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

SEC FILE NUMBER
8- 52424

Washington, DC

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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Starlight Investments, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

#163 510 Bering Street, Suite 300

(No. and Street)

Houston

Texas

77057

(City)

(State)

(Zip Code)

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

Bryan Emerson

(713) 225-3028

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

McConnell & Jones, LLP

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

3040 Post Oak Blvd, #1600

Houston

Texas

77056

(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**

Washington, DC

\*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)

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OATH OR AFFIRMATION

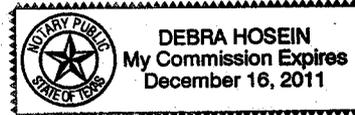
I, Bryan Emerson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Starlight Investments, LLC, as of December 31, 20 09, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

Bryan Emerson  
Signature

President  
Title

Debra Hosein  
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.
- \* See Note 7 to financial statement.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**STARLIGHT INVESTMENTS, LLC**

**Financial Statements and Supplementary  
Information Required by SEC Rule 17a-5**

**December 31, 2009**

**STARLIGHT INVESTMENTS, LLC**

**December 31, 2009**

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### Independent Auditors' Report

To the Manager of Starlight Investments, LLC:

We have audited the accompanying statement of financial condition of Starlight Investments, LLC as of December 31, 2009, 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 Starlight Investments, LLC as of December 31, 2009, 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 I 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.

*McCormell & Jones LLP*

Houston, Texas  
February 12, 2010

3040 Post Oak Blvd., Suite 1600  
Houston, TX 77056  
Ph: 713.968.1600  
Fax: 713.968.1601

**STARLIGHT INVESTMENTS, LLC**  
**Statement of Financial Condition**  
**December 31, 2009**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 20,670
Short term investments	23,478
Accounts receivable, less allowance for doubtful accounts of \$7,995	4,678
Prepaid expenses	<u>3,674</u>
Total current assets	52,500
Computer equipment, net of accumulated depreciation of \$2,744	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 52,500</u></b>

**Liabilities and Members' Equity**

**Current Liabilities**

Accounts payable	2,464
Other	<u>760</u>
Total liabilities	<u>3,224</u>
Member's equity	<u>49,276</u>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$ 52,500</u></b>

See notes to financial statements and independent auditors' report.

**STARLIGHT INVESTMENTS, LLC**  
**Statement of Operations**  
**Year Ended December 31, 2009**

<b>Revenues</b>	<u>\$ 461,871</u>
<b>Expenses</b>	
Commissions and consulting fees	209,514
General and administrative expenses	344,235
Bad debt expenses	270,805
Registration and license fees	<u>8,588</u>
Total expenses	<u>833,142</u>
Loss from operations	(371,271)
<b>Other income</b>	
Interest income	<u>505</u>
<b>NET LOSS</b>	<u>\$ (370,766)</u>

See notes to financial statements and independent auditors' report.

**STARLIGHT INVESTMENTS, LLC**  
**Statement of Changes in Member's Equity**  
**Year Ended December 31, 2009**

	<u>Total</u>
Balances at January 1, 2009	\$ 405,042
Net loss	(370,766)
Member contribution	<u>15,000</u>
Balances at December 31, 2009	<u>\$ 49,276</u>

See notes to financial statements and independent auditors' report.

**STARLIGHT INVESTMENTS, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2009**

<b>Cash Flows From Operating Activities:</b>	
Net loss	\$ (370,766)
Adjustments to reconcile net income to net cash provided by operating activities:	
Write off on notes receivable from affiliates	270,805
Allowance for doubtful accounts	7,995
Changes in operating assets and liabilities:	
Increase in prepaid expenses	(3,258)
Decrease in accounts receivable	38,159
Increase in accounts payable	<u>2,464</u>
Net cash used in operating activities	<u>(54,601)</u>
<b>Cash Flows From Investing Activities:</b>	
Proceeds from short term investments	<u>3,621</u>
Net cash provided by investing activities	<u>3,621</u>
<b>Cash Flows From Financing Activities:</b>	
Member contribution	<u>15,000</u>
Net cash provided by financing activities	<u>15,000</u>
Net decrease in cash	(35,980)
Cash at beginning of year	<u>56,650</u>
Cash at end of year	<u>\$ 20,670</u>

**Supplemental Disclosure of Cash Flow Information:**

There was no cash paid for interest or income taxes.

