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

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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 1-1-09 AND ENDING 12-31-09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: SSI EQUITY SERVICES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

475 International Drive

(No. and Street)

Williamsville

New York

14221

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

The Bonadio Group

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

6400 Sheridan Dr. #230

Williamsville

New York

14221

(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, Thomas Long, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SSI Equity Services, Inc., as of 12-31, 2009, 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:

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

TL  
Signature  
President  
Title

Laura J. Mazur  
Notary Public  
**LAURA J. MAZUR**  
Notary Public, State of New York  
Qualified in One County  
My Commission Expires July 3, 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 15c3-1 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).

**SSI EQUITY SERVICES, INC.**

**Financial Statements  
as of December 31, 2009 and 2008  
Together with  
Independent Auditors' Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

**SSI EQUITY SERVICES, INC.**

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**DECEMBER 31, 2009 AND 2008**

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**INDEPENDENT AUDITORS' REPORT**

February 24, 2010

To the Board of Directors of  
SSI Equity Services, Inc.:

We have audited the accompanying statements of financial condition of SSI Equity Services, Inc. (a New York corporation) as of December 31, 2009 and 2008, and the related statements of income, changes in stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 SSI Equity Services, Inc. as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Exhibits 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 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.

*Bonadio & Co., LLP*

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**SSI EQUITY SERVICES, INC.**

**STATEMENTS OF FINANCIAL CONDITION  
DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 34,222	\$ 33,417
Prepaid taxes	<u>418</u>	<u>474</u>
Total current assets	34,640	33,891
DEFERRED TAX ASSET	<u>127</u>	<u>1,324</u>
	<u>\$ 34,767</u>	<u>\$ 35,215</u>
<b>STOCKHOLDERS' EQUITY</b>		
STOCKHOLDERS' EQUITY:		
Common stock, \$50 par value, 200 shares authorized, issued and outstanding	\$ 10,000	\$ 10,000
Retained earnings	<u>24,767</u>	<u>25,215</u>
	<u>34,767</u>	<u>35,215</u>
	<u>\$ 34,767</u>	<u>\$ 35,215</u>

The accompanying notes are an integral part of these statements.

**SSI EQUITY SERVICES, INC.**

**STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
COMMISSION REVENUE	\$ 14,020	\$ 4,972
OPERATING EXPENSES:		
Professional fees	4,100	4,000
Dues, subscriptions and licenses	10,635	6,929
Other (income) expense	<u>(140)</u>	<u>64</u>
	<u>14,595</u>	<u>10,993</u>
Loss from operations	<u>(575)</u>	<u>(6,021)</u>
LOSS BEFORE INCOME TAXES	(575)	(6,021)
INCOME TAXES	<u>127</u>	<u>267</u>
NET LOSS	<u>\$ (448)</u>	<u>\$ (5,754)</u>

The accompanying notes are an integral part of these statements.

**SSI EQUITY SERVICES, INC.**

**STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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	<u>Common Stock</u>		<u>Retained Earnings</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>		
BALANCE - January 1, 2008	200	\$ 10,000	\$ 30,969	\$ 40,969
Net loss	<u>-</u>	<u>-</u>	<u>(5,754)</u>	<u>(5,754)</u>
BALANCE - December 31, 2008	200	10,000	25,215	35,215
Net loss	<u>-</u>	<u>-</u>	<u>(448)</u>	<u>(448)</u>
BALANCE - December 31, 2009	<u>200</u>	<u>\$ 10,000</u>	<u>\$ 24,767</u>	<u>\$ 34,767</u>

The accompanying notes are an integral part of these statements.

