

BB

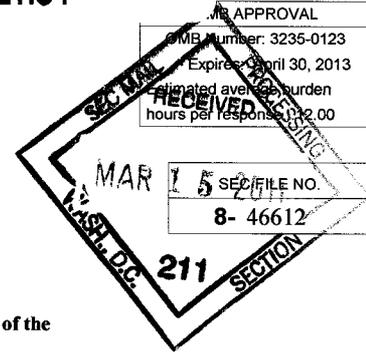


11021184

KW
3/22

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

**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 01/01/2010 AND ENDING 12/31/2010
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Arborhedge Investments, Inc.

Official Use Only
FIRM ID. NO.

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

2024 S. Wabash Ave., Suite 401

(No. and Street)

Chicago
(City)

Illinois
(State)

60616
(Zip Code)

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

Philippe Leopando

(312) 808-9540

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Michael J. Liccar & Company, LLC

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

231 South LaSalle Street, Suite 650
(Address)

Chicago
(City)

Illinois
(State)

60604
(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 requirements 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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

KW
3/29

OATH OR AFFIRMATION

I, Philippe Leopando, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Arborhedge Investments, Inc., as of

December 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

[Handwritten Signature]

Signature

Executive Vice President, Secretary and Treasurer

Title



3/3/11 [Handwritten Signature]

Notary Public

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

- (a) Facing page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Cash Flows.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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).

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
FINANCIAL STATEMENTS AND SUPPORTING
SCHEDULES PURSUANT TO RULE 17a-5
OF THE SECURITIES AND EXCHANGE COMMISSION

As of December 31, 2010

Contents

	<u>Page</u>
Independent Auditors' Report	5-6
Statement of Financial Condition	7
Statement of Income	8
Statement of Changes in Stockholders' Equity	9
Statement of Cash Flows	10
Notes to Financial Statements	11-13
Supplementary Schedules:	
Computation of Net Capital	15-16
Computation for Determination of Reserve Requirements for Broker-Dealers Under Rule 15c3-3	17
Independent Auditors' Report on Internal Control Structure	18-19



MICHAEL J. LICCAR & COMPANY, LLC
Certified Public Accountants

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

INDEPENDENT AUDITORS' REPORT

To the Stockholders
Arborhedge Investments, Inc.
Chicago, Illinois

We have audited the accompanying statement of financial condition of Arborhedge Investments, Inc., (an Illinois Corporation), (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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arborhedge Investments, Inc. as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements and supplemental schedules have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements that although the Company had net income for the year then ended, it has suffered recurring losses from operations in the past two years and the Company is thinly capitalized as of December 31, 2010 which raise substantial doubt about its 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 on pages 13 through 15 inclusive, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Michael J. Liccar & Company, LLC

Michael J. Liccar & Company, LLC
Chicago, Illinois
March 8, 2011

Certified Public Accountants

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
Statement of Financial Condition
December 31, 2010

Assets

Cash in bank	\$ 9,973
Fees receivable	29,070
Prepaid expense	<u>2,723</u>
Total assets	<u>\$ 41,766</u>

Liabilities and Stockholders' Equity

Liabilities

Accounts payable and accrued expenses	\$ <u>3,500</u>
Total liabilities	<u>\$ 3,500</u>

Stockholders' Equity

Common stock, at stated value, (1,000 shares authorized, 100 shares issued and outstanding)	\$ 100
Additional Paid in Capital	53,700
Retained (deficit)	<u>(15,534)</u>
Total stockholders' equity	<u>\$ 38,266</u>
Total liabilities and stockholders' equity	<u>\$ 41,766</u>

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

ARBORHEDGE INVESTMENTS, INC.

