

SECURIT



11020259

ION

OMB APPROVAL

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

SEC FILE NUMBER

8-31826

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

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

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:  
PrimeVest Financial Services, Inc.

OFFICIAL USE ONLY

FIRM I.D. NO.

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

400 Fourth Street, South

(No. and Street)

St. Cloud

Minnesota

56301-3600

(City)

(State)

(Zip Code)

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

Mark Paul Shelson

(320) 229-3191

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Deloitte & Touche LLP

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

350 South Grand Avenue

Los Angeles

California

90071-3462

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

SEC  
Mail Processing  
Section

MAR 01 2011

Washington, DC  
124

FOR OFFICIAL USE ONLY

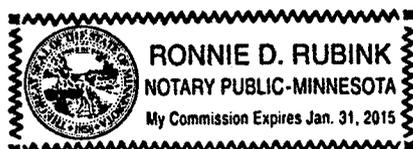
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2).

SEC 1410 (06-02)

MM

## OATH OR AFFIRMATION

I, Mark Paul Shelson, affirm that, to the best of my knowledge and belief, the accompanying financial statements for the year ended December 31, 2010, and unconsolidated supplemental schedules as of December 31, 2010, pertaining to PrimeVest® Financial Services, Inc. and Subsidiaries (the "Company") are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.



Mark Paul Shelson 02/24/11  
Signature Date  
VP, CFO  
Title

Ronnie D Rubink  
Notary Public

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

- (x) Independent Auditors' Report
- (x) (a) Facing Page
- (x) (b) Consolidated Statement of Financial Condition
- (x) (c) Consolidated Statement of Income
- (x) (d) Consolidated Statement of Cash Flows
- (x) (e) Consolidated Statement of Changes in Stockholder's Equity
- ( ) (f) Statement of Changes in Liabilities Subordinated to Claims of General Creditors (Not Applicable)
- (x) Notes to Financial Statements
- (x) (g) Unconsolidated Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934
- (x) (h) Unconsolidated Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934
- (x) (i) Unconsolidated Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934
- (x) (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital under Rule 15c3-1 (included within item g) and the Computation for Determination of the Reserve Requirements under Rule 15c3-3 (Not Required)
- (x) (k) A Reconciliation Between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation (See Note 8 to consolidated financial statements)
- (x) (l) An Oath or Affirmation
- (x) (m) A Copy of the SIPC Supplemental Report (Filed as a Separate Document)
- (x) (n) A Report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control)

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

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholder and Board of Directors  
PrimeVest® Financial Services, Inc.:

We have audited the accompanying consolidated statement of financial condition of PrimeVest® Financial Services, Inc. and subsidiaries (the "Company," a wholly owned subsidiary of Cetera Financial Group, Inc., which is an indirect subsidiary of Lightyear Capital, LLC) as of December 31, 2010, that you are filing pursuant to Rule 17a-5 under the Securities and Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, 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, such consolidated statement of financial condition presents fairly, in all material respects, the financial position of PrimeVest® Financial Services, Inc. and subsidiaries at December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte Touche CP*

February 28, 2011

SEC  
Mail Processing  
Section

MAR 01 2011

www:

124

# PRIMEVEST<sup>®</sup> FINANCIAL SERVICES, INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2010

---

### ASSETS

|  |                             |
|--|-----------------------------|
| Cash and cash equivalents                                    | \$ 27,872,195               |
| Receivable from brokers, dealers, and clearing organizations | 267,535                     |
| Receivable from customers                                    | 18,019,381                  |
| Securities owned — at fair value                             | 6,993,236                   |
| Commissions receivable                                       | 3,123,955                   |
| Deferred tax asset — net                                     | 1,581,073                   |
| Other receivables  | 4,705,359                   |
| Other assets   | <u>6,546,810</u>            |
| <b>TOTAL</b>   | <b>\$ <u>69,109,544</u></b> |

