

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

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

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	May 31, 2017
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-68706

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 01/01/2016 AND ENDING 12/31/2016  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

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

150 E.52nd St, Suite 5001

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

John Tarleton

(212) 441-3810

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Becher, Della Torre, Gitto & Company, CPAs

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

76 N. Walnut Street

Ridgewood

NJ

07450

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

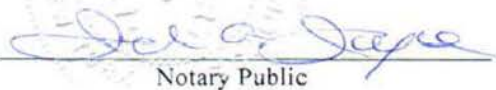
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, John Tarleton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of LPS Partners Inc, as of December 31, 2016, 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:

**JOHN A. JOYCE**  
NOTARY PUBLIC, State of New York  
No. 02JO6020771  
Qualified in New York County  
Commission Expires 3/5/17

  
Notary Public

  
Signature

President

Title

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).**

**LPS Partners Inc.**

**Financial Statements**

**December 31, 2016**

LPS Partners Inc.  
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December 31, 2016

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**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholder of  
LPS Partners Inc.:

We have audited the accompanying statement of financial condition of LPS Partners Inc. (the "Company") as of December 31, 2016, and the related statements of income, changes in stockholders' equity (deficiency), changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 the financial statements are free of material misstatement. 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information listed in the accompanying Schedules I, II, III, and IV has been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Becher, Della Torre, Gitto & Company*

Becher, Della Torre, Gitto & Company  
Ridgewood, New Jersey  
February 27, 2017

LPS Partners Inc.  
Statement of Financial Condition  
As of December 31, 2016

Assets

Cash	\$ 625,331
Deposits with clearing organizations (cash of \$1,795,482)	1,795,482
Receivables from broker-dealers and clearing organizations	454,633
Receivables from non-customers (net of allowance of \$39,780)	112,060
Receivable from related party	41,989
Prepaid expenses and other assets	28,350
Total assets	<u>3,057,845</u>

Liabilities and Stockholder's Equity

Liabilities	
Accounts payable and accrued expenses	\$ 947,653
Payable to broker-dealers and clearing organizations	39,497
Due to related parties	45,931
Income taxes payable	85,300
Deferred tax liability	34,329
	<u>1,152,710</u>
Commitments, contingencies and guarantees	
Subordinated borrowings	<u>1,750,000</u>
Total liabilities	<u>2,902,710</u>
Stockholder's equity	
Common stock, par value \$0 per share; 200,000 shares authorized; 100,000 shares issued and outstanding	-
Preferred stock, par value \$0 per share; 50,000 shares authorized; no shares issued	-
Additional paid-in capital	213,600
Retained earnings (deficit)	(58,465)
Total stockholder's equity	<u>155,135</u>
Total liabilities and stockholder's equity	<u>\$ 3,057,845</u>

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

LPS Partners Inc.  
Statement of Income  
For the year ended December 31, 2016

Revenues	
Commissions revenue	\$ 202,772
Options revenue	61,219
Trading gains or losses, net	8,123,545
Commodities revenue	237,343
Fees earned	<u>1,301,412</u>
Total revenues	<u>9,926,291</u>
Expenses	
Employee compensation and benefits	7,025,372
Clearing and execution expenses	472,480
Communications and data processing	1,177,273
Rent expense	313,604
Regulatory fees and expenses	121,577
Interest expense	17,734
Bad debt expense	183,312
Other expenses	<u>389,877</u>
Total expenses	<u>9,701,229</u>
Net income before income taxes	225,062
Provision for income taxes	<u>131,277</u>
Net income	<u>\$ 93,785</u>

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

LPS Partners Inc.  
Statement of Changes in Stockholder's Equity  
For the year ended December 31, 2016

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholder's Equity
	<u>Shares</u>	<u>Amount</u>			
Balance, December 31, 2015	100,000	\$ -	\$ 213,600	\$ (152,250)	\$ 61,350
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,785</u>	<u>93,785</u>
Balance, December 31, 2016	<u>100,000</u>	<u>\$ -</u>	<u>\$ 213,600</u>	<u>\$ (58,465)</u>	<u>\$ 155,135</u>

