

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

Complainant,

v.

ALEX B. SELEZNOV
(CRD No. 3187157),

Respondent.

Disciplinary Proceeding
No. 2005003283101

Hearing Officer – LBB

DEFAULT DECISION

December 28, 2007

For Respondent's failure to appear for an on-the-record interview in violation of NASD Procedural Rule 8210 and Conduct Rule 2110, Respondent is barred in all capacities. No additional sanctions are imposed for Respondent's violation of the net capital rule and filing of inaccurate FOCUS reports in violation of Conduct Rule 2110.

Appearances

Helen G. Barnhill, Regional Attorney, FINRA, Denver, CO, for the Department of Enforcement.

No appearance by or for Respondent.

DECISION

On August 15, 2007, the Department of Enforcement ("Enforcement") filed the Complaint in this proceeding, asserting three causes of action against Respondent Alex B. Seleznov ("Respondent"). The first cause of action alleges that Respondent violated NASD Conduct Rule 2110 when Trend Trader, LLC ("Trend Trader" or the "Firm"), the firm for which he was the Financial Operations Principal ("FINOP"), operated a securities business while failing to maintain the minimum level of net capital. The second cause of action alleges that

Respondent violated Conduct Rule 2110 when the Firm filed inaccurate Financial and Operational Combined Uniform Single Reports ("FOCUS Reports"). The third cause of action alleges that Respondent failed and refused to appear for an on-the-record interview, thereby violating NASD Procedural Rule 8210 and Conduct Rule 2110.

The Complaint and Second Notice of Complaint were served on Respondent by first-class and certified mail at his Central Registration Depository ("CRD") address. Respondent did not file an Answer to the Complaint or to a Second Notice of Complaint. On November 5, 2007, Enforcement filed a Motion for Entry of Default Decision, to which Respondent did not respond. Accordingly, pursuant to Procedural Rules 9215(f) and 9269, the allegations in the Complaint will be deemed admitted and Enforcement's motion will be granted.¹

I. Respondent's Default

Enforcement sent the Complaint and Notice of Complaint to Respondent on August 13, 2007, by first-class and certified mail to Respondent's most current residential address as listed in CRD. Enforcement sent the Complaint and Second Notice of Complaint to Respondent on September 11, 2007, by first-class and certified mail to his CRD address. Respondent has not filed an Answer or otherwise responded to the Complaint.

Enforcement served the Complaint and the Notices of Complaint on Respondent in accordance with Procedural Rule 9134, giving him constructive notice of this proceeding. By failing to respond, he defaulted.

¹ The factual determinations in this decision are based on the allegations of the attached Complaint and the additional materials filed by Enforcement with its motion.

II. Jurisdiction

Respondent was registered in various capacities with FINRA member firm Trend Trader, LLC from May 6, 1999, through January 31, 2007. Although Respondent has not been associated with any FINRA member since then, he remains subject to FINRA jurisdiction for purposes of this proceeding, pursuant to Art. V, § 4 of FINRA's By-Laws, because the Complaint was filed within two years after the termination of his association with a member firm, and because it charges him with misconduct while he was associated with the firm and with failing to provide information requested during that two-year period.

III. Origin of the Investigation

FINRA's investigation commenced after Trend Trader filed notices pursuant to SEC Rule 17a-11, notifying FINRA that the Firm was not compliant with its net capital requirements.

IV. Violations

A. Operating with Insufficient Net Capital

On five dates from September 2005 through March 2006, Trend Trader conducted a securities business while failing to maintain the minimum level of net capital. Trend Trader was required to have at least \$30,000 on these dates, but it had negative net capital on each of the dates.

"The principal purposes of the net capital rule are to protect customers and other market participants from broker-dealer failures and to enable those firms that fall below the minimum net capital requirements to liquidate in an orderly fashion without the need for a formal proceeding or financial assistance from the Securities Investor Protection Corporation." Fox & Company Investments, Inc., Exchange Act Release No. 52,697, 2005 SEC LEXIS 2822, at *18 (Oct. 28, 2005) (citations omitted). Engaging in securities transactions while a firm is in violation of the net capital rule constitutes a violation of Conduct Rule 2110. Id. at *27, n.29;

Paul Joseph Benz, Exchange Act Release No. 51,046, 2005 SEC LEXIS 116, at *10 (Jan. 14, 2005). As Trend Trader's FINOP, Respondent was responsible for ensuring compliance with the net capital rule. James S. Pritula, Exchange Act Release No. 40,607, 1998 SEC LEXIS 2425, at *10, n.13 (Nov. 9, 1998).

