

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- 67125

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 January 1, 2009 AND ENDING December 31, 2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Hanmi Asset Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

3600 Wilshire Blvd., Suite 2226

(No and Street)

Los Angeles

California

90010

(City)

(State)

(Zip Code)

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

Eul Hyung Choi

(213) 389-9966

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Breard & Associates Inc., Certified Public Accountants

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

9221 Corbin Avenue, Suite 170

Northridge

CA

91324

(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

FEB 26 2010

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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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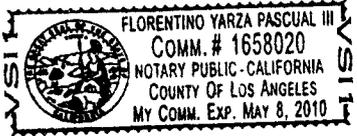
OATH OR AFFIRMATION

I, Eul Hyung Choi, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hanmi Asset Securities, Inc, as of December 31, 2009, 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:

State of CALIFORNIA  
County of LOS ANGELES  
Subscribed and sworn to (or affirmed) before me on this 27 day of JAN, 2010 by EUL HYUNG CHOI personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me

[Signature]  
Signature  
president & CEO  
Title

[Signature]  
Notary Public



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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss)
- (d) Statement of Changes in Cash Flows
- (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 15c3-3 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).

**Independent Auditor's Report**

**Board of Directors  
Hanmi Asset Securities, Inc.:**

We have audited the accompanying statement of financial condition of Hanmi Asset Securities, Inc. (the Company) as of December 31, 2009, and the related statements of operations, 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. 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 Hanmi Asset Securities, Inc. as of December 31, 2009, 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 in Schedules I, II, and III 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 23, 2010

**Hanmi Asset Securities, Inc.**  
**Statement of Financial Condition**  
**December 31, 2009**

**Assets**

Cash	\$ 434,868
Deposit with clearing organization	50,031
Loan receivable	40,753
Property and equipment, net	16,188
Other assets	<u>2,524</u>
<b>Total assets</b>	<b><u>\$ 544,364</u></b>

**Liabilities and Stockholders' Equity**

**Liabilities**

Accounts payable and accrued expenses	\$ 7,553
Payroll taxes payable	1,667
Note payable	<u>13,000</u>
<b>Total liabilities</b>	<b>22,220</b>

Commitments and contingencies

**Stockholders' equity**

Common stock, no par value, 1,000,000 shares authorized, 950,000 shares issued and outstanding	950,000
Accumulated deficit	<u>(427,856)</u>
<b>Total stockholders' equity</b>	<b><u>522,144</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 544,364</u></b>

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

**Hanmi Asset Securities, Inc.**  
**Statement of Operations**  
**For the Year Ended December 31, 2009**

**Revenues**

Commissions	\$ 149,702
Management & underwriting fees	20,000
Interest and dividend	784
Other income	<u>3,021</u>
<b>Total revenues</b>	<b>173,507</b>

**Expenses**

Employee compensation and benefits	84,305
Commissions and floor brokerage	47,910
Occupancy and equipment rental	30,804
Professional fees	115,881
Taxes, other than income taxes	5,004
Other operating expenses	<u>61,371</u>
<b>Total expenses</b>	<b><u>345,275</u></b>
<b>Net income (loss) before income tax provision</b>	<b>(171,768)</b>
<b>Income tax provision</b>	<u>800</u>
<b>Net income (loss)</b>	<b><u>\$ (172,568)</u></b>

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

**Hanmi Asset Securities, Inc.**  
**Statement of Changes in Stockholders' Equity**  
**For the Year Ended December 31, 2009**

	<u>Common Stock</u>	<u>Accumulated Deficit</u>	<u>Total</u>
<b>Balance at December 31, 2008</b>	\$ 370,000	\$ (255,288)	\$ 114,712
Proceeds from issuance of common stock	580,000	-	580,000
Net income (loss)	<u>-</u>	<u>(172,568)</u>	<u>(172,568)</u>
<b>Balance at December 31, 2009</b>	<u>\$ 950,000</u>	<u>\$ (427,856)</u>	<u>\$ 522,144</u>