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



LPS Partners Inc.  
Statement of Changes in Subordinated Borrowings  
For the year ended December 31, 2016

Subordinated borrowings at January 1, 2016	\$ 1,750,000
Increases:	
Issuance of subordinated notes	-
Decreases:	
Payment of subordinated notes	<u>-</u>
Subordinated borrowings at December 31, 2016	<u><u>\$ 1,750,000</u></u>

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

LPS Partners Inc.  
Statement of Cash Flows  
For the year ended December 31, 2016

Cash flows from operating activities	
Net income	\$ 93,785
Adjustments to reconcile net income to net cash provided by operating activities	
Changes in assets and liabilities:	
Deposits with clearing organizations	(257,042)
Receivables from broker-dealers and clearing organizations	(294,482)
Receivables from non-customers, net	31,090
Receivable from related party	(41,989)
Prepaid expenses to related parties	176,768
Prepaid expenses and other assets	17,662
Accounts payable and accrued expenses	570,716
Payable to broker-dealers and clearing organizations	19,711
Due to related parties	37,181
Income taxes payable	85,300
Deferred tax liability	34,329
Total adjustments	379,244
Net cash provided by operating activities	473,029
Cash flows from investing activities	-
Cash flows from financing activities	-
Net increase in cash	473,029
Cash, beginning of year	152,302
Cash, end of year	\$ 625,331
Cash paid during the year for:	
Interest	\$ 23,568
Income taxes	14,698

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

**LPS Partners Inc.**  
**Notes to Financial Statements**  
**December 31, 2016**

**Note 1 – Organization and Nature of Business**

LPS Partners Inc. (the “Company”) is a broker-dealer registered with the SEC since March 12, 2012 and is a member of the Financial Industry Regulatory Authority (FINRA). The Company registered as an introducing broker (IB) with the Commodity Futures Trading Commission (CFTC) and National Futures Association (NFA) on April 23, 2015. The Company was incorporated on June 24, 2010 under the laws of the State of California under the name Torrey Pines Wealth Management, Inc. On August 10, 2012 Torrey Pines Wealth Management, Inc. changed its name to Discount Municipal Bond Corporation, and then on March 18, 2013 Discount Municipal Bonds Corporation changed its name to LPS Partners Inc. The Company is wholly owned by LPS Partners LLC, a New York domiciled Limited Liability Company. The Company is authorized to issue 200,000 shares of common stock and 50,000 shares of preferred stock.

On August 22, 2013, the Company received approval from FINRA regarding its request for a change in the fiscal year end date of the Company’s audited annual financial statements from July 31st to December 31st pursuant to Rule 17a-5(d) under the Securities Exchange Act of 1934.

**Note 2 – Summary of Significant Accounting Policies**

*Use of Estimates*

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

*Securities Transactions*

Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers’ securities and commodities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Marketable securities are valued at market value, and securities not readily marketable are valued at fair value as determined by management.

*Cash and Cash Equivalents*

The Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business. The Company maintains its cash in accounts that at times may exceed federally insured limits.



**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 2 – Summary of Significant Accounting Policies (continued)**

*Allowance for Doubtful Accounts*

The Company provides for estimated losses on accounts receivable, using the allowance method, based on prior bad debt experience and a review of existing receivables. The Company has evaluated its accounts receivable at December 31, 2016 and has determined that an allowance for doubtful accounts in the amount of \$39,780 is required.

*Commissions*

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**Note 3 – Fair Value**

*Fair Value Hierarchy*

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a hierarchy of fair value inputs. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- *Level 1.* Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- *Level 2.* Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly.
- *Level 3.* Unobservable inputs for the asset or liability.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, the liquidity of markets, and other characteristics particular to the security.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.



**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 3 – Fair Value (continued)**

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The financial instruments of the Company are reported in the statement of financial condition at fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments.

**Note 4 – Related Party Transactions**

The Company rents office space from LPS Partners LLC. Rent expense paid by LPS Partners LLC on behalf of the Company for the year ended December 31, 2016 amounted to \$279,959.

