/30/2008  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Barclay Investments, Inc.

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

254 West 54th Street, 16th Floor

OFFICIAL USE ONLY  
FIRM ID. NO.

(No. and Street)  
NY 10019  
(State) (Zip Code)

New York

(City)

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

Beate Bolen

(212) 371-3634

(Area Code- Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

McGladrey & Pullen, LLP

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

1185 Avenue of the Americas,

New York,

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SEC  
Mail Processing  
Section

JAN 28 2009

Washington, DC

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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).

Handwritten signature/initials

OATH OR AFFIRMATION

I, Beate Bolen swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Barclay Investments, Inc., as of

November 30, 20 08, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Beate Bolen

Signature

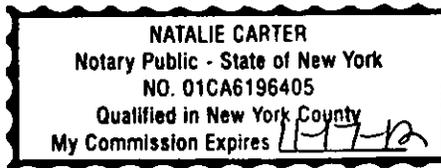
BEATE BOLEN

CFO

Title

Natalie Carter

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 Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).

# **Barclay Investments, Inc.**

Report Pursuant to Rule 17a5-(d) and Regulation 1.10

November 30, 2008

BARCLAY INVESTMENTS, INC.

Index to Financial Statements

November 30, 2008

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# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors  
Barclay Investments, Inc.  
New York, New York

We have audited the accompanying statement of financial condition of Barclay Investments, Inc. (the "Company") as of November 30, 2008, and the related statements of income, changes in stockholders' 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 and Regulation 1.16 under the Commodity Exchange Act ("CEAct"). 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 Barclay Investments, Inc. as of November 30, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 10 to 12 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 and under the CEAct. 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.

New York, New York  
January 26, 2009

*McGladrey & Pullen, LLP*

**BARCLAY INVESTMENTS, INC.**  
**Statement of Financial Condition**  
**November 30, 2008**

<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,970,686
Receivable from Brokers and Dealers	1,697,592
Other Accounts Receivable	88,410
Property and Equipment, Net	567,628
Prepaid Expenses and Other Assets	41,617
Prepaid Tax Deposits	<u>45,800</u>
 Total Assets	 \$ <u><u>4,411,733</u></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>	
<b>LIABILITIES</b>	
Commissions and Salaries Payable	\$ 958,773
Accounts Payable and Other Accrued Expenses	417,517
Deferred Tax Liability	10,100
Income Taxes Payable	<u>208,000</u>
 Total Liabilities	 <u>1,594,390</u>
 Commitments and Contingencies	
 <b>STOCKHOLDERS' EQUITY</b>	
Common Stock - \$.10 Par Value	92,257
Additional Paid in Capital	1,809,175
Retained Earnings	<u>1,729,300</u>
 Total Stockholders' Equity	 3,630,732
 Treasury Stock, 411,816 Shares at Cost	 <u>(813,389)</u>
 Net Stockholders' Equity	 <u>2,817,343</u>
 Total Liabilities and Stockholders' Equity	 \$ <u><u>4,411,733</u></u>

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

**BARCLAY INVESTMENTS, INC.**  
**Statement of Income**  
**For The Year Ended November 30, 2008**

Revenue		
Net Gain from Riskless Principal Transactions	\$	9,840,043
Commissions		1,674,041
Interest and Dividends		<u>45,565</u>
Total Revenue		<u>11,559,649</u>
Trading Expenses		
Commissions		6,685,454
Clearing Fees		<u>10,026</u>
Total Trading Expenses		<u>6,695,480</u>
Operating Expenses		
Compensation and Benefits		1,322,939
Rent		237,284
Moving Expenses		18,656
Travel and Entertainment		81,485
Communications and Telephone		44,951
Supplies and Postage		17,403
Insurance		8,096
Regulatory Fees		29,432
Information Systems		316,198
Professional Fees		200,887
Depreciation and Amortization		51,027
Other Operating Expenses		111,827
Contributions		<u>28,672</u>
Total Operating Expenses		<u>2,468,857</u>
Income Before Provision for Income Taxes		2,395,312
Provision for Income Taxes		<u>237,254</u>
Net Income	\$	<u><u>2,158,058</u></u>

