

**FORM ADV**

**Part II - Page 1**

**Uniform Application for Investment Adviser Registration**

OMB APPROVAL	
OMB Number:	3235-0049
Expires:	July 31, 2008
Estimated average burden hours per response. . . . .	9.402

Name of Investment Adviser: <u>John T McCarthy LLC</u>				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code: Telephone number:
<u>1124 West Riverside</u>	<u>Spokane</u>	<u>WA</u>	<u>99201</u>	<u>(509) 370-2975</u>

This part of Form ADV gives information about the investment adviser and its business for the use of clients. The information has not been approved or verified by any governmental authority.

**Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F
	Balance Sheet, if required .....	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

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.

Applicant:

John T. McCarthy LLC

SEC File Number:

801-

Date:

2/10/07

Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services - Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature or other client assets and the client's personal and family obligations.

1. A. Advisory Services and Fees. (check the applicable boxes)

Applicant:

For each type of service provided, state the approximate % of total advisory billings from that service. (See instructions below.)

- |                          |   |     |
|--------------------------|---|-----|
| <input type="checkbox"/> | (1) Provides investment supervisory services  | %   |
| <input type="checkbox"/> | (2) Manages investment advisory accounts not involving investment supervisory services  | 30% |
| <input type="checkbox"/> | (3) Furnishes investment advice through consultations not included in either service described above  | %   |
| <input type="checkbox"/> | (4) Issues periodicals about securities by subscription   | %   |
| <input type="checkbox"/> | (5) Issues special reports about securities not included in any service described above   | %   |
| <input type="checkbox"/> | (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities | %   |
| <input type="checkbox"/> | (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities   | 70% |
| <input type="checkbox"/> | (8) Provides a timing service   | %   |
| <input type="checkbox"/> | (9) Furnishes advice about securities in any manner not described above   | %   |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- |                                     |  |                                     |                       |
|-------------------------------------|--|-------------------------------------|-----------------------|
| <input checked="" type="checkbox"/> | (1) A percentage of assets under management      | <input type="checkbox"/>            | (4) Subscription fees |
| <input type="checkbox"/>            | (2) Hourly charges                               | <input type="checkbox"/>            | (5) Commissions       |
| <input checked="" type="checkbox"/> | (3) Fixed fees (not including subscription fees) | <input checked="" type="checkbox"/> | (6) Other             |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients - Applicant generally provides investment advice to: (check those that apply)

- |                                     |                                     |                          |  |
|-------------------------------------|-------------------------------------|--------------------------|--|
| <input checked="" type="checkbox"/> | A. Individuals                      | <input type="checkbox"/> | E. Trusts, estates, or charitable organizations                    |
| <input type="checkbox"/>            | B. Banks or thrift institutions     | <input type="checkbox"/> | F. Corporations or business entities other than those listed above |
| <input type="checkbox"/>            | C. Investment companies             | <input type="checkbox"/> | G. Other (describe on Schedule F)                                  |
| <input type="checkbox"/>            | D. Pension and profit sharing plans |                          |  |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

Applicant: **John T. McCarthy LLC**

SEC File Number:  
801-

Date: **2/10/07**

**3. Types of Investments – Applicant offers advice on the following: (check those that apply)**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities  | <input checked="" type="checkbox"/> H. United States government securities     |
| <input checked="" type="checkbox"/> (1) exchange-listed securities                                | <input checked="" type="checkbox"/> I. Options contracts on:                   |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter                        | <input checked="" type="checkbox"/> (1) securities                             |
| <input checked="" type="checkbox"/> (3) foreign issuers   | <input checked="" type="checkbox"/> (2) commodities                            |
| <input checked="" type="checkbox"/> B. Warrants   | <input type="checkbox"/> J. Futures contracts on:                              |
| <input checked="" type="checkbox"/> C. Corporate debt securities<br>(other than commercial paper) | <input type="checkbox"/> (1) tangibles   |
| <input checked="" type="checkbox"/> D. Commercial paper   | <input type="checkbox"/> (2) intangibles                                       |
| <input checked="" type="checkbox"/> E. Certificates of deposit                                    | <input checked="" type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities                                       | <input checked="" type="checkbox"/> (1) real estate                            |
| <input checked="" type="checkbox"/> G. Investment company securities:                             | <input checked="" type="checkbox"/> (2) oil and gas interests                  |
| <input checked="" type="checkbox"/> (1) variable life insurance                                   | <input checked="" type="checkbox"/> (3) other (explain on Schedule F)          |
| <input checked="" type="checkbox"/> (2) variable annuities  | <input type="checkbox"/> L. Other (explain on Schedule F)                      |
| <input checked="" type="checkbox"/> (3) mutual fund shares  |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