LPS Partners LLC bears expenses on account of the Company relating to insurance, telecommunications, and other operating expenses. The Company is invoiced for its portion of the expense on a monthly basis. During the year ended December 31, 2016, insurance expenses of approximately \$430,000 and communications, computer, and data processing expenses of approximately \$163,000 were charged by LPS Partners LLC to the Company. In addition, during the year ended December 31, 2016, other operating expenses of approximately \$132,000 were charged by LPS Partners LLC to the Company.

As of December 31, 2016, \$2,917 was owed by the Company to LPS Partners LLC. This balance relates to accrued interest on the Company's subordinated borrowings with LPS Partners LLC.

See Note 8 regarding the Company's subordinated borrowings with LPS Partners LLC.

**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 5 – Income Taxes**

The components of the income tax provision from continuing operations for the year ended December 31, 2016 are summarized as follows:

Current income tax expense	
Federal	\$ 58,356
State and local	38,592
Total	<u>96,948</u>
Deferred income tax expense	
Federal	29,180
State and local	5,149
Total	<u>34,329</u>
Total income tax expense	<u>\$ 131,277</u>

The current tax payable is \$85,300 at December 31, 2016.

The effective income tax rate for the years ended December 31, 2016 differs from the statutory federal income tax rates due to permanent differences and the valuation allowance.

The tax effects of temporary differences that give rise to significant portions of the net deferred tax assets at December 31, 2016 are presented below.

In assessing the reliability of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax asset will be realized. The ultimate realization of the deferred tax asset is depended upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers projected future taxable income in making this assessment. Based primarily upon actual results and projections for future taxable income over the periods in which the temporary differences become deductible based on available tax planning strategies, management presently believes it is more likely than not that the company will realize all the benefits of these deductible differences, and, accordingly, has recorded a valuation allowance at December 31, 2016. The net change in the total valuation allowance for the year ended December 31, 2016 was an increase of \$9,054. The amount of the net deferred tax assets considered realizable, however, could be reduced in the near term if actual future income or income tax rates are lower than estimated, or if there are differences in the timing or amount of future reversals of existing taxable or deductible temporary differences.



**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 5 – Income Taxes (continued)**

The Company has net operating loss carryforwards for federal, state and local income tax purposes of \$124,350 as of December 31, 2016. The net operating losses can be carried forward for 20 years, a portion of the net operation loss for federal and California does have a limitation due to the ownership change in 2013, net operating losses will start to expire in 2031.

Bad Debt Allowance	\$ 15,912
Section 481 Adjustment	(34,329)
Net operating losses	<u>17,891</u>
Less: Valuation allowance	<u>(33,803)</u>
Net deferred tax liability	<u><u>\$ (34,329)</u></u>

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

The Company is not currently under any examination by federal or state tax authorities. Generally, the Company's tax returns remain open for three years for income tax examination.

**Note 6 – Concentrations of Credit Risk**

The Company clears all securities transactions through other broker-dealers on a fully disclosed basis. The clearing broker-dealers carry all of the accounts of the customers of the Company and are responsible for the settlement, collection and payment of funds, and receipt and delivery of securities relative to customer transactions. The agreements between the Company and its clearing broker-dealers provide that the Company is obligated to assume any exposure related to non-performance by its customers.

**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 6 – Concentrations of Credit Risk (continued)**

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets, which may impair both the customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The Company seeks to control the risk associated within non-performance by monitoring all customer activity and reviewing information it receives from its clearing brokers on a daily basis.

The Company seeks to minimize risk through procedures designed to monitor the credit worthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker-dealers. The Company's cash and securities owned that are held at its clearing brokers are subject to the credit risks of the clearing brokers.

**Note 7 – Net Capital Requirements**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2016, the Company had net capital of \$1,521,752, which was \$1,421,752 in excess of its required net capital. The Company's percentage of aggregate indebtedness to net capital as of December 31, 2016 was 75.75%.

