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

SEC FILE NUMBER
8- 66352 40096

Washington DC

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 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Griswold Company Incorporated

OFFICIAL USE ONLY

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

FIRM I.D. NO.

61 Broadway - 28th Floor

(No. and Street)

New York

NY

10006

(City)

(State)

(Zip Code)

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

Mark McCooey

212-509-2100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

David Tarlow & Co., C.P.A., P.C. D/B/A Tarlow & Co., C.P.A.'s

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

7 Penn Plaza, Suite 210, New York, NY 10001

(Address)

(City)

(State)

(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)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Mark McCooley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Griswold Company Incorporated, as of December 31, 20 11, 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

Mark McCooley
Signature
Chief Operating Officer
Title

Sharon Jordan 03/9/12
Notary Public

SHARON M. JORDON
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN QUEENS COUNTY
REG. #01JO6226309
MY COMM. EXP. SEPT. 09, 2014

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~~ XXXXXXXXXXXXXXXXXXXX Cash flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 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).



TARLOW & CO., C.P.A.'S
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 210, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

INDEPENDENT AUDITOR'S REPORT

To the Stockholders of
The Griswold Company, Inc.

We have audited the accompanying statement of financial condition of The Griswold Company, Inc. as of December 31, 2011, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended that are filed 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 The Griswold Company, Inc. as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information contained on page 12 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Tarlow & Co., C.P.A.'s

New York, New York
February 27, 2012

THE GRISWOLD COMPANY, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 94,731
Securities owned - at market value	1,305,000
Commission receivable	137,118
Other receivable	49,347
Property and equipment, net of accumulated depreciation of \$12,236	27,962
Other assets	<u>41,660</u>
Total assets	<u>\$ 1,655,818</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accounts payable and accrued expenses	\$ 445,829
Other liabilities	<u>255,712</u>
Total liabilities	\$ 701,541

Stockholders' equity

Common stock - Class A, voting, \$.004 par value; authorized 4,000,000 shares, issued 3,010,000 and outstanding 2,475,000 shares	12,040
Common stock - Class B, nonvoting, \$.004 par value; authorized 6,000,000 shares, issued 1,453,830 shares and outstanding 563,854 shares	5,815
Additional paid-in capital	3,494,916
Treasury stock, voting, 535,000 shares; nonvoting, 889,976 shares at cost	(2,591,229)
Retained earnings	<u>32,735</u>
Total stockholders' equity	<u>954,277</u>
Total liabilities and stockholders' equity	<u>\$ 1,655,818</u>

THE GRISWOLD COMPANY, INC.

STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 2011

Revenue:

Commissions	\$ 8,388,254
Interest and dividends	89,654
Other	<u>6,083</u>

Total revenue \$ 8,483,991

Net realized/unrealized loss from
investment transactions in securities (37,974)

Expenses:

Employee compensation and benefits	5,513,553
Exchange fees, clearance charges and other brokerage costs	1,937,311
Professional fees	133,804
Interest	20,971
Travel, meals and entertainment	121,289
Communications	295,497
Occupancy	109,946
Charitable contributions	19,300
Insurance	192,243
Commissions	226,152
Other	<u>247,326</u>

Total expenses 8,817,392

Loss before provision for income taxes (371,375)

Provision for income taxes 10,188

Net loss **\$ (381,563)**

THE GRISWOLD COMPANY, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEAR ENDED DECEMBER 31, 2011

	Common Stock			Additional		Treasury Stock		Retained	Total
	Class A - Voting	Class B - Nonvoting	Paid-In	Shares	Amount	Shares	Amount	Earnings	
Shares	Amount	Shares	Amount	Capital					
Balance, December 31, 2010	3,010,000	\$ 12,040	1,453,830	\$ 5,815	\$ 3,494,916	1,373,270	\$ (2,560,205)	\$ 495,934	\$ 1,448,500
Net loss								(381,563)	(381,563)
Distributions								(81,636)	(81,636)
Treasury stock purchased						51,706	(31,024)		(31,024)
Balance, December 31, 2011	<u>3,010,000</u>	<u>\$ 12,040</u>	<u>1,453,830</u>	<u>\$ 5,815</u>	<u>\$ 3,494,916</u>	<u>1,424,976</u>	<u>\$ (2,591,229)</u>	<u>\$ 32,735</u>	<u>\$ 954,277</u>

