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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20540

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**ANNUAL AUDIT FORM X-17A-5 PART III**

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ASH. D.C. 199  
SECTION

SEC FILE NUMBER  
8- 52208

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 01/01/2006 AND ENDING 12/31/2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**TORC Investments and Research, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**2 Rector Street, 17<sup>th</sup> Floor**

(No. and Street)

**New York**

**New York**

**10006**

(City)

(State)

(Zip Code)

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

**Amanda McNamara**

**(212) 897-7402**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Kempisty & Company, Certified Public Accountants, P.C.**

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

**15 Maiden Lane, Suite 1003**

**New York**

**New York**

**10038**

(Address)

(City)

(State)

CHECK ONE:

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

**PROCESSED**  
**B** APR 13 2007  
THOMSON FINANCIAL

**FOR OFFICIAL USE ONLY**

\*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).

SEC 1410 (06-02) 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.

AB 4/12

OATH OR AFFIRMATION

I, Amanda McNamara, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TORC Investments and Research, LLC, as of December 31, 20 06, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amanda McNamara

Signature

Chief Financial Officer

Title

DIERDRE STEINHAUS AINBINDER  
Notary Public, State of New York  
No. 01AI4899711  
Qualified in Nassau County  
Commission Expires July 6, 20 07

Dierdre Steinhau Ainbinder  
Notary Public

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of financial condition.
- (c) Statement of income (loss).
- (d) Statement of cash flows.
- (e) Statement of changes in stockholders' equity or partners' or sole proprietor's capital.
- (f) Statement of changes in liabilities subordinated to claims of general creditors.
- (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- (i) Information relating to the possession or control requirements for broker and dealers 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).

**TORC INVESTMENTS & RESEARCH, LLC**

Statement of Financial Condition

December 31, 2006

(With Independent Auditor's Report Thereon)

**TORC INVESTMENTS & RESEARCH, LLC**

**DECEMBER 31, 2006**

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# KEMPISTY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
TORC Investments & Research, LLC

We have audited the accompanying statement of financial condition of TORC Investments & Research, LLC as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of TORC Investments & Research, LLC as of December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

*Kempisty & Company CPAs PC*

Kempisty & Company  
Certified Public Accountants PC  
New York, New York  
March 29, 2007

**TORC INVESTMENTS & RESEARCH, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2006**

**ASSETS**

Due from affiliated broker dealer Centurion Securities (Note 3 and 5)	\$	937,225
Due from broker dealers (Note 3)		288,559
Deposits at clearing brokers (Note 3)		202,063
Due from clearing broker (Note 3)		5,603
Securities owned, at market (Note 4)		8,800
Fixed Assets (net of depreciation of \$446)		1,784
Prepaid expenses		6,364
Other receivables		<u>78,636</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,529,034</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES**

Bank overdraft	\$	12,606
Accounts payable and accrued expenses		519,599
Due to clearing broker		<u>8,800</u>
<b>TOTAL LIABILITIES</b>		<b>541,005</b>
Commitments and contingent liabilities (Note 5)		-
Members' Equity		<u>988,029</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$</b>	<b><u>1,529,034</u></b>

**The accompanying notes are an integral part of these financial statements.**

**TORC INVESTMENTS & RESEARCH, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

**NOTE 1- ORGANIZATION AND NATURE OF BUSINESS**

TORC Investments & Research, LLC (the "Company") is a limited liability company that is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers, Inc. ("NASD"). The Company is majority owned by Torc Financial LLC which is owned by JDI, LLC.

The Company earns commission income by introducing and forwarding as a broker, transactions and accounts of customers to another broker-dealer who carries such accounts on a fully disclosed basis. Additionally, the Company provides fee based independent research.

The accompanying financial statements have been prepared from the separate records maintained by the Company and may not necessarily be indicative of the financial condition or the results of operations that would have existed if the Company had operated as an unaffiliated entity.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Depreciation

The cost of equipment is depreciated over the estimated useful lives of the related assets of 5 years on a straight line basis for book and on an accelerated basis for tax purposes.

