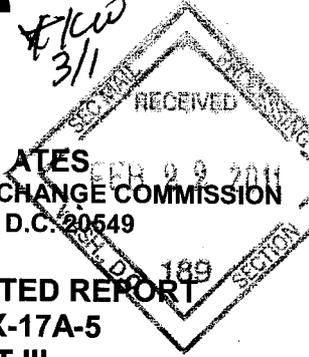


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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden hours per response:	12.00

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

SEC FILE NUMBER
8- 46661

**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 08/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

*Infinex Investments, Inc.*

OFFICIAL USE ONLY
FIRM I.D. NO.

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

538 Preston Avenue

(No. and Street)

Meriden,  
(City)

CT

(State)

06450-4858

(Zip Code)

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

Stephen P. Amarante

(203) 599-6000

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

McGladrey & Pullen, LLP

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

One Church Street  
(Address)

New Haven  
(City)

CT

(State)

06510

(Zip Code)

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

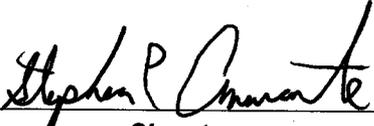
\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

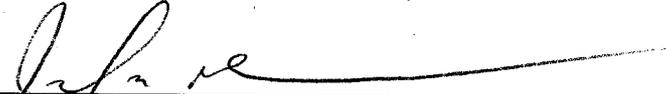
lcw  
3/10

**OATH OR AFFIRMATION**

I, **Stephen P. Amarante**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of **Infinex Investments, Inc.**, as of **December 31, 2010**, 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.

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
President  
Title

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

JENNIFER M. CODY  
NOTARY PUBLIC  
MY COMMISSION EXPIRES APR. 30, 2013

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 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.
- (o) Independent Auditor's Report on Internal Control

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



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Infinex Investments, Inc.  
Meriden, Connecticut

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 General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the five month period ended December 31, 2010, which were agreed to by Infinex Investments, Inc. (the "Company"), the Securities and Exchange Commission, the Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and these other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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-7 with respective cash disbursement record entries, including one check in the amount of \$7,138, noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the five month period ended December 31, 2010, as applicable, with the amounts reported in Form SIPC-7 for the five month period ended December 31, 2010, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, including the Form X-17A-5 for the periods ended September 30, 2010, and December 31, 2010, internal financial statements for the period August 1, 2010 through December 31, 2010, and product statistic reports from the Pershing System for the period August 1, 2010 through December 31, 2010, noting no differences;
4. Proved the mathematical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments, including the Form X-17A-5 for the periods ended September 30, 2010 and December 31, 2010, internal financial statements for the period August 1, 2010 through December 31, 2010, and product statistic reports from the Pershing System for the period August 1, 2010 through December 31, 2010, 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.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 18, 2011

**SIPC-7**

(32-REV 6/10)

**SECURITIES INVESTOR PROTECTION CORPORATION**

P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

**SIPC-7**

(32-REV 6/10)

For the fiscal year ended December 31, 2010

(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:

8-046661 FINRA ~~DEC~~ DEC 11/23/1993  
INFINEX INVESTMENTS INC  
538 PRESTON AVE  
MERIDEN, CT 06450-4858

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.

⊗ The company year end has been changed to December 31<sup>st</sup>.

- 2. A. General Assessment [item 2e from page 2 (not less than \$150 minimum)] \$ 7,138
- B. Less payment made with SIPC-6 filed (exclude interest) ( \_\_\_\_\_ )
- Date Paid
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 7,138
- 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) \$ 7,138
- G. PAID WITH THIS FORM:  
    Check enclosed, payable to SIPC  
    Total (must be same as F above) \$ 7,138
- 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.

Infinex Investments Inc.

(Name of Corporation, Partnership or other organization)

Margaret C. Goz

(Authorized Signature)

Margaret C. Goz SVP & Controller

(Title)

Dated the 18<sup>th</sup> day of February, 2011.

