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

RECEIVED  
FEB 28 2011  
SECTION 211

SEC FILE NUMBER  
8-66787

**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: **ION PARTNERS, LLC**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**521 FIFTH AVENUE, 27th FLOOR**

(No. and Street)

**NEW YORK**

(City)

**N.Y.**

(State)

**10175**

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**DEREK WITTENBERG** **(212) 287 - 5033**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**FEUER & ORLANDO, LLP**

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

**350 FIFTH AVENUE, SUITE 7116**

(Address)

**NEW YORK,**

(City)

**N.Y.**

(State)

**10118**

(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)

KW  
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OATH OR AFFIRMATION

I, DEREK WITTENBERG, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ION PARTNERS, LLC, as of DECEMBER, 31, 2010, 20 10, 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:

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

Derek Wittenberg  
Signature

Managing Director  
Title

NOREEN WALSH  
NOTARY PUBLIC, STATE OF NEW YORK  
QUALIFIED IN QUEENS COUNTY  
REG. #01WA6053006  
MY COMM. EXP. 01/02/2015

Noreen Walsh  
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).

# **FEUER & ORLANDO, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

*(A Partnership Including A Professional Corporation)*

## **INDEPENDENT AUDITORS' REPORT**

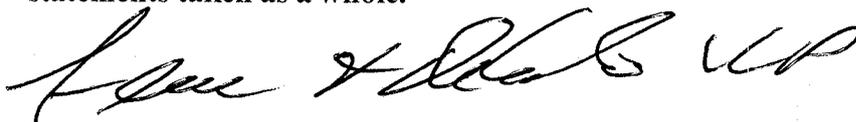
**Members of Ion Partners, LLC  
New York, New York**

We have audited the accompanying balance sheet of Ion Partners, LLC at December 31, 2010 and the related statements of income, members' capital and cash flows for the year 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 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 Ion Partners, LLC at 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on page 11 is presented for the purpose of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by Rule 17a-5 under 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.



**New York, New York  
February 14, 2011**

**ION PARTNERS, LLC  
BALANCE SHEET  
DECEMBER 31, 2010**

**ASSETS**

<b>Current Assets:</b>	
Cash	\$ 42,219
Accounts receivable	5,000
Prepaid expenses	6,893
<b>Total Current Assets</b>	<u>54,112</u>
<b>Fixed Assets:</b>	
Property and equipment, net of accumulated depreciation and amortization of \$ 12,442	2,664
Art work	3,389
<b>Total Fixed Assets</b>	<u>6,053</u>
<b>Other Assets:</b>	
Security deposits	<u>3,000</u>
<b>Total Assets</b>	<u><u>\$ 63,165</u></u>

**LIABILITIES AND MEMBERS' CAPITAL**

<b>Current Liabilities:</b>	
Accounts payable	\$ 2,342
Accrued expenses	5,935
<b>Total Current Liabilities</b>	<u>8,277</u>
<b>Members' Capital</b>	<u>54,888</u>
<b>Total Liabilities and Members' Capital</b>	<u><u>\$ 63,165</u></u>

The accompanying notes are an integral part of these financial statements

**ION PARTNERS, LLC**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2010**

**Income:**

Fee income	\$ 202,750
Reimbursed expenses	9,742
Interest income	15
<b>Total Income</b>	<u>212,507</u>

**Expense:**

Consulting	81,738
Office, general and administrative	29,336
Rent and occupancy	40,114
Professional fees	11,410
Regulatory fees	3,974
Depreciation	1,070
<b>Total Expenses</b>	<u>167,642</u>
<b>Net Income</b>	<u>\$ 44,865</u>

The accompanying notes are an integral part of these financials statments

**ION PARTNERS, LLC**  
**STATEMENT OF MEMBERS' CAPITAL**  
**YEAR ENDED DECEMBER 31, 2010**

<b>BEGINNING MEMBERS' CAPITAL</b>	<b>\$ 37,068</b>
<b>Net Income for the year</b>	<b>44,865</b>
<b>Capital withdrawn</b>	<b><u>(27,045)</u></b>
<b>ENDING MEMBERS' CAPITAL</b>	<b><u>\$ 54,888</u></b>

The accompanying notes are an integral part of these financial statements

**ION PARTNERS, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

**Cash flows from Operating Activities:**

Net Income	\$ 44,865
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>	
Depreciation	1,070
<b>Change in operating assets and liabilities:</b>	
Accounts receivable	(5,000)
Prepaid expenses	641
Accounts payable and accrued expenses	1,290
Cash provided by operating activities	<u>42,866</u>
<b>Cash flows used in Investing Activities:</b>	
Fixed asset purchases	<u>(1,323)</u>
<b>Cash flows from Financing Activities:</b>	
Distributions to members	<u>(27,045)</u>
Cash used by financing activities	<u>(27,045)</u>
Increase in cash	14,498
Cash at Beginning of year	<u>27,721</u>
Cash at End of year	<u><u>\$ 42,219</u></u>

The accompanying notes are an integral part of these financial statements

**ION PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 1 – DESCRIPTION OF BUSINESS**

Ion Partners (the “Company”) is a New York State limited liability company effective on August 8, 2003 as amended on June 5, 2009. The Company is primarily engaged in providing investment advisory services to its clients. The Company is registered with the Securities and Exchange Commission (the “SEC”) and is a member of the Financial Industry Regulatory Authority (“FINRA”).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The Company maintains its accounting records on the accrual basis.

**Revenue Recognition**

The Company recognizes revenue as the related consulting services are provided.