### LIABILITIES AND STOCKHOLDER'S EQUITY

#### LIABILITIES:

|   |                          |
|---|--------------------------|
| Payable to brokers, dealers, and clearing organizations | \$ 159,197               |
| Payable to customers                                    | 9,872,088                |
| Commissions payable                                     | 12,121,458               |
| Accounts payable and accrued expense                    | 2,620,570                |
| Other liabilities                                       | <u>3,459,236</u>         |
| <b>Total liabilities</b>                                | <b><u>28,232,549</u></b> |

#### STOCKHOLDER'S EQUITY:

|   |                          |
|---|--------------------------|
| Common stock, \$10 par value — authorized, 1,000,000 shares; issued and<br>outstanding, 81,468 shares | 814,680                  |
| Additional paid-in capital  | 20,740,873               |
| Retained earnings   | <u>19,321,442</u>        |
| <b>Total stockholder's equity</b>   | <b><u>40,876,995</u></b> |

|              |                             |
|--------------|-----------------------------|
| <b>TOTAL</b> | <b>\$ <u>69,109,544</u></b> |
|--------------|-----------------------------|

See notes to consolidated statement of financial condition.

# PRIMEVEST<sup>®</sup> FINANCIAL SERVICES, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED STATEMENT OF FINANCIAL CONDITION AS OF DECEMBER 31, 2010

---

### 1. NATURE OF BUSINESS AND OWNERSHIP

PrimeVest<sup>®</sup> Financial Services, Inc. and subsidiaries (the “Company”) is a broker-dealer registered under the Securities Exchange Act of 1934, a registered investment advisor and a member of the Financial Industry Regulatory Authority (FINRA). The Company provides brokerage, insurance, and investment advisory services to customers through financial institutions. Effective February 1, 2010, the Company became a wholly owned subsidiary of Cetera Financial Group, Inc., and an indirect wholly owned subsidiary of Cetera Financial Holdings, Inc. (“Cetera”), which is an indirect subsidiary of Lightyear Capital, LLC. Prior to this date, the Company was an indirect wholly owned subsidiary of Lion Connecticut Holdings, Inc. whose ultimate parent is ING Groep N.V. The purchase accounting adjustments related to this acquisition are all accounted for at the Cetera level, and not pushed down to the Company.

The consolidated statement of financial condition includes the accounts of PrimeVest<sup>®</sup> Financial Services, Inc. and its wholly owned subsidiaries: Compulife Inc., Guaranty Brokerage Services, Inc. (“Guaranty”), PrimeVest<sup>®</sup> Insurance Agency of Texas, Inc., and Branson Insurance Agency, Inc. The PrimeVest<sup>®</sup> insurance agencies were incorporated in their respective states for the purpose of providing the Company’s customers with insurance products. All intercompany balances and transactions have been eliminated in consolidation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Use of Estimates** — The consolidated statement of financial condition is prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which require the Company to make estimates and assumptions regarding the valuation of certain financial instruments, allowance for doubtful accounts, accruals for liabilities, income taxes, revenue and expense accruals, and other matters that affect the consolidated statement of financial condition and related disclosures. Management believes that the estimates utilized in preparing its consolidated statement of financial condition are reasonable and prudent. Actual results could differ materially from those estimates under different assumptions or conditions and the differences may be material to the consolidated statement of financial condition.

**Cash and Cash Equivalents** — The Company considers deposits that can be redeemed on demand and highly liquid investments that have original maturities of three months or less, when purchased, to be cash and cash equivalents. The carrying value approximates fair value due to the short-term maturities of these investments.

**Securities Owned** — Securities owned are stated at fair value. Fair value is determined by management based on published market prices or from independent pricing services.

**Receivable from and Payable to Brokers, Dealers, and Clearing Organizations** — Receivables from and payables to brokers, dealers, and clearing organizations result from the Company’s normal trading activities.

**Receivable From Customers** — Receivables from customers include amounts due on cash and margin transactions. The Company extends credit to its customers to finance their purchases of securities on margin. Securities owned by customers are held as collateral for margin receivables. Such collateral is not reflected in the consolidated statement of financial condition.

