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

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

SEC FILE NUMBER  
8- 67677

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 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Cross Research Group LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

154 South Livingston Ave #2

(No. and Street)

Livingston

NJ

07039

(City)

(State)

(Zip Code)

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

Mark T. Manzo 212-994-3773

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Mills and DeFilippis, CPAs LLP

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

791 Route 10 East

Randolph

NJ

07869-1925

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

R

**PROCESSED**

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**THOMSON REUTERS**

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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

Robert J. Cross

I, \_\_\_\_\_, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of \_\_\_\_\_, 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: [Handwritten Signature]
Title: CEO

Notary Public: [Handwritten Signature]

PATRICIA E. BAKER
Notary Public of New Jersey
Commission Expires 1/14/2013

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).

CROSS RESEARCH GROUP, LLC

**INDEX TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

	<u>Page</u>
<i>Facing Page and Oath or Affirmation Page</i>	1
<i>Report of Independent Certified Public Accountants</i>	2-3
<i>Statements of Financial Condition</i>	4
<i>Statements of Income (Loss)</i>	5
<i>Statements of Changes in Members' Equity</i>	6
<i>Statements of Cash Flows</i>	7
<i>Notes to the Financial Statements</i>	8-10
<b>Supplemental Information:</b>	
<i>Independent Auditors' Report on Supplemental Information Required by Rule 17a-5 of the Securities and Exchange Commission</i>	11
<i>Schedule I - Computation of Net Capital</i>	12
<i>Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3</i>	13-15

**CROSS RESEARCH GROUP, LLC**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008 AND 2007**

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

*To the Members of Cross Research Group, LLC  
Livingston, New Jersey*

*We have audited the accompanying statements of financial condition of Cross Research Group, LLC (a New Jersey limited liability company) as of December 31, 2008 and 2007, and the related statements of income (loss), changes in members' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.*

*We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 Cross Research Group, LLC as of December 31, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.*

*Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the*

*auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.*

*Mills and DeFilippis*

*Mills and DeFilippis  
Certified Public Accountants, LLP*

*Randolph, New Jersey  
February 24, 2009*

**CROSS RESEARCH GROUP, LLC**

**STATEMENTS OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash (Notes 1 & 2)	\$ 36,980	\$ 59,050
Commissions Receivable (Notes 1 & 2)	180,707	30,312
Research Fees Receivable (Notes 1 & 2)	80,000	0
Prepaid Expenses	9,061	118
Prepaid Insurance	9,593	0
	<u>316,341</u>	<u>89,480</u>
<b>Fixed Assets (Note 2):</b>		
Furniture and Equipment	41,360	0
Less: Accumulated Depreciation	<u>5,739</u>	<u>0</u>
Net Fixed Assets	<u>35,621</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 351,962</u></b>	<b><u>\$ 89,480</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

<b>Current Liabilities:</b>		
Accounts Payable	\$ 3,282	\$ 0
Accrued Expense Payable	17,000	6,884
Due to Affiliates (Note 3)	<u>0</u>	<u>38,160</u>
Total Current Liabilities	<u>20,282</u>	<u>45,044</u>
<b>Members' Equity:</b>		
Members' Equity (Page 6)	<u>331,680</u>	<u>44,436</u>
Total Members' Equity	<u>331,680</u>	<u>44,436</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b><u>\$ 351,962</u></b>	<b><u>\$ 89,480</u></b>

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

Subject to the comments in the "Report of Independent  
Certified Public Accountants".

