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| OMB Number:   | 3235-0123        |
| Expires:  | October 31, 2004 |
| Estimated average burden<br>hours per response..... | 12.00            |

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

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8- 51163        |

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  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Mercury Equity Group, LLC

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM I.D. NO.     |

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

380 Lexington Avenue, Suite 2020

(No. and Street)

NY

NY

10168

(City)

(State)

(Zip Code)

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

Jeffrey Meshel

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

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

(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)

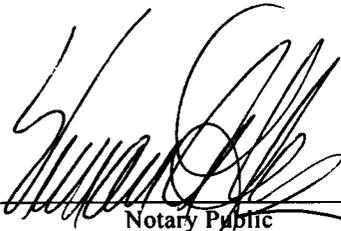
SEC 1410 (06-02)

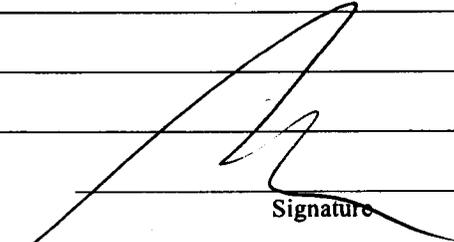
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Jeffrey Meshel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mercury Equity Group, LLC, as of December, 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:

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

  
\_\_\_\_\_  
Notary Public

  
\_\_\_\_\_  
Signature  
Managing Partner

VIVIAN A. NEVAREZ Title  
Notary Public, State of New York  
No. 01NE6003993  
Qualified in Queens County  
Commission Expires March 16, 2010

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 15c3-3 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).

MERCURY EQUITY GROUP, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2008

SEC  
Mail Processing  
Section

MAR 02 2009

Washington, DC  
105

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

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

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8- 51163        |

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: Mercury Equity Group, LLC

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

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| <u>45738</u>      |
| FIRM I.D. NO.     |

380 LEXINGTON AVENUE, SUITE 2020

(No. and Street)

NEW YORK

(City)

NY

(State)

10168

(Zip Code)

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

JEFFREY W. MESHEL, PRESIDENT

(212) 661-0858

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

BERDON LLP

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

ONE JERICHO PLAZA-STE.106

(Address)

JERICHO

(City)

NY

(State)

11753

(Zip Code)

CHECK ONE:

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

|                              |
|------------------------------|
| <b>FOR OFFICIAL USE ONLY</b> |
|                              |

\*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, JEFFREY W. MESHEL, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MERCURY EQUITY GROUP, 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:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
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).*

MERCURY EQUITY GROUP, LLC

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DECEMBER 31, 2008

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STATEMENT OF OPERATIONS FOR THE YEAR  
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EXHIBIT B

STATEMENT OF CHANGES IN MEMBER'S EQUITY FOR THE  
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EXHIBIT C

STATEMENT OF CASH FLOWS FOR THE  
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Computation of Net Capital for Brokers and Dealers  
Pursuant to Rule 15c3-1

Schedule 1

INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL



INDEPENDENT AUDITORS' REPORT

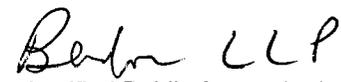
To the Member of  
Mercury Equity Group, LLC  
New York, New York

We have audited the accompanying statement of financial condition of Mercury Equity Group, LLC as of December 31, 2008, and the related statements of operations, 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 Mercury Equity Group, 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 Schedule 1 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.

  
Certified Public Accountants

Jericho, New York  
February 12, 2009

**Berdon LLP**  
CPAs and Advisors

 International Association  
of Practicing Accountants

Reply to:  
One Jericho Plaza  
Jericho, NY 11753  
Ph: 516.931.3100  
Fax: 516.931.0034

360 Madison Avenue  
New York, NY 10017  
Ph: 212.832.0400  
Fax: 212.371.1159  
[www.BERDONLLP.com](http://www.BERDONLLP.com)

MERCURY EQUITY GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS:

|                  |              |
|------------------|--------------|
| Cash             | \$ 134,146   |
| Prepaid expenses | <u>2,125</u> |

|              |                   |
|--------------|-------------------|
| TOTAL ASSETS | <u>\$ 136,271</u> |
|--------------|-------------------|

LIABILITIES AND MEMBER'S EQUITY

CURRENT LIABILITIES:

|                                       |          |
|---------------------------------------|----------|
| Accounts payable and accrued expenses | \$ 9,125 |
|---------------------------------------|----------|

COMMITMENT

|                  |                |
|------------------|----------------|
| MEMBER'S EQUITY: | <u>127,146</u> |
|------------------|----------------|

|                                       |                   |
|---------------------------------------|-------------------|
| TOTAL LIABILITIES AND MEMBER'S EQUITY | <u>\$ 136,271</u> |
|---------------------------------------|-------------------|

MERCURY EQUITY GROUP, LLC  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2008

|   |            |                  |
|---|------------|------------------|
| INCOME:                                   |            |                  |
| Fee income                                |            | \$ 85,733        |
| GENERAL AND ADMINISTRATIVE EXPENSES:      |            |                  |
| Rent expense                              | \$ 4,200   |                  |
| Professional fees                         | 16,722     |                  |
| Registration costs                        | 2,756      |                  |
| Bonding                                   | 958        |                  |
| Office expenses                           | 123        |                  |
| Filing fees                               | <u>750</u> |                  |
| TOTAL GENERAL AND ADMINISTRATIVE EXPENSES |            | <u>25,509</u>    |
| NET INCOME                                |            | <u>\$ 60,224</u> |

The accompanying notes are an integral part of this statement.

