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

SEC FILE NUMBER
8-48481

Office of Compliance Inspection  
and Examinations

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2008 AND ENDING 12/31/2008

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: BETA CAPITAL MANAGEMENT, L.P.

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

777 Brickell Avenue, Suite 1201

(No. and Street)

Miami

(City)

Florida

(State)

33131

(Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

Idelma Hervis

305-358-8844

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Kaufman Rossin & Co.

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

2699 S. Bayshore Drive

(Address)

Miami

(City)

Florida

(State)

33133

(Zip Code)

**CHECK ONE:**

- Certified Public Accountant
- Public Accountant
- Accountant not resident in the 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 public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17 a-5(e) (2)

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

OATH OR AFFIRMATION

I, Idelma Hervis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Beta Capital Management, L.P., 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:

No exceptions



*[Handwritten Signature]*

(Notary Public)

*[Handwritten Signature]*  
(Signature)

*[Handwritten Title]*  
(Title)

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).

A report containing a statement of financial condition has been included; accordingly it is requested that this report be given confidential treatment.

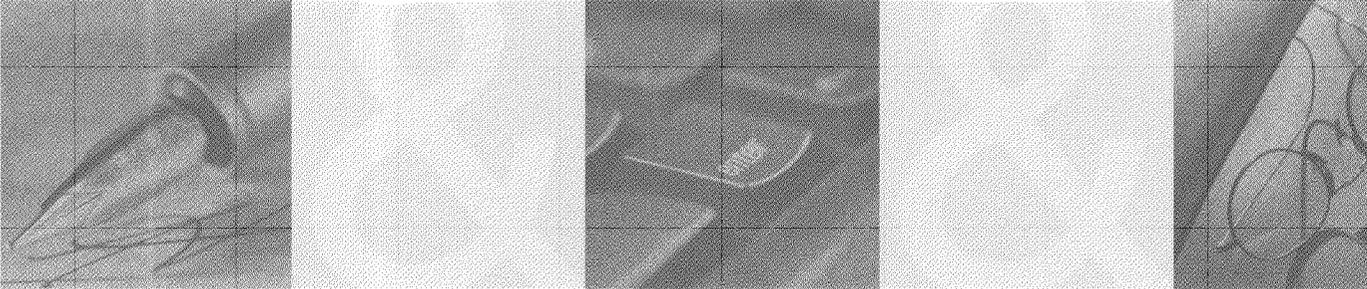
# BETA CAPITAL MANAGEMENT, L.P.

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## STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2008

105



**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Partners  
Beta Capital Management, L.P.  
Miami, Florida

We have audited the accompanying statement of financial condition of Beta Capital Management, L.P. as of December 31, 2008. 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 obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition 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 Beta Capital Management, L.P. as of December 31, 2008, in conformity with accounting principles generally accepted in the United States of America.



Miami, Florida  
February 24, 2009

**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

**BETA CAPITAL MANAGEMENT, L.P.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2008**

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**ASSETS**

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CASH AND CASH EQUIVALENTS (NOTE 2)	\$	4,502,550
RECEIVABLE FROM BROKERS (NOTE 2)		289,620
PROPERTY AND EQUIPMENT (NOTE 4)		108,297
OTHER ASSETS		143,256
	\$	5,043,723

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**LIABILITIES AND PARTNERS' CAPITAL**

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**LIABILITIES**

Commissions payable	\$	722,098
Accounts payable and accrued liabilities		218,770
Management fees payable (Note 5)		377,934
Capital withdrawals payable (Note 5)		2,724,921
Total liabilities		4,043,723

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LEASE COMMITMENTS (NOTE 6)

PARTNERS' CAPITAL (NOTE 5)		1,000,000
	\$	5,043,723

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See accompanying notes.

**BETA CAPITAL MANAGEMENT, L.P.**  
**NOTES TO STATEMENT OF FINANCIAL CONDITION**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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***Description of Business and Organization***

Beta Capital Management, L.P. (the Partnership) is registered with the Securities and Exchange Commission as a broker-dealer of various types of equity, debt, commodity, and mutual fund securities. The Partnership acts in an agency capacity, buying and selling these securities for its customers, primarily within Latin America, and charging a commission.