Accordingly, the allegations in the first cause of the Complaint, which are deemed admitted, are sufficient to establish for purposes of this default decision that Respondent violated NASD Conduct Rule 2110.

B. Filing Inaccurate FOCUS Reports

Trend Trader was required by Exchange Act Rule 17a-5 to file FOCUS Reports with FINRA. Inherent in that requirement is that the FOCUS Reports must be materially accurate. The filing of an inaccurate FOCUS Report is a violation of NASD Conduct Rule 2110. See, e.g., Dist. Bus. Conduct Comm. No. 1 v. L.H. Alton & Company, Complaint Nos. C01960003 and C01960024, 1997 NASD Discip. LEXIS 60 (N.A.C. Dec. 17, 1997); *aff'd*, Exchange Act Release No. 40,886, 1999 SEC LEXIS 17, at *9 (Jan. 6, 1999).

The second cause of action alleges that Trend Trader, acting through Respondent, filed materially inaccurate FOCUS Reports for the periods ending September 30, 2005; December 31, 2005; January 31, 2006; February 28, 2006; and March 31, 2006. Each of these FOCUS Reports materially overstated Trend Trader's net capital.

Accordingly, the allegations in the second cause of the Complaint, which are deemed admitted, are sufficient to establish for purposes of this default decision that Respondent violated NASD Conduct Rule 2110 by filing inaccurate FOCUS Reports.

C. Respondent's Failure and Refusal to Appear at an On-The-Record Interview

The third cause of action alleges that Respondent failed to respond to requests to appear for an on-the-record interview ("OTR") in violation of Procedural Rule 8210 and Conduct Rule

2110. Procedural Rule 8210 authorizes FINRA to require any person subject to its jurisdiction to provide information related to any matter under its investigation. A FINRA member may not impose conditions on FINRA's request for information. Joseph Patrick Hannan, Exchange Act Release No. 40,438, 1998 SEC LEXIS 1955 at *11 (Sept. 14, 1998). A violation of Rule 8210 is also a violation of Rule 2110. Dep't of Enforcement v. Hoeper, No. C02000037, 2001 NASD Discip. LEXIS 37 at *5 (N.A.C. Nov. 2, 2001).

On January 4, 2007, FINRA staff sent a request for testimony to Respondent by first-class mail to Respondent's CRD address and his business address, and by facsimile to his facsimile number. The requests directed Respondent to appear and testify at FINRA's Denver office on January 18, 2007. On January 8, 2007, Respondent wrote to the Staff, stating that he would not appear for the OTR due to timing and monetary issues, and suggesting that the OTR be rescheduled for Phoenix, closer to Respondent's home and business.

On January 17, 2007, the Staff issued a second request to Respondent to appear in Denver for an OTR on February 6, 2007, explaining the reasons for conducting the OTR in Denver rather than Phoenix.² The second request was sent to Respondent's CRD address by first-class mail, and was also sent by facsimile to his facsimile number. Respondent responded by letter dated January 31, 2007, stating that he would not appear at the OTR. Respondent failed to appear at the OTR on February 6, 2007.

FINRA staff requested Respondent's testimony in order to determine the reasons for the net capital deficiency and to explore the reasons for the apparent inaccuracy of the Firm's FOCUS Reports. For example, FINRA staff wanted to determine whether the Firm's

² The Staff tried to accommodate Respondent's concerns about the burden of appearing in Denver by agreeing to conduct the OTR so that Respondent could complete it in one day, including travel time. Enforcement estimates that the travel cost would have been about \$140. It would have been more burdensome for Enforcement to travel to Phoenix, as Respondent requested. Convening the OTR in Phoenix would have required travel by two FINRA staff persons and the transportation of documents to Phoenix.

management refused to infuse sufficient capital into the Firm to bring it into capital compliance, and whether the Firm understood how to compute net capital. The Staff also wanted to determine why the FOCUS Reports appeared to be inconsistent with the Firm's underlying books and records as well as who was responsible for the net capital violations. Respondent's failure to respond to these requests to appear for an OTR prevented FINRA from completing its investigation, impeding its ability to carry out its regulatory mandate.

