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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- 010863

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 July 1, 2010 AND ENDING June 30, 2011 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Antaeus Capital, Inc

OFFICIAL USE ONLY FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 1100 Glendon Avenue, Penthouse, Suite 9

Los Angeles California 90024 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Cesar Moya (310) 443.9000 (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 California 91324 (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)

CHAD

CHAD 10/11/2011

OATH OR AFFIRMATION

I, Cesar Moya, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Antaeus Capital, Inc, as of June 30, 2011, 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 12 day of September 2011 by Cesar A. Moya proved to me on the basis of satisfactory evidences to be the person who appeared before me.

proved to me on the basis of satisfactory evidence to be the person who appeared before me.

Signature: [Signature]
Title: PRESIDENT
AFSHIN KHODDAM
Commission # 1795068
Notary Public - California
Los Angeles County
My Comm. Expires Apr 21, 2012

[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.

AFSHIN KHODDAM
Commission # 1795068
Notary Public - California
Los Angeles County
My Comm. Expires Apr 21, 2012

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



BREARD & ASSOCIATES, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors  
Antaeus Capital, Inc.:

We have audited the accompanying statement of financial condition of Antaeus Capital, Inc. (the Company) as of June 30, 2011, and the related statements of 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 Antaeus Capital, Inc. as of June 30, 2011, and the results of its income 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.*

Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
September 12, 2011

**Antaeus Capital, Inc.**  
**Statement of Financial Condition**  
**June 30, 2011**

**Assets**

Cash	\$	80,392
Receivable from officer		49,467
Property and equipment, net		13,060
Deposit		30,000
<b>Total assets</b>	<b>\$</b>	<b><u>172,919</u></b>

**Liabilities and Stockholder's Equity**

**Liabilities**

Accounts payable and accrued expenses	\$	3,085
Income taxes payable		800
<b>Total liabilities</b>		<b><u>3,885</u></b>

Commitments and contingencies

**Stockholder's equity**

Common stock, no par value, 7,500 shares authorized, 100 shares issued and outstanding		1,000
Additional paid-in capital		322,273
Accumulated deficit		<u>(154,239)</u>
<b>Total stockholder's equity</b>		<b><u>169,034</u></b>
<b>Total liabilities and stockholder's equity</b>	<b>\$</b>	<b><u>172,919</u></b>

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

**Antaeus Capital, Inc.**  
**Statement of Income**  
**For the Year Ended June 30, 2011**

**Revenues**

Advisory fees	\$ 372,038
Other income	58,108
Net investment gains (losses)	<u>(1,343)</u>
<b>Total revenues</b>	<b>428,803</b>

**Expenses**

Employee compensation and benefits	72,250
Commission expense	24,738
Professional fees	79,501
Occupancy and equipment rental	25,114
Other operating expenses	<u>134,740</u>
<b>Total expenses</b>	<b><u>336,343</u></b>

**Net income (loss) before income tax provision** 92,460

**Income tax provision** 800

**Net income (loss)** \$ 91,660

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

**Antaeus Capital, Inc.**  
**Statement of Changes in Stockholder's Equity**  
**For the Year Ended June 30, 2011**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
<b>Balance at June 30, 2010</b>	\$ 1,000	\$ 374,273	\$ (245,899)	\$ 129,374
Capital contributions	-	83,000	-	83,000
Returns of capital		(135,000)		(135,000)
Net income (loss)	<u>-</u>	<u>-</u>	<u>91,660</u>	<u>91,660</u>
<b>Balance at June 30, 2011</b>	<u>\$ 1,000</u>	<u>\$ 322,273</u>	<u>\$ (154,239)</u>	<u>\$ 169,034</u>

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

**Antaeus Capital, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2011**

**Cash flow from operating activities:**

Net income (loss)		\$ 91,660
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	\$ 6,801	
(Increase) decrease in assets:		
Investments, available for sale	70,400	
Deposit	(20,484)	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(6,485)	
Payable to clearing firm	(9,735)	
Income taxes payable	800	
Total adjustments		<u>41,297</u>

**Net cash provided by (used in) operating activities** 132,957

**Cash flow from investing activities:**

Purchase of property and equipment (565)

**Net cash provided by (used in) investing activities** (565)

**Cash flow from financing activities:**

Return of capital (135,000)

Capital contribution 83,000

**Net cash provided by (used in) financing activities** (52,000)

**Net increase (decrease) in cash** 80,392

**Cash at beginning of year** -

**Cash at end of year** \$ 80,392

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

    Interest \$ -

    Income taxes \$ -

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

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

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

*General*

Antaeus Capital, Inc. (the "Company") was founded on June 7, 1962, in Massachusetts under the name of Oftring & Company, Inc. In April 2005, the Company changed ownership and its name to Antaeus Capital, 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 Investors Protection Corporation ("SIPC").

The Company is a wholly-owned subsidiary of Antaeus Holdings, Inc. (the "Parent").

The Company is engaged in business as a securities broker-dealer, that provides several classes of services, including retailing of corporate equity securities over-the-counter, institutional trading, selling of limited partnerships, private placements, and mergers and acquisitions.

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.

The Company receives fees in accordance with terms stipulated in its engagement contracts. Fees are recognized as earned. The Company also receives success fees when transactions are completed. Success fees are recognized when earned, the Company has no further continuing obligations, and collection is reasonably assured.