**CROSS RESEARCH GROUP, LLC**

**STATEMENTS OF INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Revenue:</b>		
<i>Research Service Income</i>	\$ 2,301,805	\$ 0
<i>Commission Income</i>	<u>1,121,717</u>	<u>30,312</u>
<i>Total Revenue</i>	<u>3,423,522</u>	<u>30,312</u>
<b>Expenses:</b>		
<i>Employee Compensation and Benefits</i>	1,269,359	16,747
<i>Travel and Entertainment Expense</i>	212,143	8,251
<i>Occupancy Expense (Note 4)</i>	61,918	4,590
<i>Professional Fees</i>	36,834	27,216
<i>Printing and Reproduction Expense</i>	26,870	0
<i>Communication Expense</i>	29,767	3,307
<i>Market Data Expense</i>	22,453	0
<i>Office Expense</i>	26,113	0
<i>Regulatory Fees</i>	2,563	4,832
<i>Depreciation Expense (Note 2)</i>	5,739	0
<i>Other Expenses</i>	<u>13,387</u>	<u>933</u>
<i>Total Expenses</i>	<u>1,707,146</u>	<u>65,876</u>
<b>NET INCOME (LOSS) FOR THE YEARS</b>	<u><u>\$ 1,716,376</u></u>	<u><u>\$ (35,564)</u></u>

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

*Subject to the comments in the "Report of Independent  
Certified Public Accounts".*

CROSS RESEARCH GROUP, LLC

STATEMENTS OF CHANGES IN MEMBERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<i>Members' Equity - January 1,</i>	\$ 44,436	\$ 0
<i>Members' Contributions</i>	1,000	80,000
<i>Members' Withdrawals</i>	(1,430,132)	0
<i>Net Income (Loss) for the Years (Page 5)</i>	<u>1,716,376</u>	<u>(35,564)</u>
<b><i>MEMBERS' EQUITY - DECEMBER 31,</i></b>	<b><u>\$ 331,680</u></b>	<b><u>\$ 44,436</u></b>

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

*Subject to the comments in the "Report of Independent  
Certified Public Accounts".*

**CROSS RESEARCH GROUP, LLC**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>Operating Activities:</b>		
Net Income (Loss) for the Years	\$ 1,716,376	\$ (35,564)
<b>Adjustments to Reconcile Net Income (Loss) for the Years to Net Cash Provided (Used) by Operating Activities:</b>		
Depreciation	5,739	0
<b>Change in Assets and Liabilities:</b>		
(Increase) in Commissions Receivable	(150,395)	(30,312)
(Increase) in Research Fees Receivable	(80,000)	0
(Increase) in Prepaid Expenses	(8,943)	(118)
(Increase) in Prepaid Insurance	(9,593)	0
Increase in Accounts Payable	3,282	0
Increase in Accrued Expenses Payable	10,116	6,884
Net Cash Provided (Used) by Operating Activities	<u>1,486,582</u>	<u>(59,110)</u>
<b>Investing Activities:</b>		
Acquisition of Fixed Assets	<u>(41,360)</u>	<u>0</u>
Net Cash (Used) by Investing Activities	<u>(41,360)</u>	<u>0</u>
<b>Financing Activities:</b>		
Proceeds from Due to Affiliates	0	38,160
Principal Repayments of Due to Affiliates	(38,160)	0
Proceeds from Members' Contributions	1,000	80,000
Members' Withdrawals	<u>(1,430,132)</u>	<u>0</u>
Net Cash (Used) Provided by Financing Activities	<u>(1,467,292)</u>	<u>118,160</u>
<b>NET (DECREASE) INCREASE IN CASH FOR THE YEARS</b>	(22,070)	59,050
Cash Balance - January 1,	<u>59,050</u>	<u>0</u>
<b>CASH BALANCE - DECEMBER 31,</b>	<u><b>\$ 36,980</b></u>	<u><b>\$ 59,050</b></u>
<b>TAXES PAID</b>	<u><b>\$ 0</b></u>	<u><b>\$ 0</b></u>
<b>INTEREST PAID</b>	<u><b>\$ 0</b></u>	<u><b>\$ 0</b></u>

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

Subject to the comments in the "Report of Independent  
Certified Public Accountants".

