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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
8- 48962

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 January 1, 2010 AND ENDING December 31, 2010  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Waveland Capital Partners, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
19800 MacArthur Blvd., Suite 650

OFFICIAL USE ONLY  
FIRM I.D. NO.

Irvine (City) California (State) 92612 (Zip Code)  
(No. and Street)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Steven Sunstein (949) 706-5000  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Breard & Associates, Inc. Certified Public Accountants

9221 Corbin Avenue, Suite 170 (Address) Northridge (City) California (State) 91324 (Zip Code)  
(Name - if individual, state last, first, middle name)

**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)

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OATH OR AFFIRMATION

I, Steven Sunstein, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Waveland Capital Partners, LLC, 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:

N/A

State of California
County of orange
Subscribed and sworn to (or affirmed) before me on this 15th day of February, 2011 by Steven Sunstein proved to me on the basis of satisfactory evidences to be the person who appeared before me.

Signature: Steven Sunstein
Title: President

Notary Public: Janet A. Osborne



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).

Independent Auditor's Report

Board of Directors  
Waveland Capital Partners, LLC:

We have audited the accompanying statement of financial condition of Waveland Capital Partners, LLC (the Company) as of December 31, 2010, and the related statements of income, changes in member's equity, 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 Waveland Capital Partners, LLC as of December 31, 2010, and the results of its income 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 in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 25, 2011



**Waveland Capital Partners, LLC**  
**Statement of Financial Condition**  
**December 31, 2010**

**Assets**

Cash and cash equivalents	\$ 470,336
Commissions receivable	766,228
Deposit with clearing organization	50,000
Accounts receivable	222,925
Receivable - related party	197,780
Prepaid income taxes	800
Prepaid expenses	1,821
Securities, not readily marketable	1,299,177
Notes receivable	228,082
Commissions advanced	<u>5,778</u>
<b>Total assets</b>	<b><u>\$ 3,242,927</u></b>

**Liabilities and Member's Equity**

**Liabilities**

Accounts payable and accrued expenses	<u>\$ 21,933</u>
<b>Total liabilities</b>	<b>21,933</b>

Commitments and contingencies

**Member's equity**

Member's equity	<u>3,220,994</u>
<b>Total member's equity</b>	<b><u>3,220,994</u></b>
<b>Total liabilities and member's equity</b>	<b><u>\$ 3,242,927</u></b>

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

**Waveland Capital Partners, LLC**  
**Statement of Income**  
**For the Year Ended December 31, 2010**

**Revenues**

Fee revenue	\$ 5,256,774
Interest income	1,237
Other income	<u>2,875</u>
<b>Total revenues</b>	<b>5,260,886</b>

**Expenses**

Employee compensation and benefits	1,716,455
Commissions	1,843,665
Communications	12,630
Occupancy and equipment rental	66,373
Selling expenses	168,269
Professional fees	160,932
Other operating expenses	<u>341,565</u>
<b>Total expenses</b>	<b><u>4,309,889</u></b>

**Net income (loss) before income tax provision** 950,997

**Income tax provision** 12,590

**Net income (loss)** \$ 938,407

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

**Waveland Capital Partners, LLC**  
**Statement of Changes in Member's Equity**  
**For the Year Ended December 31, 2010**

	<u>Member's Equity</u>
<b>Balance at December 31, 2009</b>	\$ 2,082,587
Member's contributions	200,000
Net income (loss)	<u>938,407</u>
<b>Balance at December 31, 2010</b>	<u>\$ 3,220,994</u>

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

**Waveland Capital Partners, LLC**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2010**

**Cash flow from operating activities:**

Net income (loss)		\$ 938,407
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Commissions receivable	(384,633)	
Accounts receivable	(77,964)	
Receivable - related party	(197,780)	
Prepaid income taxes	4,990	
Prepaid expenses	(554)	
Commissions advanced	82,500	
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(282,348)	
Commissions payable	<u>(18,755)</u>	
Total adjustments		<u>(874,544)</u>
<b>Net cash and cash equivalents provided by (used in) operating activities</b>		<b>63,863</b>

**Cash flow from investing activities:**

Purchase of notes receivable	<u>(228,082)</u>	
<b>Net cash and cash equivalents provided by (used in) investing activities</b>		<b>(228,082)</b>

**Cash flow from financing activities:**

Proceeds from member's contributions	<u>200,000</u>	
<b>Net cash and cash equivalents provided by (used in) financing activities</b>		<b><u>200,000</u></b>

Net increase (decrease) in cash and cash equivalents		35,781
Cash and cash equivalents at beginning of year		<u>434,555</u>
Cash and cash equivalents at end of year		<u><u>\$ 470,336</u></u>

**Supplemental disclosure of cash flow information:**

Cash paid during the year for:

Interest	\$	-
Income taxes	\$	7,600

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

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Waveland Capital Partners, LLC ("the Company") was organized on August 8, 1995 under the name Mercer Global Securities, LLC. In September 2001 the Company was sold to United Equity Holdings, LLC who changed its name to Waveland Securities, LLC. On March 28, 2005, Waveland Securities, LLC changed its name to Waveland Capital Partners, LLC. The Company is a registered broker/dealer in securities under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company is a wholly-owned subsidiary of Waveland Capital Group (the "Parent"), and is affiliated through common ownership to Waveland Management Group ("WMG").