These allegations, which are deemed admitted, are sufficient to establish for purposes of this default decision that Respondent failed to respond to requests for information, in violation of NASD Procedural Rule 8210 and Conduct Rule 2110.

V. Sanctions

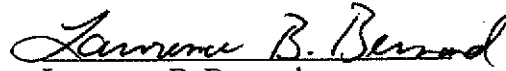
For failing to respond to requests for information, the Sanction Guidelines recommend a bar. FINRA Sanction Guidelines at 35. There is no evidence of any mitigating facts that would support a lesser sanction. In fact, Respondent informed FINRA staff that he would not appear to testify in Denver. Moreover, Respondent has a prior disciplinary history, having entered into an Acceptance, Waiver and Consent in January 2005 for a previous net capital violation. A bar is the appropriate sanction for Respondent's failure to respond to requests for information in violation of Rules 8210 and 2110.

In light of the imposition of a bar for failing to appear at an OTR, no additional sanctions are imposed for the net capital violation or the filing of inaccurate FOCUS Reports.

VI. Conclusion

Respondent Alex B. Seleznov is barred from associating with any FINRA member in any capacity for failing to respond to requests for information, in violation of NASD Procedural Rule 8210 and Conduct Rule 2110. The bar will be effective immediately if this decision becomes FINRA's final disciplinary action.

SO ORDERED.


Lawrence B. Bernard
Hearing Officer

Copies to: Alex B. Seleznov (*via overnight and first-class mail*)
Helen G. Barnhill, Esq. (*via electronic and first-class mail*)
Mark P. Dauer, Esq. (*via electronic and first-class mail*)
David R. Sonnenberg, Esq. (*via electronic and first-class mail*)

**FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
OFFICE OF HEARING OFFICERS**

DEPARTMENT OF ENFORCEMENT,

COMPLAINANT,

v.

**ALEX B. SELEZNOV,
(CRD No. 3187157),**

RESPONDENT.

DISCIPLINARY PROCEEDING No.

COMPLAINT

The Department of Enforcement alleges:

SUMMARY

1. On five separate occasions, Alex Seleznov, Trend Trader's Financial and Operations Principal, permitted the firm to conduct a securities business while failing to maintain the minimum net capital required by SEC Rule 15c3-1. The net capital deficiencies ranged from \$32,919 to \$73,226. Furthermore, Seleznov prepared and filed five FOCUS reports with the NASD that were materially inaccurate. Furthermore, when requested, pursuant to Rule 8210, to appear for an on-the-record interview ("OTR"), on February 6, 2007, to provide necessary information in connection with a staff investigation, Seleznov failed to appear.

RESPONDENT

2. Seleznov entered the securities industry in or about May 1999 as a General Securities Representative associated with Trend Trader. Subsequently he became licensed with Trend Trader as a General Securities Principal on or about August

2, 1999; a Financial and Operations Principal (FINOP) on or about November 10, 1999 and a Registered Equities Trader on or about February 9, 2000.

3. On or about January 31, 2007, Seleznov's association with Trend Trader ceased when he left the firm's employ. Seleznov is not currently registered or associated with any member firm; however, pursuant to Article V, Section 4 of the FINRA By-Laws, FINRA retains jurisdiction over him for purposes of this Complaint.

FIRST CAUSE OF ACTION

Net Capital Violations (Violations of Conduct Rule 2110)

4. Paragraphs 1 through 3, above, are realleged and incorporated herein by reference.
5. On September 30, 2005, December 31, 2005, January 31, 2006, February 28, 2006 and March 31, 2006, Trend Trader, acting through Seleznov, conducted a securities business while failing to maintain the minimum net capital required by SEC Rule 15c3-1. Based upon the nature of the securities business performed by Trend Trader on these dates, the firm's net capital requirement was \$30,000.
6. As set forth in Schedule A, which is attached, Trend Trader's net capital on September 30, 2005 was negative \$43,226, causing the firm to have a net capital deficiency of \$73,226.
7. As set forth in Schedule B, which is attached, Trend Trader's net capital on December 31, 2005 was negative \$38,387, causing the firm to have a net capital deficiency of \$68,387.

