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UNITED STATES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8-46593

FACING PAGE

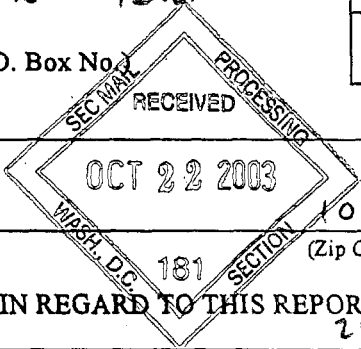
Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 9/1/2002 AND ENDING 8/31/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: CAPITAL MARKETS AMERICA, INC.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
420 MADISON AVENUE  
NEW YORK NY 10017  
(City) (State) (Zip Code)  
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JOE AMUNDSEN 212-709-8250  
(Area Code - Telephone Number)

OFFICIAL USE ONLY  
35232  
FIRM I.D. NO.



**B. ACCOUNTANT IDENTIFICATION**

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

AMUNDSEN, JOSEPH S.  
(Name - if individual, state last, first, middle name)  
67 WALL STREET NEW YORK NY 10005  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

**OCT 28 2003**

THOMSON FINANCIAL

**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)

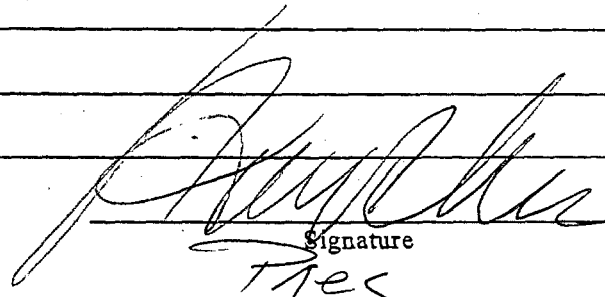
10/23/03

87-01-27

OATH OR AFFIRMATION

I, HARVEY A. WALL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CAPITAL MARKETS AMERICA INC as of OCT 15, 2003, 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:

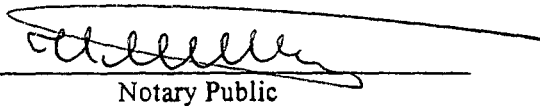
NELLI TEPLINSKY  
No. 01TE6055696  
Notary Public, State of New York  
Qualified in Kings County  
My Commission Expires 03/05/07



Signature

Ties

Title



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 15c3-3 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).

CHANGE OF ACCOUNTANT NOTICE

INTERNAL CONTROL, SEC RULE 17A-5

Capital Markets America, Inc  
420 Madison Avenue  
New York, New York 10017  
212-752-1006  
212-752-8384 (fax)  
CMA@nyct.net (e-mail)

September 9, 2003

U.S. Securities and Exchange Commission  
233 Broadway  
New York, NY 10006

RE: Notification of Change in Auditors

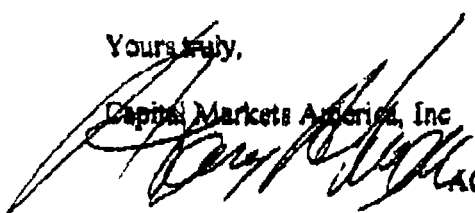
Gentlemen:

This letter is to notify you and the NASD of our intent to change independent CPA auditors effective as of this date. Our intent is to have a rotation of auditors so that we fully comply in our own minds with all the intent of the Sarbanes-Oxley Act. We further expect to review the work of succeeding accountants on an annual basis to insure that we are meeting all relevant regulations. During the past 24 months preceding our decision, there have been no problems relating to accounting, audit or compliance issues and there have been no unresolved such problems.

We are sending a notice of this letter to our former accountant, and asking them to initial this notice in agreement. A copy is also being sent to the new accountant, Joseph Amundsen, CPA, NY License #87609.