**CROSS RESEARCH GROUP, LLC**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 - NATURE OF OPERATIONS AND CONCENTRATIONS OF CREDIT RISK**

*Cross Research Group, LLC is an independent equity research company focused on the technology industry. Sectors covered by the Company's analysts include: IT Hardware, Imaging Technology, and Enterprise Software. Cross Research Group, LLC serves approximately 100 domestic institutional clients.*

*The Company maintains a cash balance at a commercial bank. Accounts at this bank are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the years, the balance in this institution may exceed the FDIC insurance level. Generally, these deposits may be redeemed upon demand, therefore, bear minimal risk.*

*The Company performs periodic credit evaluations of its customers and generally does not require collateral. The Company does not believe significant credit risks exist at December 31, 2008 and 2007, with respect to its commissions and research fee receivables.*

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS:**

*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.*

**CASH AND CASH EQUIVALENTS:**

*For the purposes of balance sheet classification and statement of cash flows presentation, investments with a maturity of three months or less are considered cash equivalents.*

**ALLOWANCE FOR DOUBTFUL ACCOUNTS:**

*Commissions and Research Fees receivables are stated net of an allowance for doubtful accounts. The Company estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay. The allowance for doubtful accounts was \$0 at December 31, 2008 and 2007.*

*Subject to the comments in the "Report of Independent Certified Public Accountants".*

**CROSS RESEARCH GROUP, LLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**INCOME TAXES:**

*As a limited liability company, all income and expenses pass through to the members and are reported directly by each member. As such, the limited liability company acts as a conduit for its members and pays no Federal or State income taxes itself.*

**FIXED ASSETS:**

*Fixed Assets in excess of \$1,000 with a useful life of more than one year are carried at cost and depreciated using the straight-line method over their estimated useful lives. The assets, estimated useful lives, cost, current year depreciation and accumulated depreciation are as follows:*

<u>Assets and Estimated Useful Lives</u>		<u>Cost</u>	<u>Current Year Depreciation</u>	<u>Accumulated Depreciation</u>
<b>2008</b>				
<i>Furniture and Equipment</i>	5 yrs.	<u>\$ 41,360</u>	<u>\$ 5,739</u>	<u>\$ 5,739</u>
		<u>\$ 41,360</u>	<u>\$ 5,739</u>	<u>\$ 5,739</u>
<b>2007</b>				
<i>Furniture and Equipment</i>	5 yrs.	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

*In the case of disposals, the assets and related accumulated depreciation are removed from the accounts and the net amount, less proceeds from disposal, is charged to expense or credited to income.*

*As of December 31, 2008, there was no impairment of fixed assets.*

**CROSS RESEARCH GROUP, LLC**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 3 - DUE TO MEMBER**

*At December 31, 2007, the Company had an outstanding payable to a related party Cross Research, LLC in the amount of \$38,160. The total amount was repaid during 2008.*

**NOTE 4 - RENT EXPENSE**

*The Company leases its office under an operating lease expiring on July 31, 2009. The lease requires monthly payments of \$3,745.*

*Minimum future rental payments under the non-cancelable operating rental lease for the next year is as follows:*

<u>December 31,</u>	
2009	<u>\$ 26,215</u>

**NOTE 5 - OPERATING LEASES**

*The Company leases two vehicles under operating leases. One vehicle lease requires monthly payments of \$502 and expires on August 13, 2009. The other vehicle lease requires monthly payments of \$963 and expires on May 24, 2010.*

*Minimum future rental payments under non-cancelable operating vehicle leases for the next two years are as follows:*

<u>December 31,</u>	
2009	\$ 15,070
2010	<u>3,852</u>
	<u>\$ 18,922</u>

*Subject to the comments in the "Report of Independent Certified Public Accountants".*

***SUPPLEMENTAL INFORMATION***

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

*To the Members of Cross Research Group, LLC  
Livingston, New Jersey*

*We have audited the accompanying financial statements of Cross Research Group, LLC (a New Jersey limited liability company) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated February 24, 2009. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.*

