

SECURITIES AND EXCHANGE COMMISSION SECUR



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

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DIVISION OF MARKET REGULATION

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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 01/01/2008 AND ENDING 12/31/2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: GOTTBETTER CAPITAL MARKETS, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
488 MADISON AVENUE, 12th floor

(No. and Street)

NEW YORK, NY 10022

(City)

(State)

(Zip Code)

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

MARK KENNETH GOODMAN (516) 222-9111

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GREENE, ARNOLD G., CPA

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

866 UNITED NATIONS PLAZA, NEW YORK, N.Y. 10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

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)

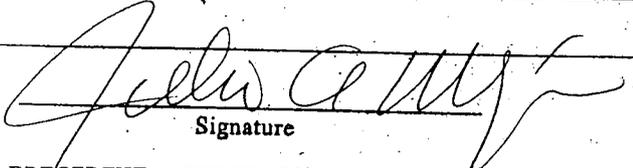
SEC 1410 (06-02)

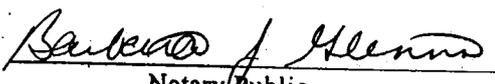
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, JULIO ALFONSO MARQUEZ, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GOTTBETTER CAPITAL MARKETS, LLC, as of December 31, 2008, 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:

BARBARA J. GLENNS
NOTARY PUBLIC, State of New York
No. 01GL4727413
Qualified in New York County
Commission Expires: 2-28-11


Signature
PRESIDENT, CHIEF COMPLIANCE OFFICER
Title


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 Changes in Financial Condition. (CASH FLOWS)
- (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).

GOTTBETTER CAPITAL MARKETS, LLC

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DECEMBER 31, 2008

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ARNOLD G. GREENE

CERTIFIED PUBLIC ACCOUNTANT

866 UNITED NATIONS PLAZA

NEW YORK, N.Y. 10017

(212) 751-6910

FAX (516) 742-5813

INDEPENDENT AUDITOR'S REPORT

To the Members of
Gottbetter Capital Markets, LLC

I have audited the accompanying statement of financial condition of Gottbetter Capital Markets, LLC (the "company") as of December 31, 2008, and the related statements of operations, changes in members' capital and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gottbetter Capital Markets, LLC as of December 31, 2008, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information list in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

February 26, 2009



GOTTBETTER CAPITAL MARKETS, LLC
STATEMENT OF FINANCIAL CONDITION

DECEMBER 31 2008

ASSETS

Assets:		
Cash and cash equivalents		\$ 42,066
Receivables from brokers and dealers:		
Money Market account	\$ 20	
Other	<u>25</u>	45
Prepaid expenses		38,650
Equipment, net		<u>14,270</u>
Total assets		<u>\$ 95,031</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:		
Accrued expenses		<u>\$ 20,715</u>
Total liabilities		20,715
Members' capital		<u>74,316</u>
Total liabilities and members' capital		<u>\$ 95,031</u>

See notes to financial statements.

GOTTBETTER CAPITAL MARKETS, LLC

STATEMENT OF INCOME AND EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2008

Revenues:

Private placement income	\$	309,775
Interest income		<u>966</u>

Total revenue **310,741**

Expenses:

Finders fee	\$	35,000
Depreciation		1,586
Regulatory fees		12,700
Consulting fees		92,418
Professional fees		94,187
Rent		24,850
Insurance		11,370
Office expense		6,590
Other expenses		<u>1,583</u>

Total expenses **280,284**

Net income **\$ 30,457**

See notes to financial statements.

GOTTBETTER CAPITAL MARKETS, LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

Cash flows from operating activities:		
Net income		\$ 30,457
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	\$ 1,586	
Changes in operating assets and liabilities:		
Decrease in receivables	475	
Increase in prepaid expenses	(38,650)	
Increase in accrued expenses	<u>8,636</u>	
Total adjustments		<u>(27,953)</u>
Net cash provided by operating activities		2,504
Cash used in investing activities		
Purchase of property and equipment	\$(15,856)	
Capital withdrawn	(174,615)	
Capital contributed	<u>43,964</u>	<u>(146,507)</u>
Net decrease in cash and cash equivalents		(144,003)
Cash and cash equivalents-January 1, 2008		<u>186,069</u>
Cash and cash equivalents-December 31, 2008		<u>\$ 42,066</u>

See notes to financial statements

GOTTBETTER CAPITAL MARKETS, LLC
STATEMENT OF CHANGES IN MEMBERS' CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Members' capital, January 1, 2008	\$ 174,510
Add: Net income	30,457
Capital contributed	43,964
Less: Capital withdrawn	<u>(174,615)</u>
Members' capital, December 31, 2008	<u>\$ 74,316</u>

See notes to financial statements.