**Note 8 – Subordinated Borrowings**

The borrowings under subordination agreements at December 31, 2016 are as follows:

Subordinated note, 1 percent, due May 23, 2017	\$1,750,000
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The subordinated borrowings are with a related party and are available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

The fair value of subordinated borrowings at December 31, 2016 is \$1,750,000.



**LPS Partners Inc.**  
**Notes to Financial Statements (continued)**  
**December 31, 2016**

**Note 9 – Guarantees**

FASB ASC 460, *Guarantees*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying (such as an interest or foreign exchange rate, security or commodity price, an index or occurrence or nonoccurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

***Indemnifications***

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third-party service providers, including subcustodians and third party brokers, improperly executed transactions. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However, the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

**Note 10 – Uncertainties, Contingencies, and Risks**

On December 21, 2016, the Company was informed by the Financial Industry Regulatory Authority (FINRA) that the Company has been named as one of the respondents in a FINRA Office of Dispute Resolution arbitration matter brought by another broker-dealer. The complaint alleges unfair competition and tortious interference arising from the Company's hiring an employee from the claimant. While the ultimate outcome of this matter is not presently determinable, management and legal counsel for the Company are of the opinion that the claim is without merit and that resolution of the complaint will not have a material adverse effect on the financial position or results of operations of the Company.

**Note 11 – Subsequent Events**

The Company has evaluated subsequent events through February 27, 2017, the date which the financial statements were available to be issued.

# Schedule I

## LPS Partners Inc.

### Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission As of December 31, 2016

Total stockholder's equity qualified for net capital	\$ 155,135
Subordinated borrowings allowable in computation of net capital	<u>1,750,000</u>
Total capital and allowable subordinated liabilities	1,905,135
Total non-allowable assets	<u>(383,383)</u>
Net capital before haircuts on securities positions	1,521,752
Haircuts on securities (computed, where applicable, pursuant to rule 15c-3-1(f))	<u>-</u>
Net capital	<u>\$ 1,521,752</u>
Total Aggregate Indebtedness:	<u>1,152,710</u>
Computation of basic net capital requirement:	
6 2/3% of aggregate indebtedness	<u>\$ 76,847</u>
Minimum dollar net capital requirement:	<u>\$ 100,000</u>
Excess net capital (net capital less minimum dollar capital requirement)	<u>\$ 1,421,752</u>
Net capital less the greater of 10% of aggregate indebtedness or 120% of the statutory minimum net capital required	<u>\$ 1,401,752</u>
Percentage of aggregate indebtedness to net capital	<u>75.75%</u>

### Reconciliation with Company's Computation (Included in Part II of Form X-17A-5 as of December 31, 2016)

Net capital, as reported in Company's Part II FOCUS Report (unaudited)	\$ 1,634,396
Audit adjustments (net)	(69,629)
Other items (net)	<u>(43,015)</u>
Net capital per the preceding	<u>\$ 1,521,752</u>

LPS PARTNERS INC.

COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS UNDER RULE 15c3-3

December 31, 2016

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The Company claims exemption from the requirements of SEC Rule 15c3-3, under Section (k)(2)(ii) of the Rule.

*See independent auditor's report.*

LPS PARTNERS INC.

INFORMATION RELATING TO POSSESSION  
OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

December 31, 2016

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The Company claims exemption from the requirements of SEC Rule 15c3-3, under Section (k)(2)(ii) of the Rule.

*See independent auditor's report.*



# L P S PARTNERS

## Schedule IV

Exemption Report Prepared Pursuant to Securities and Exchange Act of 1934 Rule 17a-5, 17 C.F.R. § 240.17a-5 of the U.S. Securities and Exchange Commission ("SEC")

To the best of its knowledge and belief, LPS Partners Inc. (the "Company") states the following:

The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the provisions in paragraph (k)(2)(ii) – All customer transactions cleared through another broker-dealer on a fully disclosed basis. - (the "identified exemption provisions"). The Company met the identified exemption provisions throughout the most recent fiscal year ended December 31, 2016 without exception.