*Mills and DeFilippis*

*Mills and DeFilippis  
Certified Public Accountants, LLP*

*Randolph, New Jersey  
February 24, 2009*

CROSS RESEARCH GROUP, LLC

COMPUTATION OF NET CAPITAL  
AS OF DECEMBER 31, 2008 AND 2007

**SCHEDULE I**

	<u>2008</u>	<u>2007</u>
<b>Net Capital:</b>		
<i>Total Members' Equity</i>	\$ 331,680	\$ 44,436
<i>Deduct Members' Equity Not Allowed for Net Capital</i>	<u>0</u>	<u>0</u>
<i>Total Members' Equity Qualified for Net Capital</i>	331,680	44,436
<b>Add:</b>		
<i>Subordinated Borrowings Allowable in Computation of Net Capital</i>	0	0
<i>Other Deductions or Allowable Credits</i>	<u>0</u>	<u>0</u>
<i>Total Capital and Allowable Subordinated Liabilities</i>	331,680	44,436
<b>Deductions and/or Charges:</b>		
<b>Non Allowable Assets:</b>		
<i>Research Fee Receivable</i>	80,000	0
<i>Furniture and Equipment, Net</i>	35,621	0
<i>Prepaid Expenses</i>	<u>18,654</u>	<u>118</u>
<i>Net Capital Before Haircuts on Securities Positions</i>	197,405	44,318
<b>Haircuts on Securities:</b>		
<i>Contractual Securities Commitments</i>	0	0
<i>Subordinated Securities Borrowings</i>	0	0
<i>Trading and Investment Securities</i>	0	0
<i>Undue Concentrations</i>	<u>0</u>	<u>0</u>
<b>NET CAPITAL</b>	<u>\$ 197,405</u>	<u>\$ 44,318</u>

Subject to the comments in the "Report of Independent  
Certified Public Accounts".

	<u>2008</u>	<u>2007</u>
<b>Aggregate Indebtness:</b>		
<b>Items Included in Statement of Financial Condition:</b>		
Accounts Payable	\$ 3,282	\$ 0
Accrued Expenses	17,000	6,884
Due to Affilitate	<u>0</u>	<u>38,160</u>
 Total Aggregate Indebtedness	 <u>\$ 20,282</u>	 <u>\$ 45,044</u>
 Percentage of Aggregate Indebtedness to Net Capital	 <u>10.27%</u>	 <u>101.64%</u>
 <b>Computation of Basic Net Capital Requirement:</b>		
<b>Minimum Net Capital Required:</b>		
Company	<u>\$ 1,352</u>	<u>\$ 3,003</u>
Broker Dealer	<u>\$ 5,000</u>	<u>\$ 5,000</u>
 Total Net Capital Requirement	 <u>\$ 5,000</u>	 <u>\$ 5,000</u>
 Excess Capital	 <u>\$ 192,405</u>	 <u>\$ 39,318</u>
 Excess Capital at 1000%	 <u>\$ 195,377</u>	 <u>\$ 39,814</u>
 <b>Reconciliation with Company's Computation (Included in Part II of Form X-17A-5) as of December 31:</b>		
Net Capital, as Reported in Company's Part II (Unaudited) Focus Report	\$ 205,891	\$ 20,505
Audit Adjustment - Cash	435	0
Audit Adjustment - Commission Receivable	0	30,313
Audit Adjustment - Accounts Payable	(796)	0
Audit Adjustment - Accrued Expenses	<u>(8,125)</u>	<u>(6,500)</u>
 <b>NET CAPITAL PER ABOVE</b>	 <u><b>\$ 197,405</b></u>	 <u><b>\$ 44,318</b></u>

**REPORT ON INTERNAL CONTROL  
REQUIRED BY SEC RULE 17a-5(g)(1) FOR  
A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

*To the Members of Cross Research Group, LLC  
Livingston, New Jersey*

*In planning and performing our audits of the financial statements of Cross Research Group, LLC (a New Jersey limited liability company), as of and for the years ended December 31, 2008 and 2007, 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 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 judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the 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.*

*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 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, as described in the second paragraph of this report, were adequate at December 31, 2008 and 2007, to meet the SEC's objectives.*

*This report is intended solely for the information and of use the members, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.*

*Mills and DeFilippis*

*Mills and DeFilippis  
Certified Public Accountants, LLP*

*Randolph, New Jersey  
February 24, 2009*

**END**