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

**Hanmi Asset Securities, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2009**

<b>Cash flow from operating activities:</b>		<b>\$ (172,568)</b>
Net income (loss)		\$ (172,568)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	\$ 3,248	
(Increase) decrease in assets:		
Deposit with clearing organization	(50,031)	
Loan receivable	(13,753)	
Other assets	600	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	6,187	
Payroll taxes payable	(1,449)	
Income taxes payable	(860)	
Total adjustments		<u>(56,058)</u>
<b>Net cash provided by (used in) operating activities</b>		<b>(228,626)</b>
<b>Cash flow from investing activities:</b>		
Purchase of property and equipment	<u>(5,526)</u>	
<b>Net cash provided by (used in) investing activities</b>		<b>(5,526)</b>
<b>Cash flow from financing activities:</b>		
Proceeds from note payable	13,000	
Proceeds from issuance of common stock	<u>580,000</u>	
<b>Net cash provided by (used in) financing activities</b>		<b><u>593,000</u></b>
<b>Net increase (decrease) in cash</b>		<b>358,848</b>
<b>Cash at beginning of year</b>		<b><u>76,020</u></b>
<b>Cash at end of year</b>		<b><u>\$ 434,868</u></b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ -	
Income taxes	\$ 800	

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

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Hanmi Asset Securities, Inc. ("the Company") was originally formed in the State of California under the name Hamni Pacific Securities, Inc. on January 5, 2005. On April 25, 2008, the Company changed its name to Hamni Asset Securities, Inc. The Company is a registered broker-dealer in securities under the Securities and Exchange Act of 1934, a member of the Financial Industry Regulatory Authority ("FINRA"), and the Securities Investor Protection Corporation ("SIPC").

The Company is engaged in business as a securities broker-dealer, which provides several classes of services, including private placements of securities on a best efforts basis only, the retail of corporate equity securities over-the-counter, the sale of corporate debt securities, underwriting or selling group participant of corporate securities other than mutual funds, mutual fund retailer, and non-exchange member arranging transactions in listed securities by exchange member.

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation 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.

Securities transactions are recorded on a trade date basis with related commission income and expenses also recorded on a trade date basis.

Property and equipment are stated at cost. Repairs and maintenance to these assets are charged to expense as incurred; major improvements enhancing the function and/or useful life are capitalized. When items are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gains or losses arising from such transactions are recognized.

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company accounts for its income taxes in accordance with FASB ASC 740, Income Taxes. This standard requires the establishment of a deferred tax asset or liability to recognize the future tax effects of transactions that have not been recognized for tax purposes, including taxable and deductible temporary differences, as well as net operating loss and tax credit carryforwards. Deferred tax expenses or benefits are recognized as a result of the changes in the assets and liabilities during the year.

Certain prior year amounts have been reclassified to conform to the current year's presentation. These changes had no material impact on previously reported results of operations or stockholders' equity.

**Note 2: DEPOSIT WITH CLEARING ORGANIZATION**

The Company has a brokerage agreement with Southwest Securities ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing Broker. This Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2009 was \$50,031.

**Note 3: PROPERTY AND EQUIPMENT, NET**

Property and equipment are recorded net of accumulated depreciation and summarized by major classifications as follows:

		<u>Useful Life</u>
Furniture and fixtures	\$ 16,637	7
Equipment	<u>10,094</u>	5
	26,731	
Less: accumulated depreciation	<u>(10,543)</u>	
Property and equipment, net	<u>\$ 16,188</u>	

Depreciation expense for the year ended December 31, 2009, was \$3,248.

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 4: INCOME TAXES**

The provision for income tax expense (benefit) comprises of the following:

	<u>Current</u>
Federal	\$ 800
State	-
Total income tax expense (benefit)	<u>\$ 800</u>

The Company has available at December 31, 2009, unused operating loss carry-forwards, which may be applied against future taxable income, resulting in a deferred tax asset of approximately \$100,242 that expires in 2029. A 100% valuation has been established against this asset since management cannot determine if it is more likely than not that the asset will be realized.

**Note 5: LOAN RECEIVABLE**

As of December 31, 2009, there is a loan in the amount of \$40,000 to the Company's officer. Interest charges were calculated on the loan at 5% interest. The loan balance includes accrued interest of \$753.

It is possible that the terms of certain of the related-party transaction are not the same as those that would result from transactions among wholly unrelated parties.