8. As set forth in Schedule C, which is attached, Trend Trader's net capital on January 31, 2006 was negative \$11,890, causing the firm to have a net capital deficiency of \$43,890.
9. As set forth in Schedule D, which is attached, Trend Trader's net capital on February 28, 2006 was negative \$12,515, causing the firm to have a net capital deficiency of \$42,515.
10. As set forth in Schedule E, which is attached, Trend Trader's net capital on March 31, 2006 was negative \$2,919, causing the firm to have a net capital deficiency of \$32,919.
11. The foregoing conduct constitutes separate and distinct violations of NASD Conduct Rule 2110 by Seleznov.

SECOND CAUSE OF ACTION

Filing Inaccurate FOCUS Reports (Violations of Conduct Rule 2110)

12. Paragraph numbers 1 through 3 and 5 through 11 above, are re-alleged and incorporated herein by reference.
13. Trend Trader, acting through Seleznov, filed electronically with NASD, Part IIA of SEC Form X-17A-5 Financial and Operational Combined Uniform Single Reports ("FOCUS Reports") for the periods ending September 30, 2005, December 31, 2005, January 31, 2006, February 28, 2006 and March 31, 2006. The FOCUS Reports reflected inaccurate net capital computations in that each of them materially overstated Trend Trader's net capital. 14. As reflected in Schedule F, which is attached, the September 2005 FOCUS Report reflected the firm's net capital as negative \$28,014. The net capital computation in the

September FOCUS Report was materially inaccurate, as the firm's *actual* net capital on September 30, 2005, was, in fact, negative \$43,226.

15. As reflected in Schedule G, which is attached, the December 2005 FOCUS Report reflected the firm's net capital as \$36,050. The net capital computation in the December FOCUS Report was materially inaccurate as the firm's *actual* net capital on December 30, 2005 was, in fact, negative \$38,387.
 16. As reflected in Schedule H, which is attached, the January 2006 FOCUS Report reflected the firm's net capital as \$46,775. The net capital computation in the January FOCUS Report was materially inaccurate as the firm's *actual* net capital on January 31, 2006 was, in fact, negative \$11,890.
 17. As reflected in Schedule I, which is attached, the February 2006 FOCUS Report reflected the firm's net capital as \$38,234. The net capital computation in the January FOCUS Report was materially inaccurate, as the firm's *actual* net capital on February 28, 2006 was, in fact, negative \$12,515.
 18. As reflected in Schedule J, the March 2006 FOCUS Report reflected the firm's net capital as \$9,914. The net capital computation in the March FOCUS Report was materially inaccurate, as the firm's *actual* net capital on March 31, 2006 was, in fact, negative \$2,919.
 19. The foregoing conduct constitutes separate and distinct violations of NASD Conduct Rule 2110 by Seleznov.
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THIRD CAUSE OF ACTION

Failure To Appear and Provide Testimony (Violations of Procedural Rule 8210 and Conduct Rule 2110 by Seleznov)

20. Paragraphs number 1 to 3, 5 to 11, and 13 to 19 above, are realleged and incorporated herein by this reference.
21. Seleznov failed to appear for an on-the-record interview (OTR) in response to requests issued by the staff pursuant to Procedural Rule 8210, as more particularly set out below.
22. On January 4, 2007, the staff sent a request to Seleznov, pursuant to Procedural Rule 8210, for him to appear for an on-the-record interview on January 18, 2006 [sic], at NASD's District Office in Denver, Colorado. The request was sent by first class mail to [REDACTED] This was Seleznov's residential address as it appeared in CRD ("residential CRD address"). The request letter was also sent by first class mail to Trend Trader's business address as it appeared in CRD on that date – [REDACTED] [REDACTED] In addition, the request was successfully sent via facsimile to [REDACTED] which staff understood to be his facsimile number. The letters sent by first class mail were not returned to NASD by the US Postal Service.
23. Seleznov had actual notice of the January 4, 2007 letter. On January 8, 2007, Seleznov wrote to the staff and advised that he would not be able to appear at the OTR. He explained, "I cannot afford the time and expense for such a trip and believe many other alternatives exist that are much less disruptive and costly." Seleznov suggested that NASD staff travel to Phoenix. In the January 8, 2007

letter, Seleznov confirmed that [REDACTED] was his facsimile number ("Seleznov's fax number").

