

SEC MISSION



10031033

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER
8- 37783

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 April 1, 2009 AND ENDING March 31, 2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: R.T. Jones Capital Equities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
8151 Clayton Road, Suite 300

St. Louis MO 63117
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Robert T. Jones 314-783-5000
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kiefer Bonfanti & Co., LLP

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

701 Emerson Road, Suite 201 St. Louis MO 63141
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

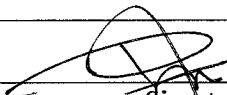
FOR OFFICIAL USE ONLY

*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)

6/4

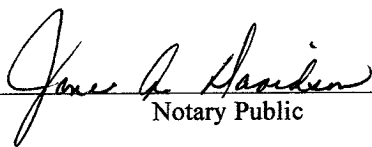
OATH OR AFFIRMATION

I, Robert T. Jones, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of R.T. Jones Capital Equities, Inc., as of March 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:

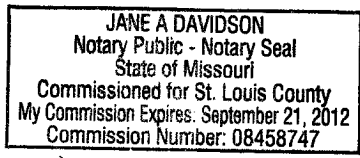


Signature
President

Title



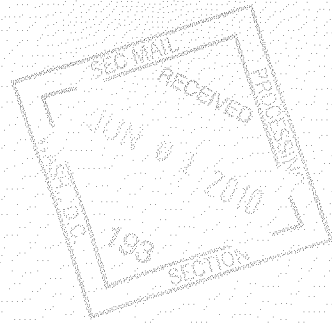
Notary Public



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 15c3-1 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.

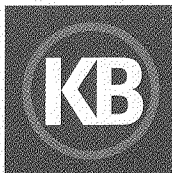
**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



R.T. JONES CAPITAL EQUITIES, INC.

FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009



Kiefer | Bonfanti & Co. LLP

Certified Public Accountants & Business Advisors

R.T. JONES CAPITAL EQUITIES, INC.

MARCH 31, 2010 AND 2009

Table of Contents	Page
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Condition	2
Statements of Income	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Computation of Adjusted Net Capital	11
Reconciliation of Audit Differences	12
Information for Possession or Control Requirement under Rule 15c3-3	13
Independent Auditors' Report on Internal Control	14



Kiefer | Bonfanti & Co. LLP
Certified Public Accountants & Business Advisors

701 Emerson Road
Suite 201
St. Louis, MO
63141

314.432.6700
f.314.432.3992

kieferbonfanti.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
R.T. Jones Capital Equities, Inc.

We have audited the accompanying statements of financial condition of **R.T. Jones Capital Equities, Inc.** (a Missouri corporation) as of March 31, 2010 and the related statements of income, cash flows and changes in stockholder's equity 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. The financial statements of **R.T. Jones Capital Equities, Inc.** as of, and for the year ended, March 31, 2009 were audited by other auditors whose report dated July 27, 2009, expressed an unqualified opinion on those statements.

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 also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined 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 condition of **R.T. Jones Capital Equities, Inc.** as of March 31, 2010, and the results of its operations and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on Pages 11-13 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 audits 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.

Kiefer Bonfanti & Co. LLP

May 24, 2010

R.T. JONES CAPITAL EQUITIES, INC.

STATEMENTS OF FINANCIAL CONDITION

	Assets	
	March 31,	
	2010	2009
Current Assets		
Cash	\$ 40,405	\$ 450,245
Accounts receivable	22,297	33,323
Employee advances and other receivables	65	1,001
Due from affiliated company	603,913	17,031
Total Current Assets	666,680	501,600
Other Assets		
Investments	6,574	7,773
Deposits	-	1,292
Total Other Assets	6,574	9,065
Total Assets	\$ 673,254	\$ 510,665
Liabilities and Stockholder's Equity		
Current Liabilities		
Accounts payable	\$ 869	\$ 52,054
Commissions payable	2,250	4,640
Total Current Liabilities	3,119	56,694
Stockholder's Equity		
Common stock, par value \$1, authorized 500 shares issued and outstanding	500	500
Paid-in capital	116,242	116,242
Retained earnings	553,393	337,229
Total Stockholder's Equity	670,135	453,971
Total Liabilities and Stockholder's Equity	\$ 673,254	\$ 510,665

R.T. JONES CAPITAL EQUITIES, INC.