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

THE GRISWOLD COMPANY, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:

Net loss	\$ (381,563)	
Adjustment to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization	5,558	
Unrealized loss on securities owned - at market value	194,000	
Realized gain on securities sold	(156,026)	
(Increase) decrease in operating assets:		
Commissions receivable	632,974	
Other receivable	(10,894)	
Other assets	74,024	
Decrease in operating liabilities:		
Accounts payable and accrued expenses	(385,761)	
Other liabilities	(244,591)	
Net cash used by operating activities		\$ (272,279)

Cash flows from investing activities:

Purchase of securities	(48,302)	
Proceeds from sale of securities	204,328	
Purchase of property and equipment	(4,759)	
Net cash provided by investing activities		151,267

Cash flows from financing activities:

Distributions to shareholders	(81,636)	
Purchase of treasury stock	(31,024)	
Net cash used in financing activities		(112,660)
Net decrease in cash and cash equivalents		(233,672)
Cash and cash equivalents at beginning of year		328,403
Cash and cash equivalents at end of year		<u>\$ 94,731</u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ 20,971
Income Taxes	\$ 19,188

THE GRISWOLD COMPANY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****NOTE 1 - NATURE OF BUSINESS**

The Griswold Company, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (the "SEC") and is a member of the New York Stock Exchange, Inc. (the "NYSE"); the Financial Industry Regulatory Authority, Inc. ("FINRA"), formerly the National Association of Securities Dealers (the "NASD"); The NASDAQ Stock Market (the "NASDAQ") and the Securities Investor Protection Corporation (the "SIPC"). The Company earns commissions from activities transacted with other registered broker-dealers as well as non broker-dealer customers. The Company acts as an introducing broker.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a) Security transactions – revenue recognition**

Security transactions (and related commission revenue and expense) are recorded on a trade-date basis. Publicly traded securities owned are stated at market value with unrealized gains and losses reflected in income.

b) Use of estimates

The preparation of financial statements in conformity with U.S. 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.

c) Cash equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

d) Property and equipment

Property and equipment are stated at cost. Depreciation is computed using accelerated methods over the estimated useful lives of the assets.

e) Concentrations and credit risk

The Company maintains cash balances at several banks. For those banks who are participants in the FDIC Transaction Account Guarantee Program, all non-interest bearing accounts of the Company are fully covered by FDIC insurance through December 31, 2011 for the entire amount in the account. The Company did not incur any losses in these accounts.

**NOTE 3 - RECEIVABLE FROM CLEARING BROKER/
SECURITIES HELD AT BROKER**

The Company conducts business with one clearing broker on behalf of its customers. The Company earns commissions as an introducing broker for the transactions of its customers. The clearing and depository operations for the Company's customer accounts are performed by its clearing broker pursuant to a clearance agreement.

THE GRISWOLD COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 4 - COMMITMENTS AND CONTINGENT LIABILITIES

a) Lease commitments

The Company entered into a lease for new offices in December 2007, expiring in February 2013.

Minimum future lease payments are as follows:

Year ending December 31,	
2012	111,209
2013	<u>19,091</u>
	<u>\$ 130,300</u>

Rent expense for the year ended December 31, 2011 amounted to \$109,946.

b) Brokerage activities

In the normal course of business, the Company is engaged in various brokerage activities on an agency basis through a clearing broker. In connection with these activities, a customer's unsettled transactions may expose the Company to off-balance sheet risk in the event the customer is unable to fulfill its contractual obligations. Significant credit exposure may result in the event that the Company's clearing broker is unable to fulfill their contractual obligation.

NOTE 5 - NET CAPITAL REQUIREMENTS

As a registered broker-dealer and member firm of the NYSE, FINRA, and NASDAQ, the Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) of the SEC. The Company computes its net capital under the basic method permitted by the rule, which requires the maintenance of minimum net capital of 6-2/3% of aggregate indebtedness, as defined, or \$5,000, whichever is greater. At December 31, 2011, the Company had net capital of \$431,646, which exceeded the requirement by \$384,877.

THE GRISWOLD COMPANY, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2011****NOTE 6 - EMPLOYEE BENEFIT PLANS**

The Company maintains a noncontributory defined contribution profit-sharing plan and a 401(k) plan which include all eligible employees, as defined in the plans. Contributions to the plans are at the discretion of management. For the year ended December 31, 2011, \$4,947 was contributed to the 401(k) plan.