Under its membership agreement with FINRA and pursuant to Rule 15c3-3(k)(2)(ii), the Company conducts business on a fully disclosed basis and does not execute or clear securities transactions for customers. Accordingly, the Company is exempt from the requirement of Rule 15c3-3 under the Securities Exchange Act of 1934 pertaining to the possession or control of customer assets and reserve requirements.

*Summary of Significant Accounting Policies*

The presentation 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

Accounts receivable are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial

Commissions receivable represent commissions earned on security transactions. These receivables are stated at face amount with no allowance for doubtful accounts. An allowance for doubtful accounts is not considered necessary because probable uncollectible accounts are immaterial.

Fee revenues, which result from the Company providing investment advisory services for the sale of limited partnership or membership interests under private offerings, are recorded as they are earned.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

Marketing costs are expensed as incurred. For the year ended December 31, 2010, the Company charged \$12,180 to selling expense for marketing.

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. Therefore, no provision or liability for Federal Income Taxes is included in these financial statements.

The Company maintains cash balances with a financial institution. Management performs periodic evaluations of the relative credit standing of the institution. The Company has not sustained any material credit losses from these institutions.

The Company has evaluated events subsequent to the balance sheet date for items requiring recording or disclosure in the financial statements. The evaluation was performed through February 25, 2011, which is the date the financial statements were available to be issued. Based upon this review, the Company has determined that there were no events which took place that would have a material impact on its financial statements.

**Note 2: COMMISSIONS RECEIVABLE**

The Company had outstanding accounts and commissions receivable as of December 31, 2010 of \$766,228. Most of these receivables represent fees and commissions earned on investment banking and capital raising activities on behalf of newly formed companies in the medical devices field and lawn and garden industry. These clients are still in the incubation stage and have yet to become profitable enough to develop sufficient cash flow to pay the fees. Of the total due, \$763,613 is over 90 days old. The collectibility of these fees is contingent upon the Companies becoming sufficiently profitable to pay the commission due, or being matched with an outside investor or merger partner. Neither development can be predicted with any degree of certainty.

**Note 3: DEPOSIT WITH CLEARING ORGANIZATION**

The Company has a brokerage agreement with National Financial Services ("Clearing Broker") to carry its account and the accounts of its clients as customers of the Clearing Broker. This Clearing Broker has custody of the Company's cash balances which serve as collateral for any amounts due to the Clearing Broker as well as collateral for securities sold short or securities purchased on margin. Interest is paid monthly on these cash deposits at the average overnight repurchase rate. The balance at December 31, 2010 was \$50,000.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 4: INCOME TAXES**

As discussed in Note 1, the Company has elected to be a California Limited Liability Company. As such, the Company is subject to a limited liability company gross receipts fee, with a minimum franchise tax. As of December 31, 2010, the income tax provision consists of the following:

Franchise tax	\$ 800
Gross receipts fee	<u>11,790</u>
Total income tax	<u><u>12,590</u></u>

**Note 5: SECURITIES, NOT READILY MARKETABLE**

The securities, not readily marketable is composed of restricted stock, in the amount of \$1,299,177. This stock is primarily privately-held company stock which the Company acquired in lieu of compensation and also purchased investments. It is valued at cost as management believes that cost reflects the fair value of the stock. For net capital purposes, these securities are classified as non-allowable assets.