STATEMENTS OF INCOME

	Years Ended March 31,					
	2010			2009		
	Amount	% of Revenues		Amount	% of Revenues	
Revenues						
Commission and fee income	\$ 285,686	100.00	%	\$ 690,221	100.00	%
Total Revenues	285,686	100.00		690,221	100.00	
Operating Expenses						
Commissions	10,802	3.78		285,981	41.43	
Professional fees	4,500	1.58		3,500	0.51	
Licenses, taxes and fees	2,445	0.86		13,546	1.96	
Office supplies and expense	1,802	0.63		1,803	0.26	
Brokerage and clearing fees	-	-		11,436	1.66	
Communications	-	-		6,504	0.94	
Total Operating Expenses	19,549	6.85		322,770	46.76	
Income from Operations	266,137	93.15		367,451	53.24	
Investment income	2,382	0.83		5,124	0.74	
Income Before Income Taxes	268,519	93.98		372,575	53.98	
Income taxes	52,355	18.33		69,711	10.10	
Net Income	\$ 216,164	75.65	%	\$ 302,864	43.88	%

R.T. JONES CAPITAL EQUITIES, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

	<u>Common Stock</u>		<u>Paid-in</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	<u>Total</u>
Balance, March 31, 2008	500	\$ 500	\$116,242	\$ 631,965	\$748,707
Net income	-	-	-	302,864	302,864
Dividends paid	-	-	-	(597,600)	(597,600)
Balance, March 31, 2009	500	500	116,242	337,229	453,971
Net income	-	-	-	216,164	216,164
Balance, March 31, 2010	500	\$ 500	\$116,242	\$ 553,393	\$670,135

R.T. JONES CAPITAL EQUITIES, INC.

STATEMENTS OF CASH FLOWS

	Years Ended March 31,	
	2010	2009
Cash Flows from Operating Activities		
Net income	\$ 216,164	\$ 302,864
Adjustments:		
Change in assets and liabilities		
(Increase) decrease in operating assets		
Accounts receivable	11,026	1,338
Employee advances and other receivables	936	2,707
Due from affiliated company	(586,882)	440,208
Prepaid expenses	-	24,057
Investments	1,199	15,187
Deposits	1,292	29,008
Increase (decrease) in operating liabilities		
Accounts payable	(51,185)	(123,124)
Commissions payable	(2,390)	(32,749)
Payroll taxes payable	-	(2,831)
Income taxes payable	-	(20,450)
Net Cash Used by Operating Activities	(409,840)	636,215
Cash Flows from Investing Activities		
Sale of property and equipment	-	26,199
Net Cash Provided by Investing Activities	-	26,199
Cash Flows from Financing Activities		
Distributions to stockholder	-	(597,600)
Net Cash Used by Financing Activities	-	(597,600)
Net Decrease in Cash and Cash Equivalents	(409,840)	64,814
Cash and cash equivalents, beginning of year	450,245	385,431
Cash and Cash Equivalents, End of Year	\$ 40,405	\$ 450,245
Supplemental Disclosure:		
Income taxes paid	\$ 52,355	\$ 69,711

**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009**

Business Descriptions

R. T. Jones Capital Equities, Inc. (the Company) is a registered broker-dealer in securities. The Company was formed for the purpose of trading in and dealing with limited partnership units, stocks, bonds, and all other types of securities and for the purpose of the management of accounts as a registered investment advisor. The Company is an introducing broker, who clears its customer transactions through a clearing broker on a fully disclosed basis and does not hold funds or securities for, or owe money or securities to, customers and does not otherwise carry customer accounts. Accordingly, the Company is exempt from SEC rule 15c3-3.

Effective October 1, 2004, the Company significantly reduced its account management services. The majority of the managed accounts were transferred to an affiliated company, R. T. Jones Capital Equities Management, Inc. (CEM). CEM was established to manage customers' accounts and perform the majority of the registered investment advisory services. The Statement of Income for March 31, 2010 and 2009 accordingly, does not include the results of managing those accounts.

Effective January 1, 2008, the Company entered into a broker-dealer agreement with Maloney Securities Co., Inc. (MS) whereby current and future Company registered representatives are registered representatives of MS. Henceforth, all business as a securities broker-dealer, including solicitor arrangements with investment advisors, done by the Company's registered representatives is executed by or through MS. MS has supervisory responsibility over the Company's registered representatives with respect to the broker-dealer business and the office of the Company is considered a branch office of MS. The Company has remained registered as a broker-dealer in securities and continues to retain its membership in FINRA, but it is not actively conducting securities business. As a consequence of the transition to a branch office, a majority of the operating expenses have been either reduced or eliminated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Company is a wholly owned Subsidiary of R. T. Jones, F. S. Ladner and Associates, Inc. (the parent company). There were no inter-company fees earned or incurred by the Company during the years ended March 31, 2010 and 2009.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains cash and cash equivalent balances at several financial institutions. Accounts at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

Income and expenses are recorded on the accrual basis of accounting. Commission revenue and fee income are recorded as earned and operating expenses are recorded as incurred.

