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

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FACING PAGE
**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

Washington, DC
110

REPORT FOR THE PERIOD BEGINNING JANUARY 31, 2010 AND ENDING DECEMBER 31, 2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DPEC CAPITAL, INC.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
135 FIFTH AVENUE, 10TH FLOOR

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)

NEW YORK
(City)

NY
(State)

10010
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
TIM F. HOLDERBAUM (212) 739-7655
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MARCUM LLP

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

750 THIRD AVENUE, 11TH FLR. NEW YORK
(Address) (City)

NEW YORK
(State)

10017
(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)

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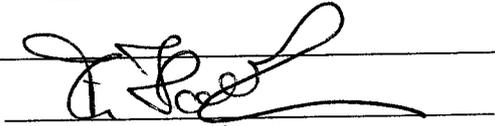
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OATH OR AFFIRMATION

I, TIM F. HOLDERBAUM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DPEC CAPITAL, INC., as of DECEMBER 31, 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:

Uranela Hidric
Notary Public, State of New York
Qualified in Richmond County
Lic. #01HI6161244
Commission Expires Feb. 20, 2015


Notary Public


Signature
CHIEF FINANCIAL OFFICER
Title

State of New York
County of New York
Sworn to before me this
28 day of Feb 2011

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).

DPEC CAPITAL, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
DPEC Capital, Inc.

We have audited the accompanying statement of financial condition of DPEC Capital, Inc. (the "Company") as of December 31, 2010, and the related statements of income, changes in stockholder'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 audits in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States) and in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 condition of DPEC Capital, Inc. as of December 31, 2010, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Cash used in operating activities was \$765,714. Based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

Marcum LLP

New York, NY
February 25, 2011

DPEC CAPITAL, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2010

Assets

Cash and cash equivalents	\$	223,346
Due from clearing broker		49,361
Advances and loans to registered representatives, net		1,659,178
Property and equipment, net		38,374
Investment in and receivable from Affiliates		1,490,814
Other assets		<u>33,497</u>

Total Assets

\$ 3,494,570

Liabilities and Stockholder's Equity

Liabilities

Accounts payable and accrued expenses	\$	133,058
Payable to Parent		<u>4,763</u>

Total Liabilities

\$ 137,821

Commitments and Contingencies

Stockholder's Equity

Common stock, \$.01 par value; 1,000 shares authorized; 100 shares issued and outstanding		1
Paid-in capital		8,575,530
Accumulated deficit		<u>(5,218,782)</u>

Total Stockholder's Equity

3,356,749

Total Liabilities and Stockholder's Equity

\$ 3,494,570

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

DPEC CAPITAL, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

Revenues

Private equity and venture capital fees - related parties	\$ 1,586,845
Commissions	1,463
Investment income - related parties	662,787
Investment income	(27,231)
Interest and other income	<u>84,330</u>

Total Revenues \$ 2,308,194

Expenses

Salaries and related costs	432,982
Commissions and related costs	1,061,780
Clearing costs	60,000
Communications	27,240
Depreciation and amortization	30,585
Professional fees and other expenses	<u>570,288</u>

Total Expenses 2,182,875

Net Income \$ 125,319

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

DPEC CAPITAL, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2010

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance - Beginning	100	\$ 1	\$ 7,734,146	\$ (5,344,101)	\$ 2,390,046
Capital contributions from Parent	--	--	720,000	--	720,000
Stock-based compensation	--	--	121,384	--	121,384
Net income	--	--	--	125,319	125,319
Balance - End	<u>100</u>	<u>\$ 1</u>	<u>\$ 8,575,530</u>	<u>\$ (5,218,782)</u>	<u>\$ 3,356,749</u>

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

DPEC CAPITAL, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

Cash Flows from Operating Activities

Net income		\$	125,319
Adjustments to reconcile net income to net cash used in operating activities:			
Provision for uncollectible advances and loans to registered representatives	\$	9,000	
Stock-based compensation		121,384	
Depreciation and amortization		30,585	
(Increase) decrease in assets:			
Due from clearing broker		(5)	
Advances and loans to registered representatives		(252,346)	
Investment in and receivable from Affiliates		(903,061)	
Other assets		8,417	
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		100,777	
Payable to Affiliate		(5,784)	
Total Adjustments			<u>(891,033)</u>
Net Cash Used in Operating Activities			(765,714)
Cash Provided by Financing Activities			
Capital contributions from Parent			<u>720,000</u>
Net Decrease in Cash and Cash Equivalents			(45,714)
Cash and Cash Equivalents - Beginning of year			<u>269,060</u>
Cash and Cash Equivalents - End of year		\$	<u><u>223,346</u></u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest expense	\$	--
Income taxes	\$	--