Yours truly,

Capital Markets America, Inc



*Len Lipner CPA  
Lipner Sofferman & Co. LLP*

AGREED AND ACCEPTED: \_\_\_\_\_

cc: U.S. Securities and Exchange Commission  
450 Fifth Street  
Washington, DC 20549

National Association of Securities Dealers Inc.  
1390 Pickard Drive  
Rockville, MD 20850

Joseph Amundsen  
Certified Public Accountant  
67 Wall Street, #2211  
New York, New York 10005  
212/709-8250  
212/943-2300(fax)  
exbaker@juno.com

Capital Markets America, Inc

Index to Financial Statements

August 31, 2003

Annual Audit Report Form X-17A-5

Change of Accountant Notice

Independent Auditor's Report

Statement of Financial Condition

Statement of Operations

Statement of Changes in Stockholder Equity

Statement of Cash Flows

Notes to Financial Statements including Patriot  
Act Compliance

Computation of Net Capital for Brokers and Dealers  
Pursuant to Rule 15c 3-1

Computation for Determination of the Reserve Requirements  
For Brokers and Dealers Pursuant to Rule 15c 3-3

Independent Auditor's Report on Internal  
Control Structure Required by SEC Rule 17a-5

Joseph Amundsen  
Certified Public Accountant  
67 Wall Street  
New York, NY 10005  
212/709-8250

Independent Auditor's Report

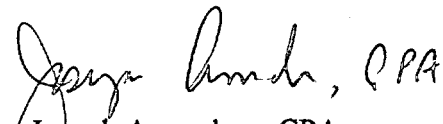
Board of Directors  
Capital Markets America Inc

I have audited the accompanying statement of financial condition of Capital Markets America, Inc. as of August 31, 2003, and the related statements of income, changes in stockholders' 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. 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 of America. 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, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Markets America, Inc. at August 31, 2003, 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.

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 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 the Securities and 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.

  
Joseph Amundsen, CPA  
New York, New York  
October 7, 2003

Capital Markets America, Inc.

Statement of Financial Condition

August 31, 2003

Assets

Cash	\$ 11,917
Current assets	<u>11,917</u>
Furniture and fixtures, net	4,500
Brokerage licenses	96,200
Security deposits	<u>4,800</u>
Total assets	<u><u>117,417</u></u>

Liabilities and stockholders' equity

Accrued tax and accounting	1,500
Common stock, no par value 200 shares authorized, 130 shares issued and outstanding	1,300
Additional paid-in capital	485,378
Retained earnings	<u>(370,761)</u>
Total stockholders' equity	<u>115,917</u>
Total liabilities & stockholders' equity	<u><u>\$ 117,417</u></u>

See accompanying notes to financial statements.

Capital Markets America Inc

Statement of Operations and Retained Earnings

For the Year Ended August 31, 2003

Revenues

Sale of exchange seat \$ 2,000

Total Revenues 2,000

Expenses

Management fees 16,550

Rents 22,249

Office and supplies 101,317

Depreciation 1,500

141,616

Loss before provision for  
corporate income taxes (139,616)

Provision for corporate income taxes (1,011)

Net Loss (140,627)

Retained earnings - September 1, 2002 (230,134)

Retained earnings - August 31, 2003 \$ (370,761)

See accompanying notes to financial statements.

Capital Markets America Inc

Statement of Cash Flows

For the Year Ended August 31, 2003

Cash flows from operating activities:

Net loss \$ (140,627)

Adjustments to reconcile net loss to net cash used by  
operating activities:

(Increase) decrease in operating assets:

Depreciation	\$ 1,500
Brokerage licenses	(9,600)
Receivables	1,038
Investments in nonmarketable securities	10,000
Securities owned	34
Due from officer	119,725
Security deposits	1,000

Increase (decrease) in operating liabilities:

Accrued expenses	(2,650)	121,047
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Net cash provided by operating activities (19,580)

Cash and equivalents, beginning of year 31,497

Cash and equivalents, end of year 11,917

Supplemental disclosure:

Interest paid -

Income taxes paid \$ 1,011

See accompanying notes to financial statements.