NOTE 7 - INCOME TAXES

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Company and recognize a tax liability (or asset) if the Company has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The management of the Company has analyzed the tax positions taken by the Company, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Company is subject to routine audits by the Internal Revenue Service; however there are currently no audits for any tax periods in progress. Management of the Company believes it is no longer subject to income tax examinations for years prior to 2008.

No provision for federal income taxes has been made as the Company has elected to be treated as an S Corporation for federal and state income tax purposes. As such, the Company is not liable for federal or state income taxes. The Company is liable for income taxes imposed by the City of New York.

NOTE 8 - SUBSEQUENT EVENTS

Management of the Company has evaluated subsequent events through February 27, 2012, the date the financial statements were available to be issued.

NOTE 9 - FAIR VALUE MEASUREMENTS

The Company adopted Financial Accounting Standards Board (FASB) Statement No. 157, Fair Value Measurements ("FASB Statement No. 157") (with FASB codification change, new reference ASC 820, "Fair Value Measurements and Disclosure Topics"), which establishes a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1" measurements), gives the next priority to quoted values based on observable inputs ("Level 2" measurements), and the lowest priority to values based on unobservable inputs ("Level 3" measurements). The three levels of the fair value hierarchy under ASC 820 are briefly described below:

THE GRISWOLD COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 9 - FAIR VALUE MEASUREMENTS (Continued)(a) Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access. For example, stocks listed on a recognized exchange or listed mutual funds.

(b) Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

(c) Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. For example, real estate using an independent appraisal process.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2011.

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts which are valued at their respective balances at the reporting date and money market portfolios which are valued using amortized cost which approximates fair value.

(b) Common Stock

The fair value is based on the closing price reported in the active market in which the individual security is traded.

The following table presents information about the Company's assets measured at fair value as of December 31, 2011:

Assets at Fair Value as of December 31, 2011				
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 94,731	\$ -	\$ -	\$ 94,731
Common stocks	1,305,000	-	-	1,305,000
Total assets at fair value	<u>\$ 1,399,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,399,731</u>

SUPPLEMENTARY INFORMATION

THE GRISWOLD COMPANY, INC.

SUPPLEMENTARY INFORMATION

COMPUTATION OF NET CAPITAL PURSUANT TO UNIFORM
NET CAPITAL RULE 15c3-1

DECEMBER 31, 2011

Net Capital

Stockholders' equity		\$	954,277
Credits - liability subordinated to claims of general creditors			<u>-</u>
			954,277
Debits:			
Nonallowable assets			
Receivables	\$	58,419	
Property and equipment		27,962	
Other assets		41,660	
Other deductions and/or charges		<u>15,000</u>	
Total debits			<u>143,041</u>
Net capital before haircuts on marketable securities			811,236
Less haircuts on securities and other charges		196,009	
Undue concentration		<u>183,581</u>	
			<u>379,590</u>
Net capital per rule 15c3-1			431,646
Minimum net capital requirement – 6-2/3% of aggregate indebtedness of \$701,541 or \$5,000, whichever is greater			<u>46,769</u>
Excess net capital			<u>\$ 384,877</u>
Aggregate Indebtedness			
Accounts payable and accrued expenses	\$	<u>701,541</u>	
Total aggregate indebtedness			<u>\$ 701,541</u>
Ratio of aggregate indebtedness to net capital			<u>1.63 to 1</u>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing.

SUPPLEMENTAL REPORT



TARLOW & CO., C.P.A.'S
A PROFESSIONAL CORPORATION

7 Penn Plaza, Suite 210, New York, N.Y. 10001 Tel. 212-697-8540 Fax. 212-573-6805

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Stockholders of
The Griswold Company, Inc.

In planning and performing our audit of the financial statements of The Griswold Company, Inc., as of and for the year ended December 31, 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 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.

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 *deficiency in internal control* 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 and correct, 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.

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 previously.

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, 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, 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.

Tarlow & Co., C.P.A.'s

February 27, 2012



THE GRISWOLD COMPANY, INC.

ANNUAL REPORT

DECEMBER 31, 2011

**SEC
Mail Processing
Section**

JUN 01 2012

**Washington DC
401**

TARLOW & CO., C.P.A.'S
A PROFESSIONAL CORPORATION

THE GRISWOLD COMPANY, INC.

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