(an Illinois Corporation)

Statement of Income

For the Year Ended December 31, 2010

Revenue

Fee income	\$ <u>35,547</u>
Total revenue	\$ <u>35,547</u>

Expenses

Director's fees	\$ 16,000
Professional fees	5,500
Consulting fees	4,000
Communications	2,741
Insurance	2,288
Regulatory fees	1,475
Other	<u>2,374</u>
Total expenses	\$ <u>34,378</u>

Income before provision/(credit) for income taxes	\$ 1,169
Provision for income taxes - deferred	<u>(3,293)</u>
Net income	\$ <u><u>4,462</u></u>

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

ARBORHEDGE INVESTMENTS, INC.
 (an Illinois Corporation)
 Statement of Changes in Stockholders' Equity
 For the Year Ended December 31, 2010

Statement of Changes in Stockholders' Equity				
	Common Stock	Additional Paid-in Capital	Retained (Deficit)	Total
Balance at January 1, 2010	\$ 100	\$ 53,700	\$ (15,996)	\$ 37,804
Net income	-	-	4,462	4,462
Dividends to shareholder	-	-	(4,000)	(4,000)
Balance at December 31, 2010	\$ 100	\$ 53,700	\$ (15,534)	\$ 38,266

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

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
Statement of Cash Flows
For the Year Ended December 31, 2010

Cash Flows From Operating Activities:

Net income	\$	4,462
Adjustments to reconcile net income to net cash used in operating activities:		
Net change in:		
Prepaid expense	\$	980
Fees receivable		(666)
Income tax payable - deferred		(3,293)
Accounts payable and accrued expenses		<u>(4,764)</u>
Total adjustments	\$	<u>(7,743)</u>
Net cash used in operating activities	\$	<u>(3,281)</u>

Cash Flows Used in Financing Activities:

Dividends to shareholder	\$	<u>(4,000)</u>
Net cash used in financing activities	\$	<u>(4,000)</u>
Net decrease in cash	\$	(7,281)
Cash Balance December 31, 2009	\$	<u>17,254</u>
Cash Balance December 31, 2010	\$	<u><u>9,973</u></u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:		
Income taxes payments		-
Interest payments		-

The accompanying notes are an integral part of these financial statements

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies which have been followed in preparing the accompanying financial statements is set forth below.

Nature of Business

Arborhedge Investments, Inc. (the "Company") was incorporated on August 11, 1993 in the State of Illinois for various purposes including, but not limited to, the sale of direct participation programs ("DPP"). The Company's income is derived primarily from fees received in conjunction with its marketing of DPPs. The shareholders of the Company are Mark R. Tucker and Philippe Leopando.

The Company is registered as a broker/dealer with the Securities and Exchange Commission and is a member of the Financial Industry Regulatory Authority ("FINRA"). Its activities are limited to the sale of DPPs.

The Company does not hold customer funds or securities. Consequently, it is not subject to the Reserve Requirement as defined in Rule 15c3-3 under the Securities Exchange Act of 1934.

Income Taxes

The Company has elected to be treated as a "C - Corporation" for federal tax purposes under the Internal Revenue Code, as amended and has elected to file its tax returns on a stand alone basis. The Company is subject to the Illinois Personal Property Replacement Tax of 2.5% of net income, as defined.

Effective January 1, 2008, the Company adopted Financial Accounting Standards Board Interpretation No. 48 (FIN 48) entitled "Accounting For Uncertainty in Income Taxes" which is now codified in ASC 740-10, *Income Taxes*. ASC 740-10 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the footnotes of the financial statements. ASC 740-10 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense or reduction of a tax benefit in the current year. For the year ended December 31, 2010, management has determined the there are no uncertain provisions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities (and disclosures of contingent assets and

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. Although the Company had income before provision/(credit) for income taxes of \$1,169 for the year ended December 31, 2010, it has incurred operating losses in the past two years of approximately \$10,700 and \$268,000, respectively. The Company's primary source of revenue had decreased by 12% from the prior year. Although the director's fees had decreased by 36% from the prior year such fees accounted for 46% of the Company's operating expenses. Moreover, the Company's is very thinly capitalized with excess of only \$1,473 as of December 31, 2010. Due to the current economic environment, the ability of the Company to continue as a going concern will be contingent upon its ability to significantly increase its revenues and the shareholders' ability to contribute additional capital to the Company if necessary.

NOTE 3 - MINIMUM CAPITAL REQUIREMENTS

As a registered "DPP" securities dealer the Company is subject to a minimum net capital requirement under (Rule 15c3-1) under the Exchange Act of 1934. The minimum is the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. As of December 31, 2010 the Company had net capital requirements and net capital of \$5,000 and \$6,473, respectively. The net capital requirements could effectively restrict the payment of cash distributions, the purchase by the Company of its own stock and the making of unsecured loans to the shareholders.