***Government and Other Regulation***

The Partnership's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Partnership is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

***Cash and Cash Equivalents***

The Partnership considers all highly liquid debt instruments having maturities of three months or less at the date of acquisition to be cash equivalents. The Partnership may, during the ordinary course of business, maintain account balances in excess of federally insured limits.

***Securities Transactions and Revenue Recognition***

Securities transactions, along with related commission income, clearing costs and commission expenses, are reported on a trade date basis, and are valued at quoted market or dealer quotes.

***Property and Equipment***

Property and equipment is recorded at cost. Expenditures for major betterments and additions are charged to the asset accounts while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are charged to expense currently.

Depreciation and amortization are computed using the straight-line method based upon estimated useful lives of five and seven years.

***Defined Contribution Plan***

The Partnership maintains a 401(k) plan covering substantially all employees, with the Partnership matching up to 4% of employee payroll deferrals.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Income Taxes***

The Company is a Limited Liability Partnership, which does not incur federal income taxes. Instead, its taxable income or loss is reflected by the partners on their individual income tax returns. No provision for income taxes is included in the accompanying financial statements.

The Company has elected to defer adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes, until the year ending December 31, 2009 in accordance with FASB Staff Position (FSP) FIN 48-3. The Company has historically evaluated its potential income tax liability arising from uncertain tax positions pursuant to FASB Statement No. 5 whereby loss contingencies are accrued if the loss is both probable and can be reasonably estimated. FSP FIN 48-3 deferred the mandatory adoption date of the Interpretation to the annual financial statements for fiscal years beginning after December 15, 2008 to allow the FASB to develop guidance on its application to pass-through entities, such as the Company.

***Use of Estimates in the Preparation of Financial Statements***

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. Actual results could differ from those estimates.

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**NOTE 2. RISK CONCENTRATIONS**

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***Clearing and Depository Concentrations***

The primary clearing and depository operations for the Partnership's securities transactions are provided by a brokerage firm whose principal office is in New York, New York. In addition, the Company maintains a clearing account with a brokerage firm whose principal office is in Jersey City, New Jersey. At December 31, 2008, \$289,620 of receivable from brokers and \$4,490,512 of cash and cash equivalents included in the accompanying financial statements, are due from and held by these brokers.

***Other Risk Concentrations***

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In connection with these activities, the Company executes customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event a customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

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**NOTE 3. NET CAPITAL REQUIREMENTS**

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As a registered broker-dealer, the Partnership is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, which requires that "Net Capital", as defined, shall be at least the greater of \$250,000 or one-fifteenth of "Aggregate Indebtedness", as defined. At December 31, 2008, the Partnership's "Net Capital" was \$583,309 which exceeded the requirements by \$313,728 December 31, 2008, and the ratio of "Aggregate Indebtedness" to "Net Capital" was 6.93 to 1.

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**NOTE 4. PROPERTY AND EQUIPMENT**

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Property and equipment at December 31, 2008 consisted of the following:

Furniture and fixtures	\$	83,965
Leasehold improvements		59,728
Office equipment		256,543
		<hr/> 400,236
Less: accumulated depreciation and amortization		291,939
		<hr/>
	\$	108,297

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**NOTE 5. RELATED PARTY TRANSACTIONS**

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*Management Fees*

The Partnership agreement provides for, among other things, a management fee payable to the general partner in an amount equal to 10% of gross revenues less commissions to brokers employed by the Partnership and referral fees and similar payments paid to other firms in the same line of business as the Partnership. At December 31, 2008, management fees of \$377,934 were unpaid.

*Capital Activity*

During February of 2008, the Partnership paid capital withdrawals of \$2,287,556 which were authorized with an effective date of December 31, 2007. Effective December 31, 2008, the Partnership authorized capital withdrawals of \$2,724,921 which were payable as of December 31, 2008.

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**NOTE 6. LEASE COMMITMENTS**

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The Partnership is obligated under non-cancelable operating leases and service contracts for office space and equipment.

The approximate future minimum payments under non-cancelable operating leases and service contracts for the years subsequent to December 31, 2008 are as follows:

2009	\$	467,000
2010		441,000
2011		79,000
		<hr/>
	\$	987,000

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