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

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 1 - ORGANIZATION

DPEC Capital, Inc. (the "Company") was incorporated on February 9, 2001 in the state of Delaware. The Company is a broker-dealer registered with the Financial Industry Regulatory Authority ("FINRA"), the Securities and Exchange Commission ("SEC") and the Securities Investor Protection Corp ("SIPC") and clears its securities transactions on a fully disclosed basis with another broker-dealer. The Company provides brokerage securities trading; private equity and venture capital investments; and advisory and other financial services to customers. There were no liabilities subordinated to the claims of creditors during the period ended December 31, 2010.

The Company is a wholly owned subsidiary of Diversified Private Equity Corp. ("Parent").

The Company, in its normal course of business, enters into and may be a party to private equity transactions with its Parent and certain related affiliates (see Notes 7 and 14).

NOTE 2 - GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of asset amounts or the classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Cash used in operating activities was \$765,714 for the year ended December 31, 2010. Based upon projected revenues and expenses, the Company believes that it may not have sufficient funds to operate for the next twelve months. The aforementioned factors raise substantial doubt about the Company's ability to continue as a going concern.

The Company needs to raise additional capital in order to be able to accomplish its business plan objectives. The Company has historically satisfied its capital needs primarily from capital contributions from its Parent, which in turn has relied on the sale of equity securities. This Company received capital contributions of \$720,000 from its Parent for the year ended December 31, 2010. Management of the Parent is continuing its efforts to secure additional funds through equity instruments. Management believes that it will be successful in obtaining additional financing; however, no assurance can be provided that the Company will be able to do so. There is no assurance that these funds will be sufficient to enable the Company to attain profitable operations or continue as a going concern. To the extent that the Company is unsuccessful, the Company may need to curtail its operations and implement a plan to extend payables and reduce overhead until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid temporary cash investments with an original maturity of three months or less when purchased, to be cash equivalents.

SECURITIES TRANSACTIONS AND COMMISSIONS

Securities transactions are recorded on a trade date basis. Commissions and related clearing charges are recorded on a trade date basis as securities transactions occur.

PRIVATE EQUITY AND VENTURE CAPITAL

Private equity and venture capital revenues include fees earned from providing venture capital and private equity investments. These fees are recorded at the date on which the offering's contingencies have been satisfied, funds are released from escrow and fees are earned.

Fees earned can include cash and securities, including warrants. Warrants are recorded as private equity and venture capital fees on the grant date based on the grant date fair value. For each financial reporting period, the warrants are revalued and any gain or loss is recognized as investment income (loss). The Company uses the Black-Scholes method to estimate the fair value of the warrants.

STOCK-BASED COMPENSATION

The Company is required to measure the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the award is measured on the grant date and for non-employees, the award is generally premeasured on interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful lives of the assets or the terms of the leases. Maintenance and repairs are charged to expense as incurred; costs of major additions and betterments that extend the useful life of the asset are capitalized. When assets are retired or otherwise disposed of, the costs and related accumulated depreciation or amortization are removed from the accounts and any gain or loss on disposal is recognized.

CONCENTRATIONS OF CREDIT RISK

The Company is engaged in providing a broad range of securities brokerage and investment services to a diverse group of private investors, as well as corporate finance and investment banking services to corporations and businesses. The Company uses a clearing broker to process transactions and maintain customer accounts on a fee basis for the Company. The Company permits the clearing firms to extend credit to its clientele secured by cash and securities in the client's account. The Company's exposure to credit risk associated with the non-performance by its customers and counterparties in fulfilling their contractual obligations can be directly impacted by volatile or illiquid trading markets, which may impair the ability of customers and counterparties to satisfy their obligations to the Company. The Company has agreed to indemnify the clearing broker for losses they incur while extending credit to the Company's clients. The maximum potential amount for future payments that the Company could be required to pay under this indemnification cannot be estimated. However, the Company believes that it is unlikely it will have to make any material payments under these arrangements and has not recorded any contingent liability in the financial statements for this indemnification. It is the Company's policy to review, as necessary, the credit standing of its customers and each counterparty. Amounts due from customers that are considered uncollectible by the clearing broker are charged back to the Company by the clearing broker when such amounts become determinable.