**Other Receivables and Other Assets** — Other receivables and other assets are reported in the statement of financial condition at net realizable value. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance in the period that the receivable is determined to be uncollectible. The allowance for uncollectible amounts as of December 31, 2010 was \$242,273.

**Fair Value of Financial Instruments** — Substantially all of the Company's financial instruments are carried at fair value. Receivables and payables are carried at cost or cost plus accrued interest, which approximates fair value.

**Income Taxes** — The results of the Company's operations are included in the consolidated tax return of Cetera, and its subsidiaries each report current income tax expense as allocated under a consolidated tax allocation agreement. Generally, this allocation results in profitable companies recognizing a tax provision as if the individual company filed a separate return and loss companies recognizing benefits to the extent of their losses.

Deferred income tax assets and liabilities result from temporary differences between the tax bases of assets and liabilities, and their reported amounts in the consolidated statement of financial condition that will result in taxable or deductible amounts in future years. Deferred tax assets are subject to a valuation allowance if, in the Company's opinion, it is more likely than not that these benefits will not be realized at the consolidated group level.

**Recent Accounting Pronouncements** — In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06, *Improving Disclosures About Fair Value Measurements*. ASU No. 2010-06 requires the separate disclosure of significant transfers into and out of the Level 1 and Level 2 categories and the reasons for such transfers, and also requires fair value measurement disclosures for each class of assets and liabilities as well as disclosures about valuation techniques and inputs used for recurring and nonrecurring Level 2 and Level 3 fair value measurements. These disclosures are effective for fiscal years ending on or after December 15, 2009. The Company adopted the disclosures on January 1, 2010. ASU No. 2010-06 also requires Level 3 disclosure of purchases, sales, issuances, and settlements activity on a gross rather than a net basis. These disclosure requirements are effective for fiscal years beginning after December 15, 2010. The new disclosure requirements are not expected to have a material impact on the Company's consolidated statement of financial condition as the Company does not have any Level 3 fair value measurements.

In July 2010, the FASB issued ASU No. 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. The ASU requires enhanced disclosure requirements regarding receivables, which are designed to assist financial statement users in assessing an entity's credit risk exposure and in evaluating the adequacy of an entity's allowance for credit losses. ASU No. 2010-20 is effective for fiscal years ending on or after December 15, 2011. The Company is in the process of evaluating the disclosure requirements and any impact that the new disclosures will have on its consolidated statement of financial condition.

### 3. INCOME TAXES

The Company accounts for income taxes using the asset and liability method of accounting for income taxes under U.S. GAAP. Thus, deferred income tax assets and liabilities are established for the “temporary differences” between amounts of assets and liabilities for reporting purposes and such amounts measured by tax laws and regulations. Significant components of the Company’s deferred tax assets and liability at December 31, 2010, are as follows:

|                                |                     |
|--------------------------------|---------------------|
| Deferred tax assets:           |                     |
| Goodwill                       | \$ 1,758,291        |
| Fixed assets                   | 248,529             |
| Litigation reserve             | 117,838             |
| Other                          | <u>256,363</u>      |
| Total deferred tax assets      | <u>2,381,021</u>    |
| Deferred tax liability:        |                     |
| Prepaid expenses               | 714,590             |
| Other                          | <u>85,358</u>       |
| Total deferred tax liabilities | <u>799,948</u>      |
| Net deferred tax asset         | <u>\$ 1,581,073</u> |

The Company’s deferred tax attributes are considered realized by it so long as the group is able to recognize (or currently use) the related deferred tax attribute. Thus, the need for a valuation allowance is determined at the consolidated return level rather than at the level of the individual entities comprising Cetera.