On January 1, 2009, the Company adopted FASB ASC 820, Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in an active market for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model derived prices whose inputs are observable or whose significant value drivers are observable;

Level 3 - Assets and liabilities whose significant value drivers are unobservable.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 5: SECURITIES, NOT READILY MARKETABLE**

(Continued)

<u>Assets</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Securities, not readily marketable	\$ -	\$ -	\$ -	\$ 1,299,177
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,299,177</u>

<u>Liabilities</u>	<u>Fair Value</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Liabilities	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Effect of Level 3 Inputs on net assets or liabilities:**

	<u>Assets</u>
<b>Balance as of December 31, 2009</b>	\$ 1,299,177
Realized gain (loss)	-
Change in unrealized gain (loss)	-
Purchase, Issuance, Settlements	-
<b>Balance as of December 31, 2010</b>	<u>\$ 1,299,177</u>

**Note 6: NOTE RECEIVABLE**

On July 1, 2010, the Company accepted a promissory note for \$228,082 from one of its startup clients, in settlement of outstanding commissions receivable. The note and accrued interest is due and payable on October 31, 2011. Interest is accrued at the rate of 25% per annum.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 7: RELATED PARTY TRANSACTIONS**

The Company conducts certain related party transactions with the Parent, WMG and other related entities. During the year ended December 31, 2010, the Company was charged \$2,350,847 in allocated expenses by WMG, which serves as an administrative cost center. These reimbursements are made in accordance with an expense reimbursement agreement. Included in those charges are the services, and related payroll costs, of administrative staff for the Company. Also included are rent allocation expenses totaling \$41,922 for the year ended December 31, 2010.

For the year ended December 31, 2010, there is also \$197,780 that is owed to the Company from one of its related entities, which is included as receivable - related party on the accompanying Statement of Financial Condition.

For the year ended December 31, 2010, approximately twenty-nine (29%) percent of fee revenues earned by the Company were related to securities transactions introduced on behalf of the Parent.

**Note 8: COMMISSION ADVANCED**

During the course of the year ended December 31, 2010, the Company advanced commissions earned by certain outside representatives on various private equity placements. At December 31, 2010, there were \$5,778 of those advances outstanding. During the year ended December 31, 2010, the Company wrote off \$64,720 of such advances to a single independent broker, with whom the Company has terminated its relationship, as a bad debt. This amount is classified as other operating expenses on the accompanying Statement of Income.

**Note 9: REGULATORY EXAMINATION**

As of the date of this report, the Company was undergoing a routine examination from the Financial Industry Regulatory Authority ("FINRA") for the period October 31, 2009 to December 31, 2009. In a letter dated January 11, 2011, regulators requested specific documentation be provided, focusing largely on expense sharing matters with the firm's sister company, Waveland Management Group. At this date, no formal report has been received from FINRA.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 10: LITIGATION**

As of December 31, 2010, the Company was a defendant in three separate legal actions brought by former clients claiming to have lost significant amounts of their savings through investments promoted by representatives of Waveland Capital Partners, LLC. In two of the cases, plaintiffs claim damages related to Section 1031 tax free exchanges which placed their funds in real estate investment funds that subsequently went out of business, causing the loss of their entire investments. Compensatory damages of \$410,000 and \$281,022 are being sought, respectively, along with punitive damages and attorney fees. The Company feels both suits are without merit and has employed counsel to vigorously defend against these actions.

In the third case, a former client claims that the Company failed to act upon instructions regarding their investment in one of the firm's fledgling investment companies that subsequently acquired by a Canadian entity. As a result, the client is claiming \$100,000 in actual damages and \$100,000 in punitive damages, as well as attorney fees. The Company feels this suit is also with merit and has employed counsel to vigorously defend against this claim.

No reserve has been provided in these financial statements for either defense costs or possible damages. Management feels that the Company has adequate financial resources to respond to these actions, and any eventual outcome.

**Note 11: CONCENTRATIONS OF CREDIT RISK**

The Company is engaged in various trading and brokerage activities in which counter-parties primarily include broker-dealers, banks, and other financial institutions. In the event counter-parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter-party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter-party.

**Note 12: COMMITMENTS AND CONTINGENCIES**

*Contingencies*

The Company maintains several bank accounts at financial institutions. These accounts are insured either by the Federal Deposit Insurance Commission ("FDIC"), up to \$250,000, or the Securities Investor Protection Corporation ("SIPC"), up to \$500,000. At times during the year ended December 31, 2010, cash balances held in financial institutions were in excess of the FDIC and SIPC's insured limits. The Company has not experienced any losses in such accounts and management believes that it has placed its cash on deposit with financial institutions which are financially stable.

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 13: RECENTLY ISSUED ACCOUNTING STANDARDS**

The Financial Accounting Standards Board (the “FASB”) issued a new professional standard in June of 2009 which resulted in a major restructuring of U.S. accounting and reporting standards. The new professional standard, issued as ASC 105 (“ASC 105”), establishes the Accounting Standards Codification (“Codification or ASC”) as the source of authoritative accounting principles (“GAAP”) recognized by the FASB. The principles embodied in the Codification are to be applied by nongovernmental entities in the preparation of financial statements in accordance with generally accepted accounting principles in the United States. Rules and interpretive releases of the Securities and Exchange Commission (“SEC”) issued under authority of federal securities laws are also sources of GAAP for SEC registrants. Existing GAAP was not intended to be changed as a result of the Codification, and accordingly the change did not impact the financial statements of the Company.