**SSI EQUITY SERVICES, INC.**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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	<u>2009</u>	<u>2008</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	\$ (448)	\$ (5,754)
Adjustments to reconcile net loss to net cash flow from operating activities:		
Deferred taxes	1,197	(1,324)
Change in prepaid taxes	<u>56</u>	<u>(89)</u>
Net cash flow from operating activities	<u>805</u>	<u>(7,167)</u>
CHANGE IN CASH	805	(7,167)
CASH - beginning of year	<u>33,417</u>	<u>40,584</u>
CASH - end of year	<u>\$ 34,222</u>	<u>\$ 33,417</u>

The accompanying notes are an integral part of these statements.

## **SSI EQUITY SERVICES, INC.**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009 AND 2008**

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#### **1. THE COMPANY**

SSI Equity Services, Inc. (the Company) is a member of the Financial Industry Regulatory Authority (FINRA) and is a registered broker/dealer. The Company sells variable life products primarily in the upstate New York area. The Company is related to Specific Solutions, Inc. and Long & Katzman and Assoc. through common ownership. The Company occupies space and is managed by employees of the related parties at no cost to the Company.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States.

##### **Cash**

The Company maintains its cash in bank demand deposit accounts which, at times, may exceed federally insured limits. However, the Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

##### **Revenue Recognition**

Mutual fund commissions are recognized on an accrual basis as customer funds are submitted for investment.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### **Income Taxes**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes relating primarily to differences in the timing of reporting certain items for financial and income tax reporting purposes. Deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Income Taxes (Continued)**

In June 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, Accounting for Income Taxes* (FIN 48 now known as ASC Section 740). This interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. ASC Section 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Company adopted the provisions of ASC Section 740 on January 1, 2009 and there was no impact on the Company's financial statements. At the date of adoption and as of December 31, 2009, the Company does not have a liability for unrecognized tax benefits. The Company files income tax returns in the U.S. federal jurisdiction and New York State. The Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2006.

## **3. INCOME TAXES**

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due and deferred taxes related to the valuation of a net operating loss carryforward for income tax purposes.

The Company has a net operating loss carryforward of approximately \$575 at December 31, 2009. This net operating loss carryforward will begin to expire in 2028.

There was no cash paid for income taxes in 2009. There was \$1,150 of cash paid for income taxes in 2008.

## **4. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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, 2009 and 2008, the Company had net capital of \$34,222 and \$33,417, respectively, which exceeded minimum net capital requirements by \$29,222 and \$28,417, respectively.

## **5. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 24, 2010, which is the date the financial statements were available to be issued.

**SSI EQUITY SERVICES, INC.****EXCESS NET CAPITAL  
DECEMBER 31, 2009**

Pursuant to Rule 15c3-1 of the Securities and Exchange Commission (the Net Capital Rule), the Company has the following excess net capital at December 31, 2009:

TOTAL ASSETS		\$ 34,767
Less: Total liabilities		<u>-</u>
NET WORTH		34,767
Less: Non-allowable assets		<u>(545)</u>
NET CAPITAL		34,222
NET CAPITAL REQUIREMENTS:		
6-2/3% of aggregate indebtedness	<u>\$ -</u>	
Minimum requirement	<u>\$ 5,000</u>	
Greater of above		<u>(5,000)</u>
EXCESS NET CAPITAL		<u>\$ 29,222</u>

The audited computation of net capital pursuant to Rule 15c3-1 as reported herein does not materially differ from the unaudited net capital reported by the registrant.

**SSI EQUITY SERVICES, INC.**

**EXEMPTIVE PROVISION UNDER RULE 15c3-3  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2009**

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The Company does not affect transactions for anyone defined as a customer under SEC rule 15c3-3. Accordingly, there are no items to report under the requirements of this Rule.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**

February 24, 2010

To the Board of Directors of  
SSI Equity Services, Inc.:

In planning and performing our audit of the financial statements of SSI Equity Services, Inc. (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 includes tests of compliance with 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 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 the 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 preparation of financial statements in conformity with generally accepted accounting principles.

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(Continued)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL**  
(Continued)

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 deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

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.

This report is intended solely for the information and use of the Board of Directors, 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 these specified parties.

*Bonadio & Co., LLP*