



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8- 45223

**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 01/01/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Fund Services Advisors, Inc.

OFFICIAL USE ONLY  
30862  
FIRM I.D. NO.

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

777 S. Figueroa Street, Suite 3200

(No. and Street)

Los Angeles,

CA

90017

(City)

(State)

(Zip Code)

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

Mark J. Creger

(213) 612-2198

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Lederman, Zeidler, Gray & Co., LLP

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

9107 Wilshire Blvd., Suite 260

Beverly Hills

CA

90210

(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. SEC (e)(2)

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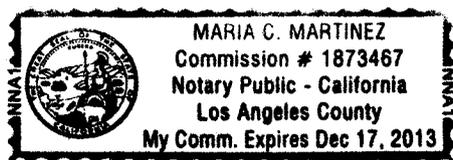
SEC 1410 (06-02)

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Washington, DC  
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## OATH OR AFFIRMATION

I, Mark J. Creger, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Fund Services Advisors, Inc., 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: NA



Maria C. Martinez  
Notary Public

Mark J. Creger  
Signature  
Mark J. Creger, President  
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.
- (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).

**FUND SERVICES ADVISORS, INC.**

Financial Statements  
with  
Independent Auditors' Report  
December 31, 2009

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LEDERMAN, ZEIDLER, GRAY & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS  
9107 WILSHIRE BOULEVARD, SUITE 260  
BEVERLY HILLS, CALIFORNIA 90210

MEMBER  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
CALIFORNIA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

TELEPHONE  
(310) 273-2924  
FAX  
(310) 276-0225

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
**FUND SERVICES ADVISORS, INC.**  
Los Angeles, California

We have audited the accompanying statement of financial condition of Fund Services Advisors, Inc., as of December 31, 2009 and the related statements of operations, changes in stockholders' equity, and cash flows for the year then ended. 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 Fund Services Advisors, Inc. as of December 31, 2009 and the result 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 the statement of operating expenses and in Schedules I and II 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 of the Securities and Exchange Commission 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.

*Lederman, Zeidler, Gray & Co., CPAs, LLP*

Beverly Hills, California  
February 20, 2010

**FUND SERVICES ADVISORS, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2009**

**ASSETS**

Cash	\$	448,336
Advisory fees receivable		<u>45,184</u>
	\$	<u>493,520</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities		
Commissions payable		53,705
Due to affiliate		229,260
Income taxes payable		<u>800</u>
Total current liabilities		<u>283,765</u>
Stockholders' equity		
Common stock, no par value		
Authorized - 2,000,000 shares		
Issued and outstanding - 10,000 shares		10,000
Paid-in capital		148,547
Retained Earnings		<u>51,208</u>
		<u>209,755</u>
	\$	<u>493,520</u>

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

**FUND SERVICES ADVISORS, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Revenue		
Investment advisory fees	\$	503,847
Interest income		<u>717</u>
		<u>504,564</u>
Operating expenses:		
Commissions expense		111,745
Regulatory expense		2,185
Assessments		150
Legal & professional fees		63,189
Management fees		300,843
Office Overhead		1,296
Office services		<u>52,734</u>
		<u>532,142</u>
Loss before provision for income taxes	(	27,578)
Provision for income taxes		<u>800</u>
Net loss	\$ (	<u>28,378)</u>

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

**FUND SERVICES ADVISORS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2008	\$ 10,000	\$ 148,547	\$ 79,586	\$ 238,133
Net loss	<u>-</u>	<u>-</u>	<u>( 28,378)</u>	<u>( 28,378)</u>
Balance, December 31, 2009	<u>\$ 10,000</u>	<u>\$ 148,547</u>	<u>\$ 51,208</u>	<u>\$ 209,755</u>

