



09058309

COMMISSION

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**

Mail Processing Section

FEB 27 2008

SEC FILE NUMBER
8- 07609

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 October 20, 2007 AND ENDING December 31, 2008
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: ARBOR COURT CAPITAL, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

30775 BAINBRIDGE ROAD, SUITE 1

CLEVELAND (No. and Street) OH 44139
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
CYNTHIA POVEDA 440-498-6333

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HOBE & LUCAS CPA'S, INC.

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

4807 ROCKSIDE ROAD, SUITE 510 INDEPENDENCE OH 44131
(Address) (City) (State) (Zip Code)

CHECK ONE:

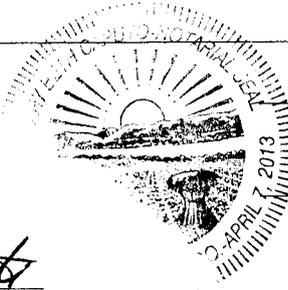
- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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)

OATH OR AFFIRMATION

I, CYNTHIA POVEDA, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ARBOR COURT CAPITAL, 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:



[Handwritten Signature]

Signature

PRESIDENT

Title

May Beth Copats
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 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).

ARBOR COURT CAPITAL, LLC
DECEMBER 31, 2008

TABLE OF CONTENTS

<u>Independent Auditors' Report</u>	2
<u>Statement of Financial Condition</u> December 31, 2008	3
<u>Statement of Operations</u> For the fourteen months ended December 31, 2008	4
<u>Statement of Changes in Member's Equity</u> For the fourteen months ended December 31, 2008	5
<u>Statement of Cash Flows</u> For the fourteen months ended December 31, 2008	6
<u>Notes to the Financial Statements</u>	7 - 8
<u>Supplemental Information</u>	9 - 11
<u>Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5</u>	12 - 13

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

INDEPENDENT AUDITORS' REPORT

To the Member
Arbor Court Capital, LLC

We have audited the accompanying statement of financial condition of Arbor Court Capital, LLC (a wholly-owned subsidiary of Life Settlement Insights, LLC) as of December 31, 2008, and the related statements of operations, changes in member's equity, and cash flows for the fourteen months 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 Arbor Court Capital, LLC as of December 31, 2008, and the results of its operations and its cash flows for the fourteen months 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 our 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.

Hobe & Lucas
Certified Public Accountants, Inc.

February 13, 2009

Independent Member

B K R
INTERNATIONAL

Members In Principal Cities Worldwide

ARBOR COURT CAPITAL, LLC
BALANCE SHEET
DECEMBER 31, 2008

ASSETS

Current Assets

Cash and cash equivalents	\$ 10,689
Prepaid expenses	<u>4,494</u>
Total Current Assets	<u>15,183</u>
Total Assets	<u><u>\$ 15,183</u></u>

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities

Accounts payable	\$ 106
------------------	--------

Member's Equity

Member's Equity	<u>15,077</u>
Total Liabilities and Member's Equity	<u><u>\$ 15,183</u></u>

See accompanying notes to financial statements.

ARBOR COURT CAPITAL, LLC
STATEMENT OF OPERATIONS
FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2008

Revenue

Settlement fees	\$ 14,000
-----------------	-----------

Expenses

Payroll	38,885
Consulting	36,212
Professional fees	4,325
Registration fees	5,477
Licenses and permits	6,457
Rent	7,000
Dues and subscriptions	7,546
Internet	1,563
Insurance	3,344
Office expense	1,400
Telephone	1,400
Bank charges	88
Case costs	909
Taxes - other	100
Total Expenses	114,706

<u>Net Income (Loss) from Operations</u>	(100,706)
---	-----------

Other Income

Interest income	17
-----------------	----

<u>Net Income (Loss)</u>	\$ (100,689)
---------------------------------	---------------------

See accompanying notes to financial statements.

ARBOR COURT CAPITAL, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2008

<u>Beginning Balance, October 20, 2007</u>	\$ 5,766
Contributions	110,000
Net loss	<u>(100,689)</u>
<u>Ending Balance, December 31, 2008</u>	<u><u>\$ 15,077</u></u>

See accompanying notes to financial statements.