See notes to financial statements and independent auditors' report.

**STARLIGHT INVESTMENTS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 1: Nature of Business**

Starlight Investments, LLC (the "Company") was organized on November 30, 1999 as a Texas limited liability company. The Company is wholly-owned by its Managing Director, Bryan Emerson. 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). The Company operates under the provisions of Paragraph k(2)(i) of Rule 15c3-3 of the SEC, and accordingly is exempt from the remaining provisions of that Rule.

The Partnership is engaged in investment banking services for small to mid-sized independent companies, both public and private, and operates in a single line of business as a securities broker-dealer, comprising primarily of transaction services.

The Company is owned by one owner. If necessary, the owner will provide financial support to the Company sufficient to satisfy its obligations as they become due until at least January 1, 2011.

The Company evaluated subsequent events after the balance sheet date of December 31, 2009 through February 12, 2010.

**Note 2: Significant Accounting Policies**

***Basis of Accounting***

These financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles whereby revenues are recognized in the period earned and expenses when incurred.

***Use of 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.

***Cash Equivalents***

For purposes of the statements of cash flows, the Company considers short-term highly liquid investments which are readily convertible to cash and have maturities as of the date of purchase of three months or less as cash equivalents.

**STARLIGHT INVESTMENTS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2009**

***Accounts Receivable***

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are due 10 to 60 days after the issuance of the invoice. Accounts past due more than 30 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

***Property and Equipment***

Property and equipment will be carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over estimated useful lives of three to seven years.

***Revenue Recognition***

The Company recognizes revenues from commissions generated from facilitating the placement of equity and debt instruments for its clients and from providing financial services. Revenues are recognized when earned.

***Financial Instruments and Credit Risk***

Financial instruments that potentially subject the Company to credit risk include cash and accounts receivable from customers. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk.

***Income Taxes***

The Company is not recognized as a taxable entity for federal income tax purposes; therefore, no federal income tax expense has been recorded in the financial statements. Taxable income of the Company is recorded on the member's individual federal income tax return. The Company is subject to Texas Franchise Tax and accrues 1% of the gross margin as defined by the new law.

**Note 3: Short Term Investments**

The Company has two certificates of deposits as of December 31, 2009. One matures on April 26, 2010, with balance of \$6,530 and interest rate of .62%. The other matures on January 7, 2010, with balance of \$10,498 and interest rate of .35%.

The Company also has short term investments of \$6,450 in equity securities for trading purpose. The investments are recorded at fair market value and the unrealized gain is recorded in operating income.

**STARLIGHT INVESTMENTS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 4: Notes Receivable – Affiliates**

During the year ended December 31, 2007, the Company advanced funds to two entities owned by the sole member of the Company: Starlight Capital Investments, LLC (“SCI”), a Texas limited liability company; and Starlight Capital, Inc. (“SC”), a Texas Corporation. On January 21, 2008, these advances were formalized into two separate note agreements as follows, and accordingly, have been classified as notes receivable in the accompanying balance sheet:

Note receivable due from Starlight Capital Investments, LLC – original principal amount of \$165,000; principal and interest (12%) of \$3,670 due in 60 monthly installments; secured by personal guaranty of the Company’s sole member	\$ 162,979
Note receivable due from Starlight Capital, Inc. – original principal amount of \$120,000; principal and interest (12%) of \$2,947 due in 60 monthly installments; secured by personal guaranty of the Company’s sole member	<u>107,826</u>
Total notes receivable due from affiliates	<u>\$ 270,805</u>

Note receivable due from SCI was written off in 2009 since SCI was sold to a third party in August 2009.

Note receivable due from SC was written off in 2009 since SC closed business in May 2009.

**Note 5: Commitments and Contingencies**

***Litigation***

The Company may become involved in various claims and legal actions arising in the ordinary course of business. At December 31, 2009, the Company was not involved in any claim or legal action.

