

SEC  
Not Processing  
2009

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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: February 28, 2010  
Estimated average burden  
hours per response..... 12.00



09057449

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

SEC FILE NUMBER

8-106436

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 1/1/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: M+A Capital, LLC

OFFICIAL USE ONLY

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

FIRM I.D. NO.

32129 Lindero Canyon Rd., #204  
(No. and Street)

Westlake Village, CA  
(City)

91361  
(State)

(Zip Code)

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

Jodi Wicks

(818) 707-8319

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Holthouse Carlin + Van Trigt, LLP

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

4550 E. Thousand Oaks Blvd, #100 Westlake Village, CA 91361  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
MAR 2 2009  
BRANCH OF REGISTRATIONS  
AND  
04 EXAMINATIONS

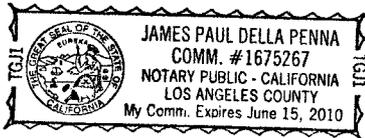
FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Thomas J. Murphy, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of M+A Capital, LLC, as 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:

None



[Signature]  
Signature  
Managing Director  
Title

[Signature]  
Notary Public

SEE NEW CALIF. FORM ATTACHED

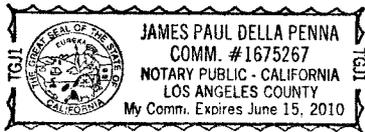
This report \*\* contains (check all applicable boxes):

- (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).

State of California  
County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me on this 26th  
day of FEBRUARY, 2009 by Thomas J. Murphy,  
proved to me on the basis of satisfactory evidence to be the  
person~~(s)~~ who appeared before me.



(Seal)

Signature

A handwritten signature in black ink, appearing to read 'James Paul Della Penna', written over a horizontal line.

SEC  
Mail Processing  
Section

MAR 02 2009

Washington, DC  
104

**M&A CAPITAL, LLC**  
FINANCIAL STATEMENTS,  
SUPPLEMENTAL SCHEDULES AND  
INDEPENDENT AUDITORS' REPORT  
TO THE SECURITIES  
AND EXCHANGE COMMISSION  
DECEMBER 31, 2008

This page is intentionally left blank.

**M&A CAPITAL, LLC**  
DECEMBER 31, 2008

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Member's Equity	4
Statement of Changes in Liabilities Subordinated to Claims of General Creditors	5
Statement of Cash Flows	6
Notes to Financial Statements	7 – 9
Supplementary Information:	
Schedule I - Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	10
Schedule II - Notes to Differences Between Net Capital as Computed in Audited Statements and Unaudited FOCUS Part II	11
Schedule III - Computation for Determination of Reserve Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	12
Schedule IV - Information Relating to the Possession or Control Requirements Under Rule 15c3-3 of the Securities and Exchange Commission	13
Schedule V - Schedule of Reconciliation, Including Appropriate Explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation of the Reserve Requirements under Exhibit A of Rule 15c3-3 or Exclusion Therefrom	14
Schedule VI - Schedule of Segregation Requirements and Funds in Segregation for Customers' Regulated Commodity Futures and Option Accounts	15
Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3	16 – 17



HOLTHOUSE  
CARLIN &  
VAN TRIGT LLP

## Independent Auditors' Report

To the Member of  
M&A Capital, LLC:

We have audited the accompanying statement of financial condition of M&A Capital, LLC (the "Company"), a California limited liability company, as of December 31, 2008, and the related statements of operations, changes in members' equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Security 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 M&A Capital, LLC as of December 31, 2008, and the results of its operations and 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 through VI 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.

Santa Monica, California  
February 23, 2009

**M&A CAPITAL, LLC**  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2008

Assets	
Current assets	
Cash and cash equivalents	\$ 135,124
Accounts and other receivables, net of allowance for doubtful accounts of \$1,344,948	<u>125,884</u>
Total current assets	<u>261,008</u>
 Equipment and furniture	
Computer equipment	60,322
Furniture	<u>34,159</u>
	94,481
Less: accumulated depreciation	<u>(29,046)</u>
Total equipment and furniture	<u>65,435</u>
 Other assets	
Deposits	<u>4,870</u>
Total other assets	<u>4,870</u>
 Total assets	<u><u>\$ 331,313</u></u>

Liabilities and Members' Equity	
Current liabilities	
Accounts payable and accrued expenses	\$ 12,503
Total current liabilities	<u>12,503</u>
 Commitments and contingencies (Notes 1,2,3 and 4)	
 Members' equity	<u>318,810</u>
 Total liabilities and members' equity	<u><u>\$ 331,313</u></u>

*See notes to financial statements.*

**M&A CAPITAL, LLC**  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Net revenues - investment banking fees	<u>\$ 1,929,651</u>
Operating expenses:	
Professional salaries and payroll related costs	491,902
General and administrative	255,050
Bad debt expense	1,156,250
Advertising and marketing	74,184
Legal fees	27,478
Cost of reimbursable expenses	3,469
Depreciation	9,104
Licenses and fees	<u>5,287</u>
Total operating expenses	<u>2,022,724</u>
Loss from operations	(93,073)
Other income	
Interest income	<u>4,287</u>
Total other income	<u>4,287</u>
Loss before state income taxes	(88,786)
State income taxes	<u>6,800</u>
Net loss	<u>\$ (95,586)</u>