Accounts receivable

Accounts receivable arise in the normal course of business of providing consulting services and trading in and dealing with limited partnership units, stocks, bonds, and all other types of securities. The Company grants unsecured credit to those customers and believes the risk associated with carrying the receivables is mitigated by the nature of its customers, the performance of credit checks, and actively pursuing past due accounts. The Company does not charge interest on any accounts receivable.

No allowance for doubtful accounts was considered necessary. In the opinion of management, all of the accounts receivable are considered to be realizable at the amounts stated as of March 31, 2010 and 2009. The Company charges off accounts receivable when all collection efforts have been unsuccessful and management believes there is no chance for collection. Accounts receivable older than 90 days at March 31, 2010 and 2009 were \$6,000 and \$4,653, respectively. There was no bad debt expense for the years ended March 31, 2010 and 2009.

Investments

Investments include an investment in a real estate investment trust limited partnership (REIT) and an investment in a limited liability company (LLC) recorded under the equity method. Under the equity method, the investment's carrying value is increased by the Company's proportionate share of earnings and decreased by dividends received by the Company. The investment in the REIT was \$8,240 and 7,021 at March 31, 2010 and 2009, respectively.

The investment in the LLC is a 50% ownership interest in Columbia Lakes Management, L.L.C., that owns a 1% interest in Columbia Lakes Development, L.L.C.; a real estate development in Columbia, Illinois. The investment in the LLC was \$(1,666) and \$752 at March 31, 2010 and 2009, respectively.

Estimates and Assumptions

Management uses estimates and assumptions in preparing these financial statements in accordance with United States of America generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Notes to Financial Statements (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company files a consolidated income tax return with the parent company and an affiliated company. Income tax expense is allocated based on the Company's portion of income and was \$52,355 and \$69,711 for the years ended March 31, 2010 and 2009, respectively.

Financial accounting standards govern how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. These standards require the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements for the current year.

The Company has various income tax positions open under the statute of limitations. Management believes these tax positions meet the more-likely-than-not threshold and, accordingly, the tax benefits of these income tax positions have been recognized for the years ended March 31, 2010 and 2009.

The consolidated Federal Income Tax Form 1120 and various state income tax forms of the consolidated group are subject to examination by the Internal Revenue Service and respective jurisdictions, generally for three years after they have been filed.

Subsequent Events

The Company has evaluated subsequent events through May 24, 2010, the date which the financial statements were available to be issued, for possible additional recognition or disclosure.

2. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (rule 15c3-1), which requires the maintenance of minimum dollar net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1,500%. At March 31, 2010 and 2009, the Company had adjusted net capital of \$50,583 and \$402,655 which was \$45,583 and \$397,655, in excess of its required minimum dollar net capital of \$5,000 at March 31, 2010 and 2009. The Company's percentage of aggregate indebtedness to net capital at March 31, 2010 and 2009 was 6.17% and 14.08%, respectively.

Notes to Financial Statements (Continued)

3. RELATED PARTY TRANSACTIONS

The parent company provides management services to the Company at no cost. The parent also subleases the building from the Company and pays all occupancy and operating costs. At March 31, 2010 and 2009, the Company had amounts due from the parent company of \$603,914 and \$17,031, respectively.

4. LEASE COMMITMENTS

The Company amended the existing lease of its premises on August 21, 2008. The amended lease is effective for the five-year period from November 1, 2008 to October 31, 2013. In addition to basic rent, the Company is obligated to pay its share of future operating cost and real estate tax increases based upon an agreed upon formula. The company is obligated to pay basic rent for its premises for the following amounts over the next five fiscal years:

<u>Years Ending March 31,</u>	<u>Amount</u>
2011	\$ 70,157
2012	70,157
2013	70,157
2014	40,925
Future Minimum Rental Payments	\$ 140,314

The lease has been assigned to its parent company. The parent company has subleased the premises and pays all occupancy costs. Accordingly, there were no rent or occupancy expenses included in the Company's operating costs for the years ended March 31, 2010 and 2009.