**A. Applicant's security analysis methods include: (check those that apply)**

- |   |  |
|---|--|
| (1) <input type="checkbox"/> Charting               | (4) <input type="checkbox"/> Cyclical                      |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

**B. The main sources of information applicant uses include: (check those that apply)**

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services  |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases   |
| (4) <input checked="" type="checkbox"/> Corporate rating services             | (8) <input type="checkbox"/> Other (explain on Schedule F)   |

**C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)**

- |  |   |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input checked="" type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input checked="" type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)  |
| (4) <input checked="" type="checkbox"/> Short sales  |   |

Applicant: <b>John T. McCarthy LLC</b>	SEC File Number: 801- <input type="text"/>	Date: <b>2/10/07</b>
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**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? Yes  No

(If yes, describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities. (check those that apply)**

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F)

**8. Other Financial Industry Activities or Affiliations. (check those that apply)**

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
  - (1) broker-dealer
  - (2) investment company
  - (3) other investment adviser
  - (4) financial planning firm
  - (5) commodity pool operator, commodity trading adviser or futures commission merchant
  - (6) banking or thrift institution
  - (7) accounting firm
  - (8) law firm
  - (9) insurance company or agency
  - (10) pension consultant
  - (11) real estate broker or dealer
  - (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest? Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).**

Applicant: **John T. McCarthy LLC**

SEC File Number:  
801- [ ]

Date: **2/10/07**

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

**10. Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services "and" impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes  No

(If yes, describe on Schedule F.)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. For reviews, include their frequency, different levels, and triggering factors. For reviewers, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

For Reviews: Advisor reviews all accounts no less often than quarterly, with an annual review. Each update, a portfolio valuation statement is prepared, along with current recommendations and correspondence concerning implementation of financial planning and investment matters. Entry level financial planning client accounts are reviewed annually.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

A full financial planning report of annual review for clients is prepared once a year. In addition, a quarterly investment portfolio analysis and valuation is prepared which accompanies a financial status and implementation report. Checklists will be made from notes of meetings, which will become recommendations.

Applicant: **John T. McCarthy LLC**

SEC File Number:  
801- [ ]

Date: **2/10/07**

**12. Investment or Brokerage Discretion.**

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- |  |                              |  |
|--|------------------------------|--|
| (1) securities to be bought or sold?               | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (3) broker or dealer to be used?                   | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (4) commission rates paid?                         | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?

Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4), or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of product, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- |   |                              |  |
|---|------------------------------|--|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals?  | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet? Yes  No

**Schedule B of Form  
ADV  
FOR PARTNERSHIPS**

<b>Applicant:</b> John T. McCarthy LLC	<b>SEC File Number:</b> 801- [ ]	<b>Date:</b> 2/10/07	<b>Official Use</b>
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(Answers for Form ADV Part I Item 8.)

1. This Schedule requests information on the owners and partners of the applicant.
2. Please complete for all general partners and with respect to limited and special partners all those who have contributed directly or indirectly through intermediaries, 5% or more of the partnership's capital.
3. If a person owns applicant indirectly through intermediaries, list all intermediaries and below them, if they are not subject to Sections 12 or 15(d) of the Securities Exchange Act of 1934 but are:
  - (a) corporations, give their shareholders who own 5% or more of a class of equity security, or
  - (b) partnerships, give their general partners or any limited and special partners who have contributed 5% or more of the partnership's capital.
4. If the intermediary's shareholders or partners listed under 3 above are not individuals, continue up the chain of ownership listing their 5% shareholders, general partners, and 5% limited or special partners until individuals are listed.
5. Ownership codes are:
 

NA - 0 up to 5%	B - 10% up to 25%	D - 50% up to 75%
A - 5% up to 10%	C - 25% up to 50%	E - 75% up to 100%
6. Asterisk (\*) names reporting a change in title, status, stock ownership or partnership interest or control. Double asterisk (\*\*) names new on this filing.
7. Check "Control Person" column if person has "control" as defined in the instructions on this Form.