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 August 1, 2010  
and ending December 31, 2010  
**Eliminate cents**

**Item No.**

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

\$ 16,224,728

**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

**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. 13,156,809
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions. 206,228
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts. 6,186
- (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):

(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. \$ 304

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

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

Total deductions

304

13,369,527

2d. SIPC Net Operating Revenues

\$ 2,855,201

2e. General Assessment @ .0025

\$ 7,138

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

# CONTENTS

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<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1
---	---

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<b>FINANCIAL STATEMENT</b>	
Consolidated statement of financial condition .....	2
Notes to consolidated statement of financial condition.....	3-9

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Infinex Investments, Inc.  
Meriden, Connecticut

We have audited the accompanying consolidated statement of financial condition of Infinex Investments, Inc. and Subsidiaries (the "Company") as of December 31, 2010, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 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 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 statement of financial condition presentation. We believe that our audit of the statement of financial condition 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 financial position of Infinex Investments, Inc. and Subsidiaries as of December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

New Haven, Connecticut  
February 18, 2011

**INFINEX INVESTMENTS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**

**December 31, 2010**

---

**ASSETS**

Cash and cash equivalents (Note 2)	\$	6,216,301
Receivable from clearing broker		712,161
Other accounts receivable		80,212
Equipment, furniture and software, net of accumulated depreciation and amortization of \$1,089,666 (Note 6)		219,333
Brokered certificates of deposit and corporate bonds, at fair value (Note 3)		1,000,094
Other assets (Note 4)		684,027
Income taxes receivable		40,942
Deferred tax asset (Note 7)		23,591
Customer list, net of accumulated amortization of \$576,533 (Note 5)		1,585,467
Goodwill (Note 5)		901,293
<b>Total assets</b>	<b>\$</b>	<b>11,463,421</b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Liabilities		
Commissions payable	\$	3,076,060
Accounts payable and accrued expenses		604,350
Deferred revenue		210,250
Notes payable (Note 9)		24,603
		<u>3,915,263</u>

Commitments and Contingencies (Notes 9 and 10)

Stockholders' Equity (Note 12)

Common stock, no par value, \$1,000 stated value, authorized 250,000 shares; issued - 49,281 shares; outstanding - 43,281 shares		1,000
Additional paid-in capital		6,060,000
Retained earnings		1,986,180
Less:		
Treasury stock at cost - 6,000 shares		(499,022)
		<u>7,548,158</u>

**Total liabilities and stockholders' equity** **\$ 11,463,421**

See Notes to Consolidated Statement of Financial Condition.

## INFINEX INVESTMENTS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

December 31, 2010

---

#### **Note 1. Nature of Business and Summary of Significant Accounting Policies**

##### Nature of business

Infinex Investments, Inc. ("Infinex") was incorporated in April 1993, and is a registered broker/dealer under the Securities Exchange Act of 1934. Infinex is a member of the Financial Industry Regulatory Authority, Inc. and is also subject to oversight by the Securities and Business Investment Division of the Department of Banking of the State of Connecticut, and similar agencies in states in which the Company operates. Infinex, which is owned by the Connecticut Bankers Association (9%), the Massachusetts Bankers Association (9%) and various financial institutions and associations (82%), sells shares of registered investment companies, provides securities brokerage services and investment advisory services to individuals as an introducing broker on a fully disclosed basis and provides annuity and insurance products of certain insurance carriers as an insurance agency through subscribing financial institutions. A portion of the commissions earned by Infinex through the sale of both investment and insurance products are shared with the financial institution where the specific product was sold.

Infinex operates under the provisions of Paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that Infinex clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmit all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

During the five-month period ended December 31, 2010, the Company changed its year-end from July 31<sup>st</sup> to December 31<sup>st</sup>.

##### Significant accounting policies

A description of significant accounting policies follows:

##### Basis of financial statement presentation

The consolidated statement of financial condition has been prepared in accordance with accounting principles generally accepted in the United States of America.

##### Principles of consolidation

The accompanying consolidated statement of financial condition includes the accounts of Infinex and its wholly-owned subsidiaries, Infinex Insurance Agency of Massachusetts, Inc., and BI Investments, LLC (collectively, the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

##### Use of estimates

The preparation of the consolidated statement of financial condition, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the amounts of revenue and expenses recognized as of the date of the statement of financial condition. Actual results could differ from those estimates.

## INFINEX INVESTMENTS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued December 31, 2010

---

Significant estimates that are susceptible to material change in the near term relate to the analysis for impairment of intangible assets (customer list) and goodwill.