The Company places its cash deposits and temporary cash investments with major financial institutions. At times, cash and cash equivalents may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. At December 31, 2010, all of the Company's cash and cash equivalents are held at one financial institution.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADVANCES AND LOANS TO REGISTERED REPRESENTATIVES

Advances and loans to registered representatives represent up-front or other short-term loans to registered representatives of the Company. The Company has the right to recover such advances from other monies owed to the registered representatives in the ordinary course of business. Such advances are also collateralized by certain investments the registered representatives own in affiliates of the Company. The determination of the uncollectible accounts is based on the amount of credit extended, the length of time each receivable has been outstanding, the collateral value and future compensation prospects, as it relates to each individual registered representative. The allowance for uncollectible amounts reflects the amount of loss that can be reasonably estimated by management and is included as part of professional fees and other expenses in the accompanying statements of operations. As of December 31, 2010, the Company has reserved approximately \$453,000 for any potential non-collection.

ADVERTISING COSTS

Advertising costs are expensed as incurred. Advertising costs, which are included in professional fees and other expenses, were deemed to be nominal during the reporting period.

INCOME TAXES

The Company accounts for income taxes under the liability method, which requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. The Company additionally establishes a valuation allowance to reflect the likelihood of realization of deferred tax assets.

The Company evaluates tax positions taken or expected to be taken in a tax return. As of December 31, 2010, no liability for unrecognized tax benefits was required to be recorded.

USE OF ESTIMATES

The preparation of the 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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board (“FASB”) and the Emerging Issues Task Force have issued certain other accounting standards updates and regulations as of December 31, 2010 that will become effective in subsequent periods. However, management of the Company does not believe that any of those updates would have significantly affected the Company’s financial accounting measures or disclosure had they been in effect during 2010, and it does not believe that any of those pronouncements will have a significant impact on the Company’s financial statements at the time they become effective.

NOTE 4 - DUE FROM CLEARING BROKER

Due from clearing broker represents amounts due from the clearing organization consisted primarily of cash deposits in accordance with the clearing arrangement with Sterne Agee & Leach, Inc. (“SAL”), the Company’s clearing broker. The Company incurred charges of approximately \$60,000 for the year ended December 31, 2010.

NOTE 5 - ADVANCES AND LOANS TO REGISTERED REPRESENTATIVES

As of December 31, 2010, the Company has net outstanding advances and loans to registered representatives of \$1,659,178. These balances bear interest at 6% and are due on demand. The balance consists of the following:

Advances and loans to registered representatives	\$2,112,178
Allowance for uncollectible amounts	<u>(453,000)</u>
Total	<u>\$1,659,178</u>

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment, net, at December 31, 2010, consists of the following:

Furniture and fixtures	\$ 62,396
Leasehold improvement	<u>93,010</u>
Total	155,406
Less: accumulated depreciation and amortization	<u>(117,032)</u>
Property and Equipment, Net	<u>\$ 38,374</u>

Depreciation and amortization expense for the year ended December 31, 2010 was \$30,585.

NOTE 7 - INVESTMENT IN AND RECEIVABLE FROM AFFILIATES

Investment in and receivable from Affiliates, at December 31, 2010, consisted of the following:

Investments in warrants of Affiliates, not readily marketable	\$ 656,199
Investment in Affiliates, not readily marketable	832,930
Receivable from Affiliate	<u>1,685</u>
Total Investment in and Receivable from Affiliates	<u>\$1,490,814</u>
Payable to Parent	<u>\$ (\$4,763)</u>

The investments in not readily marketable securities represent equity instruments of private companies recorded as investments at fair value. The warrants were received as a component of our fees for services rendered at fair value.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 8 - FAIR VALUE MEASUREMENTS

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. In determining fair value, the Company often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or developed by the Company. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1 - Valued based on quoted prices at the measurement date for identical assets or liabilities trading in active markets. Financial instruments in this category generally include actively traded equity securities.
- Level 2 - Valued based on (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) from market corroborated inputs. Financial instruments in this category include certain corporate equities that are not actively traded or are otherwise restricted.
- Level 3 - Valued based on valuation techniques in which one or more significant inputs is not readily observable. Included in this category are certain corporate debt instruments, certain private equity investments, and certain commitments and guarantees.

