



11017569

COMMISSION 49

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

SEC FILE NUMBER
8- 52364

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

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

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MATRIX PRIVATE EQUITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

11 SOUTH 12TH STREET, 3RD FLOOR

(No. and Street)

RICHMOND,

VIRGINIA

23219

(City)

(State)

(Zip Code)

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

DIANA B. LAMBERT

(804) 780-0060

(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

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

GOODMAN & COMPANY, LLP

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

4510 COX ROAD, SUITE 200

RICHMOND,

VIRGINIA

23060

(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)

mm

OATH OR AFFIRMATION

I, JEFFREY G. MOORE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MATRIX PRIVATE EQUITIES, 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, except as follows:



Diana Blandford Lambert
NOTARY PUBLIC
Commonwealth of Virginia
Reg. #271222
My Commission Expires
September 30, 2011

Signature
President
Title

Diana Blandford Lambert
Notary Public

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

***Matrix Private Equities, Inc.***

***Contents***

	<b>Page</b>
<b><i>Report of Independent Registered Public Accounting Firm</i></b>	<b>1</b>
<b><i>Financial Statements</i></b>	
<i>Balance Sheet</i>	2
<i>Statement of Income</i>	3
<i>Statement of Changes in Stockholders' Equity</i>	4
<i>Statement of Cash Flows</i>	5
<i>Notes to Financial Statements</i>	6 - 8
<b><i>Supplementary Information</i></b>	
<i>Report of Independent Registered Public Accounting Firm on     Supplementary Information Required by Rule 17a-5 of the     Securities and Exchange Commission</i>	9
<i>Computation of Net Capital for Brokers and     Dealers Pursuant to Rule 15c-3-1 Under the     Securities Act of 1934 - Schedule 1</i>	10
<i>Report of Independent Registered Public Accounting Firm on     Applying Agreed-Upon Procedures Related to an Entity's     SIPC Assessment Reconciliation</i>	11
<i>Securities Investors Protection Corporation Form SIPC-7T     (Transitional Assessment Reconciliation) - Schedule 2</i>	12 - 13
<b><i>Report of Independent Registered Public Accounting Firm on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption Under SEC Rule 15c3-3</i></b>	<b>14 - 15</b>



Certified Public Accountants  
Specialized Services  
Business Solutions

***Report of Independent Registered Public Accounting Firm***

Board of Directors  
***Matrix Private Equities, Inc.***

We have audited the accompanying balance sheet of ***Matrix Private Equities, Inc.*** as of December 31, 2010, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. These financial statements are the responsibility of the management of ***Matrix Private Equities, Inc.*** 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 ***Matrix Private Equities, Inc.*** as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Goodman & Company, LLP*

Richmond, Virginia  
February 9, 2011

*Matrix Private Equities, Inc.*

*Balance Sheet*

December 31,	2010
<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 316,422
Prepaid expenses	817
<b>Total current assets</b>	<u>317,239</u>
<b>Goodwill</b>	<u>20,303</u>
	<u>\$ 337,542</u>
<b>Liabilities and Stockholders' Equity</b>	
<b>Current liabilities</b>	
Accounts payable and accrued expenses	\$ 3,513
Due to related party	144,833
<b>Total current liabilities</b>	<u>148,346</u>
<b>Long-term liabilities</b>	
Note payable to stockholder	<u>55,000</u>
<b>Total liabilities</b>	<u>203,346</u>
<b>Stockholders' equity</b>	
Common stock	28
Additional paid-in capital	173,604
Retained earnings (deficit)	(39,436)
<b>Total stockholders' equity</b>	<u>134,196</u>
	<u>\$ 337,542</u>

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

*Matrix Private Equities, Inc.*

*Statement of Income*

---

<b>Year Ended December 31,</b>	<b>2010</b>
<b>Fee income</b>	<u>\$ 1,173,333</u>
<b>Operating expenses</b>	
Allocated general and administrative expenses - related party	510,295
Commissions	465,490
Professional fees	37,223
Equity compensation	10,866
Miscellaneous	9,666
Taxes, licenses and permits	3,650
	<u>1,037,190</u>
<b>Income from operations</b>	<u>136,143</u>
<b>Other income and expense</b>	
Interest income	388
Interest expense	(1,513)
	<u>(1,125)</u>
<b>Net income</b>	<u>\$ 135,018</u>

