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

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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:

C. P. EATON PARTNERS, LLC.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

131 ROWAYTON AVENUE

(No. And Street)

ROWAYTON,  
(City)

CT  
(State)

06853  
(Zip Code)

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

DAWN RINALDI

(203) 831-2970  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

5 West 37<sup>th</sup> Street, 4<sup>th</sup> Floor  
(Address)

NEW YORK  
(City)

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
MAR 01 2010  
BRANCH OF REGISTRATIONS  
AND  
EXAMINATIONS

10018  
(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 basis for the exemption. See section 240.17a-5(e)(2)

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Handwritten signature

OATH OR AFFIRMATION

I, DAWN M. RINALDI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of C.P. EATON PARTNERS, LLC., as of

DECEMBER 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:

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

*Dawn Rinaldi*  
Signature

Chief Financial Officer  
Title

*Deanne Erickson*  
Notary Public

*My commission expires 8/31/2010*

This report \*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 or 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 previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

C.P. EATON PARTNERS, LLC & SUBSIDIARIES

CONSOLIDATED STATEMENT OF

FINANCIAL CONDITION

DECEMBER 31, 2009

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
C.P. Eaton Partners, LLC:

We have audited the accompanying consolidated statement of financial condition of C.P. Eaton Partners, LLC & Subsidiaries (the "Company") as of December 31, 2009. This consolidated statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this consolidated statement of financial condition 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 consolidated statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated statement of financial condition referred to above presents fairly, in all material respects, the consolidated statement of financial condition of C.P. Eaton Partners, LLC & Subsidiaries as of December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

*Fulvio & Associates LLP*

New York, New York  
February 26, 2010

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

ASSETS

Cash and cash equivalents	\$ 2,211,270
Fees receivable (net of allowance for doubtful accounts of \$1,936,605)	34,630,878
Property and equipment (net of accumulated depreciation of \$214,604)	591,115
Other assets	<u>712,047</u>
 TOTAL ASSETS	 <u>\$ 38,145,310</u>

LIABILITIES AND MEMBERS' CAPITAL

Liabilities:	
Accounts payable	\$ 127,835
Accrued expenses	484,975
Interest of minority partners in CPE LLP	3,985
Commissions payable	<u>17,653,313</u>
 TOTAL LIABILITIES	 18,270,108
 Members' capital	 <u>19,875,202</u>
 TOTAL LIABILITIES AND MEMBERS' CAPITAL	 <u>\$ 38,145,310</u>

The accompanying notes are an integral part of this consolidated statement of financial condition.

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009

NOTE 1. ORGANIZATION AND BUSINESS

C.P. Eaton Partners, LLC (“CPE Partners”) is a limited liability company established in the State of Connecticut. CPE Partners is registered as a broker/dealer with the Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). CPE Partners’ business activities include raising capital from institutional investors for investment funds or advisors and consulting services to Registered Investment Advisors. CPE Partners operates from offices in Connecticut, California and China.

CPE (LTD) Limited (“CPE (LTD)”) is a wholly owned Subsidiary of CPE Partners. CPE (LTD) is a private limited company incorporated under the laws of the United Kingdom with an office in London, England. CPE (LTD) was formed to establish a European presence to further market the activities of CPE Partners.

On February 1, 2008, CPE (LTD) formed C.P. Eaton Partners (UK) LLP (“CPE LLP”) to conduct its operations in London, England and in September 2009, amended it. CPE (LTD) owns 95% of the partnership interest in CPE LLP and the balance of 5% to minority partners. CPE LLP is registered with the Financial Services Authority (the “FSA”). CPE Partners, CPE (LTD) and CPE LLP are herein referred to as the “Company”.

