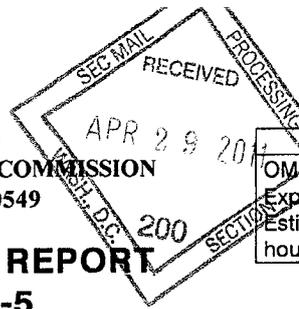


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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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

SEC FILE NUMBER  
8-22371

**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 03/01/2010 AND ENDING 02/28/2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Oscar Gruss & Son Incorporated**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**292 Madison Avenue**

(No. and Street)

**New York**

**NY**

**10017**

(City)

(State)

(Zip Code)

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

**Deepak Tejwaney**

**(212) 514-2432**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**McGladrey & Pullen, LLP**

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

**1185 Avenue of the Americas**

**New York**

**NY**

**10036**

(Address)

(City)

(State)

(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)

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.

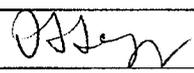
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OATH OR AFFIRMATION

I, Deepak Tejwaney, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Oscar Gruss & Son Incorporated, as of February 28, 2011, 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:

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

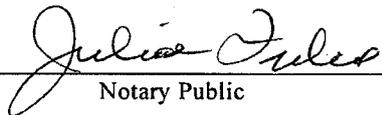
JULIA FULCO  
NOTARY PUBLIC, State of New York  
No. 01FU6003792  
Qualified in Queens County  
Commission Expires March 9, 2014



Signature

Chief Financial Officer

Title

  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent auditor's report on internal control

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

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## Independent Auditor's Report

To the Board of Directors and Stockholders  
Oscar Gruss & Son Incorporated  
New York, New York

We have audited the accompanying consolidated statement of financial condition of Oscar Gruss & Son Incorporated (the "Company") as of February 28, 2011 that you are filing pursuant to Rule 17a-5 under the Securities 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statement referred to above presents fairly, in all material respects, the financial position of Oscar Gruss & Son Incorporated as of February 28, 2011 in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

New York, New York  
April 27, 2011

**Oscar Gruss & Son Incorporated**

**Consolidated Statement of Financial Condition  
February 28, 2011**

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**ASSETS**

Cash and Cash Equivalents	\$ 10,060,912
Investments, at fair value	747,723
Due From Clearing Brokers	761,036
Commission Receivable From Other Broker-Dealers	60,602
Management Fees Receivable	1,302,010
Property and Equipment (net of accumulated depreciation of \$3,108,034)	512,278
Other	<u>456,286</u>
<b>Total assets</b>	<b><u><u>\$ 13,900,847</u></u></b>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Liabilities:

Accrued compensation payable	\$ 3,622,320
Accounts payable and accrued expenses	952,238
Income tax payable	1,902,000
Other	<u>130,049</u>

**Total liabilities**

6,606,607

Commitments and Contingencies (Note 12)

Subordinated Borrowings	<u>3,000,000</u>
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Stockholders' Equity:

Common stock - no par value; authorized 20,000 shares, issued and outstanding 18,536 shares	433,931
Additional paid-in capital	3,612,999
Retained earnings	<u>247,310</u>

**Total stockholders' equity**

4,294,240

**Total liabilities and stockholders' equity**

\$ 13,900,847

See Notes to Consolidated Statement of Financial Condition.

## Oscar Gruss & Son Incorporated

### Notes to Consolidated Statement of Financial Condition

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#### Note 1. Operations and Principal Business Activity

Oscar Gruss & Son Incorporated (the "Company") is registered with the Securities and Exchange Commission (the "SEC") as an introducing broker-dealer and is a member of various exchanges and associations, including the NYSE Euronext and the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company is a market-maker on the Nasdaq Global Market. Substantial portions of the Company's transactions are executed with, and on behalf of, institutional investors, including other brokers and dealers, commercial banks, insurance companies, pension plans and other financial institutions.

Marketfield Asset Management, LLC (the "Advisor") is a wholly owned subsidiary of the Company and is the investment advisor for the Marketfield Fund, The Marketfield Fund, Ltd., the Marketfield Credit Master Fund, Ltd. and the Marketfield Credit Fund, Ltd. (the "Marketfield Funds"). The Advisor is registered with the SEC pursuant to the Investment Advisers Act of 1940.

The statement of financial condition of the Advisor is consolidated with the statement of financial condition of the Company. All material intercompany accounts and transactions are eliminated in consolidation.

The Company is a nonclearing broker-dealer and is exempt from the provisions of Rule 15c3-3 as all customer accounts are carried by other broker-dealers.

#### Note 2. Significant Accounting Policies

The Company follows accounting standards established by the Financial Accounting Standards Board (the "FASB") to ensure consistent reporting of financial condition, results of operations and cash flows. References to generally accepted accounting principles ("GAAP") in these notes are to the *FASB Accounting Standards Codification*<sup>™</sup>, sometimes referred to as the "Codification" or "ASC."

The Company's securities transactions are recorded on a trade-date basis.

Investments are valued at fair value, and securities not readily marketable are valued at fair value using methods determined in good faith by the Company. Because of the inherent uncertainty of valuation for these investments, the Company's estimates of fair value may differ from the value that would have been used had a ready market existed for the investments, and the differences could be material.