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

**FUND SERVICES ADVISORS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Operating activities:	
Net loss	\$ ( 28,378)
(Increase) decrease in assets:	
Advisory fees receivable	18,141
Increase (decrease) in liabilities:	
Commissions payable	24,089
Due to affiliate	131,531
Income taxes payable	<u>( 3,312)</u>
Net cash provided by operating activities	<u>142,071</u>
Increase in cash	142,071
Cash, beginning of year	<u>306,265</u>
Cash, end of year	<u>\$ 448,336</u>
Cash paid during the year:	
Interest paid	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>

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

**FUND SERVICES ADVISORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

1. Summary of significant accounting policies

Nature of business - The Company is a non-clearing fully disclosed broker dealer engaged in providing investment agreements, mutual funds and other investment services, for municipal bond issuers and cash managers. The majority of customers are municipalities located in California. Currently, the Company's single source of revenue is the collection of 12(b)(1) fees. The Company is a 100%-owned subsidiary of BLX Acquisition Corporation.

Cash - For purposes of reporting cash flows, cash and cash equivalents include cash held at the Company's bank. The Company has deposits with a financial institution which periodically exceed the federally insured limits.

Revenue - The Company receives advisory fee income based either on a stated fee or based on a percentage of bond funds invested pursuant to an investment agreement. Also, the Company is paid a monthly servicing fee on average client balances held in money market mutual funds.

Estimates - In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. These estimates include the fair value of financial instruments.

Fair value of financial instruments - The carrying value of financial instruments on the balance sheet is a reasonable estimation of the fair value for the following instruments: cash, advisory fees receivable and current liabilities.

2. Related party transactions

The Company incurred commission expense, management fees and office services in the amounts of \$111,745, \$300,843 and \$52,734 respectively during the current year which were payable to an affiliate of the Company's 100% shareholder.

The Company owed \$229,260 to an affiliate of the Company's 100% shareholder as of December 31, 2009. In addition, commissions payable as of December 31, 2009 in the amount of \$53,705 is owed to an affiliate of the Company's 100% shareholder.

**FUND SERVICES ADVISORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2009**

3. Income taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". The income tax provision for the year does not differ from the income tax provision that would result from applying statutory tax rates to pre-tax income because there are no material timing or permanent differences for expenses deductible for book purposes as compared to tax purposes. The tax provision of \$800 is the California minimum tax for corporations. The Company has not booked a tax benefit from the operating loss incurred in the current year. The Company files a consolidated income tax return with its parent company.

4. Net capital requirements

The Company is subject to the Securities and Exchange Commission 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2009, the Company had net capital of \$175,229, which was \$156,311 in excess of its required net capital of \$18,918. The Company's ratio of aggregate indebtedness to net capital was approximately 1.62 to 1.

**FUND SERVICES ADVISORS, INC.**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

Net capital

Total stockholders' equity	\$ 209,755
Deductions and/or charges	
Non-allowable assets	<u>34,526</u>
Net capital	<u>\$ 175,229</u>

Aggregate indebtedness

Total aggregate indebtedness	<u>\$ 283,765</u>
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Computation of basic net capital requirement

Minimum net capital required	<u>\$ 18,918</u>
Excess net capital	<u>\$ 156,311</u>
Ratio: Aggregate indebtedness to net capital	<u>1.62 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 (unaudited)

Focus report	\$ 174,264
Net audit adjustments	<u>965</u>
Net capital per above	<u>\$ 175,229</u>

**FUND SERVICES ADVISORS, INC.**  
**SCHEDULE II**  
**RESERVE AND POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2009**

The Company is in compliance with the conditions of exemption from the reserve and possession or control requirements under the provisions of Rule 15c3-3 (k)(2)(i) of the Securities Exchange Act of 1934.