Capital Markets America, Inc

Notes to Financial Statements

For the Year Ended August 31, 2003

1. Significant Accounting Policies

Capital Markets America, Inc.(the Company) was incorporated in the State of New York on September 28, 1993. The Company was formed as a securities broker dealer. Its registration with the Securities and Exchange Commission became effective March 24, 1994. The Company is a mergers and acquisitions broker and engages in the private placement of securities to accredited investors only. No brokerage business is conducted with the general public or with any other class of investor.

The Company prepares its financial statements on the accrual basis of accounting.

Income taxes are calculated on the liability method of accounting. The Company reports its taxable income on the same basis for financial statement purposes and no deferred tax liabilities arise. The Company has a net operating loss carryforward of \$368,581 which will begin to expire in 2008.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Stockholders' Equity

The Company is authorized to issue 200 shares of no par voting common stock. The Company has issued, and are outstanding 130 shares of common stock. The stock has a stated value of \$10. There was no change in common stock or additional paid in capital for the year ended June 30, 2003.

### 3. Brokerage Licenses

The company has three licenses to practice on the Pacific Coast Exchange and also has a FINEX and NYCE license.

### 4. 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. At August 31, 2003, the Company was in compliance with these regulations.

### 5. Anti-Money Laundering Program.

The Company is required to have a program to actively prevent and prohibit money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. At August 31, 2003, the Company was in compliance with this program.

Capital Markets America, Inc

Compilation of Net Capital Under 15c3-1 of the

Securities and Exchange Commission

31-Aug-03

Schedule 1

Total Shareholders' Equity	\$ 115,917
Less: Haircut	<u>-</u>
	115,917
Less: Unallowable Assets	<u>(105,500)</u>
Net Capital	10,417
Minimum Net Capital required	<u>(5,000)</u>
Excess net capital	<u>\$ 6,917</u>
Aggregate indebtedness	\$ 1,500
Net Capital	\$ 10,417
Ratio AI to NC	13%

RECONCILIATION WITH COMPANY'S NET CAPITAL COMPUTATION

There is no material difference between the net capital computation as reported on Capital Markets America Inc's FOCUS report - Part IIA as of August 31, 2003.

Capital Markets America, Inc

Statement of Exemption from SEC Rule 15c3-3

For the Year Ended August 31, 2003

Schedule II

Capital Markets America, Inc. is exempt from the requirement to determine reserve requirements pursuant to SEC Rule 15c3-3 section K based on the following:

Capital Markets America is a merger and acquisition broker. Securities activities are exclusively limited to mergers and acquisitions, and the private placement of securities to accredited investors only. No brokerage business is conducted with the general public or with any other class of investor.

Joseph Amundsen  
Certified Public Accountant  
67 Wall Street, #2211  
New York, New York 10005  
212/709-8250  
212/943-2300(fax)  
exbaker@juno.com

Independent Auditor's Report of Internal  
Accounting Control Required by SEC Rule 17a-5

Board of Directors  
Capital Markets America, Inc  
420 Madison Avenue  
New York, NY 10017

In planning and performing my audit of the financial statements of Capital Markets America, Inc. (the Company), for the year ended August 31, 2003, I considered its internal control, including its anti-money laundering measures and control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the 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 that I considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness (AI) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by rule 17a-13.
3. 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.

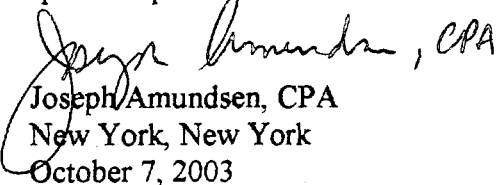
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs 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 of 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 paragraphs.

Because of the inherent limitations in internal control or 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. My consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

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 were adequate at March 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker dealers, and is not intended to be and should not be used by anyone other than these specified parties.

  
Joseph Amundsen, CPA  
New York, New York  
October 7, 2003