LPS Partners Inc.

I, John Tarleton, affirm that, to the best of my knowledge and belief, this Exemption Report is complete and accurate.

By: 

Title: President

Date: 02/21/2017

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholder of  
LPS Partners Inc.:

We have reviewed management's statements, included in the accompanying Supplemental Schedule IV, Exemption Report Under Rule 17a-5 of the Securities and Exchange Commission, in which (1) LPS Partners Inc. (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3: (k)(2)(ii) (the "exemption provisions") and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Becher, Della Torre, Gitto & Company*

Becher, Della Torre, Gitto & Company  
Ridgewood, New Jersey  
February 27, 2017

**Report of Independent Registered Public Accounting Firm on Applying Agreed-Upon  
Procedures**

To the Board of Directors and Stockholder of  
LPS Partners Inc.  
150 E. 52<sup>nd</sup> Street, Suite 5001  
New York, New York

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934 and with the SIPC Series 600 Rules, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2016, which were agreed to by LPS Partners 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 LPS Partners Inc.'s compliance with the applicable instructions of Form SIPC-7. LPS Partners Inc.'s management is responsible for LPS Partners Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Public Company Accounting Oversight Board (United States). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we 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 we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 (FOCUS Report) for the year ended December 31, 2016, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2016, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed, noting no differences (if applicable).



To the Board of Directors and Stockholder of

LPS Partners Inc.

Page 2

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our 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.

*Becher, Della Torre, Gitto & Company*

Becher, Della Torre, Gitto & Company

Ridgewood, NJ

February 27, 2017



**SIPC-7**

(33-REV 7/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185

202-371-8300

**General Assessment Reconciliation****SIPC-7**

(33-REV 7/10)

For the fiscal year ended December 31, 2016

(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:

8-68706 FINRA DECLPS Partners INC  
150 E. 52nd St. Suite 5001  
New York, NY 10022Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to [form@sipc.org](mailto:form@sipc.org) and so indicate on the form filed.

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

John Tarleton 212-441-3810**WORKING COPY**

2. A. General Assessment (item 2e from page 2) \$ 22,980
- B. Less payment made with SIPC-6 filed (exclude interest) ( 8,646 )  
7/27/2016  
Date Paid
- C. Less prior overpayment applied ( )
- D. Assessment balance due or (overpayment) 14,334
- 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) \$ 14,334
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 14,334
- 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.

LPS Partners Inc

(Name of Corporation, Partnership or other organization)



(Authorized Signature)

Dated the 21 day of February, 20 17.President

(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:

# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning 1/1/2016  
and ending 12/31/2016

Item No.	Eliminate cents
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)	\$ <u>9,926,291</u>
2b. Additions:	
(1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.	<u>                    </u>
(2) Net loss from principal transactions in securities in trading accounts.	<u>                    </u>
(3) Net loss from principal transactions in commodities in trading accounts.	<u>                    </u>
(4) Interest and dividend expense deducted in determining item 2a.	<u>                    </u>
(5) Net loss from management of or participation in the underwriting or distribution of securities.	<u>                    </u>
(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.	<u>                    </u>
(7) Net loss from securities in investment accounts.	<u>                    </u>
Total additions	<u>                    </u>
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.	<u>                    </u>
(2) Revenues from commodity transactions.	<u>237,343</u>
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.	<u>472,480</u>
(4) Reimbursements for postage in connection with proxy solicitation.	<u>                    </u>
(5) Net gain from securities in investment accounts.	<u>                    </u>
(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.	<u>                    </u>
(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).	<u>                    </u>
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):	<u>                    </u>
(Deductions in excess of \$100,000 require documentation)	<u>6,886</u>
(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.	<u>\$ 17,734</u>
(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).	<u>\$</u>
Enter the greater of line (i) or (ii)	<u>17,734</u>
Total deductions	<u>734,443</u>
2d. SIPC Net Operating Revenues	<u>\$ 9,191,848</u>
2e. General Assessment @ .0025	<u>\$ 22,980</u>

(to page 1, line 2.A.)