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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 01/01/10 AND ENDING 12/31/10
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Lewis Young Robertson & Banningham, Inc. OFFICIAL USE ONLY

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

41 North Rio Grande, Suite 101

(No. and Street)

Salt Lake City Utah 84101
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jones Simpkins, P.C.

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

1011 West 400 North, Suite 100 Logan, UT 84321
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

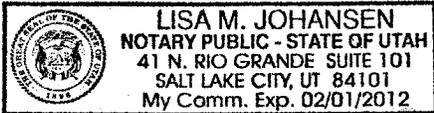
FOR OFFICIAL USE ONLY

*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)

JD 3/2/2011

OATH OR AFFIRMATION

I, Scott Robertson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lewis Young Robertson & Birmingham, Inc, as of December 31, 20 10, 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:



[Signature]
Signature
Principal & COO
Title

[Signature]
Notary Public

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

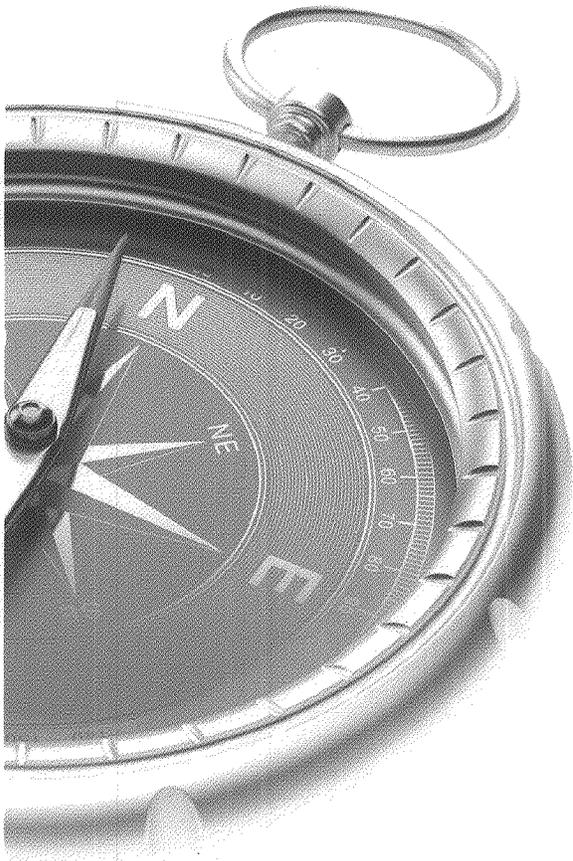
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims 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).

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

**FINANCIAL STATEMENTS and
SUPPLEMENTARY INFORMATION**

December 31, 2010 and 2009



LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
INDEX TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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Michael C. Kidman, CPA, MBA
Brent S. Sandberg, CPA
Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Lewis Young Robertson & Burningham, Inc.

We have audited the accompanying balance sheets of Lewis Young Robertson & Burningham, Inc. as of December 31, 2010 and 2009, and the related statements of operations, stockholders' 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 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 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 Lewis Young Robertson & Burningham, Inc. as of December 31, 2010 and 2009, and the results of its operations and its 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 supplementary information contained in Schedule 1 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Jones Simkins, P.C.

JONES SIMKINS, P.C.
Logan, Utah
February 17, 2011

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.

BALANCE SHEETS

December 31, 2010 and 2009

| <u>ASSETS</u> | <u>2010</u> | <u>2009</u> |
|---|---------------------|------------------|
| Current assets: | | |
| Cash | \$ 645,609 | 437,155 |
| Accounts receivable, net | 63,274 | 181,406 |
| Prepaid expenses | 36,000 | 43,000 |
| Total current assets | 744,883 | 661,561 |
| Property and equipment, net | 122,050 | 139,828 |
| Cash surrender value of life insurance | 209,866 | 162,436 |
| Prepaid expenses | - | 36,000 |
| Other assets | - | 14,801 |
| Total assets | \$ <u>1,076,799</u> | <u>1,014,626</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Current liabilities: | | |
| Payables | \$ 427,332 | 306,435 |
| Current portion of deferred income taxes | 15,000 | 49,000 |
| Current portion of long-term debt | 19,373 | 18,181 |
| Total current liabilities | 461,705 | 373,616 |
| Deferred income taxes | 23,000 | 17,000 |
| Long-term debt | 42,987 | 60,916 |
| Total liabilities | <u>527,692</u> | <u>451,532</u> |
| Stockholders' equity: | | |
| Common stock, \$1 par value, 50,000 shares authorized, 4,500 shares issued and outstanding | 4,500 | 4,500 |
| Additional paid-in capital | 98,057 | 98,057 |
| Retained earnings | 446,550 | 460,537 |
| Total stockholders' equity | <u>549,107</u> | <u>563,094</u> |
| Total liabilities and stockholders' equity | \$ <u>1,076,799</u> | <u>1,014,626</u> |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
STATEMENTS OF OPERATIONS
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|------------------------|----------------------|
| Revenues: | | |
| Financial advisory fees | \$ 2,553,577 | 2,820,965 |
| Consulting fees | 1,720,168 | 1,126,957 |
| Gain on investments | 47,430 | 54,775 |
| Other | <u>1,056</u> | <u>1,180</u> |
| | 4,322,231 | 4,003,877 |
| General and administrative expenses | <u>4,302,157</u> | <u>4,040,364</u> |
| Income (loss) from operations | <u>20,074</u> | <u>(36,487)</u> |
| Other expense: | | |
| Interest expense | <u>(6,061)</u> | <u>(6,782)</u> |
| | <u>(6,061)</u> | <u>(6,782)</u> |
| Income (loss) before income taxes | 14,013 | (43,269) |
| Provision for income taxes | <u>28,000</u> | <u>11,000</u> |
| Net loss | <u>\$ (13,987)</u> | <u>(54,269)</u> |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2010 and 2009