24. The staff issued a second request to Seleznov, pursuant to Procedural Rule 8210 on January 17, 2007, requiring that he appear for an OTR at NASD's Denver Office on February 6, 2007. The staff explained that, notwithstanding the reasons he provided for refusing to attend the OTR in his letter dated January 8, 2007, Seleznov was still required to appear for the OTR still set for February 6, 2007, and that such a request was valid under Procedural Rule 8210. Staff further explained that in view of the fact that his OTR had already been delayed, the staff would not grant any extensions.
25. As the staff told Seleznov, the request that he come to Denver for his OTR was not unreasonable; round-trip tickets between Phoenix and Denver at that time averaged \$140 and the staff made sure Seleznov had at least two weeks to purchase a ticket so as not incur excess charges. Moreover, as the staff advised Seleznov, his OTR could be completed in one day, avoiding the cost of overnight lodging. On the other, as Seleznov knew, the NASD scheduled the OTR at its Denver office for practical reasons, since two people would have had to travel -- as opposed to Seleznov's one person -- and the records for the case are located in Denver.
26. The second request letter was sent by first class mail to Seleznov's residential CRD address and also to Seleznov's fax number. The letter sent by first class mail was not returned to NASD by the US Postal Service. The facsimile was successfully transmitted to Seleznov's fax number.

27. Seleznov had actual notice of the second request letter. On January 31, 2007, he responded, in writing, to the staff's letter dated January 17, 2007. In that letter Seleznov indicated that [REDACTED] was his address. Seleznov advised that he would not be able to make an appearance at his OTR and further advised that he resigned from Trend Trader effective January 17, 2007.
28. Seleznov did not appear in the Denver District Office on February 6, 2007, as requested by the staff on January 17, 2007. David Lapham, an NASD supervisor, called Seleznov the morning of February 6, 2007 and advised him that NASD could take disciplinary action against him for a failure to appear for an OTR. Seleznov replied that the staff "could do whatever was necessary."
29. Seleznov failed to appear for an OTR in response to two requests issued by the staff pursuant to Procedural Rule 8210.
30. The foregoing acts, practices and conduct constitute separate and distinct violations of NASD Procedural Rule 8210 by Seleznov. Such conduct is inconsistent with high standards of commercial honor and just and equitable principles of trade and a violation of Conduct Rule 2110 by Seleznov.

PRAYER

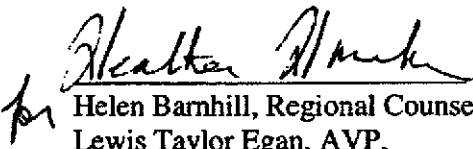
WHEREFORE, the Department respectfully requests that the Panel:

- A. order that one or more of the sanctions provided under NASD Rule 8310(a), including monetary sanctions, be imposed.

- B. order that Seleznov bear such costs of proceeding as are deemed fair and appropriate under the circumstances in accordance with NASD Rule 8330.

FINRA DEPARTMENT OF ENFORCEMENT

Date: August 13, 2007


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Regional Chief Counsel
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Schedule A

Firm's Financials on September 30, 2005

Description	As calculated by the Firm¹	As calculated by NASD Staff
Assets	\$165,782.07	\$172,138.45
Less: Liabilities	(\$448,723.70)	(\$453,498.50)
Net Worth	(\$282,941.63)	(\$281,360.05)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$19,483.33)	(\$36,883.33)
Tentative Net Capital	(\$27,424.96)	(\$43,226.38)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital Deficit	(\$27,424.96)	(\$43,226.38)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$57,424.96)	(\$73,226.38)

Schedule B

Firm's Financials on December 31, 2005

Description	As calculated by the Firm	As calculated by NASD Staff
Assets	\$161,959.55	\$161,959.55
Less: Liabilities	(\$412,156.01)	(\$412,155.96)
Net Worth	(\$250,196.46)	(\$250,196.41)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$38,178.02)	(\$63,190.78)
Tentative Net Capital	(\$13,374.48)	(\$38,387.19)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital Deficit	(\$13,374.48)	(\$38,387.19)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$43,374.48)	(\$68,387.19)

¹ These are the figures reflected in the firm's financial records.