As of December 31, 2010:

Securities Owned at Fair Value	Level 1	Level 2	Level 3	Total
Warrants - Affiliates	--	--	\$ 656,199	\$ 656,199
Warrants - Other	--	--	242	242
Investments - Affiliates	--	--	<u>832,930</u>	<u>832,930</u>
Total	<u>--</u>	<u>--</u>	<u>\$1,489,371</u>	<u>\$1,489,371</u>

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 8 - FAIR VALUE MEASUREMENTS (CONTINUED)

A reconciliation of Level 3 assets is as follows:

	<u>Warrants</u>	<u>Investments</u>
Balance - January 1, 2010	\$ 586,802	\$ --
Received/purchases/issuances	120,277	230,930
Allocated to employees as compensation	(84,194)	--
Realized and unrealized gain	<u>33,556</u>	<u>602,000</u>
Balance - December 31, 2010	<u>\$ 656,441</u>	<u>\$832,930</u>
Accumulated Unrealized (Losses) Gains Related to Warrants Held at December 31, 2010	<u>\$(101,657)</u>	<u>\$602,000</u>

The fair value of the warrants was determined based on the Black-Scholes model, which requires the input of highly subjective assumptions, including the expected share price volatility. Given that such shares were not publicly-traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within the industry.

It is the Company's policy to distribute part of the warrants it receives to registered representatives or other employees who provided investment banking services. The total compensation expense (fair value) recorded related to these distributed warrants was \$84,194 in 2010. These warrants had been earned through serving as placement agent on various private placement offerings.

NOTE 9 - INCOME TAXES

The accounts of the Company are included in the consolidated income tax returns filed by its Parent. The Company computes its tax accounts as if it were a separate entity. The Company has elected an accounting policy whereby interest and penalties assessed by jurisdictions, if any, would be classified as an operating expense.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 9 - INCOME TAXES (CONTINUED)

As of December 31, 2010, the Company had approximately \$5,040,000 of federal and state net operating loss carryforwards available to offset future taxable income. These net operating losses, if not utilized, begin expiring in 2022. In accordance with Section 382 of the Internal Revenue Code, deductibility of the Company's net operating loss carryforward may be subject to an annual limitation in the event of a change of control. The Company performed a preliminary evaluation as to whether a change of control has taken place and concluded that no such change has occurred to date.

At December 31, 2010, net deferred tax assets consisted of the following:

Deferred Tax Assets:	
Net operating loss	\$2,285,000
Stock-based compensation	204,000
Allowance for uncollectible advances and loans	<u>205,000</u>
Gross deferred tax assets	2,694,000
Excess of book over tax basis of warrants	(298,000)
Excess of book over tax basis of investments	<u>(273,000)</u>
Net deferred tax assets before valuation allowance	2,123,000
Less: valuation allowance	<u>(2,123,000)</u>
Net Deferred Tax Asset	<u>\$ --</u>

The income tax provision (benefit) consists of the following for the year ended December 31, 2010:

Current:	
Federal	\$ --
State and local	<u>--</u>
	<u>--</u>
Deferred:	
Federal	68,000
State and local	<u>23,000</u>
	91,000
Change in valuation allowance	<u>(91,000)</u>
Income Tax Provision	<u>\$ --</u>

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 9 - INCOME TAXES (CONTINUED)

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate for the year ended December 31, 2010 is as follows:

Tax at Federal statutory rate	34.0%
State and local income taxes, net of Federal benefit	11.3
Non-deductible stock-based compensation	16.2
Meals and entertainment	10.8
Decrease in valuation allowance	<u>(72.3)</u>
Effective Income Tax Rate	<u>0.0%</u>

The Company believes that uncertainty exists with respect to the future realization of the net deferred tax assets and has established a valuation allowance for the full amount as of December 31, 2010. The deferred tax asset valuation allowance decreased by approximately \$91,000 during the year ended December 31, 2010.