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

*Matrix Private Equities, Inc.*

*Statement of Changes in Stockholders' Equity*

---

**Year Ended December 31, 2010**

---

	Common Stock	Additional Paid-In Capital	Retained Earnings (Deficit)	Total
<b>Balance - December 31, 2009</b>	\$ 29	\$ 217,737	\$ (174,454)	\$ 43,312
Repurchase of shares	(6)	(99,994)	-	(100,000)
Issuance of shares	5	55,861	-	55,866
Net income	-	-	135,018	135,018
<b>Balance - December 31, 2010</b>	<b>\$ 28</b>	<b>\$ 173,604</b>	<b>\$ (39,436)</b>	<b>\$ 134,196</b>

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

*Matrix Private Equities, Inc.*

*Statement of Cash Flows*

---

<b>Year Ended December 31,</b>	<b>2010</b>
<b>Cash flows from operating activities</b>	
Net income	\$ 135,018
Adjustments to reconcile to net cash from operating activities:	
Compensation expensed for additional paid- in capital	10,866
Change in:	
Prepaid expenses	(31)
Accounts payable and accrued expenses	3,513
Due to related party	141,766
<b>Net cash from operating activities</b>	<u>291,132</u>
<b>Cash flows from financing activities</b>	
Proceeds from issuance of common stock	45,000
Payments for the repurchase of common stock	<u>(45,000)</u>
<b>Net cash from financing activities</b>	<u>-</u>
<b>Net change in cash and cash equivalents</b>	291,132
<b>Cash - beginning of year</b>	<u>25,290</u>
<b>Cash - end of year</b>	<u>\$ 316,422</u>
<b>Supplemental disclosure of noncash financing activities</b>	
Note payable incurred for the repurchase of common stock	\$ 55,000

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

## ***Matrix Private Equities, Inc.***

### ***Notes to Financial Statements***

---

**December 31, 2010**

---

#### **1. Organization and Nature of Business**

***Matrix Private Equities, Inc.*** (Company) is a broker-dealer, providing merger and acquisition consulting services primarily to privately held companies, and assisting with the placement of new offerings of debt and equity securities. The Company's principal office is located in Richmond, Virginia.

#### **2. Summary of Significant Accounting Policies**

##### **Cash and Cash Equivalents**

The Company considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. There were no cash equivalents at year-end.

##### **Concentration of Credit Risk**

At times, the Company may have cash and cash equivalents at a financial institution in excess of insured limits. The Company places its cash and cash equivalents with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk.

##### **Fee Income**

Fee income includes fees earned from providing merger and acquisition consulting services, as well as assistance with the placement of new offerings of debt and equity securities, and is recorded when earned.

##### **Commissions**

Commissions are accrued at the time the related fee income is recognized.

##### **Income Taxes**

The Company, with the consent of its stockholders, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the stockholders of an S corporation are taxed on their proportionate share of the Company's taxable income. The Company files income tax returns in the U.S. federal jurisdiction and the state of Virginia. The Company's federal income tax returns for the tax years 2007 and beyond remain subject to examination by the Internal Revenue Service. The Company's Virginia income tax returns for the tax years 2007 and beyond remain subject to examination by the Virginia Department of Taxation.

##### **Subsequent Events**

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through February 9, 2011, the date the financial statements were available to be issued.

## **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

### **3. Net Capital Requirement**

The Company is subject to the Net Capital Rule of the Securities and Exchange Commission (Rule 15c-3) (Rule). This rule prohibits a broker-dealer from engaging in securities transactions when its aggregate indebtedness exceeds 15 times its net capital, as those terms are defined in the Rule, and 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 of \$113,076, which was \$99,520 in excess of its net capital requirement of \$13,556. The Company's net capital ratio (ratio of aggregate indebtedness to net capital) was 1.8 to 1 as of December 31, 2010.

### **4. Capital Stock**

Authorized capital stock of the Company consists of 10,000 shares of common stock, par value \$0.01 per share. The Company redeemed 609.40 shares from the majority director during 2010 for \$100,000 which is reflected as a reduction of equity. Subsequent to the redemption, 486.35 shares were sold to three new stockholders at a 30% minority discount. \$45,000 was paid to the Company in cash and the remaining \$10,866 was treated as compensation expense to those stockholders. As of December 31, 2010, issued and outstanding shares were 2,771.60, and additional paid in capital was \$173,604.