NOTE 4 - RELATED PARTY

The Company has not had a lease agreement for office space since December 2008. The lease agreement was involving a related party. Due to the economic environment, the related party declined to receive payment for the office space.

ARBORHEDGE INVESTMENTS, INC.
(an Illinois Corporation)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 5 - OFF BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

The Company does not carry customer securities accounts as defined by Rule 15c3-3 of the Securities Exchange Act of 1934. Securities transactions are processed by the general partners or managers of the DPPs on a fully disclosed basis. In conjunction with this arrangement, the Company could become contingently liable for any unsecured debit balances in a customer account which introduced by the Company. These customer activities may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contractual obligations.

NOTE 6 - SUBSEQUENT EVENTS

Management evaluated all events that occurred from January 1, 2011 through March 8, 2011, the date the financial statements were available to be issued. During the period, the Company did not have any material recognizable subsequent events.

SUPPLEMENTARY SCHEDULES

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER	ARBORHEDGE INVESTMENTS, INC.	as of December 31, 2010
-------------------------	-------------------------------------	--------------------------------

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition	\$	38,266	3480
2.	Deduct ownership equity not allowed for Net Capital			3490
3.	Total ownership equity qualified for Net Capital		38,266	3500
4.	Add:			
A.	Liabilities subordinated to the claims of general creditors allowable in computation of net capital			3520
B.	Other (deduction) or allowable credits (List)			3525
5.	Total capital and allowable subordinated liabilities	\$	38,266	3530
6.	Deductions and/or charges:			
A.	Total nonallowable assets from Statement of Financial Condition	\$	31,793	3540
B.	Secured demand note deficiency			3590
C.	Commodity futures contracts and spot commodities- propriety capital charges			3600
D.	Other deductions and/or charges			3610
			(31,793)	3620
7.	Other additions and/or allowable credits (List)			3630
8.	Net capital before haircuts on securities positions	\$	6,473	3640
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f):			
A.	Contractual securities commitments	\$		3660
B.	Subordinated securities borrowings			3670
C.	Trading and investment securities:			
1.	Exempted securities			3735
2.	Debt securities			3733
3.	Options			3730
4.	Other securities			3734
D.	Undue Concentration			3650
E.	Other (list)			3736
				0
10.	Net Capital	\$	6,473	3750

Non-allowable assets:

Fees receivable	\$	29,070
Prepaid expense		2,723
Total	\$	31,793

Reconciliation between unaudited and audited Net Capital Computation

Net capital per unaudited FOCUS Report Part 11A	\$	6,680
Increase in accounts payable		(3,500)
Decrease in income taxes payable		3,293
Net capital per audited financial statements	\$	6,473

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

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER ARBORHEDGE INVESTMENTS, INC. as of December 31, 2010

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	233	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	5,000	3760
14. Excess net capital (line 10 less 13)	\$	1,473	3770
15. Net capital less greater of 10% of line 19 or 120% of line 12	\$	473	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	3,500	3790
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	0
19. Total aggregate indebtedness	\$	3,500	3840
20. Percentage of aggregate indebtedness to net capital (line 19+by line 10)	%	54.08%	3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	0.00%	3860

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rul 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits			3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)			3880
24. Net capital requirement (greater of line 22 or 23)			3760
25. Excess net capital (line 10 less line 24)			3910
26. Net capital in excess of the greater of:			
A. 5% of combined aggregate debit items or 120% minimum Net Capital Requirement			3920

NOTES:

(A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and for each subsidiary to be consolidated, the greater of:

1. Minimum dollar net capital requirement, or
2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.

(B) Do not deduct the value of securities borrowed under subordination agreements or secured demand not covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners securities which were included in non-allowable assets.