#### Cash and cash equivalents

For purposes of reporting cash flows, the Company considers short-term investments with maturities of less than 90 days to be cash equivalents. The Company maintains balances with banks that generally exceed federally insured limits and the Company has uninsured investments with a bank in the form of securities purchased under agreements to resell as described in Note 2. The Company has not experienced any losses from such concentrations.

#### Brokered certificates of deposit

Brokered certificates of deposit are valued at market value with realized and unrealized gains and losses recognized in earnings as investment gains and losses. Securities transactions are recorded on the trade date.

#### Fair value

The Company uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for certain assets or liabilities. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability.

Fair value measurements focus on exit prices in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment.

The Company's fair value measurements are classified into a fair value hierarchy based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. The three categories within the hierarchy are as follows:

- Level 1**      Quoted prices in active markets for identical assets and liabilities.
- Level 2**      Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active, and model-based valuation techniques for which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

## INFINEX INVESTMENTS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued December 31, 2010

---

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flows methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In February 2010, the FASB issued guidance which amends the existing guidance related to Fair Value Measurements and Disclosures. The amendments will require the following new fair value disclosures:

- Separate disclosure of the significant transfers in and out of Level 1 and Level 2 fair value measurements, and a description of the reasons for the transfers.
- In the rollforward of activity for Level 3 fair value measurements (significant unobservable inputs), purchases, sales, issuances, and settlements should be presented separately (on a gross basis rather than as one net number).

In addition, the amendments clarify existing disclosure requirements, as follows:

- Fair value measurements and disclosures should be presented for each class of assets and liabilities within a line item in the statement of financial position.
- Reporting entities should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements that fall in either Level 2 or Level 3.

The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures included in the rollforward of activity for Level 3 fair value measurements, for which the effective date is for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

See Note 3 for additional information regarding fair value.

#### Equipment, furniture and software

Equipment, furniture and software are stated at cost net of accumulated depreciation and amortization. Depreciation and amortization is provided on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years.

#### Goodwill and intangible assets

Goodwill represents the cost of acquired assets in excess of values ascribed to identifiable net assets. Goodwill is not subject to amortization.

Intangible assets represent customer lists. These assets are being amortized using the straight-line method over 10 years.

For goodwill and other intangible assets, the Company follows the accounting guidance that prescribes a two-step process for impairment testing of goodwill, which is performed on May 31<sup>st</sup> annually, as well as when an event triggering impairment may have occurred. The first step tests for impairment, while the second step, if necessary, measures the impairment. No indicators of goodwill or other intangible asset impairment were identified for the five months ended December 31, 2010. In connection with its change in its fiscal year-end, the Company expects to change its annual goodwill impairment testing date to October 31.

**INFINEX INVESTMENTS, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued**  
**December 31, 2010**

Income taxes

The Company recognizes income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company evaluates each tax position taken on its tax returns and recognizes a liability for any tax position deemed less likely than not to be sustained under examination by the relevant taxing authorities.

The Company's open tax years subject to examination by the relevant taxing authorities are 2007, 2008 and 2009. The Company has no liabilities for uncertain tax positions at December 31, 2010

**Note 2. Securities Purchased Under Agreements to Resell**

Securities purchased under agreements to resell are classified as cash and cash equivalents and generally mature overnight. The securities underlying the agreements are transferred into a third party custodian account designated by the financial institution under a written custodial agreement that recognizes the purchasers' interests in the securities. At December 31, 2010, the total amount of securities purchased under agreements to resell were approximately \$5,175,000. The Company is required to maintain a target balance of cash on deposit of \$65,000 with financial institutions following a security transaction. All amounts above the target balance are not considered book deposits and accordingly are not insured by the FDIC.

**Note 3. Fair Value**

Accounting guidance defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. As defined in the new guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Based on the observability of the inputs used in the valuation techniques the Company is required to provide the following information according to the fair value hierarchy described in Note 1. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

The following table provides the assets carried at fair value and measured at fair value on a recurring basis as of December 31, 2010, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine the fair value:

	Balance as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2010				
Brokered certificates of deposit	\$ 1,000,094	\$ -	\$ 1,000,094	\$ -

## INFINEX INVESTMENTS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued December 31, 2010

---

The brokered certificates of deposit all mature within one year from December 31, 2010.