The Company does not carry customer accounts and does not otherwise hold funds or securities for, or owe money or securities to customers and, accordingly, is exempt from SEC Rule 15c3-3.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated statement of financial condition includes the accounts of the Company. All significant intercompany transactions and balances have been eliminated in consolidation. The Company’s consolidated statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009  
(continued)

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates

The preparation of consolidated statement of financial condition in conformity with US GAAP 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 consolidated statement of financial condition. The estimates include assessing the collectability of fee receivables and other assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Translation of Foreign Financial Statements

The assets and liabilities of the CPE (LTD) and CPE LLP are translated into U.S. dollars at exchange rates as of the date of the consolidated statement of financial condition.

Minority Interest

The percentage of the Company owned by third parties is presented as interest of minority partners in CPE LLP on the consolidated statement of Financial Condition and was \$3,985 as of December 31, 2009. Net income or loss is allocated to the minority partners of CPE LLP in accordance with a service agreement between CPE Partners and CPE LLP. The minority partners were allocated 99% of the net income of CPE LLP in 2009.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less to be cash equivalents. As of December 31, 2009, the Company had cash and cash equivalent balances at four major commercial banks. At times the Company maintains over \$250,000 in the bank accounts which is in excess of federally insured (FDIC) amounts.

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009  
(continued)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Fees are recognized when services are completed and the revenues are reasonably determinable, unless the service is rendered on a contingent fee basis in which case revenues are recognized upon satisfaction of the contingency.

Income Taxes

CPE Partners is a Limited Liability Corporation for U.S. federal and state income tax reporting. The members are responsible for the payment of income taxes. CPE Partners uses the cash method for income tax reporting and the accrual basis for financial reporting. The Company's China division is subject to certain local taxes. CPE (LTD) is a limited company is subject to certain taxes based on income in accordance with laws of the United Kingdom. The members of CPE LLP are responsible for the payment of income taxes.

In accordance with FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" ("ASC 740") the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of tax benefit previously recognized could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. It must be applied to all existing tax positions upon initial adoption and the cumulative effect, if any, is to be reported as an adjustment to net assets as of January 1, 2009. Based on its analysis, the Company has determined that the adoption of this policy did not have a material impact on the Company's consolidated statement of financial condition upon adoption.

Depreciation and Amortization

Property and equipment are stated at cost. Depreciation and amortization is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	Life of lease
Furniture and fixtures	7 years
Office equipment	5 years
Computer hardware and software	3 years

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009  
(continued)

NOTE 3. FEES RECEIVABLE

Fees receivable are contractually due to be paid to the Company (Net of Bad debt) as follows:

2010	\$ 19,304,120
2011	13,654,846
2012	1,243,912
2013	<u>428,000</u>
	<u>\$ 34,630,878</u>

The Company has complied with the provisions of the FINRA's Notice to Members 84-48 with respect to concession receivables where a corresponding commission payable exists. Accordingly, as of December 31, 2009, \$17,601,313 of fees receivable have been included in the computation of net capital.

The Company performs periodic credit evaluations of its customer's financial condition. The Company generally does not require collateral and establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends and other information. To date, such losses, if any, have been within management's expectations. At December 31, 2009 an allowance of \$1,936,605 for doubtful accounts was established.

NOTE 4. PROPERTY AND EQUIPMENT

At December 31, 2009, property and equipment consists of the following:

Leasehold improvement	\$ 392,417
Furniture & fixtures	146,994
Computer hardware	123,316
Office equipment	73,294
Computer software	69,698
Total	<u>805,719</u>
Less accumulated amortization & depreciation	<u>(214,604)</u>
	<u>\$ 591,115</u>

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
 DECEMBER 31, 2009  
 (continued)

NOTE 5. COMMISSIONS PAYABLE

CPE Partners has commission arrangements with former members, employees and outside consultants (the "Consultants"). The arrangements provide for payments to be made to the Consultants when and if CPE Partners receives payment from the associated clients. As of December 31, 2009, commission payable amounted to \$17,653,313.

Commissions payable are due to be paid, subject to collection by CPE Partners of the related fee receivables, as follows:

2010	\$ 9,702,002
2011	7,171,363
2012	586,046
2013	<u>193,902</u>
	<u>\$ 17,653,313</u>

In 2009, four members entered into separation agreements with the Company. In connection with the separation agreements, the Company reclassified \$ 14,314,890 of their capital interest to commission payable.