**Note 6: Net Capital Requirements**

In accordance with Rule 15c3-1 of the Securities and Exchange Commission (“SEC”), the Company’s aggregate indebtedness, as defined, shall not exceed 15 times its net capital. The Company must also maintain minimum net capital, subject to the requirements of a fully disclosed broker-dealer. As of December 31, 2009, the Company’s net capital, as defined, of \$39,948 exceeded the required minimum by \$34,948 and its ratio of aggregate indebtedness to net capital was .086 to 1.

**STARLIGHT INVESTMENTS, LLC**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 7: Defined Contribution Plan**

The Company has a simplified employee pension plan (the SEP Plan) under Section 408(k) of the U.S. Internal Revenue Code covering all employees upon employment. Employer contributions are discretionary each year. Employee contributions are not allowed. There was no employer contribution for the year ended December 31, 2009.

**Note 8: Subordinated Liabilities**

There were no liabilities subordinated to claims of general creditors at any time during the year ended December 31, 2009. Therefore, the statement of changes in liabilities subordinated to claims of general creditors specified by rule 17a-5(d)(2) has not been presented for the year ended December 31, 2009.

**Note 9: Reserve Requirements and Information Relating to the Possession or Control Requirements for Broker-Dealers**

A computation for determination of reserve requirements and information relating to possession or control of securities as specified by rule 15c3-3 and rule 17a-5(d)(3) were both omitted and are not required as the Company operates pursuant to the exemptive provisions of SEC Rule 15c3-3(k)(2)(i). The Company does not hold customer funds or securities.

**Note 10: Securities Investor Protection Corporation**

The Securities Investor Protection Corporation ("SIPC") supplemental report specified by rule 17a-5(e)(4) has not been submitted since the Company did not generate any revenue.

**SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 15c3-1 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**SCHEDULE I  
NET CAPITAL COMPUTATION  
AS REQUIRED BY RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION FOR  
STARLIGHT INVESTMENTS, LLC**

**December 31, 2009**

**COMPUTATION OF NET CAPITAL**

Total assets		\$	52,500
Less - total liabilities			<u>(3,224)</u>
Net worth			49,276
Deductions from and/or charges to net worth			
Total non-allowable assets			
Other deductions or charges	(8,352)		
Total deductions from net worth	<u>-</u>		<u>(8,352)</u>
Net capital before haircuts on securities positions			40,924
Haircuts on securities			
Certificates of deposit and commercial paper	-		
U.S. and Canadian government obligations	-		
State and municipal government obligations	-		
Corporate obligations	-		
Stock and warrants	-		
Options	-		
Arbitrage	-		
Other securities	(976)		
Undue concentration	<u>-</u>		<u>(976)</u>
Net capital *		<u>\$</u>	<u>39,948</u>

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Net capital requirement, the greater of:			
1/15 of Aggregate Indebtedness	\$	215	
Minimum Dollar Requirement		5,000	\$ 5,000
Net capital			<u>39,948</u>
Excess Net Capital			<u>\$ 34,948</u>
Aggregate Indebtedness			\$ 3,224
Excess net capital @ 1,000%			
(Net capital, less 10% aggregate indebtedness)			\$ 39,626
Ratio of aggregate indebtedness to net capital			8.6%
Ratio of subordinated indebtedness to debt/equity total			N/A

\* The reconciliation of the computation of net capital under rule 15c3-1 to the computation of net capital as filed by the Company on form X-17A-5 on February 12, 2010, is not required as no difference exist.

See notes to financial statements and independent auditors' report.

**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL  
AS REQUIRED BY RULE 17a-5 OF  
THE SECURITIES AND EXCHANGE COMMISSION  
ACT OF 1934**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
AS REQUIRED BY RULE 17a-5 OF THE SECURITIES  
AND EXCHANGE COMMISSION ACT OF 1934**

To the Manager of Starlight Investments, LLC

In planning and performing our audit of the financial statements of Starlight Investments, LLC (the "Company"), as of and for the year ended December 31, 2009, 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 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.

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, 2009, to meet the SEC's objectives.

MJ

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.

*McCormell & Jones LLP*

Houston, Texas  
February 12, 2010