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Washington, DC 20543

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

SEC FILE NUMBER

8-49148

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, 2009 AND ENDING June 30, 2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Chilton & Associates, Inc.

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

OFFICIAL USE ONLY

FIRM I.D. NO.

1875 Century Park East, #700-42

(No. and Street)

Los Angeles
(City)

California
(State)

90067
(Zip Code)

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

James Kenneth Chilton

(310) 407-5485

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian W. Anson, CPA

18425 Burbank, Suite 606,
(Address)

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

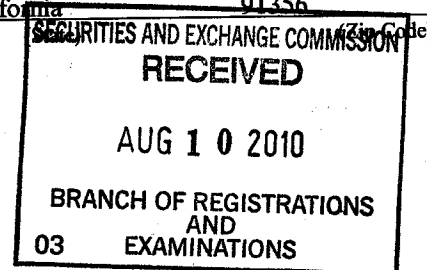
California

91356

(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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

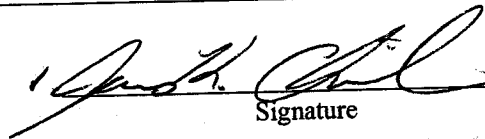
SEC 1410 (06-02)

8/17/10

OATH OR AFFIRMATION

I, James Kenneth Chilton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Chilton & Associates, Inc., as of June 30, 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:

NONE



James K. Chilton

Signature

FINOP

Title

Notary Public

See the attached for Notary.

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).**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Los Angeles

On July 26, 2010 before me, Soon Gyu Guimm, Notary public
Date Here Insert Name and Title of the Officer

personally appeared James Kenneth Chilton
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature Guimmsoon
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Annual Audited Report, Form X-17A-5, Part III

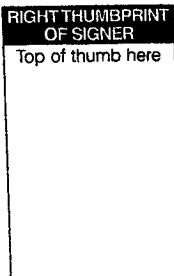
Document Date: 07/26/10 Number of Pages: 2

Signer(s) Other Than Named Above: No other signers

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

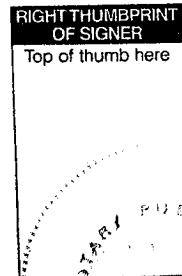
- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

BRIAN W. ANSON

Certified Public Accountant

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

Report of Independent Registered Public Accountant

Board of Directors
Chilton & Associates, Inc.
Los Angeles, California


I have audited the accompanying statement of financial condition of Chilton & Associates, Inc. as of June 30, 2010 and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 statement referred to above present fairly, in all material respects, the financial position of Chilton & Associates, Inc. as of June 30, 2010 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-IV are 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 of the Securities and Exchange Commission. 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.

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.


Brian W. Anson
Certified Public Accountant
Tarzana, California
July 28, 2010

CHILTON ASSOCIATES, INC.

Statement of Financial Condition
June 30, 2010

ASSETS

Cash	\$79,383
Deposit - (Note 4)	11,563
Investments	161,510
Furniture and equipment net of accumulated depreciation of <u>\$177,508</u>	13,966
Other assets	17,559
Total assets	<u>\$283,981</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:

Accounts payable	7,811
Total liabilities	<u>7,811</u>

STOCKHOLDERS' EQUITY:

Common stock, no par value, 1,000 shares authorized and 500 shares issued and outstanding	50,000
Additional paid in capital	326,748
Retained deficit	<u>(100,578)</u>
Total stockholders' equity	<u>276,170</u>
Total liabilities and stockholders' equity	<u>\$283,981</u>

CHILTON & ASSOCIATES, INC.

Statement of Income
For the year ended June 30, 2010

REVENUES:

Underwriting	\$ 647,564
Advisory	83,598
Consulting	8,947
Interest	11,506
Other	4,548
Total income	<u>756,163</u>

EXPENSES:

Bond costs	8,634
Clearing charges	24,312
Consulting	396,156
Employee compensation and benefits	53,117
Occupancy	38,431
Professional fees	23,215
Operations	222,455
Total expenses	<u>766,320</u>

NET LOSS BEFORE INCOME TAXES

(10,157)

INCOME TAX EXPENSE

800

NET LOSS

\$ (10,957)

CHILTON & ASSOCIATES, INC.

Statement of Changes in Stockholders' Equity
For the year ended June 30, 2010

	Common Stock	Additional Paid-In Capital	Retained Deficit	Total Stockholders' Equity
Beginning balance July 1, 2009	\$50,000	\$326,748	(\$89,621)	\$287,127
Net loss			(10,957)	(10,957)
Ending balance June 30, 2010	\$50,000	\$326,748	(\$100,578)	\$276,170

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

CHILTON & ASSOCIATES, INC.

