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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 8-50101

FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Cygni Securities, LLC

OFFICIAL USE ONLY FIRM I.D. NO.

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

250 Fischer Avenue

(No. and Street)

Costa Mesa

CA

92626

(City)

(State)

(Zip Code)

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

Michael Ross

714-241-2500

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Elizabeth Tractenberg, CPA

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

3832 Shannon Road

Los Angeles

CA

90027

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- [X] Certified Public Accountant [X] 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)

12/3/23

OATH OR AFFIRMATION

I, Michael Ross, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cygni Securities, LLC, as of December 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

Handwritten signature and title 'President' on a signature line.

Notary Public

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

- Checkboxes for (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, (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.

SEE ATTACHED CALIFORNIA ACKNOWLEDGEMENT

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Orange

On Feb. 17, 2011 before me, Grace M Sullivan, Notary Public  
(Here insert name and title of the officer)

personally appeared Michael Ross

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Grace M Sullivan (Notary Seal)  
Signature of Notary Public



## ADDITIONAL OPTIONAL INFORMATION

### DESCRIPTION OF THE ATTACHED DOCUMENT

Annual Audit Report  
(Title or description of attached document)  
Form X-17 A-5 Part 3  
(Title or description of attached document continued)

Number of Pages 2 Document Date 2-17-11

(Additional information)

### CAPACITY CLAIMED BY THE SIGNER

- Individual (s)  
 Corporate Officer

(Title)

- Partner(s)  
 Attorney-in-Fact  
 Trustee(s)  
 Other \_\_\_\_\_

### INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
  - Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
  - Indicate title or type of attached document, number of pages and date.
  - Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C.

ANNUAL AUDIT REPORT

DATE - DECEMBER 31, 2010

CYGNI SECURITIES, LLC

## CONTENTS

### PART I

|   |       |
|---|-------|
| Independent Auditor's Report                | 1     |
| Statement of Financial Condition            | 2     |
| Statement of Income (Loss)                  | 3     |
| Statement of Changes in Member's Equity     | 4     |
| Statement of Changes in Financial Condition | 5     |
| Notes to Financial Statements               | 6 - 8 |

### SUPPLEMENTARY INFORMATION

|   |    |
|---|----|
| Schedule I - Computation of Net Capital Requirements Pursuant to Rule 15c3-1                | 9  |
| Schedule II – Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3 | 10 |
| Schedule III – Information Relating to Possession or Control Requirements Under Rule 15c3-3 | 11 |

### PART II

|                            |       |
|----------------------------|-------|
| Report on Internal Control | 12-13 |
|----------------------------|-------|

**Elizabeth Tractenberg, CPA**  
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INDEPENDENT AUDITOR'S REPORT

Member  
Cygni Securities, LLC  
Costa Mesa, California

I have audited the accompanying statement of financial condition for Cygni Securities, LLC (the Company) as of December 31, 2010 and related statements of income (loss), changes in financial condition, and changes in member's equity for the year then ended. These financial statements are being filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934 and include the supplemental schedule of the net capital computation required by rule 15c3-1. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, such financial statements referred to above present fairly, in all material respects, the financial condition of the Company as of December 31, 2010 and the results of its operations, changes in financial condition and member's equity for the year then ended in conformity with accounting principles generally accepted in the United States.

My 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 10, 2011

CYGNI SECURITIES, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2010

ASSETS

|                 |                  |
|-----------------|------------------|
| Cash - checking | <u>\$ 15,936</u> |
| Total Assets    | <u>\$ 15,936</u> |

LIABILITIES AND MEMBER'S EQUITY

|                                       |                  |
|---------------------------------------|------------------|
| Liabilities                           |                  |
| Accrued expenses                      | <u>\$ 3,088</u>  |
| Total Liabilities                     | <u>3,088</u>     |
| Member's Equity                       | <u>12,848</u>    |
| Total Liabilities and Member's Equity | <u>\$ 15,936</u> |