### **5. Related Party Transactions**

The Company has an agreement with an affiliated company, Matrix Capital Markets Group, Inc. (MCMG) that requires the Company to reimburse MCMG for expenses requested by the Company and paid on their behalf. Expenses covered under the agreement include outside labor, salaries, taxes, insurance, credit reports, subscriptions, travel expenses, rent, postage, office supplies, accounting and legal services, and other general administrative and office expenses.

During 2010, the Company recorded \$510,295 of allocable expenses payable to MCMG as a result of this agreement. At year-end, amounts due to MCMG represent reimbursable expenses of \$144,833.

MCMG is owned and controlled by the stockholders of the Company.

During 2010, the Company issued an uncollateralized note payable to one of the Company's stockholders in the amount of \$55,000 bearing interest at 6% per annum. Interest is payable quarterly until the entire principal balance is due July 14, 2012.

### **6. Goodwill**

Goodwill represents the excess of the cost over the fair value of net assets acquired of \$20,303 at the date of acquisition (May 26, 2005). The amount is subject to annual assessment for impairment by applying a fair value based test. At December 31, 2010, no impairment losses were recognized.

## 7. Subsequent Event (Unaudited)

On January 31, 2011, the Company's and Matrix Capital Markets Group, Inc.'s (MCMG) (a company substantially owned by the current stockholders of the Company) board of directors and stockholders approved a merger of the two companies. The merger is contingent on regulatory approvals. As the stockholder groups are substantially the same, the assets and liabilities of the companies will be combined at the current carrying values of the companies on the merger date. The following pro forma information is presented as if the companies were combined as of January 1, 2010. The eliminating entry for reimbursable expenses is described in Note 5.

	Company	MCMG (Unaudited)	Eliminating Entry	Total (Unaudited)
<b>Condensed Balance Sheet</b>				
Current assets	\$ 317,239	\$ 891,836	\$ (144,833)	\$ 1,064,242
Property, plant and equipment	-	92,356	-	92,356
Goodwill	20,303	220,345	-	240,648
	<u>\$ 337,542</u>	<u>\$ 1,204,537</u>	<u>\$ (144,833)</u>	<u>\$ 1,397,246</u>
Current liabilities	\$ 148,346	\$ 106,247	\$ (144,833)	\$ 109,760
Long-term liabilities	55,000	210,513	-	265,513
Equity	134,196	887,777	-	1,021,973
	<u>\$ 337,542</u>	<u>\$ 1,204,537</u>	<u>\$ (144,833)</u>	<u>\$ 1,397,246</u>
<b>Condensed Statement of Income</b>				
Fee income	\$ 1,173,333	\$ 3,490,219	\$ -	\$ 4,663,552
Operating expenses	(1,037,190)	(3,611,998)	-	(4,649,188)
Income from operations	136,143	(121,779)	-	14,364
Other expense	(1,125)	(20,466)	-	(21,591)
Net income	<u>\$ 135,018</u>	<u>\$ (142,245)</u>	<u>\$ -</u>	<u>\$ (7,227)</u>
<b>Condensed Statement of Cash Flows</b>				
Cash flows from operating activities	\$ 291,132	\$ (441,719)	\$ -	\$ (150,587)
Cash flows from financing activities	-	30,413	-	30,413
Cash flows from investing activities	-	(49,798)	-	(49,798)
Net change in cash and cash equivalents	<u>\$ 291,132</u>	<u>\$ (461,104)</u>	<u>\$ -</u>	<u>\$ (169,972)</u>

\* \* \* \* \*



Certified Public Accountants  
Specialized Services  
Business Solutions

***Report of Independent Registered Public Accounting Firm on  
Supplementary Information Required by Rule 17a-5 of the  
Securities and Exchange Commission***

Board of Directors  
***Matrix Private Equities, Inc.***

We have audited the accompanying financial statements of ***Matrix Private Equities, Inc.*** as of and for the year ended December 31, 2010, and have issued our report thereon dated February 9, 2011. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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 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.