LEDERMAN, ZEIDLER, GRAY & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS  
9107 WILSHIRE BOULEVARD, SUITE 260  
BEVERLY HILLS, CALIFORNIA 90210

MEMBER  
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CALIFORNIA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

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FAX  
(310) 276-0225

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

Board of Directors  
**FUND SERVICES ADVISORS, INC.**  
Los Angeles, California

In planning and performing our audit of the financial statements of Fund Services Advisors, Inc. for the year ended December 31, 2009, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Fund Services Advisors, Inc. that we considered relevant to the objectives stated in rule 17a-5(g) (1) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and the procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparison, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 listed in the preceding paragraph.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, which 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 Commission 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, 2009, to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

*Lederman, Zeidler, Gray & Co., CPAs, LLP*

Beverly Hills, California  
February 20, 2010

LEDERMAN, ZEIDLER, GRAY & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS  
9107 WILSHIRE BOULEVARD, SUITE 260  
BEVERLY HILLS, CALIFORNIA 90210

MEMBER  
AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS  
CALIFORNIA SOCIETY  
OF CERTIFIED PUBLIC ACCOUNTANTS

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(310) 273-2924  
FAX  
(310) 276-0225

To the Board of Directors  
Fund Services Advisors, Inc.  
Los Angeles, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7T)] to the Securities Investor Protection Corporation (SIPC) for the period from April 1, 2009 to December 31, 2009, which were agreed to by Fund Services Advisors, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Fund Services Advisors, Inc.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Fund Services Advisors, Inc.'s management is responsible for Fund Services Advisors, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries (check register and bank statement), noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2009 less revenues reported on the FOCUS report for the period from January 1, 2009 to March 31, 2009 with the amounts reported in Form SIPC-7T for the period from April 1, 2009 through December 31, 2009, noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers (company generated reports and general ledger entries), noting no differences;
4. Proved the arithmetical accuracy of the calculation reflected in Form SIPC-7T and in the related schedules and working papers supporting the adjustments (company generated reports and general ledger entries), noting no differences; and

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5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed, noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Lederman, Zeidler, Gray & Co., CPAs, LLP  
February 23, 2010

Transitional Assessment Reconciliation

(Read carefully the instructions in your Working Copy before completing this Form)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

045223 FINRA DEC  
FUND SERVICES ADVISORS INC (FSA) 16\*16  
777 S FIGUEROA ST STE 3200  
LOS ANGELES CA 90017-5830

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

MARK CREGER 213-612-2198

- 2. A. General Assessment [item 2e from page 2 (not less than \$150 minimum)] \$ 150
- B. Less payment made with SIPC-6 filed including \$150 paid with 2009 SIPC-4 (exclude interest) ( 150 )
- Date Paid \_\_\_\_\_
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 0
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 20% per annum \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 0
- G. PAID WITH THIS FORM:  
    Check enclosed, payable to SIPC  
    Total (must be same as F above) \$ 0
- H. Overpayment carried forward \$( \_\_\_\_\_ )

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

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

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

FUND SERVICE ADVISORS, INC.  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
DESIGNATED PRINCIPAL  
(Title)

Dated the 22 day of FEBRUARY, 20 10.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

**SIPC REVIEWER**

Dates: \_\_\_\_\_  
    Postmarked      Received      Reviewed

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_

Exceptions: \_\_\_\_\_

Disposition of exceptions: \_\_\_\_\_

**DETERMINATION OF "SIPC NET OPERATING REVENUES"  
AND GENERAL ASSESSMENT**

Amounts for the fiscal period  
beginning April 1, 2009  
and ending 12/31, 2009  
Eliminate cents

**Item No.**

2a. Total revenue (FOCUS Line 12:Part IIA Line 9, Code 4030)

\$ 361,089.79

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

361,089.79

**2c. Deductions:**

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.  
(See Instruction C):

360,565.53

INTEREST INCOME

524.26

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ \_\_\_\_\_

(ii) 40% of interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ \_\_\_\_\_

Enter the greater of line (i) or (ii)

Total deductions

361,089.79

2d. SIPC Net Operating Revenues

\$ 0

2e. General Assessment @ .0025

\$ 150

(to page 1 but not less than \$150 minimum)