See Accompanying Notes to Financial Statements

CYGNI SECURITIES, LLC  
STATEMENT OF INCOME (LOSS)  
FOR THE YEAR ENDED DECEMBER 31, 2010

|   |                     |
|---|---------------------|
| Revenues                                |                     |
| Private placement fees                  | \$ 83,000           |
| Interest income                         | <u>17</u>           |
| Total Revenues                          | <u>83,017</u>       |
| Expenses                                |                     |
| Advertising, marketing                  | 6,065               |
| Computer expenses                       | 7,676               |
| Consulting expenses                     | 40,150              |
| Filing fees                             | 1,085               |
| Insurance                               | 2,040               |
| Professional fees                       | 36,936              |
| Regulatory fees                         | 5,443               |
| Rent                                    | 45,650              |
| Salaries and wages and related expenses | 42,614              |
| Telephone                               | 4,101               |
| Travel                                  | 5,406               |
| Web design and hosting                  | 4,478               |
| All other expenses                      | <u>5,057</u>        |
| Total Expenses                          | <u>206,701</u>      |
| Income (Loss) Before Tax                | (123,684)           |
| Provision for State Taxes               | <u>800</u>          |
| Net Income (Loss)                       | <u>\$ (124,484)</u> |

See Accompanying Notes to Financial Statements

CYGNI SECURITIES, LLC  
STATEMENT OF CHANGES IN MEMBER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2010

|                                      |                     |
|--------------------------------------|---------------------|
| Member's equity at December 31, 2009 | \$ 373              |
| Contributions                        | 168,500             |
| Distributions                        | (31,541)            |
| Net Income (Loss)                    | <u>\$ (124,484)</u> |
| Member's equity at December 31, 2010 | <u>\$ 12,848</u>    |

See Accompanying Notes to Financial Statements

CYGNI SECURITIES, LLC  
STATEMENT OF CHANGES IN FINANCIAL CONDITION  
FOR THE YEAR ENDED DECEMBER 31, 2010

|   |                         |
|---|-------------------------|
| Cash Flows from Operating Activities:                           |                         |
| Net income (loss)   | \$ (124,484)            |
| Changes in operating assets and liabilities:                    |                         |
| Prepaid expenses and deposits                                   | -                       |
| Accrued expenses  | <u>(68,180)</u>         |
| Net cash provided from operating activities                     | (192,664)               |
| Cash Flows for Investing Activities: <u>                  -</u> |                         |
| Cash Flows from Financing Activities:                           |                         |
| Capital contribution  | 168,500                 |
| Capital distribution  | <u>(31,541)</u>         |
| Cash Flows from Financing Activities                            | 136,959                 |
| Net increase (decrease) in cash                                 | (55,705)                |
| Cash at beginning of year                                       | <u>\$ 71,641</u>        |
| Cash at end of year   | <u><u>\$ 15,936</u></u> |

SUPPLEMENTAL INFORMATION

|                   |               |
|-------------------|---------------|
| Interest paid     | <u>\$ -</u>   |
| Income taxes paid | <u>\$ 800</u> |

See Accompanying Notes to Financial Statements

CYGNI SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 1 – ORGANIZATION

Cygni Securities, LLC (the Company), a New York LLC, is a broker-dealer in securities registered with the Securities and Exchange Commission (SEC) and is a member of the Financial Industry Regulatory Authority, Inc. (FINRA).

The Company was formed for the purpose of acting as a broker in connection with introducing institution and accredited investors to persons or entities seeking to raise capital from such prospective investors.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Cash and Cash Equivalents** - The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Accounts Receivable**

The Company records income from commissions as earned.

**Revenue Recognition** - Investment banking revenue is recognized in the form of success fees that are earned upon the closing of the transaction, or completion of the assignment. Advisory fees are recognized when non-refundable retainers are invoiced in accordance with written terms of its engagement agreements.

**Income Taxes**

The Company, a limited liability company, is taxed as a division of its sole member under the Internal Revenue Code and a similar state statute. In lieu of income taxes, the Company passes 100% of its taxable income and expenses to its sole member. Therefore, no provision or liability for federal or state income taxes is included in these financial statements. The company is however, subject to the annual California LLC tax of \$800 and a California LLC fee based on gross revenue.

**Recent accounting pronouncements** – The Financial Accounting Standards Board (“FASB”) implemented the FASB Accounting Standards Codification (Codification) effective July 1, 2009. The Codification has become the source of authoritative Generally Accepted Accounting Principles (“GAAP”) recognized by FASB to be applied to nongovernmental entities. On the effective date of the Codification, the Codification superseded all then existing accounting and reporting standards. All other non-grand-fathered accounting literature not included in the FASB Codification has become non-authoritative. References to GAAP included in the FASB Codification are noted as Accounting Standards Codification (“ASC”).

CYGNI SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Recent accounting pronouncements (continued)**

Following the effective date of the Codification, FASB will not release new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Contracts, but instead will issue Accounting Standards Updates. Updates will not be considered authoritative in their own right, but will serve only to update the Codification, provide background information about the guidance in the Codification, and provide the basis for the changes in the Codification.