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

**BARCLAY INVESTMENTS, INC.**  
**Statement of Changes in Stockholders' Equity**  
**For The Year Ended November 30, 2008**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>
Balance, December 1, 2007	\$ 92,257	\$ 1,809,175	\$ 1,044,242	\$ (813,389)
Net Income			2,158,058	
Dividends Paid			<u>(1,473,000)</u>	
Balance, November 30, 2008	<u>\$ 92,257</u>	<u>\$ 1,809,175</u>	<u>\$ 1,729,300</u>	<u>\$ (813,389)</u>

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

**BARCLAY INVESTMENTS, INC.**  
**Statement of Cash Flows**  
**For The Year Ended November 30, 2008**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 2,158,058
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	51,027
Loss on Disposition of Fixed Assets	19,359
Change In Operating Assets and Liabilities	
Receivable from Brokers and Dealers	(809,621)
Other Accounts Receivable	(10,017)
Prepaid Expenses and Other Assets	43,518
Prepaid Tax Deposits	(21,197)
Deferred Tax Asset/Liability	24,000
Commissions and Salaries Payable	489,352
Accounts Payable and Other Accrued Expenses	51,926
Income Taxes Payable	<u>162,278</u>
 Net Cash Provided by Operating Activities	 <u>2,158,683</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Property and Equipment	(594,334)
Dispositions of Property and Equipment	<u>300</u>
 Net Cash Used In Investing Activities	 <u>(594,034)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Dividends Paid	<u>(1,473,000)</u>
 Net Cash Used In Financing Activities	 <u>(1,473,000)</u>
 Net Increase in Cash and Cash Equivalents	 91,649
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>1,879,037</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 1,970,686</u>
 Supplementary Disclosures of Cash Flow Information:	
Taxes paid	<u>\$ 72,598</u>

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

1. Summary of Significant Accounting Policies

A. Organization

Barclay Investments, Inc. (the "Company") is a broker-dealer in securities registered with the Securities and Exchange Commission (the "SEC") and the Commodity Futures Trading Commission (the "CFTC"), and is a member of the Financial Industry Regulatory Authority ("FINRA") and the National Futures Association (the "NFA").

Barclay Investments, Inc. offers investment advice and execution services to selected institutions involved in domestic and foreign fixed-income markets.

B. Clearing Operations

All Company and customer transactions are cleared on a fully disclosed basis through independent broker-dealers. The Company pays these broker-dealers various charges and fees for clearing services provided. All customer-related balances are carried on the books of the clearing agents. In the event a customer is unable to fulfill its contractual obligation to the clearing broker, the company may be exposed to off-balance sheet risk.

C. Depreciation and Amortization

For financial statement purposes, depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the related lease.

D. Statements of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid, short-term investments with a three month or less maturity upon acquisition to be cash equivalents.

E. Revenue and Expense Recognition

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

F. Income Taxes

Effective January 1, 2002, the Company elected to be treated as an S Corporation for income tax purposes. An S Corporation generally pays no federal and state income taxes and passes through substantially all taxable items to the shareholders. Accordingly, there is no federal tax included in the provision for income taxes. The Company is however, subject to minimal state taxes and New York City corporation taxes, and provision has been made for these taxes.

The Company's provision for income taxes is based on all items included in income as reported for financial statement purposes. Deferred income taxes are provided for on items which are reportable in a different period for income tax purposes. Deferred income taxes relate primarily to differences in accounting for depreciation and amortization and rent expense.

G. Monetary Risk

The Company maintains its cash in bank deposit accounts and certificates of deposit which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash deposits. The Company during the year also maintained its cash in money market funds.

BARCLAY INVESTMENTS, INC.  
Notes to Financial Statements  
November 30, 2008

1. Summary of Significant Account Policies

H. Concentration of Business

Approximately 22 percent and 16 percent of the Company's gross revenues and related commission expenses for the year ended November 30, 2008, came from business transacted with two customers. Loss of any of these customers would have a significant impact on the Company.

I. 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Receivable From Brokers and Dealers

The clearing and depository operations from the securities transactions are provided substantially from one clearing broker. At November 30, 2008, substantially all of the receivables from brokers and dealers as reflected in the statement of financial condition are deposits with and commissions receivable from these brokers.