The Company evaluated the provisions of ASC 740 related to the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. Differences between tax positions taken or expected to be taken in a tax return and the benefit recognized and measured pursuant to the interpretation are referred to as "unrecognized benefits". A liability is recognized (or amount of net operating loss carry forward or amount of tax refundable is reduced) for an unrecognized tax benefit because it represents an enterprise's potential future obligation to the taxing authority for a tax position that was not recognized as a result of applying the provisions of ASC 740.

Interest costs related to unrecognized tax benefits are required to be calculated (if applicable) and would be classified as "Interest expense, net" in the statements of operation. Penalties would be recognized as a component of "General and administrative expenses."

The Company's uncertain tax positions are related to tax years that remain subject to examination by relevant tax authorities. The Company files income tax returns in the United States (Federal) and in primarily New York.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 10 - NET CAPITAL REQUIREMENTS

The Company, as a registered broker-dealer, is subject to the SEC's Uniform Net Capital Rule 15c3-1 that requires the maintenance of minimum net capital. This requires that the Company maintain minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness, as defined, to net capital, shall not exceed 15 to 1.

On November 22, 2010, FINRA granted the Company's request to lower its statutory dollar net capital requirement from \$100,000 to \$5,000, which became effective on November 29, 2010.

As of December 31, 2010, the Company's net capital exceeded the requirement by \$125,698.

The Company had a percentage of aggregate indebtedness to net capital of approximately 102.18% as of December 31, 2010.

Advances, dividend payments and other equity withdrawals are restricted by the regulations of the SEC, and other regulatory agencies are subject to certain notification and other provisions of the net capital rules of the SEC. The Company qualifies under the exemptive provisions of Rule 15c3-3 as the Company does not carry security accounts for customers or perform custodial functions related to customer securities.

NOTE 11 - STOCKHOLDER'S EQUITY

STOCK OPTION PLANS

The Parent's 2001 Equity Incentive Plan, as amended, and the 2008 Equity Incentive Plan, were approved by the Parent's Board on June 21, 2001 and September 2, 2008, respectively. The plans provide for grants to purchase up to an aggregate of 342,700 shares, and 822,481 shares, respectively. Both equity plans permit the granting of incentive and non-qualified stock options, restricted and unrestricted stock, performance awards, loans and grants. Under all plans, (1) awards may be granted to employees, consultants, independent contractors, officers and directors; (2) the maximum term of any award shall be ten years from the date of grant; (3) the exercise price of any award shall not be less than the fair value on the date of grant.

On September 30, 2010, the Parent company consummated a reverse stock-split of its common stock, warrants and stock options of 14.59 to 1 (the "Stock Split"). For the Company's Parent, all per share amounts and the number of stock shares in the financial statements and notes are reflected post reverse Stock Split basis.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 11 - STOCKHOLDER'S EQUITY (CONTINUED)

STOCK OPTION GRANTS

On May 1, 2010, the Company's Parent granted options to purchase 1,714 and 7,710 shares of common stock at an exercise price of \$14.60 and \$8.03, respectively, to two former employees of the Company pursuant to the 2008 Equity Incentive Plan. The options expire after five years. The \$32,407 grant date fair value was amortized immediately.

During 2010, options to purchase 33,028 shares of the Parent's common stock were forfeited by two former employees in accordance with the terms of the option agreement.

During the year ended December 31, 2010, the Company recognized compensation expense related to stock option grants of \$55,410 to registered representatives, which is reflected as commissions and related costs in the statement of income. As of December 31, 2010, there was \$30,767 of unrecognized stock-based compensation expense related to stock option grants that will be amortized over a weighted average period of 1.11 years.

The Company has computed the fair value of options granted using the Black-Scholes option pricing model. Forfeitures are estimated at the time of valuation and reduce expense ratably over the vesting period. This estimate will be adjusted periodically based on the extent to which actual forfeitures differ, or are expected to differ, from the previous estimate, when it is material. The expected term of options granted represents the estimated period of time that options granted are expected to be outstanding were estimated based upon the "simplified" method for "plain-vanilla" options. Given that the Company's shares are not publicly traded, the Company developed an expected volatility figure based on a review of the historical volatilities, over a period of time, of similarly positioned public companies within its industry. The risk-free interest rate was determined from the implied yields from U.S. Treasury zero-coupon bonds with a remaining term consistent with the expected term of the options.

