

SECURITIES AND EXCHANGE COMMISSION  
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12/2

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

SEC FILE NUMBER  
8- 48935

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 10/01/08 AND ENDING 09/30/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Investscape Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

7001 Orchard Lake Road, Suite 120  
(No. and Street)

West Bloomfield, MI 48322  
(City) (State) (Zip Code)

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

Richard M. Lim (248) 757-2839  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Dunleavy & Company, P.C.  
(Name - if individual, state last, first, middle name)

13116 South Western Avenue, Blue Island, Illinois 60406  
(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)

AD  
12/17

OATH OR AFFIRMATION

I, Richard M. Lim, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investscape Inc., as of September 30, 2009, 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:

NONE

[Signature]  
Signature

President  
Title

[Signature]  
Notary Public

HELENE G. CERESNIE  
Notary Public, State of Michigan  
County of Oakland  
My Commission Expires Nov. 09/2014  
Acting in the County of Oakland

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).

INVESTSCAPE, INC.

STATEMENT OF FINANCIAL CONDITION  
AND INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2009

**DUNLEAVY & COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS  
13116 SOUTH WESTERN AVENUE  
BLUE ISLAND, ILLINOIS 60406

(708) 489-1680  
Fax: (708) 489-1717

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Investscape, Inc.

We have audited the accompanying statement of financial condition of Investscape, Inc. as of September 30, 2009 that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. 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 attain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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, we express no such opinion. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of Investscape, Inc. as of September 30, 2009, in conformity with accounting principles generally accepted in the United States of America.



DUNLEAVY & COMPANY, P. C.  
Certified Public Accountants

Blue Island, Illinois  
November 6, 2009

INVESTSCAPE, INC.

STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 2009

**ASSETS**

Cash and cash equivalents	\$ 12,584
Receivable from broker/dealers	145,254
Securities owned, at market value	<u>26,046</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 183,884</u></b>
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**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Liabilities**

Accounts payable, accrued expenses and other liabilities	\$ 42,562
Commissions payable	12,784
Payable to affiliate	<u>20,000</u>

<b>Total Liabilities</b>	<b><u>\$ 75,346</u></b>
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**Shareholders' Equity**

Common stock, no par value; authorized 60,000 shares; issued and outstanding 1,000 shares	\$ 1,000
Additional paid in capital	153,338
Retained earnings (deficit)	<u>(45,800)</u>

<b>Total Shareholders' Equity</b>	<b><u>\$ 108,538</u></b>
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<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b><u>\$ 183,884</u></b>
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The accompanying notes are an integral part of this financial statement.

INVESTSCAPE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company, a wholly-owned subsidiary of S & L Holdings, Ltd., and was incorporated in the state of Michigan on October 24, 1995. The Company is registered as a broker/dealer with the Securities and Exchange Commission and as a commodity trading advisor with the Commodities Futures Trading Commission and is a member of the National Futures Association and the Financial Industry Regulatory Authority (FINRA). The Company's principal business activity is the sale of securities.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis, which is the same business day as the transaction date.

Fair value measurement - FASB Statement No. 157 (SFAS No. 157) defines fair value, creates a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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 SFAS No. 157, 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 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

INVESTSCAPE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - *(Continued)*

- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. *(The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)*

Securities Owned have been valued using Level 1 inputs. No valuation techniques have been applied to any other assets or liabilities included in the statement of financial condition. Due to the nature of these items, all have been recorded at their historical value.

Concentration of Risk - The Company's cash is on deposit at one financial institution and the balance at times may exceed the federally insured limit. Due to the strong credit rating of this financial institution, the Company believes it is not exposed to any significant credit risk to cash.

Cash Equivalents - Cash equivalents are defined as certificates of deposit and U.S. government obligations with a maturity date, when acquired by the Company, of less than 90 days and those securities registered under the Investment Company Act of 1940 which are comprised of cash and other short-term debt instruments and are commonly referred to as "money market funds."

Estimates - The preparation of financial statements in conformity with 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.

NOTE 2 - SECURITIES OWNED

Securities owned consist entirely of equity securities.

All of the above have been valued using Level 1 inputs (quoted market values).

INVESTSCAPE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

NOTE 3 - RELATED PARTY TRANSACTIONS

As mentioned in Note 1, the Company is a wholly-owned subsidiary of S & L Holdings, Ltd. (the Parent).

Pursuant to an agreement, entered into with the Parent, the Company is required to pay the Parent a minimum of \$20,000 per month as reimbursement for certain overhead and operating expenses. Payments pursuant to this agreement, which total \$240,000, are allocated as follows, on the statement of income:

Compensation and related benefits	\$ 77,700
Occupancy	22,200
Communications	11,700
Management fees	<u>128,400</u>
	<u>\$ 240,000</u>

The Company paid an additional \$98,580 in management fees to the parent.

At September 30, 2009 the Company owed the Parent \$20,000.

The Company files consolidated with the Parent for federal income tax purposes. The Parent assumes responsibility for all federal income tax liabilities.

NOTE 4 - OFF BALANCE SHEET RISK AND CLEARING AGREEMENTS

The Company enters into various transactions on customers' behalf, involving derivatives and other off-balance sheet financial instruments. These financial instruments include exchange-traded and over the counter options. These derivative financial instruments are used to meet the needs of customers and are, therefore, subject to varying degrees of market and credit risk.

As a seller (writer) of options, the customer receives a premium in exchange for giving the counter-party the right to buy or sell the underlying security at a future date at a contracted price. Should the market value of the underlying security move in favor of the option holder (owner), the loss of the option seller

INVESTSCAPE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

NOTE 4 - OFF BALANCE SHEET RISK AND CLEARING AGREEMENTS - *(Continued)*

(writer) would be equal to the difference between the price per unit contracted for in the option agreement and the market value of the underlying security.