The Company has agreed to indemnify the clearing brokers for losses that the clearing brokers may sustain from the customers' accounts introduced by the Company. As of November 30, 2008, there were no significant unsecured amounts owed to the clearing brokers by these customers in connection with normal margin, cash and delivery against payment transactions.

3. Property and Equipment

Property and equipment is summarized as follows:

Furniture and Equipment	\$ 263,669
Leasehold Improvements	456,093
Total	<u>719,762</u>
Less Accumulated Depreciation and Amortization	<u>(152,134)</u>
Property and Equipment, Net	<u>\$ 567,628</u>

4. Stockholders' Equity

A summary of common stock shares authorized, issued and outstanding is as follows:

Shares Authorized	1,000,000
Issued	922,570
Outstanding	510,754

Upon termination of a shareholder's employment with the Company for any reason (the "Qualifying Call Event"), such shareholder shall be required to offer for sale to the Company all shares owned (the "Corporate Call Option").

The Company has the right to exercise the Corporate Call Option at a price equivalent to the book value per share of the Company, calculated in accordance with the SEC and FINRA FOCUS reporting requirements.

BARCLAY INVESTMENTS, INC.  
Notes to Financial Statements  
November 30, 2008

5. Retirement Plans

Defined Contribution Retirement Plan

During the year ended November 30, 1997, the Company established a tax sheltered savings plan commonly known as a Section 401(k) Plan. Under the plan, employees who meet eligibility requirements may generally contribute a portion of their compensation, based on limits pursuant to the Internal Revenue Code, to the plan. Employees vest in Company profit sharing contributions which are discretionary immediately after the contribution is made. The Company profit sharing contribution to the plan for the year ended November 30, 2008 was \$59,798.

6. Commitments

During the year ended November 30, 2008, the Company entered into a lease for office space in New York. The lease contains a provision for escalating annual rentals and expires June 5, 2015.

Future minimum lease payments under non-cancellable operating leases are as follows:

Fiscal Year Ending November 30,

2009	\$ 134,273
2010	138,301
2011	142,450
2012	146,723
2013	153,581
Thereafter	<u>257,538</u>
Total	<u><u>\$ 972,866</u></u>

7. Provision for Income Taxes

The components of the provision for income taxes are as follows:

Current:		
State and Local		\$ 192,654
Deferred:		
State and Local		<u>44,600</u>
Total Provision for Income Taxes		<u><u>\$ 237,254</u></u>

8. Aggregate Indebtedness and Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) and the Commodity Futures Trading Commission Capital Requirement pursuant to Regulation 1.17, 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. At November 30, 2008, the Company had net capital of \$2,029,803, which was in excess of its required net capital by \$1,923,510. The Company's ratio of aggregate indebtedness to net capital at November 30, 2008 was 0.7855 to 1.

9. Contingencies

The Company is a defendant in a lawsuit related to activities of a former subsidiary, Barclay Capital Management, Inc., which was sold in 1994. The outcome of this lawsuit can not be determined at this time. It is the opinion of management that this litigation will not have a material adverse effect on the Company's financial position.

10. Capital Withdrawals/Assignments

The Company's policy is to distribute to shareholders any earnings in excess of regulatory requirements and working capital needs. There were distributions which have been approved by the Board and distributed on December 30, 2008 in the amount of \$450,000.

There was an assignment of 101,545 shares of common stock on January 1, 2008 from two shareholders to other existing shareholders.

There was a purchase of 14,650 shares of common stock from the company on January 1, 2009 by one currently existing shareholder.

**SCHEDULE I**  
**BARCLAY INVESTMENTS, INC.**  
**Computation of Net Capital Under Rule 15c3-1**  
**of the Securities and Exchange Commission**  
**as of November 30, 2008**

