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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
8-43200

FACING PAGE  
Information Requested 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: **AMCORE Investment Services, Inc.**

OFFICIAL USE ONLY
FIRM I.D. NO.

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

**501 Seventh Street**

(No. and street)

**Rockford**

(City)

**Illinois**

(State)

**61104**

(Zip Code)

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

**Yvette H. Powell**

**(815) 961-3450**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Deloitte & Touche LLP**

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

**555 East Wells Avenue**

(Address)

**Milwaukee**

(City)

**SEC Man W/Processing**

(State)

**53202**

SEC Man (Zip Code)

Sector

CHECK ONE:

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

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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)

SEC 1410 (06-02)

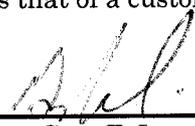
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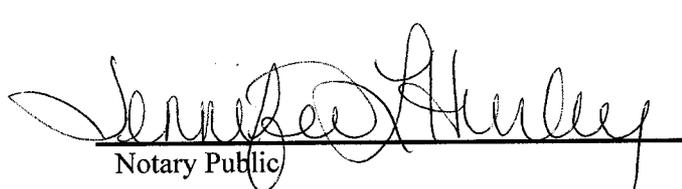
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TA  
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## OATH OR AFFIRMATION

I, Greg T. Lewandowski, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AMCORE Investment Services, Inc. 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.

  
Name Greg T. Lewandowski  
Title President

  
Notary Public



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

- |                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | (a) Facing Page  |
| <input checked="" type="checkbox"/> | (b) Statement of Financial Condition   |
| <input checked="" type="checkbox"/> | (c) Statement of Income (Loss)   |
| <input checked="" type="checkbox"/> | (d) Statement of Changes in Financial Condition  |
| <input checked="" type="checkbox"/> | (e) Statement of Changes in Stockholders' Equity of Partners' or Sole Proprietor's Capital   |
| <input type="checkbox"/>            | (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors  |
| <input checked="" type="checkbox"/> | (g) Computation of Net Capital   |
| <input type="checkbox"/>            | (h) Computation for Determination of Reserve Requirement Pursuant to Rule 15c3-3   |
| <input type="checkbox"/>            | (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3   |
| <input type="checkbox"/>            | (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 Rule 15c3-3 |
| <input type="checkbox"/>            | (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation  |
| <input checked="" type="checkbox"/> | (l) An Oath or Affirmation   |
| <input type="checkbox"/>            | (m) A Copy of the SIPC Supplemental Report   |
| <input type="checkbox"/>            | (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)

**AMCORE Investment  
Services, Inc.  
SEC I.D. 8-43200**

Financial Statements as of and for the Year Ended  
December 31, 2008, Supplemental Schedules as of  
December 31, 2008, Independent Auditors' Report  
and Supplemental Report on Internal Control

# AMCORE INVESTMENT SERVICES, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
AMCORE Investment Services, Inc.:

We have audited the accompanying statement of financial condition of AMCORE Investment Services, Inc. (the "Company"), which is a second tier wholly owned subsidiary of AMCORE Financial, Inc., as of December 31, 2008, and the related statements of income, cash flows, and changes in stockholder's equity 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 generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of AMCORE Investment Services, Inc. at 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. These schedules are the responsibility of the Company's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Deloitte & Touche LLP*

February 26, 2009

# AMCORE INVESTMENT SERVICES, INC.

## STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2008

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### ASSETS

CASH AND CASH EQUIVALENTS	\$ 703,255
DEPOSIT WITH CLEARING BROKER	50,000
COMMISSIONS RECEIVABLE	279,762
PREPAID EXPENSES AND OTHER ASSETS	103,357
EQUIPMENT — At cost — net of accumulated depreciation of \$81,167	<u>3,931</u>
TOTAL	<u>\$1,140,305</u>

### LIABILITIES AND STOCKHOLDER'S EQUITY

#### CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 142,222
Due to AMCORE Bank, N.A.	<u>73,105</u>

Total liabilities 215,327

#### STOCKHOLDER'S EQUITY:

Common stock, \$1 par value. Authorized 1,000 shares; issued and outstanding 100 shares	100
Additional paid-in capital	<u>924,878</u>

Total stockholder's equity 924,978

TOTAL \$1,140,305

See notes to financial statements.

