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

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

OMB APPROVAL	
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**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: American Securities Team, Inc.

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

500 West Cummings Park, Suite 6050

(No. and Street)

Woburn

(City)

MA

(State)

01801

(Zip Code)

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

Jeff Ewing

(781) 935-4200

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ercolini & Company LLP

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

101 Arch Street

(Address)

Boston

(City)

MA

(State)

02110

(Zip Code)

CHECK ONE:

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

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, Jeff Ewing, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of American Securities Team, 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:



KATE E. CONCANNON
Notary Public
Commonwealth of Massachusetts
My Commission Expires
November 2, 2012

[Signature]
Notary Public

[Signature] Signature
PRESIDENT Title

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).

AMERICAN SECURITIES TEAM, INC.

FOCUS REPORT

YEAR ENDED DECEMBER 31, 2009

AMERICAN SECURITIES TEAM, INC.

FOCUS REPORT

YEAR ENDED DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
American Securities Team, Inc.
Woburn, Massachusetts

We have audited the accompanying balance sheet of American Securities Team, Inc. (a wholly-owned subsidiary of APT Financial Services, Inc.) as of December 31, 2009, and the related statements of income and comprehensive income, changes in stockholder's 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 American Securities Team, Inc. as of December 31, 2009, and the results of its operations, changes in stockholder's equity, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Ercolini & Company LLP

February 23, 2010

AMERICAN SECURITIES TEAM, INC.

BALANCE SHEET

DECEMBER 31, 2009

ASSETS

Cash	\$	1,496
Receivables - affiliates		75,000
Prepaid insurance		1,469
Investments, at fair value		158,560
Due from affiliate		15,635
Advances receivable - affiliates		<u>297,200</u>
Total assets	\$	<u>549,360</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accrued expenses	\$	15,070
Due to affiliates		30,399
Deferred income taxes		<u>8,656</u>
Total liabilities		<u>54,125</u>
Stockholder's Equity:		
Common stock, 200,000 shares authorized, 42,000 shares issued and outstanding		431,723
Retained earnings		46,708
Accumulated other comprehensive income		<u>16,804</u>
Total stockholder's equity		<u>495,235</u>
Total liabilities and stockholder's equity	\$	<u>549,360</u>

AMERICAN SECURITIES TEAM, INC.
STATEMENT OF INCOME AND COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2009

REVENUES:	
Investor service fees	\$ 43,500
Other income	589
	44,089
 EXPENSES:	
Salaries and related expense	30,217
Bad debt	52,548
Professional fees	5,748
Office expense	3,598
Regulatory fees	2,820
Consulting fees	10,820
Insurance	2,938
Excise tax	485
	109,174
INCOME BEFORE INCOME TAX EXPENSE	(65,085)
 INCOME TAX BENEFIT (EXPENSE):	
Federal	9,983
State	6,137
	16,120
NET INCOME	(48,965)
 OTHER COMPREHENSIVE INCOME, NET OF TAX:	
Unrealized holding gain (loss) arising during period	(27,030)
COMPREHENSIVE INCOME(LOSS)	<u><u>\$ (75,995)</u></u>

AMERICAN SECURITIES TEAM, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2009

	<u>Common Stock</u>		<u>Accumulated Other Comprehensive Income</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total Stockholder's Equity</u>
	<u>Share</u>	<u>Amount</u>			
Balance, December 31, 2008	42,000	\$ 431,723	\$ 43,834	\$ 95,673	\$ 571,230
Net income for the year	-	-	-	(48,965)	(48,965)
Net unrealized loss on investments, net of deferred tax benefit of (\$12,090)	-	-	(27,030)	-	(27,030)
Balance, December 31, 2009	<u>42,000</u>	<u>\$ 431,723</u>	<u>\$ 16,804</u>	<u>\$ 46,708</u>	<u>\$ 495,235</u>

AMERICAN SECURITIES TEAM, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2009

