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

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ANNUAL AUDITED REPORT Section

FORM X-17A-5 PART III

FEB 27 2009

SEC FILE NUMBER table with value 8-51230

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 01/01/08 AND ENDING 12/31/08

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

SummitAlliance Securities, L.L.C.

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

14785 Preston Road Suite 1000

(No. and Street)

Dallas

(City)

Texas

(State)

75254-7876

(Zip Code)

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

CF & Co., L.L.P.

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

14175 Proton Rd.

(Address)

Dallas

(City)

TX

(State)

75244

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY box

\*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.

Handwritten initials

Handwritten initials

OATH OR AFFIRMATION

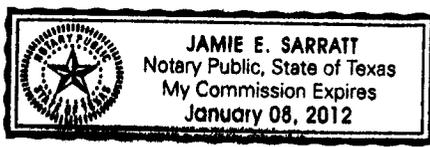
I, Michael Lester, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SummitAlliance Securities, L.L.C., as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company 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:

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

*Michael Lester*  
Signature

President  
Title

*Jamie E. Sarratt*  
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 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.
- (o) Independent auditor's report on internal control

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**SUMMITALLIANCE SECURITIES, L.L.C.**

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED  
DECEMBER 31, 2008

# SUMMITALLIANCE SECURITIES, L.L.C.

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*CF & Co., L.L.P.*

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Member  
SummitAlliance Securities, L.L.C.

We have audited the accompanying statement of financial condition of SummitAlliance Securities, L.L.C. as of December 31, 2008, and the related statements of income, changes in member's equity, changes in liabilities subordinated to claims of general creditors, 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. Our responsibility is to express an opinion on these financial statements 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 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 SummitAlliance Securities, L.L.C. as of December 31, 2008, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*CF & Co. 22P*  
CF & Co., L.L.P.

Dallas, Texas  
February 23, 2009

SUMMITALLIANCE SECURITIES, L.L.C.  
Statement of Financial Condition  
December 31, 2008

**ASSETS**

Cash	\$ 61,696
Receivable from broker and dealers	246,488
Other assets	<u>23,696</u>
	<u>\$ 331,880</u>

**LIABILITIES AND MEMBER'S EQUITY**

<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 217,214
<b>Member's equity</b>	<u>114,666</u>
	<u>\$ 331,880</u>

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

SUMMITALLIANCE SECURITIES, L.L.C.  
Statement of Income  
For the Year Ended December 31, 2008

**Revenues**

Commissions income	\$2,476,035
Other revenue	<u>22,870</u>
	<u>2,498,905</u>

**Expenses**

Commissions	2,203,098
Compensation and benefits	107,750
Communications	10,469
Occupancy and equipment	77,283
Promotional costs	324
Regulatory fees and expenses	92,245
Other expenses	<u>156,559</u>
	<u>2,647,728</u>

Loss before income taxes	(148,823)
Provision for state income taxes	<u>-0-</u>
Net Loss	<u>\$ (148,823)</u>

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

SUMMITALLIANCE SECURITIES, L.L.C.  
Statement of Changes in Member's Equity  
For the Year Ended December 31, 2008

Balance at December 31, 2007	\$ 163,489
Capital contributions	100,000
Net loss	<u>(148,823)</u>
Balance at December 31, 2008	<u>\$ 114,666</u>

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

SUMMITALLIANCE SECURITIES, L.L.C.  
Statement of Changes in Liabilities Subordinated  
to Claims of General Creditors  
For the Year Ended December 31, 2008

Balance, at December 31, 2007	\$	-0-
Increases		-0-
Decreases		<u>-0-</u>
Balance, at December 31, 2008	\$	<u>-0-</u>

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

SUMMIT ALLIANCE SECURITIES, L.L.C.  
Statement of Cash Flows  
For the Year Ended December 31, 2008