MERCURY EQUITY GROUP, LLC  
STATEMENT OF CHANGES IN MEMBERS EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2008

|                             |                   |
|-----------------------------|-------------------|
| BALANCE - JANUARY 1, 2008   | \$ 66,922         |
| Net income                  | <u>60,224</u>     |
| BALANCE - DECEMBER 31, 2008 | <u>\$ 127,146</u> |

The accompanying notes are an integral part of this statement.

MERCURY EQUITY GROUP, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2008

|   |                   |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                   |
| Net income  | \$ 60,224         |
| Adjustment to reconcile net income to net cash<br>provided by operating activities: |                   |
| Changes in assets and liabilities:  |                   |
| Decrease in prepaid expenses  | 431               |
| Increase in accounts payable and accrued expenses                                   | <u>900</u>        |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | <u>61,555</u>     |
| NET INCREASE IN CASH  | 61,555            |
| CASH - BEGINNING OF YEAR  | <u>72,591</u>     |
| CASH - END OF YEAR  | <u>\$ 134,146</u> |

The accompanying notes are an integral part of this statement.

MERCURY EQUITY GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS

Mercury Equity Group, LLC (the Company) was formed as a limited liability company under the laws of New York State on September 3, 1998.

The Company is a registered broker dealer under the Security Exchange Act of 1934. The Company is also a member of the National Association of Security Dealers, Inc. ("NASD") as of March 2, 2000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Income Taxes

The Company is a limited liability company and therefore no provision for federal and state income taxes is required since the member reports the Company's taxable income or loss on his income tax returns.

(b) 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 the disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE 3 - OPEN TRANSACTIONS

As of December 31, 2008, the Company did not have any open transactions with respect to its activities as a securities broker dealer.

NOTE 4 - NET CAPITAL REQUIREMENTS

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related ratio of aggregate indebtedness to net capital may fluctuate on a daily basis. At December 31, 2008, the Company had a net capital and net capital requirements, as reflected on the accompanying supplementary schedule of computation of net capital of \$125,021 and \$5,000, respectively. The Company's ratio of aggregate indebtedness to net capital is .07 to 1 at December 31, 2008.

NOTE 5 - COMMITMENT

The Company is leasing space from an entity related through common ownership on a month to month basis. Pursuant to a Financial Industry Regulatory Authority ("FINRA") examination, rent was increased to \$600 per month effective November 1, 2008. Rent expense was \$4,200 for the year ended December 31, 2008.

SUPPLEMENTARY FINANCIAL INFORMATION

MERCURY EQUITY GROUP, LLC  
 COMPUTATION OF NET CAPITAL FOR BROKERS AND  
 DEALERS PURSUANT TO RULE 15c3-1  
DECEMBER 31, 2008

## COMPUTATION OF NET CAPITAL:

|                                   |                   |
|-----------------------------------|-------------------|
| Total member's equity (Exhibit C) | \$ 127,146        |
| Nonallowable assets:              |                   |
| Prepaid expenses                  | <u>2,125</u>      |
| NET CAPITAL                       | <u>\$ 125,021</u> |

## COMPUTATION OF NET CAPITAL REQUIREMENTS:

|  |                   |
|--|-------------------|
| Aggregate indebtedness - accrued expenses  | <u>\$ 9,125</u>   |
| Minimum capital required (the greater of \$5,000<br>or 6-2/3% of aggregate indebtedness) | <u>\$ 5,000</u>   |
| Capital in excess of minimum requirements  | <u>\$ 120,021</u> |
| Ratio of aggregate indebtedness to net capital   | <u>.07 to 1</u>   |

RECONCILIATION WITH COMPANY'S COMPUTATION (included  
in Part II of Form X-17A-5 as of December 31, 2008)

|   |                   |
|---|-------------------|
| NET CAPITAL, AS REPORTED IN COMPANY'S PART II<br>(UNAUDITED) FOCUS REPORT | \$ 129,068        |
| NET AUDIT ADJUSTMENTS   | <u>(4,047)</u>    |
| NET CAPITAL PER ABOVE   | <u>\$ 125,021</u> |

The accompanying notes and independent auditors' report should be read in conjunction with this supplementary schedule.



## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

To the Member of  
Mercury Equity Group, LLC  
New York, New York

In planning and performing our audit of the financial statements and supplemental schedule of Mercury Equity Group, 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 the 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, 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 an 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 preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures referred to in the preceding paragraph.

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

**Berdon LLP**  
CPAs and Advisors

 International Association  
of Practicing Accountants

Reply to:  
One Jericho Plaza  
Jericho, NY 11753  
Ph: 516.931.3100  
Fax: 516.931.0034

360 Madison Avenue  
New York, NY 10017  
Ph: 212.832.0400  
Fax: 212.371.1159  
[www.BERDONLLP.com](http://www.BERDONLLP.com)



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 use of management, the SEC, the National Association of Securities Dealers and other regulatory agencies which 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 and should not be used by anyone other than these specified parties.

*Berdon LLP*  
Certified Public Accountants

Jericho, New York  
February 12, 2009