The Company has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with Accounting Standards Codification “ASC” Topic 740, *Accounting for Uncertainty in Income Taxes*, and determined that there are no uncertain tax positions that would have a material impact on the statement of financial condition of the Company. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in current income taxes in the consolidated statement of financial condition. As of December 31, 2010, the Company did not have a liability for any unrecognized tax benefits. The Company is subject to examination by U.S. federal tax authorities for tax returns filed for the prior three years and by state tax authorities for the prior four years.

### 4. EMPLOYEE BENEFITS

**401(k) Benefit Plan for Employees** — The employees of the Company are covered by a 401(k) plan that is administrated by an affiliate. The plan has various eligibility standards, vesting requirements, and guidelines for matching. The Company had no separate employee benefit plan in 2010 and relied on its affiliated company to cover all eligible employees.

**Stock-Based Compensation** — ASC Topic 718, *Compensation-Stock Compensation*, requires all share-based payments to employees to be recognized in statement of financial condition based upon the grant-date fair value. During 2010, certain employees of the Company were granted stock options for Cetera stock.

## 5. RELATED PARTY TRANSACTIONS

Cetera Brokers Network, LLC ("Cetera BN") (an affiliated company) and Cetera allocate a portion of their general administrative expenses to the Company based on volume, number of personnel, and activity. At December 31, 2010, outstanding payables to affiliates in connection with these services of \$666,388 were included in other liabilities. Such payables, which are recorded as a result of transactions and agreements with affiliates, may not be the same as those recorded if the Company was not a wholly owned subsidiary of Cetera.

## 6. COMMITMENTS AND CONTINGENCIES

The Company is party to a number of claims, lawsuits, and arbitrations arising in the course of its normal business activities. While it is not possible to forecast the outcome of such lawsuits/arbitrations, in light of the existing insurance and established reserves, it is the opinion of management that the disposition of such lawsuits/arbitrations will not have a materially adverse effect on the Company's financial position.

**Leases** — The Company is obligated under operating leases requiring minimum annual rentals. The Company has leases pursuant to agreements expiring in various years through 2013. The leases require payments of the Company's pro rata share of common area expenses and taxes.

The following is a schedule of minimum future rental payments required under operating leases for office space and equipment that have noncancellable lease terms in excess of one year:

| <b>Years Ending<br/>December 31</b> |                     |
|-------------------------------------|---------------------|
| 2011                                | \$ 650,991          |
| 2012                                | 664,929             |
| 2013                                | <u>506,547</u>      |
| Total minimum lease payments        | <u>\$ 1,822,467</u> |

## 7. SHORT-TERM BORROWINGS

The Company has a \$50,000,000 uncommitted line of credit available with a nationally recognized financial institution. There were no outstanding borrowings at December 31, 2010. The line of credit is due on demand.

## 8. OFF-BALANCE SHEET RISK

Financial instruments recorded at fair value on the Company's consolidated statement of financial condition include securities owned and securities sold, not yet purchased. Other financial instruments are recorded by the Company at contract amounts and include receivables from and payables to brokers, dealers, and clearing organizations and receivables from and payables to customers. Financial instruments carried at contract amounts which approximate fair value either have short-term maturities (one year or less), are repriced frequently, or bear market interest rates and, accordingly, are carried at amounts approximating fair value.

The Company's customer activities involve the execution, settlement, and financing of various securities transactions. These activities are transacted on either a cash or margin basis. In margin transactions, the Company extends credit to the customer, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customer's account. In connection with these activities, the

Company executes and clears customer transactions involving the sale of securities not yet purchased and the writing of options contracts. Such transactions may expose the Company to off-balance sheet risk in the event that margin requirements are not sufficient to fully cover losses that customers incur, or counterparties are unable to meet the terms of the contracted obligations. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

In the event a customer or broker fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations. The Company seeks to control the risk associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

## **9. FAIR VALUE OF FINANCIAL INSTRUMENTS**

ASC Topic 820, *Fair Value Measurements and Disclosures*, 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 ASC Topic 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* — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.

*Level 2* — inputs are inputs (other than quoted prices included in Level 1) that are observable for the asset or liability, either directly or indirectly.