FULL NAME			Beginning Date		Title or Status	Owner-ship Code	Control Person	CRD No., or, if none Social Security Number	OFFICIAL USE ONLY
Last	First	Middle	Month	Year					
McCarthy III	John	T	05	2001	Member	E	XX	CRD# 1867861	

List below names reported on the most recent previous filing under this item that are being DELETED:

FULL NAME			Ending Date		CRD. No., or, if none Social Security Number
Last	First	Middle	Month	Year	

Complete amended pages in full, circle amended items and file with execution page (page 1).



**SCHEDULE D of  
FORM ADV  
Page 2**

Applicant: <b>John T. McCarthy LLC</b>	SEC File Number: 801- <span style="border: 1px solid black; display: inline-block; width: 50px; height: 15px;"></span>	Date: <b>2/10/07</b>
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(Answers for Form ADV Part I Items 11 and 12.)

1. Applicant investment adviser: (see Part I Item 1A) <b>John T. McCarthy LLC</b>			IRS Empl. Ident. No.: <b>91-2120188</b>
2. Individual's full name for whom this Schedule is being completed: <b>John T. McCarthy III</b>	Social Security Number: <b>370-86-6422</b>	CRD No., if any: <b>1867861</b>	IRS Empl. Ident. No.:
3. (a) Residence of individual: (Number and Street) <b>14611 WEIK</b> (City) <b>Spokane</b> (State) <b>WA</b> (Zip Code) <b>99223 97206</b> <del>2640 East Keystone Ct</del> <del>Spokane</del> <del>WA</del>			
(b) Birth Date: <b>11/16/1965</b>	(c) City: <b>Sault Ste. Marie</b>	(d) State or Province: <b>Michigan</b>	(e) Country: <b>United States</b>

4. NAMES USED: List all names other than the one given in Item 2 above that the individual has used, including maiden names.

(Last)	(First)	(Middle)

5. EDUCATION. Start with last high school attended. If no degree received, state "none."

School: (Name, City and State)	Years Attended	Year Graduated	For College and above Degree Major
Sault Area High School, Sault Ste. Marie, Michigan	4	1983	
Lake Superior State University, Sault Ste. Marie, Michigan	5	1988	Two BS Finance/Mgmt
Capital University, Columbus Ohio	2	1993	M.B.A. Investments

6. BUSINESS BACKGROUND. Provide complete consecutive statement of all employment for the past ten years, beginning with the most recent position first

Name of Firm and Address	Kind of Business	Exact Nature of Connection or Employment	Beginning Date		Ending Date	
			Month	Year	Month	Year
John T. McCarthy LLC, Spokane WA	Financial Planning	Managing Member	5	2001		
John T. McCarthy and Company, Dublin OH	Financial Planning	President	10	1992	5	2001
Mac Financial, Dublin OH	Financial Planning	President	5	1991	10	1992
Bank One Corporation, Columbus OH	Banking	Security Specialist	1	1989	5	1991
Thomas James Associates, Orlando FL	Brokerage	Stock Broker	8	1988	1	1989
Walt Disney World, Orlando FL	Customer Service	Hotel Customer Service	6	1988	8	1988

7. EXAMINATIONS/PROFESSIONAL DESIGNATIONS. List all jurisdiction, self-regulatory organization, and professional examinations and designations. Give examination or designation name (include any examination's title and number), body giving it, and date taken or conferred. If examination was waived, give details.

M.B.A. Masters Business Administration 1992  
 C.F.P. Certified Financial Planner 1992  
 ChFC Chartered Financial Consultant 1992  
 Series 7 Brokerage License 1988  
 Ohio Life/Health Insurance License 1991

8. PROCEEDINGS. For each 'yes' answer to Part I Item 11 involving the individual, give the following details of any court or regulatory action:

- the adviser and individuals named,
- the title and date of the action,
- the courts or body taking the action, and
- a description of the action

Complete amended pages in full, circle amended items and file with execution page (page 1).