ARBOR COURT CAPITAL, LLC
STATEMENT OF CASH FLOWS
FOR THE FOURTEEN MONTHS ENDED DECEMBER 31, 2008

Cash Flows From Operating Activities:

Net income (loss)	\$ (100,689)
Adjustments to reconcile net income to net cash used for operating activities:	
(Increase) decrease in assets:	
Prepaid expenses and other current assets	(4,222)
Increase (decrease) in liabilities:	
Accounts payable	<u>(2,477)</u>
Net Cash Used for Operating Activities	(107,388)

Cash Flows From Financing Activities:

Member contributions	<u>110,000</u>
----------------------	----------------

<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	2,612
--	-------

<u>Cash and Cash Equivalents - October 20, 2007</u>	<u>8,077</u>
--	--------------

<u>Cash and Cash Equivalents - December 31, 2008</u>	<u><u>\$ 10,689</u></u>
---	-------------------------

Supplemental Disclosures:

Interest paid	<u><u>\$ -</u></u>
Income taxes paid	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

ARBOR COURT CAPITAL, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

ORGANIZATION

Arbor Court Capital, LLC (the Company), a wholly-owned subsidiary of Life Settlement Insights, LLC (the Parent), became a fully-disclosed broker/dealer registered with the Securities and Exchange Commission (SEC) and a member of Financial Industry Regulatory Authority (FINRA) in October 2007. The Company specializes in creating a secondary market for variable life insurance policies and is registered in various states.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Period

The financial statements have been prepared for the fourteen month period to comply with SEC and FINRA requirements.

Accounting Estimates

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.

Income Taxes

The Company is included in the consolidated federal income tax return filed by the Parent, an LLC. No provision for federal or state income taxes has been made in the accompanying financial statements, as such taxes, if any, are the liability of the Members of the Parent.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* that requires the tax effects of certain tax positions to be recognized. These tax positions must meet a “more likely than not” standard that, based on their technical merits, have a more than 50 percent likelihood of being sustained upon examination. Interpretation 48 has been deferred, for non-public companies, until fiscal periods beginning after December 15, 2008. At adoption, the financial statements must be adjusted to reflect only those tax positions that are more likely than not of being sustained. Management currently estimates that the impact of adopting FIN 48 will not have a material effect on the Company’s financial statements.

ARBOR COURT CAPITAL, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Company considers financial instruments with an original maturity of less than 90 days to be cash equivalents.

RELATED PARTY TRANSACTIONS

The Company has entered into a formal expense sharing agreement with the Parent. The agreement provides that certain non-regulatory expenses, such as payroll, rent and utilities, be paid by the Parent on behalf of the Company. To reimburse these expenses, the Company pays the Parent \$1,300 plus a percentage of salaries, per month. Subsequent to the financial statement date, the Parent reduced the salary percentage.

NET CAPITAL PROVISION OF RULE 15c3-1

The Company is subject to the Securities and Exchange Commission (SEC) uniform net capital rule (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. At December 31, 2008, Arbor Court Capital, LLC had net capital of \$10,583, which was \$5,583 in excess of its required net capital of \$5,000. Arbor Court Capital, LLC's ratio of aggregate indebtedness to net capital was 1%.

EXEMPTION FROM RULE 15c3-3

The Company acts as a broker or dealer with limited business activities. The Company operates under Section (k)(1) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is therefore exempt from the requirements of Rule 15c3-3.

SUPPLEMENTAL INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934
DECEMBER 31, 2008

ARBOR COURT CAPITAL, LLC
COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2008

Net Capital

Total member's equity from statement of financial condition	\$ 15,077
---	-----------

Less: Non-allowable assets: Prepaid expenses	(4,494)
--	---------

Net Capital Before Haircuts on Securities

	10,583
--	--------

Haircuts on securities	-
------------------------	---

Net Capital

	\$ 10,583
--	-----------

Computation of Aggregate Indebtedness

Accounts payable	\$ 106
------------------	--------

Computation of Basic Net Capital Requirement -

6 2/3% of Aggregate Indebtedness	\$ 7
----------------------------------	------

Minimum Required Net Capital

	\$ 5,000
--	----------

Net Capital Requirement

	\$ 5,000
--	----------

Excess Net Capital

	\$ 5,583
--	----------

Excess Net Capital at 1,000%

	\$ 10,572
--	-----------

Ratio of Aggregate Indebtedness to Net Capital

	1%
--	----

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2008, filed with the Securities and Exchange Commission and the amount included in the accompanying Schedule I Computation is not required as there are no material differences.

ARBOR COURT CAPITAL, LLC
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
AND INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2008

The Company is not required to present the schedule “Computation for Determination of Reserve Requirements Under Rule 15c3-3” and “Information for Possession or Control Requirements Under Rule 15c3-3” as it meets the exemptive provisions of Rule 15c3-3.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL **REQUIRED BY SEC RULE 17a-5**

To the Shareholder
Arbor Court Capital, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Arbor Court Capital, 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 as a basis for designing our auditing procedures 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, verification, 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 of 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 the 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 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 those specified parties.

Hobe & Lucas
Certified Public Accountants, Inc.

February 13, 2009

ARBOR COURT CAPITAL, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2008