For the year ending December 31, 2010, various Accounting Standard Updates (“ASU”) issued by the FASB were either newly issued or had effective implementation dates that would require their provisions to be reflected in the financial statements for the year then ended. The Company has reviewed the following ASU releases to determine relevance to the Company’s operations:

<u>Statement No.</u>	<u>Title</u>	<u>Effective Date</u>
2009-01	The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (ASC 105) - a Replacement of FASB Statement No. 162	After September 15, 2009
2010-06	Subsequent Events (ASC 855): Amendments to Certain Recognition and Disclosure Requirements	After December 15, 2009
2010-09	Subsequent Events (ASC 855): Amendments to Certain Recognition and Disclosure Requirements	After February 24, 2010
2009-16	Accounting for Transfers of Financial Assets (ASC 860) - an Interpretation of FASB Statement No. 140	After November 15, 2009
2009-17	Consolidations (ASC 810) - Improvements to Financial Reporting by Enterprises with Variable Interest Entities	After November 15, 2009

**Waveland Capital Partners, LLC**  
**Notes to Financial Statements**  
**December 31, 2010**

**Note 13: RECENTLY ISSUED ACCOUNTING STANDARDS**

**(Continued)**

The Company has either evaluated or is currently evaluating the implications, if any, of each of these pronouncements and the possible impact they may have on the Company's financial statements. In most cases, management has determined that the pronouncement has either limited or no application to the Company and, in all cases, implementation would not have a material impact on the financial statements taken as a whole.

**Note 14: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. 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. Net capital and aggregate indebtedness change day to day, but on December 31, 2010, the Company had net capital of \$497,484 which was \$492,484 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$21,933) to net capital was 0.04 to 1, which is less than the 15 to 1 maximum allowed.

**Note 15: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There is a difference of \$999 between the computation of net capital under net capital SEC. Rule 15c3-1 and the corresponding unaudited FOCUS part IIA.

Net capital per unaudited schedule	\$	496,485
Adjustments:		
Member's equity	\$	(4,990)
Non-allowable assets		4,989
Haircuts & undue concentration		<u>1,000</u>
Total adjustments		<u>999</u>
Net capital per audited statements	\$	<u><u>497,484</u></u>

**Waveland Capital Partners, LLC**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of December 31, 2010**

**Computation of net capital**

Member's equity	\$ 3,220,994	
<b>Total member's equity</b>		\$ 3,220,994
Less: Non-allowable assets		
Commissions receivable	(766,228)	
Accounts receivable	(222,925)	
Receivable - related party	(197,780)	
Prepaid income taxes	(800)	
Prepaid expenses	(1,821)	
Securities, not readily marketable	(1,299,177)	
Notes receivable	(228,082)	
Commissions advanced	<u>(5,778)</u>	
<b>Total non-allowable assets</b>		<u>(2,722,591)</u>
<b>Net capital before haircuts</b>		498,403
Less: Haircuts on securities		
Haircut on money markets	<u>(919)</u>	
<b>Total haircuts on securities</b>		<u>(919)</u>
<b>Net Capital</b>		497,484
 <b>Computation of net capital requirements</b>		
Minimum net capital requirements		
6 2/3 % of net aggregate indebtedness	\$ 1,462	
Minimum dollar net capital required	<u>\$ 5,000</u>	
Net capital required (greater of above)		<u>(5,000)</u>
<b>Excess net capital</b>		<u>\$ 492,484</u>
Ratio of aggregate indebtedness to net capital	0.04 : 1	

There was a difference of \$999 between net capital computation shown here and the net capital computation shown on the Company's unaudited Form X-17A-5 report dated December 31, 2010 (See Note 15).

*See independent auditor's report*

**Waveland Capital Partners, LLC**  
**Schedule II - Computation for Determining of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2010**

A computation of reserve requirements is not applicable to Waveland Capital Partners, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Waveland Capital Partners, LLC**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Pursuant to Rule 15c3-3**  
**As of December 31, 2010**

Information relating to possession or control requirements is not applicable to Waveland Capital Partners, LLC as the Company qualifies for exemption under Rule 15c3-3(k)(2)(ii).

*See independent auditor's report*

**Waveland Capital Partners, LLC**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended December 31, 2010**

Board of Directors

Waveland Capital Partners, LLC:

In planning and performing our audit of the financial statements of Waveland Capital 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 (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:

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 judgements 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 and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a 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 than 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. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 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, 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.



Breard & Associates, Inc.  
Certified Public Accountants

Northridge, California  
February 25, 2011