In applying the Black-Scholes option pricing model at grant date, the Company used the following weighted average assumptions:

Risk free interest rate	1.24%
Expected term (years)	2.5
Expected volatility	88.0%
Expected dividends	--
Forfeiture rate	5.0%

The weighted average estimated grant date fair value of the stock options granted during the year ended December 31, 2010 was \$3.44 per share.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 11 - STOCKHOLDER'S EQUITY (CONTINUED)

STOCK OPTION GRANTS (CONTINUED)

A summary of options activity during the year ended December 31, 2010 is presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Intrinsic Value
Balance - December 31, 2009	155,577	\$9.45		
Granted	9,424	9.22		
Exercised	--	--		
Forfeited	(33,028)	13.63		
Cancelled	--	--		
Balance - December 31, 2010	<u>131,973</u>	<u>\$8.39</u>	<u>3.0</u>	<u>\$ --</u>
Exercisable - December 31, 2010	<u>122,577</u>	<u>\$8.47</u>	<u>3.0</u>	<u>\$ --</u>

The following table presents information related to stock options at December 31, 2010:

Options Outstanding		Options Exercisable	
Exercise Price	Number of Options *	Weighted Average Remaining Life In Years	Number of Options *
\$7.30	115,067	2.9	105,671
8.03	7,710	4.3	7,710
14.60	1,714	4.3	1,714
24.08	<u>7,482</u>	<u>3.0</u>	<u>7,482</u>
	<u>131,973</u>	<u>3.0</u>	<u>122,577</u>

* On September 30, 2010, the Parent company consummated a reverse stock-split of its common stock of 14.59 to 1 (the "Stock Split"). For the Company's Parent, all per share amounts and the number of stock shares in the financial statements and notes are reflected post reverse Stock Split basis.

CAPITAL CONTRIBUTION

The Company's Parent contributed an aggregate of \$720,000 of capital to the Company during the year ended December 31, 2010.

DPEC CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR DECEMBER 31, 2010

NOTE 12 - COMMITMENTS AND CONTINGENCIES

LITIGATION

The Company is subject to legal proceedings and claims arising from the ordinary course of its business. In the opinion of management, the aggregate liability, if any, with respect to such actions, will not have a material adverse effect on the financial condition or result of operations of the Company.

In May 2007, the Company, Scott Mathis Chairman and Chief Executive Officer of the Company, its Parent and InvestBio, Inc. an affiliated company), Donald Geraghty (the Company's former Senior Vice President and Director of Compliance and Operations), and Ronald S. Robbins (Executive Vice President and Chief Operating Officer of InvestBio and its Parent), entered into a settlement of a disciplinary action filed in May 2004 by the NASD (now known as FINRA), the regulatory body that has primary jurisdiction over the company. The settlement with FINRA left a few charges unresolved, principally whether Mr. Mathis inadvertently or willfully failed to properly disclose the existence of certain federal tax liens on his personal NASD Form U-4.

Following a two-day hearing in July 2007, a decision was issued in December 2007. Mr. Mathis was found to have negligently failed to make, or timely make, certain disclosures on his Form U-4 (principally concerning personal tax liens which relate to tax years as far back as 1993 and which have all been paid off), and to have willfully failed to disclose certain tax liens for part of the period in question. In connection only with his duties at DPEC Capital, Mr. Mathis received a three-month suspension, and was fined \$12,500. These sanctions have not been served and are presently stayed. Management does not believe these rulings will affect Mr. Mathis's ability to perform his duties as Chairman and CEO of the Parent or InvestBio.