For the year ending December 31, 2010, various accounting pronouncements or interpretations by the FASB were either newly issued or had effective implementation dates that would require their provisions to be related in the financial statement for the year then ended. The Company has reviewed the Statements of Financial Accounting Standards (SFAS<sup>®</sup>)/ASC topics for the year to determine relevance to the Company's operations.

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.

NOTE 3 – 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, 2010, the Company had net capital of \$12,848 which was \$7,848 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$3,088) to net capital was .24 to 1, which is less than the 15 to 1 maximum allowed.

CYGNI SECURITIES, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010

NOTE 4 – SIGNIFICANT GROUP CONCENTRATION OF RISK

Substantially all of the fee receivable and fee revenue earned by the Company is received from two entities for which the Company introduced investors. The Company seeks to limit its counterparty risk by regularly reviewing the credit standing of these entities.

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in the market (market risk) or failures of the other parties to the transaction to perform (counterparty risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to the market and counterparty risk through the use of a variety of financial, position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the customers and/or other counterparties with which it conducts business.

As of December 31, 2010, there were no customer accounts having debit balances which presented any risks nor was there any exposure with any other transaction conducted with any other broker.

NOTE 5 – SUBSEQUENT EVENTS

Management has reviewed the results of operations for the period of time from its year end December 31, 2010 through February 10, 2011, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

NOTE 6 - SIPC SUPPLEMENTARY REPORT REQUIREMENT

During the year ended December 31, 2010, SIPC raised its member's assessment to 0.0025 of each member's securities business total revenue. The Company is not required to complete the SIPC Supplementary Report under SEC Rule 17a-5(e) (4) for fiscal year ending December 31, 2010 because the Company's SIPC Net Operating Revenues are under \$500,000.

CYGNI SECURITIES, LLC  
 COMPUTATION OF NET CAPITAL REQUIREMENTS PURSUANT  
 TO RULE 15c3-1  
 DECEMBER 31, 2010

|   |                    |
|---|--------------------|
| Computation of Net Capital  |                    |
| Total ownership equity from statement of financial condition  | \$ 12,848          |
| Non allowable assets:   | <u>          -</u> |
| Net Capital   | <u>\$ 12,848</u>   |
| Computation of Net Capital Requirements   |                    |
| Minimum net aggregate indebtedness -  |                    |
| 6-2/3% of net aggregate indebtedness  | \$ <u>206</u>      |
| Minimum dollar net capital required   | <u>\$ 5,000</u>    |
| Net Capital required (greater of above amounts)   | <u>\$ 5,000</u>    |
| Excess Capital  | <u>\$ 7,848</u>    |
| Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)  | <u>\$ 12,539</u>   |
| Computation of Aggregate Indebtedness   |                    |
| Total liabilities net of deferred income taxes payable and deferred income  | <u>\$ 3,088</u>    |
| Percentage of aggregate indebtedness to net capital   | 24.04%             |
| The following is a reconciliation of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 179-5(d)(4): |                    |
| Net Capital per Company's Computation   | \$ 13,649          |
| Variance  |                    |
| Accrued expenses  | (800)              |
| Rounding  | <u>(1)</u>         |
| Net Capital per Audited Report  | <u>\$ 12,848</u>   |

See Accompanying Notes to Financial Statements

CYgni SECURITIES, LLC  
SCHEDULE II – COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS PURSUANT TO RULE 15c3-3  
AS OF DECEMBER 31, 2010

A computation of reserve requirement is not applicable to Cygni Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (i).

CYgni SECURITIES, LLC  
SCHEDULE III – INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3  
AS OF DECEMBER 31, 2010

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

**Elizabeth Tractenberg, CPA**

3832 SHANNON ROAD  
LOS ANGELES, CALIFORNIA 90027  
323/669-0545 – Fax 323/669-0575  
elizabeth@tractenberg.net

**PART II**

**Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a  
Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**

Member  
Cygni Securities, LLC  
Costa Mesa, California

In planning and performing my audit of the financial statements of Cygni Securities, LLC (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, I considered the Company's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I 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), I 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 I 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, I 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 previously 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.

Member  
Cygni Securities, LLC  
Costa Mesa, California

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 deficiency, or a 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.

My 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. I did not identify any deficiencies in internal control and control activities for safeguarding securities that I consider to be material weaknesses, as defined previously.

I 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 my study, I believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2010 to meet the SEC's objectives.

This report is intended solely for the information and use of the Member, management, the SEC, and FINRA, 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.



Elizabeth Tractenberg, CPA  
Los Angeles, California  
February 10, 2011