Cash flows from operating activities:	
Net income (loss)	\$ (48,965)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Bad debts	52,548
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Receivables	(13,501)
Miscellaneous other assets	(15,635)
Increase (decrease) in liabilities:	
Accrued expenses	<u>(8,121)</u>
Net cash provided by (used in) operating activities	<u>(33,674)</u>
 Cash flows from financing activities:	
Proceeds of advances from affiliates	<u>16,800</u>
Net cash provided by (used in) financing activities	<u>16,800</u>
Net increase (decrease) in cash	(16,874)
Cash, beginning of year	<u>18,370</u>
Cash, end of year	<u>\$ 1,496</u>
 Schedule of noncash investing and financing activities:	
Unrealized gain(loss) on available for sale securities	<u>\$ (39,120)</u>

AMERICAN SECURITIES TEAM, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

American Securities Team, Inc. (the "Company"), which was organized as a Massachusetts corporation on December 19, 1996, pursuant to Chapter 156B of the Massachusetts general laws, was formed to engage in and carry on the business of a broker-dealer in securities, including but not limited to the buying and selling, dealing and trading in, acquiring and disposing of, in every lawful manner whatsoever, as principal or as agent, any and all negotiable and non-negotiable instruments or securities; and, in general to carry on any and all businesses and activities permitted to corporations organized under the provisions of Chapter 156B wherever the same may lawfully be done. The Company will limit its broker/dealer operations to those described in Paragraphs (a)(2)(ii), (a)(2)(iii) and (a)(2)(iv) of SEC rule 15c3-1. The Company is licensed in Massachusetts, New York and Florida.

The Company also provides investor services to the limited partners of various residential rental entities located primarily in Massachusetts. These entities are affiliated with the Company. Investor service fees represent the Company's principal business activity for the year ended December 31, 2009.

The Company is a wholly-owned subsidiary of APT Financial Services, Inc. (the "Parent Company"). The Company is included in consolidated financial statements issued by the Parent Company and it files consolidated income tax returns with the Parent Company.

Summary of significant accounting policies:

Method of accounting:

The Company maintains its accounts and presents its financial statements on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain accounting policies involve judgment and uncertainties to such an extent that materially different amounts could have been reported under different conditions or if different assumptions had been used. The Company evaluates its assumptions on a regular basis. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Significant estimates with regard to these financial statements include the determination of the collectability of accounts receivable.

Cash equivalents:

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2009, the Company did not have any cash equivalents.

AMERICAN SECURITIES TEAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Summary of significant accounting policies - continued:

Investments:

The Company classifies its marketable equity securities as available for sale and, as a result, are stated at fair value. Fair value is based on quoted market prices. Realized gains and losses on dispositions of available for sale securities are recognized in income based on the cost of the securities sold using the specific identification method. Unrealized gains and losses, net of tax, on marketable equity securities available for sale are reported as a separate component of stockholder's equity until realized. Realized losses on permanently impaired investments are recognized in income once their decline in value is determined to be other than temporary.

Income taxes:

The Company files consolidated income tax returns with its Parent Company. The Company computes its federal and state taxes utilizing the tax rates available to the Company as if it were a separate taxpayer and it remits these taxes to or records a receivable from the Parent Company. Any additional tax expense or benefit resulting from the impact of consolidation is borne by the Parent Company. The state net worth tax is computed on the Company's allocable net worth and is paid directly to the state. Federal income tax receivable of \$9,983 and state income tax receivable of \$5,652 are included in due from affiliate on the accompanying balance sheet.

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A deferred tax liability is recognized for temporary differences which will result in taxable amounts in future years. A deferred tax asset is recognized for temporary differences which will result in deductible amounts in future years and for tax loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income taxes are provided for temporary differences which arise primarily from differences in the valuation of investments for financial reporting and tax purposes as a result of unrealized gains and losses on available for sale securities.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are not such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2009. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Company's income tax returns are subject to examination by taxing authorities generally for the years ended December 31, 2006, 2007 and 2008.