(C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

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

ARBORHEDGE INVESTMENTS, INC.
(An Illinois Corporation)
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR
BROKER-DEALERS UNDER RULE 15c3-3

INFORMATION FOR POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3

as of December 31, 2010

The Company is exempt from the provisions of SEC Rule 15c3-3 pursuant to subparagraph k(2)(ii) of that rule. Therefore, the computation for Determination of Reserve Requirements under Exhibit A of Rule 15c3-3 and the Information Relating to the Possession or Control Requirements under Rule 15c3-3 has not been provided.

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



MICHAEL J. LICCAR & COMPANY, LLC
Certified Public Accountants

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL
REQUIRED BY SEC RULE 17a-5(g)(1)**

To the Stockholders
Arborhedge Investments, Inc.

In planning and performing our audit of the financial statements of Arborhedge Investments, Inc. (the "Company"), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an 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. Due to the small size of the Company and the limited number of accounts, we placed little reliance on the Company's internal controls and we tested 100% of the accounts.

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

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of the 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 a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Our consideration of the internal control structure was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, except as noted below, 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.

At December 31, 2010, accruals for certain revenue and expense balances were overstated in the books and records of the Company although this particular revenue balance was a non-allowable asset. Generally accepted accounting principles and Rule 15c3-1 under the Securities Exchange Act of 1934, as Amended, require that the Company's books and records and the monthly net capital computation be maintained on the accrual basis of accounting. The Company should ensure it obtains accurate information when it prepares its books and records and that management review such computations to ensure compliance with this policy.

This report is intended solely for information and use of the shareholders, management, the SEC and the Financial Industry Regulatory Authority and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and 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.

Michael J. Liccar & Company, LLC
Chicago, Illinois
March 8, 2011

Michael J. Liccar & Company, LLC

Certified Public Accountants

ARBORHEDGE INVESTMENTS, INC.

Independent Accountants' Report on Applying Agreed-Upon
Procedures Related to an Entity's SIPC Assessment Reconciliation

As of December 31, 2010

ARBORHEDGE INVESTMENTS, INC.

**Independent Accountants' Report on Applying Agreed-Upon
Procedures Related to an Entity's SIPC Assessment Reconciliation**

As of December 31, 2010

Contents

	<u>Page</u>
Independent accountants' report on applying agreed-upon procedures related to an entity's SIPC assessment reconciliation	1
Schedule of SIPC assessment payment for SIPC-7	3



MICHAEL J. LICCAR & COMPANY, LLC
Certified Public Accountants

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
ILLINOIS CPA SOCIETY

To the Shareholders
Arborhedge Investments, Inc.
2024 S. Wabash Ave., Suite 401
Chicago, IL 60616

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 Arborhedge Investments, Inc and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and NFA solely to assist you and the other specified parties in evaluating Arborhedge Investments, Inc's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Arborhedge Investments Inc.'s management is responsible for the Arborhedge Investments 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 in the firm's general ledger and bank statements 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 the adjustments reported in Form SIPC-7 with supporting schedules and noted no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers including the general ledger and management representations supporting the adjustments noting no differences; and

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed 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.

Michael J. Liccar & Company, LLC
Chicago, Illinois
March 8, 2011

Michael J. Liccar & Company, LLC

Certified Public Accountants

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 12/31, 20 10
(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:

Arborhedge Investments Inc
2024 S. WABASH AVE #400
Chicago, IL 60606
 MTN PHILIPPE LEOPANDO 312-808-9570

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.

PLP

2. A. General Assessment (item 2e from page 2)

\$ 97

B. Less payment made with SIPC-6 filed (exclude interest)

(—)

Date Paid

C. Less prior overpayment applied

(—)

D. Assessment balance due or (overpayment)

97

E. Interest computed on late payment (see instruction E) for — days at 20% per annum

0

F. Total assessment balance and interest due (or overpayment carried forward)

\$ 97

G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above)

\$ 97

H. Overpayment carried forward

\$(—)

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

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Arborhedge Investments Inc
PLP
(Authorized Signature)

Dated the 24 day of Feb, 20 11.

Partner
(Title)

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:

WORKING COPY

DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period
beginning 1/1, 2010
and ending 12/31, 2010
Eliminate cents

\$ 38,710

Item No.

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

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ _____

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

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

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

\$ \$38,710
\$ 97
(to page 1, line 2.A.)