

SE



09056464

MISSION

cm

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	February 28, 2010
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
8- 52257

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 01/01/08 AND ENDING 12/31/08  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Glaucon Capital Partners, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

21 Carlton Drive

(No. and Street)

Mount Kisco

(City)

NY

(State)

10549

(Zip Code)

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

Dawn Hays

914-666-4788

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Eric J. Fernandez + Co.

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

895 West Main Street, West Dundee

(Address)

(City)

IL

(State)

60118

(Zip Code)

SEC Mail Processing  
Section

CHECK ONE:

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

FEB 24 2009

Washington, DC  
111

**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)

AB  
3/12

OATH OR AFFIRMATION

I, Dawn D. Hays, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Glaucon Capital Partners, LLC, as of December 31, 20 08, 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:

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

Dawn D. Hays  
Signature

Member  
Title

[Signature] 2/10/09  
Notary Public

DARREN J. SALISBURY  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN PUTNAM COUNTY  
NO. 01SA6190666  
MY COMMISSION EXPIRES JULY 28, 20 12

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).

CRD 103770  
SEC 8-52257

**GLAUCON CAPITAL PARTNERS, L.L.C.  
(A LIMITED LIABILITY COMPANY)**

---

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

---

**YEARS ENDED  
DECEMBER 31, 2008 AND 2007**

## CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of financial condition	2
Statements of income	3
Statements of members' equity	4
Statements of cash flows	5
Notes to financial statements	6 - 7
<b>Supplementary Information:</b>	
Independent auditors' report on supplementary information required by rule 17a-5 of the Securities and Exchange Commission	8
Schedule I - Computation of net capital under rule 15c3-1 of the Securities and Exchange Commission	9
Schedule II - Report on internal control required by rule 17a-5(g)(1) of the Securities and Exchange Commission	10 - 11



ERIC J. FERNANDEZ & CO.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Members  
Glaucou Capital Partners, L.L.C.  
Mt. Kisco, New York

We have audited the accompanying statements of financial condition of Glaucou Capital Partners, L.L.C. (a Limited Liability Company) as of December 31, 2008 and 2007, and the related statements of income, members' equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with U. S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 audits provide 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 Glaucou Capital Partners, L.L.C. as of December 31, 2008 and 2007, and the statements of income, members' equity, and cash flows for the years then ended in conformity with U. S. generally accepted accounting principles.

ERIC J. FERNANDEZ & CO.

A handwritten signature in cursive script that reads "Eric J. Fernandez &amp; Co." with a stylized flourish at the end.

West Dundee, Illinois  
January 16, 2009

**GLAUCON CAPITAL PARTNERS, L.L.C.**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2008 AND 2007**

	2008	2007
<b>CURRENT ASSETS:</b>		
Cash	\$ 83,372	\$ 71,654
Accounts receivable	17,500	-
Prepaid expenses	6,588	6,512
Total current assets	<b>107,460</b>	<b>78,166</b>
Total assets	<b>\$ 107,460</b>	<b>\$ 78,166</b>
 <b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 8,601	\$ 1,728
Total current liabilities	<b>8,601</b>	<b>1,728</b>
<b>MEMBERS' EQUITY</b>	<b>98,859</b>	<b>76,438</b>
	<b>\$ 107,460</b>	<b>\$ 78,166</b>

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

**GLAUCON CAPITAL PARTNERS, L.L.C.**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>REVENUES:</b>		
Transaction fees	\$ 603,850	\$ 160,000
Retainer fees	240,000	122,500
Other income	<u>-</u>	<u>35,000</u>
Total revenues	<u>843,850</u>	<u>317,500</u>
<b>EXPENSES:</b>		
Registered representative	224,055	71,333
Travel and entertainment	37,067	27,306
Professional services	7,300	7,200
Regulatory fees	5,843	5,798
Filing fees and taxes	2,075	2,225
Internet and website	1,534	3,034
Office supplies and miscellaneous	655	751
Association dues and subscriptions	495	495
Insurance	368	368
Printing	201	874
Conference fees	<u>-</u>	<u>510</u>
Total expenses	<u>279,593</u>	<u>119,894</u>
Net income	<u>\$ 564,257</u>	<u>\$ 197,606</u>

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

**GLAUCON CAPITAL PARTNERS, L.L.C.**  
**STATEMENTS OF MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 76,438	\$ 92,570
Add: Net income	564,257	197,606
	<b>640,695</b>	<b>290,176</b>
Less: Member distributions	(541,836)	(213,738)
<b>BALANCE, END OF YEAR</b>	<b>\$ 98,859</b>	<b>\$ 76,438</b>

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

**GLAUCON CAPITAL PARTNERS, L.L.C.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 564,257	\$ 197,606
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(17,500)	15,000
(Increase) decrease in prepaid expenses	(76)	398
Increase (decrease) in accounts payable and accrued expenses	<u>6,873</u>	<u>(9,522)</u>
Total adjustments	<u>(10,703)</u>	<u>5,876</u>
Net cash provided by operating activities	<u><b>553,554</b></u>	<u><b>203,482</b></u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES:</b>		
Distributions to members	<u>(541,836)</u>	<u>(213,738)</u>
Net cash (used) in financing activities	<u>(541,836)</u>	<u>(213,738)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>11,718</b>	<b>(10,256)</b>
Cash at beginning of year	<u>71,654</u>	<u>81,910</u>
<b>CASH AT END OF YEAR</b>	<u><b>\$ 83,372</b></u>	<u><b>\$ 71,654</b></u>

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

# GLAUCON CAPITAL PARTNERS, L.L.C.

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

#### NATURE OF BUSINESS

Glaucon Capital Partners, L.L.C. (the "Company") is a Delaware limited liability company formed in December 1999 for the purpose of conducting business as a broker/dealer in securities. The Company's operations consist of wholesaling and retailing private placements of debt and equity securities on a best efforts basis.