The following is a reconciliation from commission payable balance on the consolidated statement of financial condition to the commission payable used in the computation of net capital:

Commission Payable	\$ 17,653,313
Cash collection of fees receivable not remitted to Consultants as of December 31, 2009	(52,000)
Commission payable used in the computation of net capital	\$ 17,601,313

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
 DECEMBER 31, 2009  
 (continued)

NOTE 6. COMMITMENTS

Bank Credit Line

As of December 23, 2009, CPE Partners has entered as guarantor to a line of credit in the amount of \$2,000,000 with a bank, whereby members personally may borrow directly from the bank and CPE Partners will fully guaranty such borrowings. The borrowings are used to fund the borrowing members capital contributions and payments of overheads. The loan is fully collateralized by first priority perfected security interest in all present and future accounts receivable, inventory and personal property of CPE Partners. CPE Partners obligation to maintain this letter of credit continues through September 1, 2011. The principal amount owed by the designated borrowing members as of December 31, 2009 was \$1,078,925.

Operating Leases

The Company has entered into non-cancelable operating leases for office facilities. Future minimum payments under the operating leases are as follows:

	<u>Lease</u>
2010	\$ 1,136,762
2011	1,173,316
2012	800,979
2013	501,735
2014	474,495
Thereafter	<u>1,480,423</u>
	<u>\$ 5,567,710</u>

NOTE 7. RELATED PARTY TRANSACTION

CPE Partners and CPE LLP have entered into a service, agreement dated September 23, 2009 (the "Service Agreement") whereby an amount equal to 102% of the standard operating budget will be paid by CPE Partners to CPE LLP for the services provided by CPE LLP under the Service Agreement. The operating budget will be agreed for the year and revised by agreement between CPE LLP and CPE Partners from time to time during each year. The operating budget includes any agreed monthly drawings of members of CPE LLP and the cost of any benefits which CPE LLP agrees to provide to its members pursuant to the Service Agreement.

C.P. EATON PARTNERS, LLC & SUBSIDIARIES  
NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2009  
(continued)

NOTE 8. NET CAPITAL REQUIREMENT

As a registered broker-dealer and member of FINRA, CPE Partners is subject to the Uniform Net Capital Rule 15c3-1 (the "Rule") of the SEC, which requires the maintenance of minimum net capital as defined. CPE Partners has elected to use the alternative method permitted by the Rule, which requires CPE Partners to maintain minimum net capital equal to \$250,000. At December 31, 2009, CPE Partners had net capital of \$1,294,929 which was \$1,044,929 in excess of its requirement.

NOTE 9. CONCENTRATION

For the year ended December 31, 2009, three customers accounted for 64%, 20%, and 7%, for an aggregate of 91%, of fee income. Three customers accounted for 47%, 12% and 12%, for an aggregate of approximately 71%, of fee receivables at December 31, 2009.

NOTE 10. CONSOLIDATED SUBSIDIARIES

The following is a summary of the financial information of CPE (LTD):

Total assets	\$ 506,341
Shareholder's capital	385,784

CPE (LTD) shareholder's capital is not included as capital for purposes of calculating CPE's net capital in accordance with SEC Uniform Net Capital Rule (Rule 15c3-1).

NOTE 11. EMPLOYEE BENEFIT PLAN

CPE Partners established a Profit Sharing Plan (the "Plan") under Section 401 (k) of the Internal Revenue Code in which all salaried employees may participate. Employees can make contributions to the Plan subject to certain limitations. There is no requirement for CPE Partners to contribute to the Plan. CPE Partners made a contribution of \$54,656 for the year ended December 31, 2009.

NOTE 12. SUBSEQUENT EVENTS

CPE Partners made distributions and other payments to members of \$2,401,295 subsequent to December 31, 2009.