Accounts receivable:

Accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on historical collection experience, its assessment of current economic conditions, review and assessment of the financial condition of the debtor.

AMERICAN SECURITIES TEAM, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEAR ENDED DECEMBER 31, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Summary of significant accounting policies - continued:

Investor service fees:

Annual investor service fees received from the affiliates and limited partners of the affiliates are recognized when earned. These fees include amounts for services in providing reports to the investor limited partners of the affiliates, transfer of ownership fees to limited partners of the affiliates and a program management fee for one of the affiliates. In accordance with the respective partnership agreements, fees for providing reports to the investor limited partners are generally based upon annual amounts ranging from \$2,500 to \$6,000 per partnership. The program management fee is based upon an annualized amount of one-half of one percent of the outstanding balance of the affiliate's debt and contributed capital. No program management fees were earned in 2009.

Subsequent Events

The Company has evaluated subsequent events through February 23, 2010, the date the financial statements were available to be issued.

2. CASH:

The Company maintains its operating cash balances in a financial institution located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Emergency Economic Stabilization Act of 2008 temporarily increased the FDIC limit on deposits currently insured at the \$100,000 limit to \$250,000. The temporary increase is effective through December 31, 2013. In addition, the Company's financial institution has elected to participate in the FDIC's Temporary Liquidity Guarantee Program which includes the FDIC Transaction Account Guarantee Program (the Program). Under the Program, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account through June 30, 2010. At December 31, 2009, the Company's operating cash balances were fully insured.

3. INVESTMENTS:

At December 31, 2009, the Company's investment in NASDAQ Stock Market, Inc. is summarized as follows:

	<u>Cost</u>	<u>Unrealized Gain</u>	<u>Fair Value</u>
8,000 unrestricted shares of common stock	\$ <u>133,100</u>	\$ <u>25,460</u>	\$ <u>158,560</u>

The fair value of this investment is measured using quoted prices in active markets for identical assets (Level 1) pursuant to FASB ASC 820, *Fair Value Measurements and Disclosures*.

The unrealized gain is excluded from earnings and reported as a separate component of stockholder's equity, net of deferred tax liability, until realized. The net unrealized gain is computed as follows:

<u>Unrealized Gain</u>	<u>Deferred Tax Liability</u>	<u>Accumulated Gain</u>
\$ <u>25,460</u>	\$ <u>8,656</u>	\$ <u>16,804</u>

AMERICAN SECURITIES TEAM, INC.
NOTES TO FINANCIAL STATEMENTS - CONTINUED
YEAR ENDED DECEMBER 31, 2009

3. INVESTMENTS - CONTINUED:

The net unrealized holding gain decreased by \$39,120 during 2009.

Of the unrestricted shares, 6,000 can only be sold pursuant to a shelf registration statement filed by NASDAQ and the related prospectus supplements, subject to the right of NASDAQ under certain circumstances to require holders to refrain from selling under the shelf registration statement and prospectus supplements. Accordingly, the Securities Exchange Commission has concluded that such shares can be valued at the market price of the shares provided that the NASDAQ has not required holders to refrain from selling under the shelf registration statement and prospectus supplements.

4. TRANSACTIONS WITH AFFILIATES:

The Company earned investor service fees from affiliated limited partnership entities aggregating \$43,500 during 2009. Of these fees, \$26,000 are receivable from these entities and are included in receivables - affiliates in the accompanying balance sheet. Additionally, \$49,000 are receivable from these entities for prior years and are included in receivables - affiliates in the accompanying balance sheet. These fees are, generally, payable from the limited partnership's distributable cash flow. The determination of cash flow is based on the partnership agreement and may be further limited by regulatory, loan or other agreements.

In 1999, the Company advanced \$376,015, to an affiliate, of which \$297,200 is receivable at year end. These advances are noninterest bearing with no specified terms of repayment. During 2009, the Company was advanced \$16,800 from affiliated entities. The advances are non-interest bearing and do not have a specified repayment due date. At December 31, 2009 advances of \$30,399 were unpaid.