# AMCORE INVESTMENT SERVICES, INC.

## STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2008

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REVENUES:	
Commissions	\$ 3,488,851
Interest on deposits	12,524
Other income	<u>210</u>
Total revenues	<u>3,501,585</u>
EXPENSES:	
Salaries and commissions	1,903,795
Employee benefits	372,840
Management fees	395,820
Occupancy and equipment	130,886
Data processing expense	137,262
Clearing fees	138,638
Professional fees	79,598
Licensing and registration fees	81,524
Other operating expense	<u>192,862</u>
Total expenses	<u>3,433,225</u>
PROFIT BEFORE SHARED REVENUE TO AFFILIATES	68,360
SHARED REVENUE TO AFFILIATES	<u>(68,360)</u>
NET INCOME	<u>\$ -</u>

See notes to financial statements.

## AMCORE INVESTMENT SERVICES, INC.

### STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY FOR THE YEAR ENDED DECEMBER 31, 2008

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	<b>Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Total</b>
BALANCE — January 1, 2008	<u>\$ 100</u>	<u>\$ 699,900</u>	<u>\$ -</u>	<u>\$ 700,000</u>
Capital Contribution from AMCORE Investment Group, N.A.	-	200,000	-	200,000
Stock-Based Compensation	<u>-</u>	<u>24,978</u>	<u>-</u>	<u>24,978</u>
BALANCE — December 31, 2008	<u>\$ 100</u>	<u>\$ 924,878</u>	<u>\$ -</u>	<u>\$ 924,978</u>

See notes to financial statements.

# AMCORE INVESTMENT SERVICES, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2008

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### OPERATING ACTIVITIES:

Net income	\$ -
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation of premises and equipment	11,794
Increase in commissions receivable	(34,339)
Decrease in prepaid expense and other assets	3,207
Net change in balance due from affiliates	56,487
Net change in balance due to affiliates	(16,297)
Decrease in accounts payable and accrued expenses	(159,042)
Stock-based compensation expense	<u>24,978</u>
Net cash used by operating activities	<u>(113,212)</u>

### INVESTING ACTIVITIES:

Capital contribution from AMCORE Investment Group, N.A.	<u>200,000</u>
Net cash provided by investing activities	<u>200,000</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 86,788

### CASH AND CASH EQUIVALENTS:

Beginning of year	<u>616,467</u>
End of year	<u>\$ 703,255</u>

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION —

Income tax receipts	<u>\$ 2,972</u>
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# AMCORE INVESTMENT SERVICES, INC.

## NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** — AMCORE Investment Services, Inc. (the “Company”) is a wholly owned subsidiary of AMCORE Bank N.A. (“Bank”), which is a wholly owned subsidiary of AMCORE Financial, Inc. (“AFI”). The Company was previously a wholly owned subsidiary of AMCORE Investment Group, N.A. (“AIGNA”) until this subsidiary merged into the Bank effective December 31, 2008. The Company conducts business as a broker-dealer in securities. Additionally, the Company sells annuity products. These services are offered to individual and institutional customers at all Bank branch locations.

The Company operates under the provisions of Paragraph (k)(2)(ii) 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)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

As a consolidated subsidiary of the Bank, there is a dependency on the stability and operations of the Bank. To the extent there is any material adverse change in the operations of the Bank due to the current economic environment the Company’s operations would be negatively impacted, and the impact could be material.

**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 liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents** — For purposes of reporting cash flows, cash equivalents include investments in money market mutual funds. As of December 31, 2008, \$42,286 was invested in a Bank checking account.