GOTTBETTER CAPITAL MARKETS, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2008

1. **Nature of business:**

Gottbetter Capital Markets, LLC (the "Company") is a New York limited liability company formed on November 2, 2007. In April 2008 the Company purchased FMIC Securities, Inc., an existing broker-dealer, registered with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority, Inc. (FINRA).

2. **Summary of significant accounting policies**

Cash and Cash Equivalents

The Company considers money market accounts to be cash equivalents.

Income taxes

No provision for income taxes has been recorded because the Company is a limited liability company. Accordingly, the individual members report their share of the Company's income or loss on their income tax returns. The Company is subject to the New York City unincorporated business tax.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of the 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.

GOTTBETTER CAPITAL MARKETS, LLC

NOTES TO FINANCIAL STATEMENTS CONTINUED

3. The following supplementary information is submitted:

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. At December 31, 2008, the Company's net capital amounted to \$21,371, which was \$16,371 in excess of its required net capital of \$5,000. The Company's net capital ratio was .97 to 1 at December 31, 2008. In January 2009 the Company filed Part IIA of Form X-17a-5 (unaudited) and reported the same net capital of \$21,371.

4. Exemption from Rule 15c3-3

The Company is exempt from the SEC Rule 15c3-3 pursuant to the exemptive provision under subparagraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers.

5. Concentrations of credit risk

The Company maintains its cash balances in various financial institutions. These balances at times may exceed the amounts insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. Management does not anticipate any losses as a result of this concentration.

6. Computation for determination of reserve requirements under rule 15c3-3 of the Securities and Exchange Commission:

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

7. Information relating to possession or control requirements under Rule 15c3-3 of the Securities and Exchange Commission:

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

8. Lease commitment:

The Company entered into a sublease agreement commencing April 1, 2008 and ending March 30, 2010. Future minimum lease payments at December 31 are as follows:

2009	\$30,000
2010	<u>7,500</u>
	<u>\$37,500</u>

Rent paid in 2008 amounted to \$24,850.

GOTTBETTER CAPITAL MARKETS, LLC

COMPUTATION OF NET CAPITAL

DECEMBER 31, 2008

Capital		\$ 74,316
Less: non-allowable assets		(52,945)
Tentative net capital before haircuts		21,371
Less: Haircuts		<u>-0-</u>
Net capital		21,371
Greater of:		
Minimum dollar net capital required	<u>\$ 5,000</u>	
or		
Minimum net capital required: (6 2/3% of aggregate indebtedness \$20,715)	<u>\$ 1,381</u>	<u>5,000</u>
Excess net capital		<u>\$ 16,371</u>
Excess net capital at 1000%		<u>\$ 19,299</u>

AGGREGATE INDEBTEDNESS

Accounts payable and accrued expenses, etc.	<u>\$ 20,715</u>
Percentage of aggregate indebtedness to net capital	<u>97%</u>

See notes to financial statements

GOTTBETTER CAPITAL MARKETS, LLC

RECONCILIATION OF NET CAPITAL WITH FOCUS REPORT

DECEMBER 31, 2008

Net capital per company's unaudited X-17A-5, Part IIA Filing (Focus Report)	\$ 21,371
Audit Adjustments	<u>-0-</u>
Net capital per audited report, December 31, 2008	<u>\$ 21,371</u>

No material differences existed between the unaudited and audited net capital computation.

ARNOLD G. GREENE

CERTIFIED PUBLIC ACCOUNTANT

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NEW YORK, N.Y. 10017

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5

To the Members of

GOTTBETTER CAPITAL MARKETS, LLC

In planning and performing our audit of the financial statements and supplementary schedules of Gottbetter Capital Markets, LLC (the "Company") for the year ended December 31, 2008, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(I) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2008, to meet the SEC's objectives.

This report recognized that it is not practicable in an organization the size of the Company to achieve all the divisions of duties and crosschecks generally included in a system internal accounting control, and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of management, the SEC, the Financial Industry Regulation Authority, Inc. (FINRA) and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

February 26, 2009

A handwritten signature in black ink, appearing to read "Arnold G. Greene", with a long horizontal line extending to the right.