*Goodman & Company, LLP*

Richmond, Virginia  
February 9, 2011

*Matrix Private Equities, Inc.*

***Computation of Net Capital for Brokers and Dealers Pursuant to  
Rule 15c3-1 Under the Securities Exchange Act of 1934 - Schedule 1***

---

**December 31, 2010**

---

<b>Stockholders' equity</b>	
Stockholders' equity qualified for net capital	\$ 134,196
<b>Nonallowable assets and miscellaneous capital charges</b>	
Other assets	<u>21,120</u>
<b>Net capital</b>	<u>\$ 113,076</u>
<b>Amounts included in total liabilities which represent     aggregate indebtedness</b>	<u>\$ 203,346</u>
<b>Minimum net capital required (the greater of \$5,000 or 6-2/3%     of aggregate indebtedness)</b>	<u>\$ 13,556</u>
<b>Net capital in excess of minimum requirements</b>	<u>\$ 99,520</u>
<b>Ratio of aggregate indebtedness to net capital</b>	<u>1.8 to 1</u>

**Note**      There are no material differences between the amounts presented above and the amounts reported on the Company's unaudited FOCUS Report as of December 31, 2010.

The Company is exempt from reserve requirements and possession on control requirements under Rule 15c3-3(k)(2)(i).

*See report of independent auditors.*



Certified Public Accountants  
Specialized Services  
Business Solutions

**Report of Independent Registered Public Accounting Firm on  
Applying Agreed-Upon Procedures Related to  
an Entity's SIPC Assessment Reconciliation**

Board of Directors  
**Matrix Private Equities, Inc.**

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 [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2010, which were agreed to by **Matrix Private Equities, Inc.** and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and the SIPC, solely to assist you and the other specified parties in evaluating **Matrix Private Equities, Inc.'s** compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). **Matrix Private Equities, Inc.'s** management is responsible for 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 records entries and corresponding cancelled checks noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2010, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2010, noting no differences;
3. Compared amounts reported in Form SIPC-7 with supporting schedules and working papers noting no adjustments or differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers including the quarterly FOCUS reports supporting the calculations noting no adjustments or 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.

*Goodman & Company, LLP*

Richmond, Virginia  
February 9, 2011

4510 Cox Road, Suite 200  
Glen Allen, VA 23060

ph 804.282.7636  
fax 804.282.1461

An independent firm associated with  
**MOORE STEPHENS**

**SIPC-7**

(33-REV 7/10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202-371-8300

**General Assessment Reconciliation**

For the fiscal year ended December 31, 20 10  
(Read carefully the instructions in your Working Copy before completing this Form)

**SIPC-7**

(33-REV 7/10)

**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:

052364 FINRA DEC  
MATRIX PRIVATE EQUITIES INC 15\*15  
11 S 12TH ST 3RD FL  
RICHMOND VA 23219-4035

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.

Beth Wilkerson 804-591-2049

- 2. A. General Assessment (item 2e from page 2) \$ 2934
- B. Less payment made with SIPC-6 filed (exclude interest) (262.50)  
7/27/10  
Date Paid
- C. Less prior overpayment applied (Ø)
- D. Assessment balance due or (overpayment) 2671.50
- 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) \$ 2,671.50
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 2,671.50
- 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.

Matrix Private Equities, Inc.  
(Name of Corporation, Partnership or other organization)  
Beth Wilkerson  
(Authorized Signature)  
Controller  
(Title)

Dated the 28 day of January, 20 11.

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 Jan 1, 20 10  
and ending Dec 31, 20 10  
Eliminate cents

Item No.

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

\$ 1,173,721

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.

—

(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):

—

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

\$ —

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

—

Total deductions

—

2d. SIPC Net Operating Revenues

\$ 1,173,721

2e. General Assessment @ .0025

\$ 2,934

(to page 1, line 2.A.)

***Report of Independent Registered Public Accounting Firm on  
Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming  
an Exemption from SEC Rule 15c3-3***

Board of Directors  
***Matrix Private Equities, Inc.***

In planning and performing our audit of the financial statements of ***Matrix Private Equities, Inc.*** (Company), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11), and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

- Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13; and
- 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 previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

4510 Cox Road, Suite 200  
Glen Allen, VA 23060

ph 804.282.7636  
fax 804.282.1461

Because of inherent limitations in internal control or 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 a 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 over financial reporting, 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 previously.

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, 2010, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, Inc. 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.

*Goodman & Company, LLP*

Richmond, Virginia  
February 9, 2011

**Financial Statements  
Year Ended  
December 31, 2010**



***Matrix Private Equities, Inc.***