*See notes to financial statements.*

**M&A CAPITAL, LLC**  
STATEMENT OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2008

Balance, December 31, 2007	\$ 595,700
Members' contributions	33,024
Distributions to members	(214,328)
Net loss	<u>(95,586)</u>
Balance, December 31, 2008	<u>\$ 318,810</u>

*See notes to financial statements.*

**M&A CAPITAL, LLC**  
STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS  
FOR THE YEAR ENDED DECEMBER 31, 2008

Subordinated borrowings at January 1, 2008	\$ -
Payments	-
Additions	<u>-</u>
Subordinated borrowings at December 31, 2008	<u>\$ -</u>

*See notes to financial statements.*

**M&A CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

Net cash flows from operating activities:	
Net loss	\$ (95,586)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	9,104
Allowance for doubtful accounts	1,156,250
Changes in operating assets and liabilities:	
Accounts and other receivables	(1,158,184)
Deposits	(1,062)
Accounts payable and accrued expenses	(895)
Net cash used in operating activities	<u>(90,373)</u>
 Cash flows from investing activities:	
Purchase of equipment and furniture	<u>(30,756)</u>
Cash used in investing activities	<u>(30,756)</u>
 Cash flows from financing activities:	
Contributions from members	33,024
Distributions to members	<u>(214,328)</u>
Net cash used in financing activities	<u>(181,304)</u>
 Change in cash and cash equivalents	(302,433)
 Cash and cash equivalents, beginning of year	<u>437,557</u>
 Cash and cash equivalents, end of year	<u>\$ 135,124</u>
 Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Income taxes	<u>\$ 6,800</u>
Interest	<u>\$ -</u>

*See notes to financial statements.*

**M&A CAPITAL, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Business

M&A Capital, LLC (the Company), a single member California limited liability company, is an investment advisor, with an emphasis in mergers and acquisitions, strategic planning, restructurings and workouts, and other financial advisory services. The Company is a broker-dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority (FINRA). The Company shall continue operating under the current operating agreement until December 31, 2050 unless earlier dissolved in accordance with the agreement.

Operating Agreement

The operating agreement has various provisions that determine, among other things, organizational matters, allocation of profits and losses, distributions to the member, loans and guarantees, and the rights and duties of the members (See Note 4).

Revenue Recognition

Revenue from investment banking fees are recognized when services are performed and earned as determined in the agreement with the client. Investment banking fees include nonrefundable retainers and agency fees. Non-refundable retainer fees are recognized when the agreement with the client is executed and collection is reasonably assured. Fees subject to approval by the Trustee of a bankruptcy court are recognized when the fees are approved or earned pursuant to a fee application and payment has been received. Contingency fees are recognized when the services are completed and the contingency no longer exists.

Computer Equipment and Furniture

Computer equipment and furniture are stated at cost. Depreciation expense is calculated on a straight-line basis over the estimated economic useful lives of the assets, which are five to seven years. Depreciation expense for the year ended December 31, 2008 was \$9,104.

Advertising Expense

Advertising and marketing expenses are expensed as incurred. Advertising and marketing expenses amounted to \$74,184 for the year ended December 31, 2008.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid unrestricted investments with an original maturity of three months or less to be cash equivalents.

**M&A CAPITAL, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

The Company is a limited liability company ("LLC") treated as a partnership for federal and state income tax purposes and therefore does not incur federal income taxes at the company level. Instead, its earnings and losses are passed through to the members and included in the calculation of the individual members' tax liability. However, because the Company is an LLC, it is subject to a California fee based on its annual gross income. The California fee for 2008 was \$6,000. In addition, the Company is required to pay an \$800 annual tax to the state of California for the right to conduct business in the state. The tax expense amounted to \$6,800 for the year ended December 31, 2008.

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 certain reported amounts and disclosures. The Company has provided an allowance for certain client receivables as it believes these amounts are not fully collectible. Accordingly, actual results could differ from those estimates.

**NOTE 2. CONCENTRATION OF CREDIT RISK**

The Company's cash and cash equivalents are maintained in various bank accounts. The Company may have exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance. The Company believes that its credit risk is not significant.

During the year ended December 31, 2008, two clients accounted for more than 10% of total revenues, 31% and 60% respectively. No other client accounted for more than 10% of total revenue.

**NOTE 3. LEASE COMMITMENT**

The Company entered into an office lease agreement effective May 1, 2008, which expires April 2009, for their offices in Westlake Village, CA. The lease currently requires total monthly rental payments of \$3,809. Rent expense for the year ended December 31, 2008 was \$45,708.

**M&A CAPITAL, LLC**  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

**NOTE 4. NET CAPITAL REQUIREMENTS**

As a broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1). In accordance with the net capital provisions of Rule 15c3-1(A)(2)(vi), the Company is required to maintain a minimum net capital, defined as the greater of \$5,000 or 6 2/3% of the Company's total aggregated indebtedness and a maximum net capital ratio of 15 to 1. The basic concept of the net capital rule is liquidity; its objective being to require a broker-dealer to have at all times sufficient liquid assets to meet its current liabilities.