In addition, the Company's customers may sell securities that they do not currently own and will therefore be obligated to purchase such securities at a future date.

Since the Company enters into the forgoing transactions involving derivatives and other off-balance sheet financial instruments solely for the benefit of its customers, the Company does not bear any of the credit or market risk of those customers, with the exception of the risk to the Company should its customers fail to honor their obligations related to the foregoing derivatives and other off-balance sheet financial instruments, as mentioned below.

In order to facilitate the aforementioned transactions, as well as other securities transactions, the Company has entered into an agreement with another broker/dealer (Clearing Broker/dealer) whereby the Company forwards (introduces) customer securities transactions to the Clearing Broker/dealer, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced securities transactions is performed by the Clearing Broker/dealer. The customer account is therefore maintained and recorded in the books and records of the Clearing Broker/dealer on the Company's behalf. In consideration for introducing customers to the Clearing Broker/dealer, the Company receives commissions and other consideration, less the processing and other charges of the Clearing Broker/dealer. As part of the terms of the agreement between the Company and Clearing Broker/dealer, the Company is held responsible for any losses arising when the customers introduced by the Company to the Clearing Broker/dealer fail to meet their contractual commitments pertaining to the purchase, sale and possible financing of securities transactions and other financial instruments. The Company may therefore be exposed to off-balance-sheet risk in the event the customer is unable to fulfill their contracted obligations and it is necessary for the Clearing Broker/dealer to purchase or sell the securities or other financial instruments at a loss. The Company's exposure to risk would consist of the amount of the loss realized and any additional expenses incurred pertaining to the transaction or other customer activity.

INVESTSCAPE, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2009

NOTE 4 - OFF BALANCE SHEET RISK AND CLEARING AGREEMENTS - *(Continued)*

In addition, under the terms of the agreement with the Clearing Broker/dealer, the Company is prohibited from entering into an agreement for similar services with another broker/dealer without prior written approval by the Clearing broker/dealer. The Company has also agreed to regulatory arbitration regarding disputes between the Company and the Clearing broker/dealer. The Company is required to deposit \$50,000 with the clearing broker/dealer to assure the Company's performance under the agreement.

NOTE 5 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the Financial Industry Regulatory Authority, the Company is subject to the Uniform Net Capital Rule, 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 1500%. At September 30, 2009 the Company's net capital and required net capital were \$102,352 and \$5,023 respectively. The ratio of aggregate indebtedness to net capital was 74%.

NOTE 6 - CONTINGENCY

The Company has been added to a lawsuit, originally against their clearing broker/dealer, alleging that the Company participated in, or should have known of, an alleged fraudulent scheme perpetuated by a customer of the Company. Claimants state damages approximating \$14 million. The Company intends to vigorously contest any liability. The Company and its legal counsel believes, at this time, they are unable to evaluate the likelihood of an unfavorable outcome or estimate the amount of any potential loss.

NOTE 7 - SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

In July, 2009 the sole shareholder of the Company made a capital contribution to the Company consisting of equity securities with a market value of \$25,838 on the date of contribution.

Washington, DC  
NOV 3 0 2009  
Processing

INVESTSCAPE, INC.  
SUPPLEMENTAL SIPC REPORT  
SEPTEMBER 30, 2009

# **DUNLEAVY & COMPANY, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

13116 SOUTH WESTERN AVENUE

BLUE ISLAND, ILLINOIS 60406

(708) 489-1680

Fax: (708) 489-1717

## Board of Directors

### Investscape, Inc.

In accordance with Rule 17a-5(e)(4) of the Securities and Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the Year Ended September 30, 2009, which were agreed to by Investscape, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 solely to assist you and the other specified parties in evaluating Investscape, Inc.'s compliance with applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Investscape, Inc.'s management is responsible for Investscape, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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-7T with respective cash disbursement records entries (copies of checks issued) noting no differences;
- 2) Compared amounts included in the amounts reported on the audited Form X-17A-5 for the year ended September 30, 2009 with the amounts reported in Form SIPC-7T for the period ended September 30, 2009, noting no differences; and
- 3) Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers (reviewed applicable working papers with adjusted trial balance) supporting the adjustments noting no differences.

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 the use of the specified parties listed above and is not intended to be and should not be used by anyone other than the specified parties.

A handwritten signature in black ink that reads "Dunleavy & Company, P.C." in a cursive style.

DUNLEAVY & COMPANY, P. C.  
Certified Public Accountants

Blue Island, Illinois  
November 6, 2009

INVESTSCAPE, INC.  
DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

SCHEDULE OF ASSESSMENT PAYMENTS

General Assessment		\$ 813
Less Payments Made:		
<u>Date Paid</u>	<u>Amount</u>	
<u>01-02-09</u>	<u>\$ 150</u>	
_____	_____	
_____	_____	<u>150</u>
Interest on late payment(s)		_____
Total Assessment Balance and Interest Due		<u>\$ 663</u>
Payment made with Form SIPC 7T		<u>\$ 663</u>

See Accountant's Report

INVESTSCAPE, INC.  
DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

Total revenue	<u>\$ 533,658</u>
Additions:	
Net loss from principal transactions in Securities in trading accounts	<u>3,921</u>
Net loss from securities in investment accounts	<u>4,779</u>
Total additions	<u>\$ 8,700</u>
Deductions:	
Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, 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	50,829
Revenues from commodity transactions	0
Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions	166,371
Total interest expense	5
Other	<u>0</u>
Total deductions	<u>\$ 217,205</u>
SIPC NET OPERATING REVENUES	<u>\$ 325,153</u>
GENERAL ASSESSMENT @ .0025 ( <i>\$150 minimum</i> )	<u>\$ 813</u>

See Accountant's Report