

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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FILER

FIRST SECURITY GROUP INC/TN

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Business Address
817 BROAD STREET
CHATTANOOGA TN 37402
4233082000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A
Amendment No. 1

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 333-59338



FIRST SECURITY GROUP, INC.

(Exact Name of Registrant as Specified in its Charter)

Tennessee
(State of Incorporation)

58-2461486
(I.R.S. Employer Identification No.)

817 Broad Street, Chattanooga, TN
(Address of principal executive offices)

37402
(Zip Code)

(423) 266-2000
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12 (b) of the Act:
None

**Securities Registered Pursuant to Section 12 (g) of the Act:
Common Stock, \$.0069 par value**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the Registrant's outstanding Common Stock held by non-affiliates of the Registrant as of June 30, 2004, was approximately \$97,503,216. There were 12,726,140 shares of Common Stock outstanding as of March 1, 2005.

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

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EXPLANATORY NOTE

In reliance upon the Securities and Exchange Commission's exemptive order providing a 45-day extension for the filing of management's report on the Company's internal controls over financial reporting and our independent registered firms attestation to management's report, First Security Group, Inc. ("First Security") did not include these reports in its Annual Report on Form 10-K for the fiscal year ended December 31, 2004. First Security is filing this Amendment No. 1 to the Annual Report on Form 10-K (the "Amendment") to provide the information that was not included in the original report.

No other information is being amended by this Amendment and First Security has not updated disclosures in this Amendment to reflect any event subsequent to the Company's filing of the original report.

PART II

Item 9A. Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, our principal executive officer and principal financial officer have evaluated the effectiveness of our "disclosure controls and procedures" ("Disclosure Controls"). Disclosure Controls, as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are procedures that are designed with the objective of ensuring that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure Controls are also designed with the objective of ensuring that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Our management, including the CEO and CFO, does not expect that our Disclosure Controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based upon their controls evaluation, our CEO and CFO have concluded that our Disclosure Controls are effective at a reasonable assurance level.

There have been no changes in our internal controls over financial reporting during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Controls Over Financial Reporting

Management of First Security Group, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. First Security Group, Inc.'s internal control over financial reporting is a process designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with appropriate management authorization and accounting records are reliable for the preparation of financial statements in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In reliance on the guidance set forth in Question 3 of a "Frequently Asked Questions" interpretive release issued by the staff of the Securities and Exchange Commission's Office of the Chief Accountant and the Division of Corporation Finance in June 2004 (and revised on October 6, 2004), our management determined that it would exclude Kenesaw Leasing, Inc. and J&S Leasing, Inc. (the "Leasing Companies") from the scope of its assessment of internal control over financial reporting as of December 31, 2004. The reason for the exclusion is that the Leasing Companies were acquired by First Security Group, Inc. in a purchase business combination that was completed in October 2004, and it was not possible for management to conduct an assessment of the Leasing Companies' internal control over financial reporting in the period between the date the combination was completed and the date of management's assessment. The Leasing Companies represented \$61.4 million in total assets as of December 31, 2004 and total revenues (before interest expense, provision for lease losses, operating expenses including taxes, and gain on business combination) of \$2.1 million since the date of acquisition. See Note 2, Business Combinations, of the Notes to the Consolidated Financial Statements.

Management assessed the effectiveness of First Security Group, Inc.'s internal control over financial reporting as of December 31, 2004. Management based this assessment on criteria for effective internal control over financial reporting described in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management's assessment included an evaluation of the design of First Security Group, Inc.'s internal control over financial reporting and testing of the operational effectiveness of its internal control over financial reporting. Management reviewed the results of its assessment with the Audit Committee of our Board of Directors.

Based on this assessment, management determined that, as of December 31, 2004, First Security Group, Inc. maintained effective internal control over financial reporting.

Joseph Decosimo and Company PLLC, independent registered public accounting firm, who audited and reported on the consolidated financial statements of First Security Group, Inc., has issued an attestation report on management's assessment of internal control over financial reporting, which is included herein.

DECOSIMO

CERTIFIED PUBLIC ACCOUNTANTS

Joseph Decosimo and Company, PLLC
Suite 1100 - Two Union Square
Chattanooga, Tennessee 37402
www.decosimo.com

Board of Directors and Stockholders
First Security Group, Inc.
Chattanooga, Tennessee

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control Over Financial Reporting," that First Security Group, Inc. and subsidiary maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). First Security Group, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of First Security Group's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying “Management’s Report on Internal Control over Financial Reporting,” management’s assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Kenesaw Leasing, Inc. and J&S Leasing, Inc. (the “Leasing Companies”), which are included in the 2004 consolidated financial statements of First Security Group, Inc. and subsidiary and constituted approximately \$61.4 million of total assets as of December 31, 2004, and approximately \$2.1 million of total revenues before interest expense, provision for lease losses, operating expenses including taxes, and gain on business combination, from the date of acquisition, for the year then ended. Management did not assess the effectiveness of internal control over financial reporting at this entity because it was acquired by the Company in a purchase business combination in October 2004, and management believes it was not possible for management to conduct an assessment of the Leasing Companies’ internal control over financial reporting in the period between the consummation date and the date of management’s assessment. Our audit of internal control over financial reporting of First Security Group, Inc. also did not include an evaluation of the internal control over financial reporting of the Leasing Companies.

