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SECURITIES



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OMB APPROVAL  
OMB Number: 3235-0123  
Expires: October 31, 2004  
Estimated average burden  
hours per response: 12.00

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

SEC FILE NUMBER  
8- 52660

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 January 1, 2008 AND ENDING December 31, 2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Hunter Wise Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2361 Campus Drive, Suite 100

Irvine (No and Street) California 92612  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Fred Jager (949) 852-1700  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Breard & Associates Inc., Certified Public Accountants

9221 Corbin Avenue Suite 170 (Name - if individual, state last, first, middle name) Northridge CA 91324  
(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)

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OATH OR AFFIRMATION

I, Fred Jager, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hunter Wise Securities, 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:

State of CALIFORNIA
County of Orange

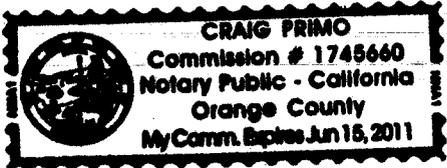
Fred Jager
Signature

Subscribed and sworn to (or affirmed) to before me this 25 day of Feb, 2009 by Fred Jager proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

President
Title

Notary Public

[Handwritten signature of 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 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 15c3-3 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).

**BREARD & ASSOCIATES, INC.**  
Certified Public Accountants

Independent Auditor's Report

Board of Directors  
Hunter Wise Securities, LLC:

We have audited the accompanying statement of financial condition of Hunter Wise Securities, LLC (the Company) as of December 31, 2008, and the related statements of income, changes in member's equity, 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 Hunter Wise Securities, LLC 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 2, 2009

***We Focus & Care***<sup>SM</sup>

**Hunter Wise Securities, LLC**  
**Statement of Financial Condition**  
**December 31, 2008**

**Assets**

Cash and cash equivalents	\$ 42,819
Financial advisory fee receivables	37,954
Marketable securities, at market value	2,133
Prepaid expenses	75,015
Deposits	<u>840</u>
<b>Total assets</b>	<b><u>\$ 158,761</u></b>

**Liabilities and Member's equity**

**Liabilities**

Accounts payable & accrued expenses	\$ 7,248
Commission payable	30,364
Income taxes payable	<u>6,000</u>

**Total liabilities** 43,612

**Member's equity** 115,149

**Total member's equity** 115,149

**Total liabilities and member's equity** **\$ 158,761**

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

**Hunter Wise Securities, LLC**  
**Statement of Income**  
**For the year ended December 31, 2008**

**Revenues**

Financial advisory fees	\$ 1,362,061
Interest and dividend income	126,697
Net investment gains (loss)	<u>(7,019)</u>
<b>Total revenues</b>	1,481,739

**Expenses**

Floor brokerage, exchange, and clearance fee	1,271,012
Professional fees	29,504
Administrative expense	13,500
Other operating expenses	<u>23,734</u>
<b>Total expenses</b>	<u>1,337,750</u>

**Net income (loss) before income tax provision** 143,989

**Income tax provision** 6,800

**Net income (loss)** \$ 137,189

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

**Hunter Wise Securities, LLC**  
**Statement of Changes in Member's Equity**  
**For the year ended December 31, 2008**

	<u>Member's Equity</u>
Balance at December 31, 2007	\$ 216,710
Capital distributions	(238,750)
Net income (loss)	<u>137,189</u>
Balance at December 31, 2008	<u>\$ 115,149</u>

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

**Hunter Wise Securities, LLC**  
**Statement of Cash Flows**  
**For the year ended December 31, 2008**

**Cash flows from operating activities:**

Net income (loss)		\$ 137,189
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
(Increase) decrease in:		
Financial advisory fee receivables	\$ 1,204,854	
Marketable securities, net	7,020	
Prepaid expenses	(75,015)	
(Decrease) increase in:		
Accounts payable & accrued expenses	1,358	
Commission payable	<u>(1,082,885)</u>	
Total adjustments		<u>55,332</u>

**Net cash and cash equivalents provided by (used in) operating activities** 192,521

**Cash flows from investing activities:** -

**Cash flows from financing activities:**

Capital distributions		<u>(238,750)</u>
<b>Net cash and cash equivalents provided by (used in) financing activities</b>		<u>(238,750)</u>

**Net increase (decrease) in cash and cash equivalents** (46,229)

**Cash and cash equivalents at beginning of year** 89,048

**Cash and cash equivalents at end of year** \$ 42,819

**Supplemental disclosure of cash flow information:**

Cash paid during the year for

Interest		\$ -
Income taxes		\$ 6,800

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

**Hunter Wise Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Hunter Wise Securities, LLC (the "Company"), was organized in the State of California on May 1, 2000. The Company is registered as a broker/dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA") and Securities Investors Protection Corporation ("SIPC"). The Company conducts business on a fully disclosed basis whereby the execution and clearance of trades are handled by another Broker/Dealer. The Company does not hold customer funds and/or securities.

The Company's focus is maximizing corporate value through facilitating liquidity events ranging from raising equity and placing debts to the sale of privately owned businesses and small-cap public companies.

The Company's sole member is Hunter Wise Financial Group, LLC (the "Parent").

*Summary of Significant Accounting Policies*

The presentation 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

Investment advisory fee receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Underwriting fees are recorded at the time the underwriting is completed and the income is reasonably determined. Investment advisory fees are recognized as earned on a pro rata basis over the term of the contract.