| | <u>Common Stock</u> | | <u>Additional Paid-in Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|------------------------------|---------------------|-----------------|---|------------------------------|-------------------|
| | <u>Shares</u> | <u>Amount</u> | | | |
| Balance at January 1, 2009 | 4,500 | \$ 4,500 | \$ 98,057 | \$ 514,806 | \$ 617,363 |
| Net loss | - | - | - | (54,269) | (54,269) |
| Balance at December 31, 2009 | 4,500 | 4,500 | 98,057 | 460,537 | 563,094 |
| Net loss | - | - | - | (13,987) | (13,987) |
| Balance at December 31, 2010 | <u>4,500</u> | <u>\$ 4,500</u> | <u>\$ 98,057</u> | <u>\$ 446,550</u> | <u>\$ 549,107</u> |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|-------------------|-----------------|
| <u>Cash flows from operating activities:</u> | | |
| Net loss | \$ (13,987) | (54,269) |
| Adjustments to reconcile net loss to net cash provided by operating activities: | | |
| Depreciation and amortization | 44,256 | 43,069 |
| Deferred income taxes | (28,000) | (32,000) |
| Provision for doubtful accounts | 1,331 | (30,258) |
| (Increase) decrease in: | | |
| Accounts receivable | 116,801 | 98,556 |
| Prepaid expenses | 43,000 | 100,383 |
| Other assets | 14,801 | - |
| Increase (decrease) in payables | 120,897 | (32,507) |
| Net cash provided by operating activities | <u>299,099</u> | <u>92,974</u> |
| <u>Cash flows from investing activities:</u> | | |
| Change in cash surrender value of life insurance | (47,430) | (54,775) |
| Purchase of property and equipment | <u>(26,478)</u> | <u>(17,374)</u> |
| Net cash used in investing activities | <u>(73,908)</u> | <u>(72,149)</u> |
| <u>Cash flows from financing activities:</u> | | |
| Payments on long-term debt | <u>(16,737)</u> | <u>(15,707)</u> |
| Net cash used in financing activities | <u>(16,737)</u> | <u>(15,707)</u> |
| Net increase in cash | 208,454 | 5,118 |
| Cash, beginning of year | <u>437,155</u> | <u>432,037</u> |
| Cash, end of year | <u>\$ 645,609</u> | <u>437,155</u> |

See accompanying notes to financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Organization and Summary of Significant Accounting Policies

Organization

Lewis Young Robertson & Burningham, Inc., (the Company) was incorporated under the laws of the State of Utah on July 6, 1995. The Company provides financial and consulting services to local governmental and other entities.

Concentration of Credit Risk

The Company maintains its cash in bank accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Company's customer base consists primarily of local governmental agencies. Management does not believe significant credit risk exists at December 31, 2010.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are amounts due from services performed and are unsecured. Accounts receivable are carried at their estimated collectible amounts. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest although a finance charge may be applied to such receivables that are more than thirty days past due. Accounts receivable are periodically evaluated for collectibility based on past credit history with clients. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risk in the account balance and current economic conditions.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization on property and equipment is determined using the straight-line method over the estimated useful lives of the assets which range from 5 to 7 years. Expenditures for maintenance and repairs are expensed when incurred and betterments are capitalized.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Income Taxes

Deferred income taxes are provided in amounts sufficient to give effect to temporary differences between financial and tax reporting, principally related to the use of the cash method of accounting for income tax purposes and accelerated depreciation and amortization.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through the provision for income taxes. The Company recognizes interest expense and penalties related to unrecognized tax benefits in the provision for income taxes.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual amounts may differ from these estimates.