**Securities Transactions** — Proprietary securities transactions (securities owned), commission revenue, and related expense are recorded on the trade-date basis.

**Equipment** — Equipment is recorded at cost, net of accumulated depreciation. Depreciation is computed by the straight-line method over the useful life of the applicable asset. Depreciation expense for software and equipment was \$11,794 in 2008.

**Commissions Receivable** — Commissions receivable represent amounts due to the Company from its clearing broker-dealer relating to customer securities transactions introduced by the Company as well as amounts due from insurance agencies related to the sale of annuity and other insurance products. Commissions receivable include 12B-1 fees.

**Stock-Based Compensation** – AFI has stock-based employee compensation plans including an employee stock purchase plan and a stock incentive plan from which it makes awards of stock options, restricted stock and performance share units. These plans are available to all subsidiary companies.

The Company accounts for stock-based compensation pursuant to the fair value recognition provisions of SFAS No. 123R, “Share-Based Payment.” Under this accounting standard, companies are no longer permitted to account for share-based compensation transactions using the intrinsic value method in accordance with APB Opinion No. 25. Instead, companies are required to account for such transactions using a fair-value method and recognize the expense in the Statement of Income. The Company estimates the fair value of stock options using a Black-Scholes valuation model. The fair value is amortized straight line over the required vesting period of the grant. Assumptions used in the valuation model include: expected dividend yield 4.35%, expected price volatility 25.86%, expected term 6.2 years, and expected risk-free interest rate 3.38%. The estimated average fair value of options granted for 2008 was \$3.53 per option.

The Company’s expense related to stock-based compensation for the year ended December 31, 2008 totaled \$24,978 with a related income tax benefit of \$8,618. Total unrecognized stock-based compensation expense was \$28,353, net of estimated forfeitures, which will be recognized over a weighted average amortization period of 1.5 years. Stock options outstanding and exercisable as of December 31, 2008 were 18,824 and 9,650, respectively, with a weighted average remaining contractual life of 6.7 and 5.3 years, respectively. Share units outstanding as of December 31, 2008 were 750 with one year remaining of a three-year performance period. The share units will be converted to AFI shares if the performance goals are met.

**Income Taxes** — The Company’s results of operations are included in the consolidated federal and state income tax returns of AFI. Federal and state income taxes payable are based on the Company’s taxable income and AFI’s statutory rates. Amounts due or owed are settled with AFI on a quarterly basis.

Deferred income taxes result from temporary differences in the basis of assets and liabilities for income tax and financial statement purposes. These differences relate primarily to different deferred compensation bases for income tax and financial statement purposes and the use of accelerated depreciation methods for income tax purposes. Deferred income taxes totaled \$16,332 at December 31, 2008 and are included in prepaid expenses and other assets in the statements of financial condition. Management believes that it is more likely than not that the deferred tax assets will be fully realized; therefore, no valuation allowance has been recorded at December 31, 2008.

## 2. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (“Rule 15c3-1”), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, as defined, not exceed 15 to 1. Rule 15c3-1 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’s net capital totaled \$690,351 and excess capital totaled \$440,351, which was in excess of the net capital requirement of \$250,000. The Company’s ratio of aggregate indebtedness to net capital ratio at December 31, 2008, was 0.31.

### **3. RELATED-PARTY TRANSACTIONS**

During 2008, AIGNA, parent company of AMCORE Investment Services, Inc. until the merger with the Bank on December 31, 2008, contributed capital of \$200,000 to the Company.

By arrangement, the Company remits all excess revenues, after deducting all expenses of the Company, to the Bank. This amount is reported as shared revenues to affiliates in the Statement of Income. Shared revenue amounts due from the Bank at December 31, 2008, were \$16,758 and are included in prepaid expenses and other assets on the Statement of Financial Condition.

