

COMMISSION

WASHINGTON, D.C. 20549

DIVISION OF
MARKET REGULATION

January 19, 1984

J. Chadbourn Bolles, Jr.
Abiel Bolles Securities, Inc.
1332 Main Street
Suite 26
Columbia, South Carolina 2920

Dear Mr. Bolles:

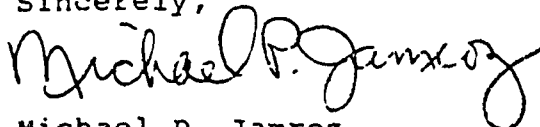
This is in response to your November 9, 1983 letter on behalf of Abiel Bolles Securities, Inc. ("Abiel Bolles") wherein you request a "no-action" position from the Division regarding the accounting treatment of amounts due by the firm for certain operating expenses.

Specifically, you ask whether Abiel Bolles' accounts payable as reflected in the monthly FOCUS Report filed with the Commission should include, under the accrual method of accounting, expenses incurred by the firm in that month even though the invoices from the vendor have not been received until the following month. Alternatively, you suggest that these items be recorded under the cash basis of accounting as expenses at the time the firm pays for them, which, in Abiel Bolles' case, is normally the same month that the invoice is received.

In Securities Exchange Act Release No. 34-18737 the Commission stated that generally accepted accounting principles for broker-dealers "means among other things, using the accrual method of accounting." The Division of Market Regulation believes that accrual method accounting is required of all registered broker-dealers in order to ensure a proper matching of revenues and expenses and consequently provide for an accurate reflection of a broker-dealer's financial condition on its financial statements. Accordingly, the Division is unable to grant your request for a no-action position regarding Abiel Bolles' practice of operating its books on the cash basis method of accounting.

If you have any further questions, please do not hesitate to contact us.

Sincerely,



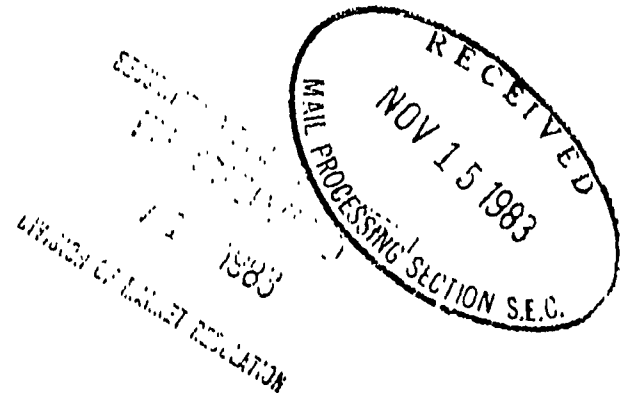
Michael P. Jamroz
Staff Accountant

Net Bolles Securities, Inc.

000072

Long
Mike J.

(803) - 771-4457
SC WATS, 1-800-927-9738



November 9, 1983

Securities and Exchange
Commission
Washington, DC 20549

RE: Net Capital Deficit

Dear Sirs:

Due to payables booked by the CPA during our annual audit, we have been determined to be below net capital requirements as of September 30. Up to this time, our FOCUS reports have not reflected these payables (phone bills, advertising bills, etc.) at the suggestion of our NASD examiner that these items be treated as cash items since we do not receive invoices until after month end and pay them within thirty days.

The items have long since been paid, so we are no longer under, using either method.

To avoid this problem in the future, we wish to inquire whether this procedure of booking these items on a cash basis is acceptable or should we revert back to the accrual system we used to start with.

If the cash system is acceptable for filing FOCUS reports, then it should follow that it would be acceptable for the annual audited report as well.

Please advise us to your opinion regarding this matter at your earliest opportunity so that we can make the appropriate changes in our bookkeeping practices. Thank you for your assistance.

Sincerely,

J. Chadbourn Bolles, Jr.

cc: Securities and Exchange Commission, Atlanta
National Association of Securities Dealers, Inc., Washington

1332 MAIN STREET, SUITE 26, COLUMBIA, SC 29201