Note 2 – Detail of Certain Balance Sheet Accounts

Accounts receivable consist of the following:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|------------------|----------------|
| Accounts receivable | \$ 67,605 | 184,406 |
| Allowance for doubtful accounts | <u>(4,331)</u> | <u>(3,000)</u> |
| | <u>\$ 63,274</u> | <u>181,406</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 2 – Detail of Certain Balance Sheet Accounts (continued)

Payables consist of the following:

| | <u>2010</u> | <u>2009</u> |
|----------------------|-------------------|----------------|
| Pension payable | \$ 326,216 | 279,019 |
| Income taxes payable | 24,000 | 1,000 |
| Accounts payable | 28,398 | 19,532 |
| Vacation payable | 16,218 | 6,884 |
| Bonus payable | <u>32,500</u> | <u>-</u> |
| | <u>\$ 427,332</u> | <u>306,435</u> |

Note 3 – Property and Equipment

Property and equipment consists of the following:

| | <u>2010</u> | <u>2009</u> |
|--|-------------------|------------------|
| Computer equipment | \$ 165,198 | 191,457 |
| Furniture and fixtures | 239,492 | 228,571 |
| Leasehold improvements | <u>2,368</u> | <u>2,368</u> |
| | 407,058 | 422,396 |
| Less accumulated depreciation and amortization | <u>(285,008)</u> | <u>(282,568)</u> |
| | <u>\$ 122,050</u> | <u>139,828</u> |

Note 4 – Long-term Debt

The Company leases equipment under a capital lease agreement which provides for the option to purchase the equipment at the end of the lease. The lease is payable in monthly payments of \$1,883, has an imputed interest rate of 6.37%, is secured by the equipment being leased, and has an outstanding balance of \$62,360 and \$79,097 at December 31, 2010 and 2009, respectively.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 4 – Long-term Debt (continued)

Future minimum lease payments under this capital lease at December 31, 2010 are approximately as follows:

| <u>Year</u> | <u>Amount</u> |
|--|------------------|
| 2011 | \$ 22,597 |
| 2012 | 22,597 |
| 2013 | 22,597 |
| 2014 | <u>3,766</u> |
| | 71,557 |
| Less amount representing interest | <u>(9,197)</u> |
| Present value of future minimum lease payments | <u>\$ 62,360</u> |

The cost, accumulated amortization, and amortization expense of equipment under capital lease is approximately as follows:

| | <u>2010</u> | <u>2009</u> |
|--------------------------|-------------|-------------|
| Cost | \$ 120,000 | 120,000 |
| Accumulated amortization | \$ 69,177 | 51,883 |
| Amortization expense | \$ 17,294 | 17,294 |

Future maturities of long-term debt are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2011 | \$ 19,373 |
| 2012 | 20,754 |
| 2013 | 20,467 |
| 2014 | <u>1,766</u> |
| | <u>\$ 62,360</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 5 – Operating Lease Obligations

The Company leases office space and office equipment under noncancelable operating lease agreements, which expire in 2013 through 2014. Future minimum rental payments for these noncancelable operating leases are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-------------------|
| 2011 | \$ 210,146 |
| 2012 | 216,143 |
| 2013 | 24,988 |
| 2014 | <u>148</u> |
| | <u>\$ 451,425</u> |

Rental expense on the operating leases for the years ended December 31, 2010 and 2009 was approximately, \$207,000 and \$202,000, respectively.

Note 6 – Profit Sharing Plan

The Company has adopted a profit sharing plan for all employees who qualify as to age and service. The Company's contribution expense was approximately \$326,000 and \$279,000 for the years ended December 31, 2010 and 2009, respectively.

Note 7 – Supplemental Cash Flow Information

Actual amounts paid for interest and income taxes are as follows:

| | <u>2010</u> | <u>2009</u> |
|--------------|------------------|---------------|
| Interest | \$ <u>6,061</u> | <u>6,782</u> |
| Income taxes | \$ <u>33,000</u> | <u>86,000</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 8 – Income Taxes

The provision (benefit) for income taxes consists of the following:

| | <u>2010</u> | <u>2009</u> |
|----------|------------------|-----------------|
| Current | \$ 56,000 | 43,000 |
| Deferred | <u>(28,000)</u> | <u>(32,000)</u> |
| | <u>\$ 28,000</u> | <u>11,000</u> |