**Concentration of Credit Risk**

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Company’s ability to assess the credit worthiness of its clients. The Company does not currently see a concentrated credit risk associated with receivables. Repayment is dependent upon the financial stability of its clients.

**Allowance for Doubtful Accounts**

The Company estimates uncollectibility of trade accounts receivable by analyzing historical bad debts, customer concentrations, customer credit worthiness and current economic trends when evaluating the adequacy of the allowance for doubtful accounts. At December 31, 2010, no bad debt expense was recorded.

**Property and Equipment**

Furniture and equipment are stated at cost less accumulated depreciation, which is calculated using the straight-line method over the useful lives of the related assets, primarily five years.

**Income Taxes**

Provisions for federal and state income taxes have not been recorded as the Company is taxed as a partnership. Under New York City tax regulations, limited liability companies are taxed on income earned during the year. For the year ended December 31, 2010 the Company has a \$4,950 credit for New York City unincorporated business tax and has included this amount in prepaid expenses in the accompanying balance sheet.

**ION PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Impairment of Long-Lived Assets**

In accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144 “Accounting for the Impairment or Disposal of Long-Lived Assets”, the Partnership reviews long-lived assets for impairment whenever circumstances and situations change such that there is an indication that the carrying amounts may not be recovered. In such circumstances, the Company will estimate the future cash flows expected to result from the use of the asset and its eventual disposition. Future cash flows are the future cash inflows expected to be generated by an asset less the future outflows expected to be necessary to obtain those inflows. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, the Company will recognize an impairment loss to adjust to the fair value of the asset. Management believes that there are no impaired long-lived assets at December 31, 2010.

**Use of 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 and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 3 - PROPERTY AND EQUIPMENT**

The Company's property and equipment and related accumulated depreciation and amortization consist of the following at December 31, 2010:

	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net</u>
Computer and office equipment	\$ 15,106	\$ 12,442	\$ 2,664
Artwork	<u>3,389</u>	-----	<u>3,389</u>
<b>Total Property and Equipment</b>	<u>\$ 18,495</u>	<u>\$ 12,442</u>	<u>\$ 6,053</u>

**NOTE 4 - COMMITMENTS**

The Company has no leases or commitments, which extend beyond the current operating cycle. The lease of its office space is pursuant to a sub-lease agreement providing for month-to-month rental.

**ION PARTNERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

**NOTE 5 - CONCENTRATIONS**

Financial instruments that potentially subject the Company to significant concentrations of credit risk consisted principally of cash. The Company's cash balances are insured by the Federal Deposit Insurance Corporation. As of December 31, 2010, the accounts were fully insured.

**NOTE 6— NET CAPITAL REQUIREMENTS**

The Company is subject to the net capital requirements of rule 15c3-1 of the Securities and Exchange Commission which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rule, the Company is required to maintain defined minimum net capital of the greater of \$5,000 or 1/15 of aggregate indebtedness. At no time may the ratio of aggregate indebtedness to net capital as defined, exceed 15 to 1.

At December 31, 2010, the Company has net capital, as defined, of \$38,942 which is \$33,942 in excess of its required net capital of \$5,000. The Company has aggregate indebtedness of \$8,277. The Company's ratio of aggregate indebtedness to net capital is .21255 to 1 at December 31, 2010.

**NOTE 7 – SUBSEQUENT EVENT**

The Company has evaluated subsequent events through February 14, 2011 the date the financial statements were available for issuance.

**ION PARTNERS, LLC**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**AS OF DECEMBER 31, 2010**

**Net Capital**

<b>Total Members' capital</b>	<b>\$ 54,888</b>
<b>Less Nonallowable assets:</b>	
Fixed assets - net	(6,053)
Prepaid expenses	(6,893)
Security deposits	<u>(3,000)</u>
<b>Audited net capital</b>	<b>38,942</b>
<b>Minimum net capital requirement</b>	<u>(5,000)</u>
<b>Net capital excess</b>	<u><u>\$ 33,942</u></u>
<b>Ratio of aggregate indebtedness to net capital</b> at December 31, 2010	<u>.21255:1</u>

**Reconciliation of net capital ( included in part II of Form X-17A-5  
as of December 31, 2010) between the original and audited filing:**

<b>Net Capital, as reported in Company's part II (unaudited) FOCUS report</b>	<b>\$ 39,877</b>
<b>Total net changes from Members' capital</b>	<b>(2,740)</b>
<b>Difference of original to audited nonallowable assets</b>	<u>1,805</u>
<b>Audited net capital</b>	<u><u>\$ 38,942</u></u>

The accompanying notes are an integral part of these financial statements

# **FEUER & ORLANDO, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

*(A Partnership Including A Professional Corporation)*

## **ACCOUNTANTS' SUPPLEMENTARY REPORT ON INTERNAL ACCOUNTING CONTROL**

To the Members of Ion Partners, LLC

In planning and performing our audit of the financial statements of Ion Partners, LLC (the "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 (including 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 (the "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 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 the 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 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.

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.

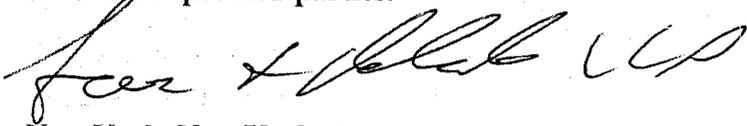
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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. However, we noted no matters involving internal control, including 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, 2010 to meet the SEC's objectives.

This report is intended solely for the use and information of the members, management, the SEC, FINRA 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.



New York, New York  
February 14, 2011

**ION PARTNERS, LLC**  
**AUDITED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2010**

**ION PARTNERS, LLC**

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