Where there is an active market, securities are classified within Level 1 of the valuation hierarchy. The Company does not have any level 1 securities. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics and are classified using Level 2 of the valuation hierarchy. Level 2 securities include brokerage certificates of deposit. The Company does not have any Level 3 securities for which significant unobservable inputs are utilized.

#### **Note 4. Other Assets**

At December 31, 2010, other assets were comprised of:

Deposits	\$ 138,651
Insurance premiums receivable under split dollar life agreement	221,206
Advance to subscriber	70,417
Prepaid expenses	253,753
<b>Total other assets</b>	<u><u>\$ 684,027</u></u>

#### **Note 5. Goodwill and Intangible Assets**

The carrying amount of goodwill as of December 31, 2010 is as follows:

Goodwill	<u><u>\$ 901,293</u></u>
----------	--------------------------

There was no impairment as of December 31, 2010.

Intangible assets are comprised of the following at December 31, 2010:

Customer list - Gross Carrying Amount	\$ 2,162,000
Less accumulated amortization	(576,533)
Net Carrying Amount	<u><u>\$ 1,585,467</u></u>

#### **Note 6. Equipment, Furniture and Software**

At December 31, 2010, equipment, furniture and software consisted of the following:

Equipment and software	\$ 993,193
Furniture and fixtures	204,445
Leasehold improvements	81,470
Automobiles	29,891
	<u>1,308,999</u>
Less accumulated depreciation	(1,089,666)
<b>Total</b>	<u><u>\$ 219,333</u></u>

**INFINEX INVESTMENTS, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued**  
**December 31, 2010**

---

**Note 7. Income Taxes**

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2010 are presented below:

Deferred tax assets:	
Customer lists	\$ 71,144
Employee benefit accruals	7,652
Other assets	78,796
<b>Total gross deferred tax assets</b>	
Deferred tax liabilities:	(2,627)
Equipment, furniture and software	(52,578)
Goodwill	(55,205)
<b>Total gross deferred tax liability</b>	
<b>Net deferred tax asset</b>	<u>\$ 23,591</u>

**Note 8. Related Party Transactions**

At December 31, 2010, the Company had cash on deposit of approximately \$296,000, and agreements to purchase securities under agreements to resell of \$5,175,000, at a financial institution, which is also a shareholder of the Company.

**Note 9. Commitments and Contingencies**

Leases

The Company leases office space and certain vehicles and equipment under noncancelable operating leases. Future minimum rental commitments under the terms of these leases, by year and in the aggregate, are as follows:

Fiscal Year	
Ending	Amount
2011	\$ 272,374
2012	253,362
2013	231,185
2014	124,407
2015	-
	<u>\$ 881,328</u>

## INFINEX INVESTMENTS, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION, Continued December 31, 2010

---

#### Notes Payable

At December 31, 2010, the Company had uncollateralized notes payable with interest rates ranging from 1.8% to 2.45% at December 31, 2010.

Scheduled maturities of long term debt for the years ending July 31 are as follows:

Fiscal Year Ending December 31,	Amount
2011	\$ 10,111
2012	9,789
2013	4,703
	<u>\$ 24,603</u>

#### Line of credit

The Company has a \$250,000 unsecured line of credit with a bank which is also a shareholder of the Company, with interest at the bank's "Base Rate" (3.25% at December 31, 2010), which is used for operating purposes. There were no borrowings outstanding under this line of credit at December 31, 2010.

#### **Note 10. Off-Balance-Sheet Risk and Concentration of Credit Risk**

As discussed in Note 1, the Company's customers' securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds and, receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the creditworthiness of its customers and to ensure that customer transactions are executed properly by the clearing broker/dealer.

#### **Note 11. Subsequent Events**

The Company has evaluated events or transactions that occurred after December 31, 2010 and through the time the financial statements were issued on February 18, 2011 for potential recognition or disclosure in the consolidated statement of financial condition.

#### **Note 12. 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 a minimum level of net capital, and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company calculates net capital under Rule 15c3-1, excluding equity attributable to the Company's investment in its wholly-owned subsidiary. Rule 15c3-1 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, 2010, the Company had net capital (as defined) of approximately \$1,917,000, which was in excess of its required net capital of approximately \$272,000. The Company's net capital ratio at December 31, 2010, was 2.13 to 1.

# Infinex Investments, Inc. and Subsidiaries

CONSOLIDATED FINANCIAL REPORT  
December 31, 2010

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