**Hunter Wise Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

The Company's investments in marketable securities are held principally for the purpose of selling in the near term. These investments are valued at market value on the balance sheet. Mark to market accounting is used for purposes of determining unrealized gain/loss on security positions in investment accounts.

The Company is treated as a disregarded entity for federal tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. Accordingly, no provision or liability for Federal Income Taxes is included in these financial statements. The State of California has similar treatment, although there exists a provision for a minimum Franchise Tax of \$800 plus a tax based upon gross receipts.

**Note 2: MARKETABLE SECURITIES, AT MARKET VALUE**

Marketable securities, at market value consist of restricted corporate stocks. At December 31, 2008, the stocks are recorded at their fair market value of \$2,133. The accounting for the mark-to-market on the proprietary trading is included in income as net dealer inventory & investment loss of \$7,019. These securities are treated as non-allowable assets in computing net capital under the Securities and Exchange Commission's uniform net capital rule.

**Note 3: INCOME TAXES**

As discussed in Note 1, the Company is treated as a disregarded entity for Federal and State income tax purposes. The Company's income and expenses are included in the tax returns of the Company's Parent. A portion of the consolidated income tax liability is allocated to the Company as if the Company had filed separate income tax returns. However, for tax purposes the Parent is treated like a partnership, therefore in lieu of business income taxes, the members of the Parent are taxed on the Company's taxable income. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company is subject to a limited liability company gross receipts tax, with a minimum provision of \$800. The income tax provisions consist of the following:

Franchise tax	\$ 800
Gross receipts tax	<u>6,000</u>
Total income tax provision	<u>\$ 6,800</u>

**Hunter Wise Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 4: RELATED PARTY TRANSACTIONS**

The Company and the Parent share personnel, administrative expenses, and office space. All costs incurred for such shared expenses are paid by the Parent and reimbursed by the Company in accordance with an administrative services agreement. At December 31, 2008 the Company incurred \$13,500 in administrative expenses paid to the Parent.

**Note 5: CONCENTRATION OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in whose counter-parties primarily include broker/dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends upon the creditworthiness of the counter-party or issuer of the instrument. To mitigate the risk of loss, the Company maintains its accounts with credit worthy customers and counter-parties.

**Note 6: RECENTLY ISSUED ACCOUNTING STANDARDS**

For the year ending December 31, 2008, various accounting pronouncements or interpretations by the Financial Accounting Standards Board were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following Financial Interpretation ("FIN") and Statements of Financial Accounting Standards ("SFAS") for the year to determine relevance to the Company's operations:

<u>Statement Number</u>	<u>Title</u>	<u>Effective Date</u>
FIN 48	Accounting for Uncertainty in Income Taxes – an Interpretation of FASB Statement No. 109	After 12/15/06
SFAS 141(R)	Business Combinations	After 12/15/08
SFAS 157	Fair Value Measurements	After 12/15/07
SFAS 160	Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51	After 12/15/07
SFAS 161	Disclosures about Derivative Instruments and Hedging Activities – an Amendment of FASB Statement No. 133	After 12/15/08

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Hunter Wise Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2008**

**Note 7: NET CAPITAL**

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. Net capital and aggregate indebtedness change day to day, but on December 31, 2008, the Company had net capital of \$29,571, which was \$24,571 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$43,612) to net capital was 1.47 to 1, which is less than the 15 to 1 maximum ratio allowed for a broker/dealer.

**Hunter Wise Securities, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2008**

**Computation of net capital**

Member's equity	\$ <u>115,149</u>	
<b>Total member's equity</b>		\$ 115,149
<b>Less: Non-allowable assets</b>		
Financial advisory fee receivables	(7,590)	
Marketable securities, at market value	(2,133)	
Prepaid expenses	(75,015)	
Deposits	<u>(840)</u>	
Total non-allowable assets		<u>(85,578)</u>
<b>Net capital</b>		29,571

**Computation of net capital requirements**

Minimum net capital requirements		
6 2/3 percent of net aggregate indebtedness	\$ 2,907	
Minimum dollar net capital required	5,000	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<u>\$ 24,571</u>

Ratio of aggregate indebtedness to net capital 1.47: 1

There was no material difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated December 31, 2008.

*See independent auditor's report.*

**Hunter Wise Securities, LLC**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2008**

A computation of reserve requirement is not applicable to Hunter Wise Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

*See independent auditor's report.*

**Hunter Wise Securities, LLC**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of December 31, 2008**

Information relating to possession or control requirements is not applicable to Hunter Wise Securities, LLC as the Company qualifies for exemption under Rule 15c3-3 (k)(2)(ii).

*See independent auditor's report.*

**Hunter Wise Securities, LLC**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended December 31, 2008**

# **BREARD & ASSOCIATES, INC.**

Certified Public Accountants

Board of Directors

Hunter Wise Securities, LLC:

In planning and performing our audit of the financial statements of Hunter Wise Securities, LLC (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 (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 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 (or aggregate debits) 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 judgements 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.

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, 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 2, 2009

**SEC**  
Mail Processing  
Section

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Washington, DC  
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**Hunter Wise Securities, LLC**

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

**Financial Statements**

**For the Year Ended December 31, 2008**