Net Capital:		
Total stockholders' equity from		
Statement of Financial Condition	\$	2,817,343
Deductions and/or charges:		
Total nonallowable assets from Statement of Financial Condition		<u>(777,433)</u>
		<u>2,039,910</u>
Net Capital before haircuts on securities position		2,039,910
Haircuts on securities positions:		
Trading and Investment securities:		
Other securities - money market		<u>(10,107)</u>
Net Capital	\$	<u><u>2,029,803</u></u>
Computation of Net Capital Requirement		
Minimum net capital required (6 2/3% of Aggregate Indebtedness)	\$	<u>106,293</u>
Minimum dollar net capital requirement of reporting broker or dealer	\$	<u>45,000</u>
Excess of net capital	\$	<u>1,923,510</u>
Excess of net capital at 1000%	\$	<u>1,870,363</u>
Ratio of Aggregate Indebtedness to Net Capital		0.7855
Reconciliation with corporation's computation (included in Part II of Form X-17a-5 as of November 30, 2008)		
Net capital as reported	\$	<u>2,013,203</u>
Net capital as adjusted	\$	<u><u>2,029,803</u></u>
<u>Non-Allowable Assets</u>		
Petty Cash	\$	365
Letter of Credit on Lease		33,613
Other Accounts Receivable		88,410
Property and Equipment - Net		567,628
Prepaid Expenses and Other Assets		41,617
Prepaid Tax Deposits		45,800
Total Non-Allowable Assets	\$	<u><u>777,433</u></u>
<u>Aggregate Indebtedness:</u>		
Commissions and Salaries Payable	\$	958,773
Accounts Payable and Accrued Expenses		417,517
Deferred Tax Liability		10,100
Income Taxes Payable		208,000
	\$	<u><u>1,594,390</u></u>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited Form X-17-5 Part IIA filing.

BARCLAY INVESTMENTS, INC.  
SCHEDULE II  
Statement Regarding Exemption From Reporting  
Computation for Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission

Barclay Investments, Inc. is exempt from Rule 15c3-3 of the Securities and Exchange Commission under 17 CFR 240.15c3(k)(2)(ii).

SCHEDULE III  
Information Relating to the Possession or  
Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission

The Company, as an introducing broker, clears all transactions with and for customers on a fully disclosed basis with clearing brokers and promptly transmits all customer funds and securities to the clearing brokers who carry all of the accounts of such customers.

The Company does not maintain margin accounts for its customers; and, therefore, there were no excess margin securities.

Procedures for the handling and safeguarding of securities, in the event that they are received, were reviewed and determined to be adequate.

BARCLAY INVESTMENTS, INC.  
SCHEDULE IV  
Segregation Requirements and Funds in Segregation  
November 30, 2008

Amount Required to Be Segregated	None
Total Amount Segregated	None
Excess Funds in Segregation	None

# Barclay Investments, Inc.

Independent Auditor's Report on Internal Control

November 30, 2008

SEC  
Mail Processing  
Section

JAN 28 2009

Washington, DC  
101

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report on Internal Control

To the Board of Directors  
Barclay Investments, Inc.  
New York, New York

In planning and performing our audit of the financial statements of Barclay Investments, Inc. (the "Company") as of and for the year ended November 30, 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 financial statements, but not for the purpose of expressing our 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 (the "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 compliance with 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 and recordation of differences required by rule 17a-13(2).
- (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.

In addition, as required by Regulation 1.16 of the Commodity Futures Trading Commission (the "CFTC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding customer and firm assets. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Regulation 1.16 in making the periodic computations of minimum financial requirements pursuant to Regulation 1.17. Because the Company does not carry customer accounts, we did not review the practices and procedures followed by the Company in any of the following:

- (1) The daily computations of the segregation requirements of Section 4d(a)(2) of the Commodity Exchange Act and the regulations thereunder, and the segregation of funds based on such computations.

- (2) The daily computations of the foreign futures and foreign options secured amount requirements pursuant to Regulation 30.7 of the CFTC.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. 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 paragraphs and to assess whether those practices and procedures can be expected to achieve the SEC's and the CFTC'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) and Regulation 1.16(d)(2) list additional objectives of the practices and procedures listed in the preceding paragraphs.

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 a 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, second and third 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 and certain regulated commodity customer and firm assets 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 and third paragraphs of this report are considered by the SEC and CFTC to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, the Commodity Exchange Act, 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 and third paragraphs of this report, were adequate at November 30, 2008, to meet the SEC's and CFTC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC, the CFTC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 or regulation 1.16 of the CFTC in their regulation of registered broker-dealers and futures commission merchants/introducing brokers, and is not intended to be and should not be used by anyone other than these specified parties.

*McGladrey & Pullen, LLP*

New York, New York  
January 26, 2009

**END**