**SCHEDULE F of  
FORM ADV  
Continuation Sheet for Form ADV Part II**

Applicant:  
**John T. McCarthy LLC**

SEC File Number:  
801- [ ]

Date:  
**2/10/07**

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: <b>John T. McCarthy LLC</b>		IRS Empl. Ident. No.: <b>91-2120188</b>
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Item of Form (Identify)	Answer									
Part 1. 9	Advisor may offer advice on partnership investments in business interests other than real estate or oil and gas.									
Part II. 3.k	College graduate and former vocational business and/or investment experience.									
Part II. 5&6	Advisor may recommend a broker to a client who does not have an active relationship with another broker. The advisor considers past performance, personal relationships and associations with a national or regional brokerage firm in recommending a broker, but the advisor does not determine the reasonableness of the broker's commission, as the engagement of any recommended broker is at the exclusive discretion of the client.									
Part II. 12.B.	Advisor may offer advice in areas other than investment to clients. advisors may offer advice in retirement planning education planning, and disability planning issues.									
Part II 7.a.	Advisors provide other financial planning services which may include such areas as retirement planning, education planning, and disability planning									
Part II 7.b.	Advisors may purchase insurance or securities it recommends to clients.									
Part II 9.e.	John Thomas McCarthy III Birth Date 11/16/1965 Will reference Schedule D.									
Part II 6	Advisor Provides investment advisory services and furnishes advice to clients on matters not involving securities only as a part of a total financial planning process.									
Schedule F Question 1D	<p>The minimum fee is \$500. The minimum fee includes fees for full service financial planning and investment management services. In certain instances, depending upon the client's needs and the services to be performed by advisor, a contract may be entered into, with the fee differing from the fee schedule set forth below. This particular fee would be based upon individual negotiations and with the individual client within the range of fees set forth below under minimum and maximum fees.</p> <p>A client may terminate at any time, the refund is pro rated by the month.</p> <p>The following fees are charged on an annual basis and may be prepaid, at the election of the client, or paid as services are provided. However, the investment management fee may not be prepaid more than six months in advance.</p> <p><b>Personal Financial Advisory Fee</b></p> <p><b>Business or Non Business Owner</b></p> <p>Earned Income &lt; \$100,000 = \$1000 1st- 3rd Year            Earned Income &lt; \$200,000 = \$2000 1st- 3rd Year            Earned Income &gt;= \$200,000 = \$2500 1st- 3rd Year</p> <p>The personal advisor portion of fee may cause the total fee to be higher than the fee typically charged by other advisers for similar services. This disclosure is necessary if the annual fee is 3% of assets or higher.</p> <p>The personal advisory fee changes due to the time involved in reviewing, preparing the financial planning book and plan for the client. A financial planning book is prepared for each client.</p> <p><b>Investment Management Fee</b></p> <table> <tr> <td>\$1 to \$500,000</td> <td>of Investment Assets</td> <td>1%</td> </tr> <tr> <td>\$500,000 to \$1,000,000</td> <td>of Investment Assets</td> <td>.75%</td> </tr> <tr> <td>\$1,000,000 or more</td> <td>of Investment Assets</td> <td>.50%</td> </tr> </table> <p><b>Minimum and Maximum Fee</b></p> <p>Minimum Fee \$500            Maximum Fee \$25,000</p> <p><b>Fourth Year Reduction</b></p> <p>For fourth year clients, and beyond, the personal financial advisory fee is no longer paid.</p>	\$1 to \$500,000	of Investment Assets	1%	\$500,000 to \$1,000,000	of Investment Assets	.75%	\$1,000,000 or more	of Investment Assets	.50%
\$1 to \$500,000	of Investment Assets	1%								
\$500,000 to \$1,000,000	of Investment Assets	.75%								
\$1,000,000 or more	of Investment Assets	.50%								

Complete amended pages in full, circle amended items and file with execution page (page 1).

**SCHEDULE G of  
FORM ADV  
Balance Sheet**

Applicant:  
**John T. McCarthy LLC**

SEC File Number:  
801-

Date:  
**2/10/07**

(Answers in Response to Form ADV Part II Item 14.)

1.	Full name of applicant exactly as stated in Item IA of Part I of Form ADV: <b>John T. McCarthy LLC</b>	IRS Empl. Ident. No.: <b>91-2120188</b>
<b>Instructions</b>		
1.	The balance sheet must be: A. Prepared in accordance with generally accepted accounting principles B. Audited by an independent public accountant C. Accompanied by a note stating the principles used to prepare it, the basis of included securities, and any other explanations required for clarity.	
2.	Securities included at cost should show their market or fair value parenthetically.	
3.	Qualifications and any accompanying independent accountant's report must conform to Article 2 of Regulation S-X (17 CFR 210.2-01 et seq.).	
4.	Sole proprietor investment advisers: A. Must show investment advisory business assets and liabilities separate from other business and personal assets and liabilities B. May aggregate other business and personal assets and liabilities unless there is an asset deficiency in the total financial position.	

Complete amended pages in full, circle amended items and file with execution page (page 1).