In our opinion, management's assessment that First Security Group, Inc. and subsidiary maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also in our opinion, First Security Group, Inc. and subsidiary maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2004, of First Security Group, Inc. and subsidiary and our report dated February 4, 2005, expressed an unqualified opinion on those consolidated financial statements.

/s/ Joseph Decosimo and Company, PLLC
Chattanooga, Tennessee
April 29, 2005

PART IV

Item 15. Exhibits and Financial Statement Schedules

- (a) (3) Exhibits Required by Item 601. The following exhibits are attached hereto or incorporated by reference herein (numbered to correspond to Item 601(a) of Regulation S-K, as promulgated by the Securities and Exchange Commission):

<u>Exhibit Number</u>	
2.1	Assignment and Assumption Agreement, dated October 21, 2004, by and among Warren E. Payne, FSGBank, N.A and National Bank of Commerce. (Incorporated by reference from Exhibit 2.1 to First Security's Current Report on Form 8-K dated October 21, 2004 (File No. 000-49747).)
2.2	Stock Purchase Agreement, dated October 21, 2004, by and between National Bank of Commerce and Warren E. Payne. (Incorporated by reference from Exhibit 2.2 to First Security's Current Report on Form 8-K dated October 21, 2004 (File No. 000-49747).)
3.1	Articles of Incorporation of First Security. (Incorporated by reference from Exhibit 3.1 to First Security's Registration Statement on Form S-1 dated April 20, 2001, File No. 333-59338 (the "Form S-1").)
3.2	Bylaws of First Security. (Incorporated by reference from Exhibit 3.2 to the Form S-1).
10.1*	First Security's Second Amended and Restated 1999 Long-Term Incentive Plan. (Incorporated by reference from Exhibit 10.1 to the Form S-1.)
10.2*	First Security's 2002 Long-Term Incentive Plan. (Incorporated by reference from Appendix A to First Security's Proxy Statement filed August 16, 2002.)
10.3*	First Amendment to First Security's 2002 Long-Term Incentive Plan. (Incorporated by reference from Appendix B to First Security's Proxy Statement filed April 16, 2004.)
10.4*	Form of Incentive Stock Option Award under the Second Amended and Restated 1999 Long-Term Incentive Plan.
10.5*	Form of Incentive Stock Option Award under the 2002 Long-Term Incentive Plan.
10.6*	Form of Non-qualified Stock Option Award under the 2002 Long-Term Incentive Plan.
10.7*	Form of Restricted Stock Award under the 2002 Long-Term Incentive Plan.
10.8*	Employment Agreement Dated as of May 16, 2003 by and between First Security Group, Inc. and Rodger B. Holley. (Incorporated by reference from Exhibit 10.1 to First Security's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 000-49747).)

Exhibit

Number

Description

10.9*	Employment Agreement Dated as of May 16, 2003 by and between First Security Group, Inc. and Lloyd L. Montgomery, III. (Incorporated by reference from Exhibit 10.2 to First Security's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 000-49747).)
10.10*	Employment Agreement Dated as of May 16, 2003 by and between First Security Group, Inc. and William L. Lusk, Jr. (Incorporated by reference from Exhibit 10.3 to First Security's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003 (File No. 000-49747).)
14.1	First Security's Code of Business Conduct and Ethics. (Incorporated by reference from Exhibit 10.14 to First Security's Current Report on Form 8-K dated September 28, 2004 (File No. 000-49747).)
21.1	Subsidiaries of the Registrant. (Incorporated by reference from Exhibit 21.1 to First Security's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 000-49747).)
23.1	Consent of Joseph Decosimo and Company, PLLC
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities and Exchange Act of 1934.

* The indicated exhibit is a compensatory plan required to be filed as an exhibit to this Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1954, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST SECURITY GROUP, INC.

By: /s/ Rodger B. Holley
Rodger B. Holley
President and Chief Executive Officer

DATE: April 29, 2005

EXHIBIT INDEX

The following exhibits are filed as part of or incorporated by reference in this report. Where such filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses.

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* The indicated exhibit is a compensatory plan required to be filed as an exhibit to this Form 10-K.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

DECOSIMO

CERTIFIED PUBLIC ACCOUNTANTS

Joseph Decosimo and Company, PLLC
Suite 1100 - Two Union Square
Chattanooga, Tennessee 37402
www.decosimo.com

We consent to the incorporation by reference in Registration Statements on Form S-8 (No. 333-105946 and No. 333-117973) and in the related prospectuses, of First Security Group, Inc., of our report, dated February 4, 2005, relating to the consolidated balance sheets of First Security Group, Inc. and subsidiary as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004, and our report dated April 29, 2005, with respect to First Security Group, Inc. management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which reports are included in this amended annual report on Form 10-K/A of First Security Group, Inc. for the year ended December 31, 2004.

/s/ Joseph Decosimo and Company, PLLC
Chattanooga, Tennessee
April 29, 2005

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Rodger B. Holley, Chief Executive Officer of First Security Group, Inc., certify that:

1. I have reviewed this report on Form 10-K of First Security Group, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

3. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2005

/s/ Rodger B. Holley

Rodger B. Holley

Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) OF THE SECURITIES AND
EXCHANGE ACT OF 1934**

I, William L. Lusk, Jr., Chief Financial Officer of First Security Group, Inc., certify that:

1. I have reviewed this report on Form 10-K of First Security Group, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

2. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

4. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2005

/s/ William L. Lusk, Jr.

William L. Lusk, Jr.

Chief Financial Officer