Schedule C

Firm's Financials on January 31, 2006

Description	As calculated by the Firm	As calculated by NASD Staff
Assets	\$171,179.78	\$171,177.51
Less: Liabilities	(\$400,214.95)	(\$400,214.95)
Net Worth	(\$229,035.17)	(\$229,037.44)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$39,600.32)	(\$57,852.92)
Tentative Net Capital	\$6,364.51	(\$11,890.36)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$6,364.51	(\$11,890.36)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$23,635.49)	(\$41,890.36)

Schedule D

Firm's Financials on February 28, 2006

Description	As caculated by the Firm	As calculated by NASD Staff
Assets	\$157,702.42	\$157,619.79
Less: Liabilities	(\$388,682.80)	(\$388,682.80)
Net Worth	(\$230,980.38)	(\$231,063.01)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$30,297.09)	(\$56,452.15)
Tentative Net Capital	\$13,722.53	(\$12,515.16)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$13,722.53	(\$12,515.16)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$16,277.47)	(\$42,515.16)

Schedule E

Firm's Financials on March 31, 2006

Description	As calculated by the Firm	As calculated by NASD Staff
Assets	\$148,127.50	\$148,127.50
Less: Liabilities	(\$378,494.03)	(\$378,494.03)
Net Worth	(\$230,366.53)	(\$230,366.53)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$34,718.50)	(\$47,552.88)
Tentative Net Capital	\$9,914.97	(\$2,919.41)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$9,914.97	(\$2,919.41)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$20,085.03)	(\$32,919.41)

Schedule F

Firm's FOCUS Report on September 30, 2005

Description	Per FOCUS Report	As calculated by NASD Staff
Assets	\$162,456.00	\$172,138.45
Less: Liabilities	(\$443,091.00)	(\$453,498.50)
Net Worth	(\$280,635.00)	(\$281,360.05)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$22,379.00)	(\$36,883.33)
Tentative Net Capital	(\$28,014.00)	(\$43,226.38)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital Deficit	(\$28,014.00)²	(\$ 43,226.38)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$58,014.00)	(\$73,226.38)

² The firm admitted in a 17a-11 filing that it was out of capital compliance on September 30, 2005.

Schedule G

Firm's FOCUS Report on December 31, 2005

Description	Per FOCUS Report	As calculated by NASD Staff
Assets	\$162,643.00	\$161,959.55
Less: Liabilities	(\$381,831.00)	(\$412,155.96)
Net Worth	(\$219,190.00)	(\$250,196.41)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$16,883.00)	(\$63,190.78)
Tentative Net Capital	(\$38,927.00)	(\$38,387.19)
Less: Securities Haircuts	\$2,877.00	\$0.00
Net Capital (Deficit)	\$36,050.00	(\$38,387.19)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Excess(Deficiency)	\$6,050.00	(\$68,387.19)

Schedule H

Firm's FOCUS Report on January 31, 2006

Description	Per FOCUS Report	As calculated by NASD Staff
Assets	\$171,1861.00	\$171,177.51
Less: Liabilities	(\$375,215.00)	(\$400,214.95)
Net Worth	(\$203,353.00)	(\$229,037.44)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$24,872.00)	(\$57,852.92)
Tentative Net Capital	\$46,775.00	(\$11,890.36)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$46,775.00	(\$11,890.36)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Excess (Deficiency)	\$16,775.00	(\$41,890.36)

Schedule I

Firm's FOCUS Report on February 28, 2006

Description	Per FOCUS Report	As calculated by NASD Staff
Assets	\$154,757.00	\$157,619.79
Less: Liabilities	(\$360,806.00)	(\$388,682.80)
Net Worth	(\$206,049.00)	(\$231,063.01)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$30,717.00)	(\$56,452.15)
Tentative Net Capital	\$38,234.00	(\$12,515.16)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$38,234.00	(\$12,515.16)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Excess (Deficiency)	\$8,234.00	(\$42,515.16)

Schedule J

Firm's FOCUS Report on March 31, 2006

Description	Per FOCUS Report	As calculated by NASD Staff
Assets	\$173,814.00	\$148,127.50
Less: Liabilities	(\$404,171.00)	(\$378,494.03)
Net Worth	(\$230,367.00)	(\$230,366.53)
Add: Approved Subloan	\$275,000.00	\$275,000.00
Less: Non-allowable Assets	(\$34,719.00)	(\$47,552.88)
Tentative Net Capital	\$9,914.00	(\$2,919.41)
Less: Securities Haircuts	\$0.00	\$0.00
Net Capital (Deficit)	\$9,914.00	(\$2,919.41)
Minimum Net Capital Requirement	\$30,000.00	\$30,000.00
Total Net Capital Deficiency	(\$20,086.00)	(\$32,919.41)