Statement of Cash Flows
For the year ended June 30, 2010

CASH FLOW FROM OPERATING ACTIVITIES:

Net loss	(10,957)
Adjustment to reconcile net loss to net cash provided by operating activities:	
Depreciation expense	22,852
(Increase) decrease in:	
Accounts receivable	184,940
Deposit	91,503
Investments	(3,548)
Increase (decrease) in	
Cash overdraft	(200,737)
Accounts payable	(4,670)
Total adjustments	<u>90,340</u>
Net cash provided by operating activities	<u><u>79,383</u></u>
Increase in cash	79,383
Cash at beginning of year	-
Cash at end of year	<u><u>79,383</u></u>
Supplemental cash flow disclosures	
Interest	
Income taxes	800

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

CHILTON & ASSOCIATES, INC.

Notes to Financial Statements
June 30, 2010

Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and general matters:

Chilton & Associates, Inc. (the "Company") was formed on March 14, 1996 in California.

The firm received its independent broker registration on August 27, 1996 and is currently registered in two (2) states (California and Arizona) as well as with the Financial Industry Regulatory Authority (FINRA) and Securities and Exchange Commission (SEC).

The Company conducts a government and municipal securities business on a fully disclosed basis through a clearing agreement with Wedbush Morgan Securities. The Company also acts as an underwriter and financial advisor.

Summary of significant accounting policies:

Trades are recorded on a settlement date basis with related commission income and expenses also recorded on a settlement date basis.

Fixed assets are recorded at cost and depreciated over their estimated useful lives using the straight-line method.

The company maintains its cash in bank deposit accounts, which at times may exceed uninsured limits. The Company has not experienced any losses in such account.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Concentrations of Credit Risk:

The Company and its subsidiaries are engaged in various trading and brokerage activities in which counter parties primarily include broker-dealers, banks, and other financial institutions. In the event counter parties do not fulfil their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter party.

100% of the revenues were generated in the states of California

CHILTON & ASSOCIATES, INC.

Notes to Financial Statements
June 30, 2010

Note 2: NET CAPITAL REQUIREMENTS

The Company is subject to the uniform net capital rule (Rule15c3-1) of the Securities and Exchange Commission, which requires both the maintenance of minimum net capital and the maintenance of a maximum ratio of aggregate indebtedness to net capital. Net capital and aggregate indebtedness change day by day, but on June 30, 2010, the Company's net capital of \$233,339 exceeded the minimum net capital requirement by \$133,339 and, the Company's ratio of aggregate indebtedness (\$7,811) to net capital was 0.03, which is less than the allowed limit of 15 to 1.

Note 3: PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost.

Property and equipment	\$ 191,474	Depreciable
Less accumulated depreciation	(177,508)	<u>Life Years</u>
	\$ 13,966	5

Depreciation expense for the year ended June 30, 2010 was \$22,852

Note 4: DEPOSIT WITH CLEARING FIRM

At June 30, 2010 a balance of \$11,563 was on deposit with the clearing firm.

Note 5: COMMITMENTS

The Company is currently leasing office space on a month to month basis.

CHILTON & ASSOCIATES, INC.

Statement of Net Capital
Schedule I
June 30, 2010

	Focus 06/2010	Audit 06/2010	Change
Stockholders' equity, June 30, 2010	\$276,170	\$276,170	\$0
Subtract - Non allowable assets:			
Fixed assets	13,966	13,966	0
Other assets	17,559	17,559	0
Tentative net capital	<u>244,645</u>	<u>244,645</u>	<u>0</u>
Haircuts:	11,306	11,306	
NET CAPITAL	<u>233,339</u>	<u>233,339</u>	<u>0</u>
Minimum net capital	100,000	100,000	
Excess net capital	<u>133,339</u>	<u>133,339</u>	<u>0</u>
Aggregate indebtedness	7,811	7,811	0
Ratio of aggregate indebtedness to net capital	0.03	0.03	

There were no noted differences between the audit and focus filed at June 30, 2010.

CHILTON & ASSOCIATES, INC.

June 30, 2010

Schedule II
Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

The Company is exempt from the Reserve Requirements of computation according to the provision of Rule 15c3-3(k)(2)(ii).

Schedule III
Information Relating to Possession or Control
Requirements Under Rule 15c3-3
June 30, 2010

The Company is exempt from the Rule 15c3-3 as it relates to Possession and Control requirements under the (k)(2)(i) exemptive provision.