**Note 6: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 7: COMMITMENTS AND CONTINGENCIES**

*Commitments*

On March 20, 2008, the Company entered into a lease agreement for office space under a non-cancellable lease which commenced April 1, 2008 and expires March 31, 2010.

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 7: COMMITMENTS AND CONTINGENCIES**

**(Continued)**

*Contingencies*

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year ended December 31, 2009, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

The Company is in the process of changing their ownership with FINRA where members disposed their entire interest in the Company. At this stage, the Company is waiting approval from FINRA.

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**

The Financial Accounting Standards Board (the "FASB") issued a new professional standard in June of 2009 which resulted in a major restructuring of U.S. accounting and reporting standards. The new professional standard, issued as ASC 105 ("ASC 105"), establishes the Accounting Standards Codification ("Codification or ASC") as the source of authoritative accounting principles ("GAAP") recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission ("SEC") issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact the financial statements of the Company.

For the year ending December 31, 2009, various accounting pronouncements or interpretations by the Financial Accounting Standards Board were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following Statements of Financial Accounting Standards ("SFAS") /Accounting Standards Codification ("ASC") topics for the year to determine relevance to the Company's operations:

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 8: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

<u>Statement No.</u>	<u>Title</u>	<u>Effective Date</u>
SFAS 141(R)/ ASC 805	Business Combinations	After December 15, 2008
SFAS 157/ ASC 820	Fair Value Measurements	After November 15, 2008
SFAS 161/ ASC 815	Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133	After December 15, 2008
SFAS 165/ ASC 855	Subsequent Events	After June 15, 2009
SFAS 166*/ ASC 860	Accounting for Transfers of Financial Assets – an Interpretation of FASB Statement No. 140	After November 15, 2009
SFAS 167*/ ASC 810	Amendments to FASB Interpretation No. 46(R)	After November 15, 2009
SFAS 168/ ASC 105	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement 162	After September 15, 2009

\*Currently being processed for inclusion in the Codification

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Hanmi Asset Securities, Inc.**  
**Notes to Financial Statements**  
**December 31, 2009**

**Note 9: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), 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. 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2009, the Company had net capital of \$462,679 which was \$457,679 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$22,220) to net capital was 0.05 to 1, which is less than the 15 to 1 maximum allowed.

**Note 10: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a difference of \$5,575 between the computation of net capital under net capital SEC. Rule 15c3-1 and the corresponding unaudited FOCUS part IIA.

Net capital per unaudited schedule		\$ 468,254
Adjustments:		
Accumulated deficit	\$ (3,982)	
Non-allowable assets	<u>(1,593)</u>	
Total adjustments		<u>(5,575)</u>
Net capital per audited statements		<u>\$ 462,679</u>

**Hanmi Asset Securities, Inc.**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2009**

**Computation of net capital**

Common stock	\$ 950,000	
Accumulated deficit	<u>(427,856)</u>	
<b>Total stockholders' equity</b>		<b>\$ 522,144</b>
Less: Non-allowable assets		
Loan receivable	(40,753)	
Property and equipment, net	(16,188)	
Other assets	<u>(2,524)</u>	
<b>Total non-allowable assets</b>		<b><u>(59,465)</u></b>
<b>Net capital</b>		<b>462,679</b>

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 1,481	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<b><u>\$ 457,679</u></b>
Ratio of aggregate indebtedness to net capital	0.05 : 1	

There was a difference of \$5,575 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2009. See Note 11.

*See independent auditor's report*

**Hanmi Asset Securities, Inc.**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2009**

A computation of reserve requirements is not applicable to Hanmi Asset Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Hanmi Asset Securities, Inc.**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2009**

Information relating to possession or control requirements is not applicable to Hanmi Asset Securities, Inc. as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Hanmi Asset Securities, Inc.**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended December 31, 2009**

**Board of Directors**

**Hanmi Asset Securities, Inc.:**

In planning and performing our audit of the financial statements of Hanmi Asset Securities, Inc. (the Company), as of and for the year ended December 31, 2009, 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 the quarterly securities examinations, counts, verifications and comparisons, and the 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 judgements 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, 2009, 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, 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.



Breard & Associates, Inc.

Certified Public Accountants

Northridge, California

February 23, 2010