The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the Company promptly transmits all funds and securities, does not hold funds or securities for customers and effectuates all financial transactions between the broker or dealer and customers through designated bank accounts.

#### 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 may 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.

#### INVESTMENT BANKING

Investment banking revenues include fees arising from securities offerings in which the Company acts as an agent. Such investment banking transaction fees are recorded at the time the transaction is completed and the income is reasonably determinable.

#### REVENUE RECOGNITION

The Company enters into individual contracts with each respective client. It is therefore the Company's policy to recognize revenue according to each individual contract agreement.

#### INCOME TAXES

The Company has elected under the Internal Revenue Code to be a Limited Liability Company. The Partners of the Company are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income taxes has been included in these financial statements.

## GLAUCON CAPITAL PARTNERS, L.L.C.

### NOTES TO FINANCIAL STATEMENTS (continued)

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company considers its accounts receivable, which are customer obligations incurred during the normal course of business, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

2. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2008, the Company had net capital of \$74,771 and a net capital requirement of \$5,000. There was no material difference between the Company's net capital at December 31, 2008 as reported herein and the net capital reported by the Company in its FOCUS Report for the period ended December 31, 2008.

3. TRANSACTIONS WITH RELATED PARTY

The Company is 50% owned by Glaucon Capital, L.L.C. Glaucon Capital, L.L.C. receives a consulting fee from the Company from time to time for special services rendered. For the year ended December 31, 2008 and 2007 no consulting fees were paid to Glaucon Capital, L.L.C.

4. MAJOR CLIENTS/SUPPLIERS

The Company receives the majority of its revenues by providing specialized securities financing arrangements to a limited number of clients. For 2008, revenues generated from its top three clients represented 81% (31%, 30%, and 20%) and for 2007 revenues generated from its top client represented 57% of the Company's total revenue. During the years ended December 31, 2008 and 2007, the Company incurred approximately 80% and 60% of its total expenses with one individual, respectively. This individual is an independent contractor to the Company and is a National Association of Securities Dealers registered representative of the Company.



ERIC J. FERNANDEZ & CO.

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION  
REQUIRED BY RULE 17a-5 OF THE SECURITIES AND EXCHANGE  
COMMISSION**

The Members  
Glaucou Capital Partners, L.L.C.  
Mt. Kisco, New York

We have audited the accompanying financial statements of Glaucou Capital Partners, L.L.C. for the year ended December 31, 2008 and have issued our report thereon dated January 16, 2009. Our audit was conducted 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.

A handwritten signature in cursive script that reads "Eric J. Fernandez" followed by a stylized flourish.

ERIC J. FERNANDEZ & CO.  
West Dundee, Illinois  
January 16, 2009

**SUPPLEMENTARY INFORMATION**

**SCHEDULE I**  
**GLAUCON CAPITAL PARTNERS, L.L.C.**  
**COMPUTATION OF NET CAPITAL UNDER RULE**  
**15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2008**

Members' equity	\$ 98,859
Deduct members' equity not allowable for net capital	_____ -
Total members' equity qualified for net capital	<u>98,859</u>
Add:	
Subordinated borrowings allowable in computation of net capital	_____ -
Deductions and/or charges:	
Non-allowable assets:	
Prepaid expenses	6,588
Accounts receivable	<u>17,500</u>
Total non-allowable assets	<u>24,088</u>
Net capital total before haircuts	74,771
Haircuts on securities	_____ -
Net capital	<u>\$ 74,771</u>
Aggregate indebtedness	
Items included in statement of financial condition:	
Accounts payable and accrued expenses	<u>\$ 8,601</u>
Total aggregate indebtedness	<u>\$ 8,601</u>
Computation of basic capital requirement:	
Minimum net capital required	\$ 115
Minimum dollar amount	<u>\$ 5,000</u>
Amount required	<u>\$ 5,000</u>
Excess net capital at 1,000 percent	<u>\$ 73,910</u>
Ratio: Aggregate indebtedness to net capital	<u>.12 to 1</u>

There is no material difference between the above computation and the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2008.



ERIC J. FERNANDEZ & CO.

CERTIFIED PUBLIC ACCOUNTANTS

**SCHEDULE II  
REPORT ON INTERNAL CONTROL REQUIRED  
BY RULE 17a-5(g)(1) OF THE  
SECURITIES AND EXCHANGE COMMISSION**

The Members  
Glaucou Capital Partners, L.L.C.  
Mt. Kisco, New York

In planning and performing our audit of the financial statements of Glaucou Capital Partners, L.L.C., for the year ended December 31, 2008, in accordance with U.S. generally accepted auditing standards, we considered the Company's internal control over financial reporting (internal control) 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 and 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 compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).

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.

The Members  
Glaucou Capital Partners, L.L.C.

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.

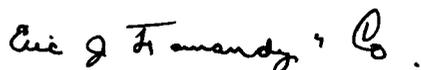
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control 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 were adequate at December 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Members, management, the SEC, 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.



ERIC J. FERNANDEZ & CO.  
West Dundee, Illinois  
January 16, 2009