*Level 3* — inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

Cash equivalents include money market mutual fund instruments, which are short term in nature with readily determinable values derived from active markets. Mutual funds, publicly traded securities with sufficient trading volume, and U.S. Treasury securities are fair valued by management using third-party pricing services, which base prices on market quotations. These securities are primarily classified within Level 1. Municipal bonds are fair valued by management using third-party pricing services, and these securities are primarily classified within Level 2.

The following table presents the Company's fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2010:

| Assets                     | Fair Value Measurements on a Recurring Basis |                |             | Total               |
|----------------------------|--|----------------|-------------|---------------------|
|                            | Level 1                                      | Level 2        | Level 3     |                     |
| Cash equivalents —         |  |                |             |                     |
| Money market funds         | <u>\$27,787,195</u>                          | <u>\$ -</u>    | <u>\$ -</u> | <u>\$27,787,195</u> |
| Securities owned —         |  |                |             |                     |
| U.S. Treasury securities   | <u>6,993,236</u>                             | <u>-</u>       | <u>-</u>    | <u>6,993,236</u>    |
| Other assets — Securities: |  |                |             |                     |
| Municipal bonds            |  | 4,339          |             | 4,339               |
| Mutual funds and UITs      | 9,812  |                |             | 9,812               |
| Equity securities          | <u>40,765</u>                                | <u>-</u>       | <u>-</u>    | <u>40,765</u>       |
| Total other assets —       |  |                |             |                     |
| Securities                 | <u>50,577</u>                                | <u>4,339</u>   | <u>-</u>    | <u>54,916</u>       |
| Total                      | <u>\$34,831,008</u>                          | <u>\$4,339</u> | <u>\$ -</u> | <u>\$34,835,347</u> |

#### 10. NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital. The Company computes its net capital requirements under the alternative method provided for in Rule 15c3-1. The rule requires the maintenance of minimum net capital of the greater of \$250,000 or 2% of aggregate debit items.

At December 31, 2010, the Company had net capital of \$28,940,777, which was \$28,570,065 in excess of required net capital of \$370,712. The Company's ratio of net capital to aggregate debit items was 156%.

At December 31, 2010, the Company's wholly owned subsidiaries had total assets of \$864,284 and stockholder's equity of \$787,294. These amounts are not included as capital in the Company's unconsolidated computation of net capital.

#### 11. SUBSEQUENT EVENTS

Management evaluated activity of the Company through February 28, 2011, the date the statement of financial condition was available to be issued and concluded that no subsequent events have occurred that would require recognition or disclosure.

\* \* \* \* \*

February 28, 2011

PrimeVest<sup>®</sup> Financial Services, Inc.  
400 Fourth Street, South  
St. Cloud, Minnesota 56301-3600

In planning and performing our audit of the consolidated financial statements of PrimeVest<sup>®</sup> Financial Services, Inc. and subsidiaries (the "Company") as of and for the year ended December 31, 2010 (on which we issued our report dated February 28, 2011 and such report expressed an unqualified opinion on those financial statements), 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g), in the following: (1) making the periodic computations of aggregate debits and net capital under Rule 17a-3(a)(11) and the reserve required by Rule 15c3-3(e)); (2) making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; (3) 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; and (4) obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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 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 *deficiency* in internal control 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 and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined 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, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered broker-dealers, and is not intended to be, and should not be, used by anyone other than these specified parties.

Yours truly,

*Deloitte + Touche LLP*

**PRIMEVEST® FINANCIAL SERVICES, INC. AND SUBSIDIARIES**  
**(SEC I.D. No. 8-31826)**

**CONSOLIDATED STATEMENT OF  
FINANCIAL CONDITION  
AS OF DECEMBER 31, 2010 AND  
INDEPENDENT AUDITORS' REPORT AND  
SUPPLEMENTAL REPORT ON  
INTERNAL CONTROL**

**Filed pursuant to Rule 17a-5(e)(3) as a PUBLIC DOCUMENT**