SIPC-7

(31-REV 5/10)

SECURITIES INVESTOR PROTECTION CORPORATION
P.O. Box 92185 Washington, D.C. 20090-2185
202-371-8300
General Assessment Reconciliation

SIPC-7

(31-REV 5/10)

For the fiscal year ended June, 2010
(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

8-49148 FINRA JUN
Chilton & Associates, Inc.
1875 Century Park East # 700-42
Los Angeles, CA. 90067
Dave Banerjee
818-657-0288

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

- 2. A. General Assessment [item 2e from page 2 (not less than \$150 minimum)] \$ 1,760-
B. Less payment made with SIPC-6 filed (exclude interest) (834.55)
July, 2009 - December 2009
Date Paid
C. Less prior overpayment applied
D. Assessment balance due or (overpayment)
E. Interest computed on late payment (see instruction E) for ___ days at 20% per annum
F. Total assessment balance and interest due (or overpayment carried forward) \$ 925.45
G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above) \$ 925.45
H. Overpayment carried forward \$()

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Chilton & Associates, Inc.
(Name of Corporation, Partnership or other organization)

(Authorized Signature)

Dated the ___ day of ___, 20__.

(Title)

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed
Calculations Documentation Forward Copy
Exceptions:
Disposition of exceptions:

WORKING COPY

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning July, 2010
and ending June, 2010
Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 756,162

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

0
0
0
0
0
0
0

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

0
0
48,612
0
3,548
0
0
0

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ _____

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ _____

Enter the greater of line (i) or (ii)

Total deductions

0
52,160

2d. SIPC Net Operating Revenues

\$ 704,002

2e. General Assessment @ .0025

\$ 1760

(to page 1 but not less than \$150 minimum)

BRIAN W. ANSON

Certified Public Accountant

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

Independent Accountant's Report on Applying Agreed – Upon Procedures Related to an Entity's SIPC Assessment Reconciliation.

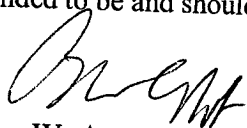
Board of Directors
Chilton & Associates, Inc.
Los Angeles, California

In accordance with Rule 17a-5 (e)(4) under the Securities Exchange Act of 1934, I have performed the procedures enumerated below with respect to the accompanying Scheduled of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the Year Ended June 30, 2010, which were agreed to by Chilton & Associates, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Chilton & Associates, Inc.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Chilton & Associates, Inc.'s management is responsible for the Chilton & Associates, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures I performed and my findings are as follows:

1. Compared the listed assessment payment in Form SIPC-7 with respective cash disbursement records entries from the cash disbursements journal and related bank statements and reconciliations, noting no differences;
2. Compared the amounts reported on the audited Form X-17a-5 for the year ended June 30, 2010, as applicable with the amounts reported in Form SIPC-7 for the year ended June 30, 2010 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, such as clearing firms records supporting securities revenues, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers, such as revenues from third party support and bank records supporting the adjustments, noting no differences.

I was not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.



Brian W. Anson
Certified Public Accountant
Tarzana, California
July 28, 2010

BRIAN W. ANSON

Certified Public Accountant

18425 Burbank Blvd., Suite 606, Tarzana, CA 91356 • Tel. (818) 401-8800 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTANT ON
INTERNAL CONTROL STRUCTURE
REQUIRED BY SEC RULE 17A-5**

Board of Directors
Chilton & Associates, Inc.
Los Angeles, California

In planning and performing my audit of the financial statements of Chilton & Associates, Inc. for the year ended June 30, 2010 in accordance with auditing standards generally accepted in the United States of America, I considered its internal control structure, including 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 structure. Accordingly, I do not express an opinion effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission, I have made a study of the practices and procedures including tests of such practices and procedures followed by Chilton & Associates, Inc. including test of compliance with such practices and procedures that I considered relevant to objectives stated in Rule 17a-5(g), (1) 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, I did not review the practices and procedures followed by the Company in any of the following: (i) in making the quarterly securities examinations, counts, verifications and comparisons, (ii) recordation of differences required by Rule 17a-13, or (iii) in complying with the requirements for prompt payment for securities of Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an 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 internal control structure policies and procedures and of the practices and procedures referred to in the proceeding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission'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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Board of Directors
Chilton & Associates, Inc.
Page Two


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

My consideration of the internal control structure would not necessarily disclose all matters in the internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board (United States). 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 the internal control structure, including control activities for safeguarding securities, which I consider to be material weaknesses as defined above.

In addition, my consideration of the internal control structure indicated that the Company was in compliance with the conditions of the exemption under Paragraph (k) (2) (ii) of Rule 15c3-3, and no facts came to my attention indicating that such conditions had not been complied with during the period. The scope of my engagement did not include the Anti Money Laundering provision of the U.S. Patriot Act.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purpose 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 June 30, 2010 to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.


Brian W. Anson
Certified Public Accountant
Tarzana, California
July 28, 2010