5. DIVIDENDS PAID

The Company declared a dividend of \$597,600 to its parent company on June 30, 2008. The dividend included the assets that pertained to and were allocable to the parent company's and CEM's operations. It also included the cancellation of the inter-company receivables and was net of the liabilities that were to become the responsibilities of its affiliates. The dividend was paid by transferring the following accounts:

Prepaid expenses and other receivables	\$ 40,057
Inter-company receivables	562,529
Property and equipment, net	27,079
Accounts payable and other liabilities	(32,065)
Dividend Paid	\$ 597,600

The dividend was declared and paid in recognition of the change in business operations subsequent to the agreement with MS as described in footnote 1.

SUPPLEMENTARY INFORMATION

R.T. JONES CAPITAL EQUITIES, INC.

COMPUTATION OF ADJUSTED NET CAPITAL

	March 31,	
	2010	2009
Ownership Equity		
Common stock	\$ 500	\$ 500
Paid-in-capital	116,242	116,242
Retained earnings	553,393	337,229
Total Ownership Equity	670,135	453,971
Deductions from Capital		
Management and consulting fee receivable	9,000	25,511
Employee advances and other receivables	65	1,001
Due from affiliated company	603,913	17,031
Investments	6,574	7,773
Total Deductions	619,552	51,316
Adjusted Net Capital	\$ 50,583	\$ 402,655
Aggregate Indebtedness		
Accounts payable	\$ 869	\$ 52,054
Commissions payable	2,250	4,640
Total Aggregate Indebtedness	\$ 3,119	\$ 56,694
Aggregate Indebtedness as a Percent of Adjusted Net Capital	6.17%	14.08%
Minimum dollar net capital	\$ 5,000	\$ 5,000
Adjusted net capital	50,583	402,655
Net Capital Excess Over Requirement	\$ 45,583	\$ 397,655
Six and two-thirds (6 2/3)% of aggregate indebtedness	\$ 208	\$ 3,779
Adjusted Net Capital	50,583	402,655
Excess of Net Capital at 1000%	\$ 50,375	\$ 398,876

R.T. JONES CAPITAL EQUITIES, INC.

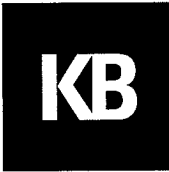
RECONCILIATION OF AUDIT DIFFERENCES

	March 31,	
	2010	2009
Total assets shown on most recent unaudited Focus part IIA filing	\$ 676,535	\$ 516,325
Audit adjustments:		
Increase (decrease) in investments	1,219	(2,160)
Decrease in due from affiliated company	(4,500)	(3,500)
Total Assets as Computed on This Report	\$ 673,254	\$ 510,665
Aggregate indebtedness shown on most recent unaudited Focus part IIA filing	\$ 3,119	\$ 56,694
Audit adjustments:		
None	-	-
Aggregate Indebtedness as Computed on This Report	\$ 3,119	\$ 56,694
Net Capital shown on most recent unaudited Focus part IIA filing	\$ 50,582	\$ 401,874
Audit adjustments:		
Increase (decrease) in income	1,220	(2,161)
Increase in expenses	(4,500)	(3,520)
Decrease in non-allowable assets	3,281	6,462
Net Capital as Computed on This Report	\$ 50,583	\$ 402,655

**INFORMATION FOR POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3
FOR THE YEARS ENDED MARCH 31, 2010 AND 2009**

An exemption to the possession or control requirements of rule 15c3-3 is claimed under Section (k) (2) (ii):

In that all customer monetary and security receipts by the firm are promptly transmitted in accordance with applicable regulations and that all customer security transactions are cleared through RBC Dain, Member, New York Stock Exchange, on a fully disclosed basis.



Kiefer | Bonfanti & Co. LLP
Certified Public Accountants & Business Advisors

701 Emerson Road
Suite 201
St. Louis, MO
63141

314.432.6700
f.314.432.3992

kieferbonfanti.com

**INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL REQUIRED BY
SEC RULE 17A-5(g)(1) FOR A BROKER-DEALER
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Board of Directors and Stockholder of
R.T. Jones Capital Equities, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of R.T. Jones Capital Equities, Inc. (the Company), as of and for the year ended March 31, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis of 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 safe guarding 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 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 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 United States of America 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 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.

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 and correct misstatements on a timely basis. A significant deficiency is a deficiency or 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 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 March 31, 2010 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 which rely on rule 17a-5(g) under the Securities and 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.

Kiefer Bonfanti & Co. LLP

May 24, 2010