The provision (benefit) for income taxes is different from the amounts computed at federal statutory rates for the following reasons:

| | <u>2010</u> | <u>2009</u> |
|--|------------------|---------------|
| Federal tax (benefit) at statutory rates | \$ 2,000 | (11,000) |
| State tax (benefit) at statutory rates | 1,000 | (2,000) |
| Insurance | - | 12,000 |
| Meals and entertainment | <u>25,000</u> | <u>12,000</u> |
| | <u>\$ 28,000</u> | <u>11,000</u> |

Deferred tax liabilities consist of the following:

| | <u>2010</u> | <u>2009</u> |
|---------------------------------|--------------------|-----------------|
| Revenue and expense recognition | \$ (15,000) | (49,000) |
| Depreciation | <u>(23,000)</u> | <u>(17,000)</u> |
| | <u>\$ (38,000)</u> | <u>(66,000)</u> |

Presented in the financial statements as follows:

| | <u>2010</u> | <u>2009</u> |
|--|--------------------|-----------------|
| Current portion of deferred income taxes | \$ (15,000) | (49,000) |
| Deferred income taxes | <u>(23,000)</u> | <u>(17,000)</u> |
| | <u>\$ (38,000)</u> | <u>(66,000)</u> |

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

Note 8 – Income Taxes (continued)

Tax years 2007, 2008, and 2009 remain open to examination by the federal Internal Revenue Service and for the State of Utah taxing authority.

Note 9 – Financial Instruments

The Company's financial instruments consist of cash, receivables, and payables. The carrying amounts of these items approximate fair value because of their short-term nature.

Note 10 – 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 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. For 2010 and 2009, the Company's minimum net capital requirement was \$32,646 and \$25,702, respectively.

Note 11 – Subsequent Events

The Company evaluated its December 31, 2010 financial statements for subsequent events through February 17, 2011, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

LEWIS YOUNG ROBERTSON & BURNINGHAM, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
December 31, 2010

Net capital:

| | |
|--|-------------------|
| Total ownership equity | \$ 549,107 |
| Deferred income tax liabilities resulting from assets that are non-allowable for net capital | 38,000 |
| Non-allowable assets | (221,324) |
| Other additions | <u>-</u> |
| Net capital before haircuts on securities positions | 365,783 |
| Haircuts on securities: | |
| Current investments (money market funds 2%) | <u>(10,873)</u> |
| Net capital | <u>\$ 354,910</u> |

Minimum net capital required (based on Aggregate Indebtedness):

| | |
|---|-------------------|
| Minimum net capital required | <u>\$ 32,646</u> |
| Excess net capital | <u>\$ 322,264</u> |
| Excess net capital at 1000% (Net capital - 10% of aggregate indebtedness) | <u>\$ 305,941</u> |

Aggregate Indebtedness:

| | |
|---|-------------------|
| Total liabilities (less deferred income taxes) from balance sheet | <u>\$ 489,692</u> |
| Ratio of aggregate indebtedness to net capital | <u>\$ 1.4</u> |

Reconciliation with Company's computation (included in Part IIA of Form 17a-5(a) Quarterly December 2010):

| | |
|---|-------------------|
| Net capital, as reported in Company's Part IIA (unaudited) FOCUS report | \$ 354,910 |
| Reconciling items | <u>-</u> |
| Net capital per above | <u>\$ 354,910</u> |



Certified Public Accountants

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OFFICERS:

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Brett C. Hugie, CPA
Mark E. Low, CPA
H. Paul Gibbons, CPA*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5(g)(1)**

To the Board of Directors of
Lewis Young Robertson & Burningham, Inc.

In planning and performing our audit of the financial statements and supplemental schedule of Lewis Young Robertson & Burningham, Inc. (the "Company"), as of and for the year ended December 31, 2010 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 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 or the practices and procedures referred to above, errors 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.

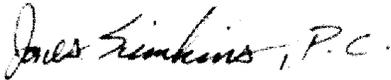
Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we identified the following deficiencies in internal control that we consider to be material weaknesses, as defined above. These conditions are considered in determining the nature, timing, and extent of the procedures performed in our audit of the financial statements of the Company as of and for the year ended December 31, 2010, as this report does not affect our report thereon dated February 17, 2011.

The Company's controls for preparing financial statements in compliance with U.S. Generally Accepted Accounting Principles were not sufficient resulting in several audit adjustments. The Company's controls for the financial reporting and disclosure process were also not sufficient and required assistance from the external auditor.

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 were adequate at December 31, 2010, to meet the SEC's objectives. However, we identified certain control deficiencies that have been classified as

significant deficiencies or material weaknesses and communicated them in writing to those charged with governance on February 17, 2011.

This report is intended solely for the information and use of the Board of Directors, 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.

A handwritten signature in black ink that reads "Jones Simkins, P.C." in a cursive style.

JONES SIMKINS, P.C.
Logan, Utah
February 17, 2011