<b>Cash flows from operating activities</b>	
Net loss	\$ (148,823)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Increase in receivable from brokers and dealers	(107,399)
Decrease in other assets	3,664
Increase in accounts payable and accrued expenses	<u>119,643</u>
Net cash provided (used) by operating activities	<u>(132,915)</u>
<b>Cash flows from investing activities</b>	
Net cash provided (used) by investing activities	<u>-0-</u>
<b>Cash flows from financing activities</b>	
Capital contributions	<u>100,000</u>
Net cash provided (used) by financing activities	<u>100,000</u>
Net decrease in cash	(32,915)
Cash at beginning of period	<u>94,611</u>
Cash at end of period	<u>\$ 61,696</u>

**Supplemental schedule of cash flow information**

Cash paid during the period for:	
Interest	<u>\$ -0-</u>
Income taxes	<u>\$ -0-</u>

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

SUMMITALLIANCE SECURITIES, L.L.C.  
Notes to Financial Statements  
December 31, 2008

Note 1 - Summary of Significant Accounting Policies

SummitAlliance Securities, L.L.C. (the "Company"), was formed in July 1998 for the purpose of providing financial services, including securities brokerage and insurance services. The Company is a broker-dealer in securities registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under (SEC) Rule 15c3-3(k)(2)(ii). Substantially all of the Company's business is conducted with customers located throughout the United States.

The Company operates as a Texas Limited Liability Company (L.L.C.) and has as a sole member, SummitAlliance Investment Group, L.L.C. (the "Parent") ("Its Member"). Its Member has limited personal liability for the obligations or debts of the entity.

The Company dissolves in July 2028, unless earlier dissolved in accordance with the articles of organization.

Insurance commissions are recorded when policies are funded by the customer.

Securities transactions (and related commission revenue and expense) are recorded on a settlement date basis, generally the third business day following the transactions. If materially different, commission income and related expenses are recorded on a trade date basis.

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 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 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2008, the Company had net capital of approximately \$90,626 and net capital requirements of \$14,488. The Company's ratio of aggregate indebtedness to net capital was 2.40 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

SUMMITALLIANCE SECURITIES, L.L.C.

Notes to Financial Statements

December 31, 2008

Note 2 - Net Capital Requirements, continued

Capital distributions to Its Member can be made under a capital distribution policy approved by the Company's board of directors. Periodic distributions approved by the board of directors are made to enable Its Member to pay federal income taxes on Company profits, among other purposes.

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(ii) by promptly transmitting all customer funds and securities to the clearing broker who carries the customer accounts.

Note 4 - Income Taxes

The Company is a single member limited liability company and as such is consolidated for federal income tax purposes with its Parent. Its Parent is taxed as a partnership, therefore all taxable income or loss of the Company and its Parent are included in the income tax returns of the Parent's partners, therefore, no federal income tax expense or benefit is recorded.

Note 5 - Concentration Risk

At various times throughout the year, the Company had cash balances in excess of federally insured limits of \$100,000.

Note 6 - Related Party Transactions/Economic Dependency

The Company and its Parent are a member of a group of affiliated companies under common control and has extensive transactions and relationships with members of the group. The existence of that control could create operating results and financial position significantly different than if the companies were autonomous.

Under a services agreement effective October 1998, Parent, provides the Company with personal property, support staff and office space. The Parent incurs general and administrative expenses on behalf of the Company. For providing these services, the Parent is entitled to receive compensation from the Company on a monthly basis upon presentation of a monthly invoice which includes a breakdown of expenses being billed. The services and support agreement is automatically renewed on a year-to-year basis unless terminated by written notice not less than 30 days prior to the expiration of an

SUMMITALLIANCE SECURITIES, L.L.C.  
Notes to Financial Statements  
December 31, 2008

Note 6 - Related Party Transactions/Economic Dependency, continued

annual term. The Company paid \$125,750 under this agreement, during the year ended December 31, 2008. These expenses are included in compensation and benefits, and occupancy and equipment.

The Company is economically dependent on its Parent.

Note 7 - Commitment and Contingencies

The Company together with others has been named as a defendant in a lawsuit incidental to its securities business that alleges, among other things, violations of various State laws and claim damages in excess of \$104,000. This lawsuit is in the discovery stage. Management intends to present a vigorous defense.