Mr. Mathis never disputed that he failed to timely make these disclosures on his Form U-4; he only disputes the willfulness finding, and filed an appeal to the FINRA National Adjudicatory Council (the "NAC") to challenge that part of the ruling. In December 2008, the NAC denied the appeal, and the decision of the hearing officer pertaining to the "willful" issue was affirmed, and even slightly broadened. Thereafter, Mr. Mathis appealed the NAC decision to the U.S. Securities and Exchange Commission (the "SEC"). In December 2009, the SEC affirmed the NAC decision. In February 2010, Mr. Mathis appealed the SEC decision to the U.S. Court of Appeals. The matter has been fully briefed and a decision is expected in the 3rd or 4th quarter of 2011. At least until a decision is issued, the suspensions and fine against Mathis will continue to be stayed pending appeal. If the finding that Mr. Mathis acted "willfully" stands, he would become subject to a "statutory disqualification" in which event he may be required to cease working for DPEC Capital.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 12 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

LITIGATION (CONTINUED)

As of the date of this report, the Company is a named defendant or respondent in only one pending litigation or FINRA arbitration, Cheng vs. Fasano, DPEC Capital, Inc., et al., N.Y. Supreme Court, Index No. 10115871 (filed December 7, 2010). The Plaintiff in this case is the widow of Paul Cheng, a brokerage customer of the defendants. Plaintiff sued Cheng's registered representative (Keith Fasano) and DPEC Capital, alleging that defendants improperly invested Cheng's money in "volatile stocks" after representing that they would "prudently invest" Cheng's retirement funds, and in so doing "violated their fiduciary duty" to Cheng and thereby "breached the trust that the late Paul Cheng placed in them to exercise due care in the prudent investment" of his retirement funds. Plaintiff seeks damages of \$385,945 plus interest from July 1, 2007.

As of the date hereof, defendants have not filed an answer or motion in response to the Complaint, and instead have asked plaintiff to withdraw the complaint from court and refile in FINRA arbitration, in light of the fact that Cheng signed numerous agreements to arbitrate any dispute with defendants. The Company intends to vigorously defend against this action.

NOTE 13 - BENEFIT CONTRIBUTION PLAN

The Company's Parent sponsors a 401(k) profit sharing plan that covers substantially all of its employees, including employees of DPEC Capital, Inc. The plan provides for a discretionary annual contribution, which is allocated in proportion to compensation. In addition, each participant may elect to contribute to the Plan by way of a salary deduction.

A participant is always fully vested in their account, including the Company's contribution. For the year ended December 31, 2010, the Company recorded a charge of approximately \$65,974 for the 2010 contribution. This charge has been included in the 2010 statement of operation and is also a component of stockholder's equity. The Parent will issue shares of its common stock to settle this obligation.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Company maintains equity investments in its Parent (indirectly) and certain affiliated companies, most of which were earned pursuant to placement agency or settlement agreements. In addition, the Company maintains receivable (payable) balances with its Parent and certain Affiliates. See Note 7 for additional details.

DPEC CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR DECEMBER 31, 2010

NOTE 14 - RELATED PARTY TRANSACTIONS (CONTINUED)

During 2010, the Company's Parent contributed a total of \$720,000 as additional paid-in capital. See Note 10 for additional details.

During 2010, the Company recorded \$1,586,846 of private equity and venture capital fees arising from private placement transactions on behalf of certain affiliated companies pursuant to placement agency agreements. These revenues were generated from three entities, of which two represented 46% and 15% of total revenues during the twelve months ended December 31, 2010, respectively. Of the total amount arising from affiliated companies, \$1,466,568 represents cash fees and \$120,277 represents fees in the form of warrants, which were recorded at fair market value as of the grant date using the Black-Scholes model. See Note 8 for additional details.

The Company entered into an agreement to pay its Parent a monthly amount to cover shared expenses based on estimated usage to cover office space, support staff and other operating expenses. Included in salaries and related costs, professional fees and other expenses are \$419,700 for charges paid to its Parent.

NOTE 15 - REVENUE CONCENTRATION

The Company considers significant revenue concentrations to be customers or employees who account for 10% or more of the total revenues generated by the Company during the period. The Company had five active employees who accounted for 22%, 21%, 18%, 15% and 14% of total revenues, respectively.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated all subsequent events to determine if events or transactions occurring through February 25, 2011, the date the financial statements were available to be issued, require adjustment to or disclosure in the financial statements.