At December 31, 2008, the Company had net capital of \$127,326, which exceeded the minimum requirement of \$5,000 by \$122,326, and had a net capital ratio of 0.10 to 1. The Company may make certain capital withdrawals, but these distributions will not cause the Company to be in violation of its net capital requirements, unless they result in minimum net capital to fall below the defined thresholds.

**M&A CAPITAL, LLC**  
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
 SECURITIES AND EXCHANGE COMMISSION  
 DECEMBER 31, 2008

	Accounts From		Difference
	Audited Financial Statements	Unaudited FOCUS Part II	
Total Members' Equity	\$ 318,810	\$ 333,262	\$ (14,452)
Deductions and/or Charges			
Non-allowable assets included in the following statement of financial condition captions:			
Receivable, prepaid expenses and other assets	\$ 125,884	\$ 125,885	\$ (1)
Furniture and equipment, net	65,435	74,539	(9,104)
Total Non-allowable Assets	191,319	200,424	(9,105)
Net capital before haircuts	\$ 127,491	\$ 127,968	\$ (5,347)
Haircuts on securities	165	165	-
Net capital	\$ 127,326	\$ 127,803	\$ (5,347)
Total Aggregated Indebtedness	\$ 12,503	\$ 7,156	\$ 5,347
Minimum Net Capital - 6-2/3% of Aggregated Indebtedness	\$ 834	\$ 477	
Minimum Net Capital Required	\$ 5,000	\$ 5,000	
Excess Net Capital	\$ 122,326	\$ 122,803	
Excess Net Capital at 1000%	\$ 126,076	\$ 127,087	
Ratio of Aggregated Indebtedness to Net Capital	0.10 to 1	0.06 to 1	

*See independent auditors' report and notes to financial statements.*

**M&A CAPITAL, LLC**

NOTES TO DIFFERENCES BETWEEN NET CAPITAL AS COMPUTED IN AUDITED  
STATEMENTS AND UNAUDITED FOCUS PART II  
DECEMBER 31, 2008

Differences resulted primarily from the following audit adjustments  
for the year ended December 31, 2008:

1. Adjustments to correct members' equity		
a.	To record depreciation expense for 2008	\$ (9,104)
b.	To accrue legal expense recorded at year-end	(5,347)
c.	Rounding	<u>(1)</u>
		\$ (14,452)
2. Furniture and equipment		
a.	To record depreciation expense for 2008	<u>\$ 9,104</u>
		9,104
3. Receivable, prepaid expenses and other assets		
a.	Rounding	<u>1</u>
	Net differences	<u>\$ (5,347)</u>

The difference between net capital as computed in the audited statements and the unaudited Focus Part II for the year ended December 31, 2008 was \$5,347 and was due to the accrual of legal expense recorded at year-end.

*See independent auditors' report and notes to financial statements.*

**M&A CAPITAL, LLC**

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2008

The provisions of this rule shall not be applicable to the Company, pursuant to Rule 15c3-3 (k) (2) (i), who, as a broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

*See independent auditors' report and notes to financial statements.*

**M&A CAPITAL, LLC**

INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15C3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2008

The provisions of this rule shall not be applicable to the Company, pursuant to Rule 15c3-3 (k) (2) (i), who, as a broker or dealer, clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

*See independent auditors' report and notes to financial statements.*

**M&A CAPITAL, LLC**

**SCHEDULE OF RECONCILIATION, INCLUDING APPROPRIATE EXPLANATION,  
OF THE COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1  
AND THE COMPUTATION OF THE RESERVE REQUIREMENTS  
UNDER EXHIBIT A OF RULE 15C3-3 OR EXCLUSION THEREFROM  
DECEMBER 31, 2008**

None required. The registrant is excluded from this requirement.

*See independent auditors' report and notes to financial statements.*

**M&A CAPITAL, LLC**

**SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR  
CUSTOMERS' REGULATED COMMODITY FUTURES AND OPTION ACCOUNTS  
DECEMBER 31, 2008**

None required. The registrant is excluded from this requirement.

*See independent auditors' report and notes to financial statements.*



Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3

To the Member of  
M & A Capital, LLC:

In planning and performing our audit of the financial statements and supplemental information of M & A Capital, LLC (the Company) for the year ended December 31, 2008, we considered its internal control over financial reporting, including control activities for safeguarding securities (collectively, internal controls), as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Company's internal controls.

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)(1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a3(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 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 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 practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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.

Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5 for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3  
(Continued)

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 Company'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 Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal controls.

A material weakness is a significant deficiency, or a 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 Company's internal controls.

Our consideration of internal controls was for the limited purposes described in the first paragraph and would not necessarily identify all deficiencies in internal controls that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls that we consider to be significant deficiencies or 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 purpose in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate 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 members, management, the SEC, the Financial Industry Regulatory Authority and other information and regulatory agencies that rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in the regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Holt House Carlin & Van Tine LLP". The signature is written in a cursive, flowing style.

Santa Monica, California  
February 23, 2009