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

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

The Company has adopted FASB ASC 320, Investments — Debt and Equity Securities. As such, marketable securities held by the Company are classified as trading securities and stated at their fair market value based on quoted market prices. Realized gains or losses from the sale of marketable securities are computed based on specific identification of historical cost. Unrealized gains or losses on marketable securities are computed based on specific identification of recorded cost, with the change in fair value during the period included in income.

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.

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.

Current income taxes are provided for estimated taxes payable or refundable based on tax returns. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities is based on provisions of enacted federal and state tax laws.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through September 12, 2011, which is the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 2: PROPERTY AND EQUIPMENT, NET**

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

		Useful Life
Computer and equipment	\$ 17,883	5
Furniture and fixtures	16,892	7
Leasehold improvements	<u>20,915</u>	3
Total cost of property and equipment	55,690	
Less: accumulated depreciation	<u>(42,630)</u>	
Property and equipment, net	<u>\$ 13,060</u>	

Depreciation expense for the year ended June 30, 2011 was \$6,801.

**Note 3: INCOME TAXES**

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

The income tax provision indicated above consists of the California Franchise Tax Board minimum tax of \$800. The Company has available at June 30, 2011, unused Federal net operating losses, which may be applied against future taxable income or carried back to offset previous taxable income, resulting in a deferred tax asset of approximately \$20,227. The net operating loss begins to expire in the year 2031.

A 100% valuation allowance has been established against this benefit since management cannot determine if it is more likely than not that the asset will be realized.

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 4: RECEIVABLE FROM OFFICER**

Receivable from officer represents the balance of a loan to its chief executive office made in a prior years in the ordinary course of business. This loan receivable of \$49,467 is unsecured, and due on demand.

**Note 5: RELATED PARTY TRANSACTIONS**

The Company and the Parent share personnel, office space, and various other administrative expenses. All costs incurred for such shared expenses are paid by the Parent and reimbursed by the Company in accordance with an administrative services agreement. For the year ended June 30, 2010 total expenses allocated to the Parent were \$4,000, which is reflected as employee compensation and benefits on the Statement of Income.

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

**Note 6: COMMITMENTS AND CONTINGENCIES**

*Commitments*

The Company has entered into an operating lease agreement under a noncancellable lease which commenced on August 1, 2010 and expires on July 31, 2015.

At June 30, 2011, the minimum annual payments are as follows:

Year Ending June 30,		
2012	\$	79,597
2013		81,999
2014		84,401
2015		86,803
2016 & thereafter		-
	\$	<u>332,799</u>

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 7: 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 June 30, 2011, various Accounting Standard Updates ("ASU") issued by the FASB 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 ASU releases to determine relevance to the Company's operations:

<u>ASU No.</u>	<u>Title</u>	<u>Effective Date</u>
2009-01	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (ASC 105) - a Replacement of FASB Statement No. 162	After September 15, 2009
2010-06	Fair Value Measurements and Disclosures (ASC 820): Improving Disclosures about Fair Value Measurements	After December 15, 2009
2010-09	Subsequent Events (ASC 855): Amendments to Certain Recognition and Disclosure Requirements	After February 24, 2010
2009-16	Accounting for Transfers of Financial Assets (ASC 860) - an Interpretation of FASB Statement No. 140	After November 15, 2009
2009-17	Consolidations (ASC 810) - Improvements to Financial Reporting by Enterprises with Variable Interest Entities	After November 15, 2009

**Antaeus Capital, Inc.**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 7: RECENTLY ISSUED ACCOUNTING STANDARDS**  
**(Continued)**

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 8: 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 June 30, 2011, the Company had net capital of \$76,507 which was \$71,507 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$3,885) to net capital was 0.05 to 1, which is less than the 15 to 1 maximum allowed.

**Note 9: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a difference of \$800 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		\$ 77,307
Adjustments:		
Accumulated deficit	\$ (7,600)	
Non-allowable assets	<u>6,800</u>	
Total adjustments		<u>(800)</u>
Net capital per audited statements		<u>\$ 76,507</u>

**Antaeus Capital, Inc.**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of June 30, 2011**

**Computation of net capital**

Common stock	\$	1,000
Additional paid-in capital		322,273
Accumulated deficit		<u>(154,239)</u>
 <b>Total stockholder's equity</b>	 \$	 169,034
Less: Non-allowable assets		
Receivable from officer		(49,467)
Property and equipment, net		(13,060)
Deposit		<u>(30,000)</u>
 <b>Total non-allowable assets</b>		 <u>(92,527)</u>
 <b>Net capital</b>		 76,507

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$	259
Minimum dollar net capital required	\$	<u>5,000</u>
 Net capital required (greater of above)		 <u>(5,000)</u>
 <b>Excess net capital</b>		 <u><u>\$ 71,507</u></u>
 Ratio of aggregate indebtedness to net capital		 0.05 : 1

There was a difference of \$800 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated June 30, 2011 (See Note 9).

**Antaeus Capital, Inc.**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of June 30, 2011**

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

*See independent auditor's report*

**Antaeus Capital, Inc.**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of June 30, 2011**

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

*See independent auditor's report*

**Antaeus Capital, Inc.**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended June 30, 2011**



**BREARD & ASSOCIATES, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Antaeus Capital, Inc.:

In planning and performing our audit of the financial statements of Antaeus Capital, Inc. (the Company), as of and for the year ended June 30, 2011, 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 judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

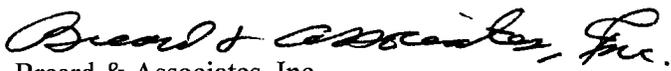
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control 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 June 30, 2011, 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  
September 12, 2011