

INTERFIRST

INTERFIRST CAPITAL CORPORATION

August 31, 1999

RECEIVED
DIVISION OF MARKET REGULATION

Division of Market Regulation
United States Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549-1002

SEP 01 1999

DIVISION OF MARKET REGULATION

Attn: Y2K Compliance

VIA AIRBORNE EXPRESS

Re: InterFirst Capital Corporation ("InterFirst")
SEC File No. 8-22805
CRD File No. 7659
Material Disclosure Certificate

Dear Sir or Madam:

InterFirst is in the process of completing its Year 2000 remediation efforts as outlined in our April 30, 1999 Form BD-Y2K report. As of today, the majority of our affected mission-critical systems have been successfully upgraded. However, the following two remaining mission-critical projects are still awaiting completion.

1. The Firm's accounting system (Platinum) is not Y2K compliant. The accounting software will be replaced by Lawson Insight II Business Management Software (certified Y2K compliant). Testing on the new system will commence on September 6, 1999 and the conversion will be completed on or before November 1, 1999.
2. Due to the pending acquisition of W. J. Gallagher & Company, InterFirst will complete a mission-critical Y2K assessment within two weeks of the closing date (anticipated closing date is September 15, 1999). Any required upgrades for Y2K compliance will be scheduled for completion on or before November 1, 1999.

As outlined above, the Firm is in the process of remediating all remaining Y2K problems, and has scheduled testing of the affected systems to verify that any material Year 2000 problems have been remediated. The Firm plans to have the problems remediated and to be operationally capable by November 1, 1999.

Corporate Office

10666 WILSHIRE BOULEVARD FOURTH FLOOR, LOS ANGELES, CALIFORNIA 90024
310 774-7100 800 377-2226 • FAX 310 774-7101
MEMBER NASD & SIPC

Based on inquiries and to the best of my knowledge, InterFirst does not anticipate that the existence of the material Year 2000 problems identified above will impair its ability to ensure prompt and accurate processing of securities transactions, including order entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, or the delivery of funds and securities; and InterFirst anticipates that the enumerated remediation steps will result in remedying the material Year 200 problems on or before November 15, 1999.

If you have any questions, please feel free to call me at (310) 234-2155.

Very truly yours,

A handwritten signature in black ink, appearing to read "B.A. Phillips". The signature is fluid and cursive, with a small dot at the end.

**Bradford A. Phillips
President & CEO**

C: NASDR, District 2