The ultimate outcome of this lawsuit cannot presently be determined. Accordingly, no provision for any liability related to this matter has been made in these financial statements.

Included in the Company's clearing agreement with its clearing broker-dealer, is an indemnification clause. This clause relates to instances where the Company's customers fail to settle security transactions. In the event this occurs, the Company will indemnify the clearing broker-dealer to the extent of the net loss on the unsettled trade. At December 31, 2008, management of the Company had not been notified by the clearing broker-dealer, nor were they otherwise aware, of any potential losses relating to this indemnification.

Note 8 - Subsequent Events

The Company has agreed to receive certain assets and assume all liabilities of an affiliated broker/dealer. Registered representatives of the affiliated broker/dealer will be transferred. The Company is assuming the affiliate's clearing arrangement with Pershing. No monetary consideration is owed the affiliate related to this agreement.

The Company terminated its clearing arrangement with National Financial Services Corporation.

Supplementary Information  
Pursuant to Rule 17a-5 of the  
Securities Exchange Act of 1934  
As of December 31, 2008

## Schedule I

SUMMITALLIANCE SECURITIES, L.L.C.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
As of December 31, 2008

### COMPUTATION OF NET CAPITAL

Total member's equity qualified for net capital	\$ 114,666
Add:	
Other deductions or allowable credits	<u>-0-</u>
Total capital and allowable subordinated liabilities	114,666
Deductions and/or charges	
Non allowable assets	
Other assets	<u>(23,696)</u>
Net capital before haircuts on securities positions	90,970
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1(f))	<u>(344)</u>
Net capital	<u>\$ 90,626</u>

### AGGREGATE INDEBTEDNESS

Items included in the statement of financial condition	
Accounts payable and accrued expenses	<u>\$ 217,214</u>
Total aggregate indebtedness	<u>\$ 217,214</u>

**Schedule I (continued)**

SUMMITALLIANCE SECURITIES, L.L.C.  
Computation of Net Capital Under Rule 15c3-1  
of the Securities and Exchange Commission  
As of December 31, 2008

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 14,488</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 14,488</u>
Net capital in excess of required minimum	<u>\$ 76,138</u>
Excess net capital at 1000%	<u>\$ 68,905</u>
Ratio: Aggregate indebtedness to net capital	<u>2.40 to 1</u>

**RECONCILIATION WITH COMPANY'S COMPUTATION**

The differences in the computation of net capital under Rule 15c3-1 from the Company's computation is as follows:

Net capital per unaudited Focus IIA	\$ 86,039
Increase due to overstatement of haircuts on securities	<u>4,587</u>
Net capital per audited report	<u>\$ 90,626</u>

## **Schedule II**

SUMMITALLIANCE SECURITIES, L.L.C.  
Computation for Determination of Reserve Requirements Under  
Rule 15c3-3 of the Securities and Exchange Commission  
As of December 31, 2008

### **EXEMPTIVE PROVISIONS**

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Company's clearing firm:      Pershing

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

For the Year Ended  
December 31, 2008



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

To the Board of Directors of  
SummitAlliance Securities, L.L.C.

In planning and performing our audit of the financial statements and supplemental information of SummitAlliance Securities, L.L.C. (the "Company"), as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included 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 and recordation of differences required by rule 17a-13
2. 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

14175 Proton Road • Dallas, Texas 75244-3604 • Phone: 972-387-4300 • 800-834-8586 • Fax 972-960-2810 • [www.cfllp.com](http://www.cfllp.com)

Because of inherent limitations in internal control and the practices and procedures referred to above, error 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 affects 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.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

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, as described in the second paragraph of this report, were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, 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.

CF # 6.270  
CF & Co., L.L.P.

Dallas, Texas  
February 23, 2009

**SUMMITALLIANCE  
SECURITIES, L.L.C.**

December 31, 2008

*Report Pursuant to Rule 17a-5(d)*



*PwC & Co., LLP*

MEMBER FIRM OF PRICEWATERHOUSECOOPERS  
MEMBERSHIP FIRM