Employees of the Bank sell insurance products on behalf of the Company. The Company remits all commissions earned by those employees, less expenses, to the Bank. Commission amounts due to the Bank at December 31, 2008, were \$73,105.

Management fees totaled \$395,820 for the year ended December 31, 2008. These fees are allocated on a pro-rata basis to the Company and are remitted to the Bank for services rendered.

The Company occupies space owned by and pays rent to the Bank. Rent expense for the year ended December 31, 2008, was \$116,064.

At December 31, 2008, the Company had cash of \$42,286 on deposit with the Bank.

### **4. OFF-BALANCE SHEET AND CREDIT RISK**

As discussed in Note 1, the Company's customer securities transactions are introduced on a fully-disclosed basis with its clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection, and payment of funds, and receipt and delivery of securities relative to customer transactions. Off-balance sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker-dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealer.

### **5. EMPLOYEE BENEFIT PLANS**

The Company participates in the AMCORE Financial Security Plan (the "Security Plan"), a qualified defined contribution plan under Sections 401(a) and 401(k) of the Internal Revenue Code. The Security Plan offers eligible employees a personal retirement account funded by company contributions and a personal savings account 401(k) funded by employee contributions and company matching amounts. The expense related to the Security Plan for the year ended December 31, 2008, was \$103,870.

The Company provides a deferred compensation plan for certain key employees and directors. This plan provides the opportunity to defer up to 90% of salary and 100% of bonus with balances growing tax deferred until withdrawn from plan. Earnings accrue based upon investment election by participant in eleven measurement funds. The total nonqualified deferred compensation plan liability at December 31, 2008, totaled \$10,143 and the expense related to the plan was \$(5,045) for 2008.

**6. CONTINGENCIES**

Management believes that no litigation is threatened or pending in which the Company faces potential loss or exposure which will materially affect the Company's financial position or results of operations.

\* \* \* \* \*

**SUPPLEMENTAL SCHEDULES**

## AMCORE INVESTMENT SERVICES, INC.

### COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES ACT OF 1934 AS OF DECEMBER 31, 2008

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Aggregate indebtedness, accounts payable, and accrued expenses	<u>\$ 215,327</u>
Net capital — stockholder's equity	\$ 924,978
Deductions:	
Nonallowable commissions receivable	(96,495)
Prepaid expenses and other assets	(104,224)
Due from AMCORE Bank, N.A.	(16,758)
Equipment — net of accumulated depreciation	(3,931)
Haircut on holdings of money market funds	<u>(13,219)</u>
Total deductions	<u>(234,627)</u>
Net capital	690,351
Minimum required net capital	<u>250,000</u>
Capital in excess of minimum requirements	<u>\$ 440,351</u>
Ratio of aggregate indebtedness to net capital	<u>0.31</u>

## **AMCORE INVESTMENT SERVICES, INC.**

### **EXEMPTIVE PROVISION PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES ACT OF 1934 AS OF DECEMBER 31, 2008**

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The Company is exempt from the requirements of Rule 15c3-3 of the Securities and Exchange Commission under the provision of subparagraph (k)(2)(ii). All customer transactions are cleared through National Financial Services, Inc.

Note: The information in this Schedule II is in agreement in all material respects with the unaudited Focus Report, Part IIA, filed by the Company on January 26, 2009.

To the Board of Directors  
AMCORE Investment Services, Inc.:

In planning and performing our audit of the financial statements of AMCORE Investment Services, Inc. (the "Company"), which is a second tier wholly owned subsidiary of AMCORE Financial, Inc., as of and for the year ended December 31, 2008 (on which we issued our report dated February 26, 2009 and such report expressed an unqualified opinion on those financial statements), in accordance with generally accepted auditing standards as established by the Auditing Standards Board (United States) and in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States), 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 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 (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. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in 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, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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 deficiency in internal control 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, and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis.

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, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

*Deloitte & Touche LLP*

February 26, 2009