Concentration of Credit Risk

The Company is engaged in various investment and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TORC INVESTMENTS & RESEARCH, LLC**

**NOTES TO FINANCIAL STATEMENTS  
December 31, 2006**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Securities Transactions

Securities transactions are reported on a trade date basis with related commission expenses also reported on a trade date basis.

Research Fee Income

Research fee income is recognized when received.

Income Taxes

The Company is treated as a partnership for federal and state income tax purposes and, therefore, does not record a provision for income taxes. Accordingly, the individual members report their share of the Company's income or loss on their personal income tax returns.

Fair Value of Financial Instruments

The carrying value of financial instruments including deposits, receivables, accounts payable and accrued expenses, approximates their fair value due to the relatively short-term nature of these instruments. Securities owned are marked to market which approximates fair value.

Recent Accounting Pronouncements

The Company does not expect the adoption of recent accounting pronouncements to have any material impact on its financial condition or results of operations

Comprehensive Income

The Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income ("SFAS No. 130"). SFAS No. 130 requires an entity to report comprehensive income and its components and increases financial reporting disclosures. This standard has no impact on the Company's financial position, cash flows or results of operations since no elements of the Company's comprehensive income exist other than the loss from operations.



**TORC INVESTMENTS & RESEARCH, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

**NOTE 3- RECEIVABLE FROM BROKER-DEALERS AND CLEARING BROKERS**

Amounts receivable from the Company's clearing broker and other broker dealers at December 31, 2006, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Deposit with clearing broker	\$ 202,063	\$ -
Commissions receivable from broker dealers	288,559	-
Receivable (payable) from/to clearing broker	<u>5,603</u>	<u>(8,800)</u>
	496,225	(8,800)
Due from affiliated broker dealer Centurion Securities	937,225	-
	<u>\$ 1,433,450</u>	<u>\$ (8,800)</u>

**NOTE 4- SECURITIES OWNED**

Marketable securities owned consist of trading and investment securities at market values, as follows:

	<u>Owned</u>
Common stock	\$ <u>8,800</u>

**NOTE 5- RELATED PARTY TRANSACTIONS**

In January, 2006, the Company entered into a rent sharing agreement (the "agreement") with an affiliate. The agreement states that the Company will share a portion of certain office expenses with its affiliate. Total rent paid for the year ended December 31, 2006 was \$2,400.

The Company does an execution business for Centurion Securities ("Centurion"), a registered broker dealer. Centurion is owned by the Company's ultimate parent J.D.I., LLC. During 2006, the Company billed Centurion \$799,008 for execution services which is 65% of its total revenue and also billed Centurion \$2,176,235 for various exchange market data and clearing fees paid on behalf of Centurion. The Company has a receivable of \$937,225 from Centurion at December 31, 2006 which represents 61% of its total assets.

**TORC INVESTMENTS & RESEARCH, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

**NOTE 6- NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission 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 and equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2006, the Company had net capital of \$227,153, which was \$127,153 in excess of its' required net capital of \$100,000. The Company's net capital ratio was 2.3429 to 1.

**NOTE 7- EXEMPTION FROM RULE 15c3-3**

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

**NOTE 8- OFF BALANCE SHEET RISK**

Pursuant to a clearance agreement, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.

**TORC INVESTMENTS & RESEARCH, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2006**

**NOTE 9- GUARANTEES**

FASB Interpretation No. 45 (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, requires the Company to disclose information about its obligations under certain guarantee arrangements. FIN 45 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 the occurrence or non occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. FIN 45 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 maximum potential amount of future payments that the Company could be required to make under the 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.

The Company provides representations and warranties to counterparties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some counterparties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications generally are standard contractual terms and are entered into in the normal course of business. 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 consolidated financial statements for these indemnifications.

**NOTE 10- SUBSEQUENT EVENTS**

During March 2007, the Company was approved as a New York Stock Exchange Member. At the time of the filing of this audit, it has not yet been determined which organization will be the company's DEA (Designated Examining Authority).