Personnel working for the Company are employees of the Company, paid by a common paymaster, therefore, the Company reimburses the Parent Company for the actual salaries and related benefits of these employees. Such costs expensed during the year totaled \$30,217. Additionally the Company reimburses the Parent Company for shared office expense. Such costs expensed during the year totaled \$1,533. At December 31, 2009, \$14,822 related to these costs is payable to the Parent Company and is included in accrued expenses.

5. INCOME TAXES:

The amount of income tax expense (benefit) differs from that computed using the statutory federal tax rate of 34% because of the application of the graduated federal tax rate of 15% on the first \$50,000 of taxable income, state income taxes net of federal tax effect, and adjustments of prior year taxes.

Deferred income taxes are included as a reduction of the unrealized gain from investments which is a component of stockholder's equity and not included in earnings. The deferred tax liability is comprised of \$2,896 for state taxes and \$5,760 for federal taxes.

6. STOCKHOLDER'S EQUITY:

As a broker/dealer, the Company is subject to the "Net Capital Rule" (rule 15c3-1) of the Securities and Exchange Commission which requires the maintenance of minimum net capital and requires that the aggregate indebtedness, as defined, shall not exceed 15 times net capital, as defined. At December 31, 2009, the Company's net capital was \$59,880 and the required capital was \$5,000. The Company's net capital ratio was .76 to 1 at December 31, 2009.

ADDITIONAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON
ADDITIONAL INFORMATION REQUIRED BY RULE
17a-5 OF THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors
American Securities Team, Inc.
Woburn, Massachusetts

We have audited the accompanying financial statements of American Securities Team, Inc. as of and for the year ended December 31, 2009, and have issued our report thereon, dated February 23, 2010. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17A-5(d)(3) and (4) of the Securities and Exchange Commission. 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.

Ercolini & Company LLP

February 23, 2010

AMERICAN SECURITIES TEAM, INC.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

DECEMBER 31, 2009

COMPUTATION OF NET CAPITAL

Total stockholder's equity from balance sheet	\$ 495,235
Deductions and/or charges:	
Total nonallowable assets from balance sheet	
Due from affiliates	(387,835)
Prepaid insurance	(1,469)
Haircuts on securities	(46,051)
Net capital	<u>\$ 59,880</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u>\$ 54,880</u>
Excess net capital at 1,000%	<u>\$ 55,333</u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total A.I. liabilities from balance sheet	<u>\$ 45,469</u>
Ratio of aggregate indebtedness to net capital	<u>.76</u>

There are no material differences between the above computation and the Company's corresponding unaudited filing, as amended.

AMERICAN SECURITIES TEAM, INC.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART IIA

DECEMBER 31, 2009

(Continued)

STATEMENT RE EXEMPTION FROM RESERVE REQUIREMENTS

The Company is not required to maintain a “Special Reserve Bank Account for the Exclusive Benefit of Customers” because it is exempt from Rule 15c3-3.

The Company does not have possession of securities in the normal course of business and will promptly deliver all securities which might come into its possession. The Company does not hold securities or funds for any customer or owe funds or securities to any customer.

STATEMENT RE SIPC ASSESSMENT

The Company is a member of the Securities Investor Protection Corporation and has paid \$150 in assessments for the year ended December 31, 2009.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5 WHEN CLAIMING AN
EXEMPTION FROM SEC RULE 15C3-3

The Board of Directors
American Securities Team, Inc.
Woburn, Massachusetts

In planning and performing our audit of the financial statements and supplemental schedules of American Securities Team, Inc. 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 American Securities Team, Inc. 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 17-3(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 preparation of financial statements in conformity 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 any 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 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 in internal control, such that there is a reasonable possibility that a material misstatement of the Company'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, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which 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.

Ercolini & Company LLP

February 23, 2010