DPEC CAPITAL, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2010

Net Capital

Stockholder's Equity	\$ 3,356,749
-----------------------------	--------------

Deductions

Advances and loans to registered representatives, net	\$ 1,659,178
Property and equipment, net	38,374
Investment in and receivable from affiliates	1,490,814
Other assets	<u>33,497</u>

Non-allowable Deductions

<u>3,221,863</u>

Net Capital

<u>\$ 134,886</u>

Aggregate Indebtedness

<u>\$ 137,821</u>

A. Minimum Net Capital Required**(6 2/3% of Aggregated Indebtedness)**

<u>\$ 9,188</u>

B. Minimum Dollar Net Capital Required

<u>\$ 5,000</u>

Net Capital Required (Greater of A or B)

<u>\$ 9,188</u>

Excess of Net Capital over Requirements

<u>\$ 125,698</u>

Percentage of Aggregate Indebtedness to Net Capital

<u>102%</u>

There are no material differences from the Net Capital calculations shown above and the Net Capital calculation as filed on Form X-17A-5 on January 26, 2011.

See report of independent registered public accounting firm.

DPEC CAPITAL, INC.

**COMPUTATION FOR DETERMINATION OF RESERVE
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2010

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i) of the Rule.

See report of independent registered public accounting firm.

DPEC CAPITAL, INC.

**INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2010

The Company claims exemption from the requirements of Rule 15c3-3, under Section (k)(2)(i) of the Rule.

See report of independent registered public accounting firm.

**REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5**

To the Member of
DPEC Capital Inc.

In planning and performing our audit of the financial statements of DPEC Capital Inc. (the "Company"), as of and for the year ended December 31, 2010, and in accordance with the standards of the Public Company Accounting Oversight Board (United States) in accordance with auditing standards generally accepted in the United States of America and in accordance with the standards of the public company accounting oversight Board (United States), 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

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 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 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 significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected 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 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 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 management, the SEC, the 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.

Marcum LLP

New York, NY
February 25, 2011

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S
SIPC ASSESSMENT RECONCILIATION**

MAR 01 2011

To the Member of
DPEC Capital Inc.

Washington, DC
110

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 [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2010, which were agreed to by DPEC Capital Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other designated examining authority, solely to assist you and the other specified parties in evaluating DPEC Capital Inc's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). DPEC Capital Inc's management is responsible for DPEC Capital Inc'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 records entries (excel spreadsheet calculating the annual assessment and the accrued assessment expense, and traced the accrued expense to the trial balance), 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 any adjustments reported in Form SIPC-7 with supporting schedules and working papers, (excel spreadsheet reconciling SIPC-7 to the quarterly trial balances), noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in form SIPC-7 and in the related schedules and working papers (excel spreadsheet recalculating the SIPC-7 assessment expense), 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.

Marcum LLP

New York, NY
February 25, 2011

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

SIPC-7

(33-REV 7/10)

For the fiscal year ended _____, 20____
(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:

052230 FINRA DEC
DPEC CAPITAL INC 6'6
135 5TH AVE 10TH FL
NEW YORK NY 10010-7101

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.

A. General Assessment (item 2e from page 2)	\$ <u>3,922</u>
B. Less payment made with SIPC-6 filed (exclude interest)	(<u>178</u>)
<hr/>	
Date Paid	
C. Less prior overpayment applied	(<u>—</u>)
D. Assessment balance due or (overpayment)	<u>3,644</u>
E. Interest computed on late payment (see instruction E) for _____ days at 20% per annum	<u>—</u>
F. Total assessment balance and interest due (or overpayment carried forward)	\$ <u>3,644</u>
G. PAID WITH THIS FORM: Check enclosed, payable to SIPC Total (must be same as F above)	\$ <u>3,644</u>
H. Overpayment carried forward	\$(<u>—</u>)

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

n/a

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.

DPEC CAPITAL INC
(Name of Corporation, Partnership or other organization)
[Signature]
(Authorized Signature)
COO
(Title)

Dated the 17th day of FEB, 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 1/01, 2010
and ending 12/31, 2010
Eliminate cents

Item No.
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 2,308,195

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):

60,000

635,556

83,738.65

(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

779,295

2d. SIPC Net Operating Revenues

\$ 1,528,900

2e. General Assessment @ .0025

\$ 3,822

(to page 1, line 2.A.)

DPEC CAPITAL, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2010