Cash and cash equivalents include cash in bank accounts and deposits in money market accounts.

The Company maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in these accounts.

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation.

Deferred tax assets and liabilities are recognized for the estimated future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

## Oscar Gruss & Son Incorporated

### Notes to Consolidated Statement of Financial Condition

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#### Note 2. Significant Accounting Policies (Continued)

The Company is subject to federal, state and local income taxes. The FASB provides guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the financial statements. This 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 taken are "more likely than not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense and liability in the current year. For the year ended February 28, 2011, management has determined that there are no material uncertain income tax positions. The Company is not subject to examination by U.S. federal, state or local tax authorities for tax years before 2007.

#### Note 3. Fair Value

##### *Fair Value Measurement*

Guidance provided by the FASB 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 defined as 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.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2: Level 2 inputs are inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3: Level 3 inputs are unobservable inputs 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.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

## Oscar Gruss & Son Incorporated

### Notes to Consolidated Statement of Financial Condition

#### Note 3. Fair Value (Continued)

The following table represents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of February 28, 2011:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money market fund	<u>\$ 6,929,036</u>	<u>\$ 6,929,036</u>	<u>\$ -</u>	<u>\$ -</u>
Mutual fund (Note 9)	<u>\$ 684,345</u>	<u>\$ 684,345</u>	<u>\$ -</u>	<u>\$ -</u>
Equity securities	<u>63,378</u>	<u>63,378</u>	<u>-</u>	<u>-</u>
Investments, at fair value	<u>\$ 747,723</u>	<u>\$ 747,723</u>	<u>\$ -</u>	<u>\$ -</u>

#### Note 4. Due From Clearing Brokers

The clearing and depository operations for the Company's security transactions are provided by a broker pursuant to clearance agreements. At February 28, 2011, the receivables from the clearing brokers represent cash maintained at the clearing brokers and commissions receivable earned as an introducing broker for the transactions of its customers.

The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. As of February 28, 2011, no material amounts were owed to the clearing brokers by these customers in connection with normal margin, cash and delivery against payment transactions. In the normal course of business, introduced customers maintain debit balances with the clearing broker. At February 28, 2011, these balances were fully collateralized by securities owned by the customers.

#### Note 5. Property and Equipment

Property and equipment, at cost, consists of the following:

Leasehold improvements	\$ 285,086
Furniture	229,622
Computer and phone equipment	3,048,079
Software	<u>57,525</u>
	3,620,312
Less accumulated depreciation	<u>3,108,034</u>
	<u>\$ 512,278</u>

## Oscar Gruss & Son Incorporated

### Notes to Consolidated Statement of Financial Condition

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#### **Note 6. Subordinated Borrowings**

Liabilities subordinated to the claims of general creditors have been approved by FINRA for inclusion in computing the Company's net capital pursuant to the SEC Uniform Net Capital Rule. These loans have been established with stockholders of the Company in amounts varying from \$25,000 to \$987,500 and bear interest at a rate of 10% per annum; \$3,000,000 are due in full on December 31, 2013.

Subordinated debt can be withdrawn by the lender at the stated maturity date or can be accelerated upon six months' notice. Any subordinated debt can be repaid only if, after giving effect to such repayment, the Company meets the SEC's capital regulations governing withdrawal of subordinated debt.

#### **Note 7. Deferred Income Taxes**

At February 28, 2011, the Company had utilized all net operating loss carryforwards and other tax credit carryforwards to reduce its tax liability for the year.

#### **Note 8. Net Capital Requirements**

As a registered broker-dealer, the Company is subject to Uniform Net Capital Rule 15c3-1 of the SEC.

The Company has elected to compute its net capital under the alternative method. This rule requires the Company to maintain minimum net capital, as defined, equal to the greater of \$250,000, or an amount based on the number of and price of underlying securities in which it makes a market.

At February 28, 2011, the Company had net capital of \$6,145,106, which was \$5,882,106 in excess of the minimum net capital required.

#### **Note 9. Related Party Transactions**

Investments, at fair value, of \$684,345 represent an investment in the Marketfield Fund, a mutual fund regulated under the Investment Company Act of 1940.

#### **Note 10. Stockholders' Equity**

In consideration for extending the maturity dates of subordinated loans, the Company issued 17,831 additional shares of common stock at \$1.00 each to several of its employee-shareholders during the year ended February 28, 2011.

#### **Note 11. Profit-Sharing Plan**

The Company maintains a profit-sharing plan (the "Plan") qualified under Section 401(k) of the Internal Revenue Code (the "Code") covering substantially all full-time, salaried employees of the Company. Covered employees are permitted, within limitations imposed by the Code, to make pretax contributions to the Plan pursuant to salary reduction agreements. The Plan is a noncontributory plan.

**Oscar Gruss & Son Incorporated**

**Notes to Consolidated Statement of Financial Condition**

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**Note 12. Commitments and Contingencies**

The Company leases office space in New York, California and Connecticut. The future minimum annual rental payments under all leases are as follows:

Period ending February 28 (29),

2012	\$ 457,795
2013	462,179
2014	462,706
2015	417,393
2016	<u>246,592</u>
	<u>\$ 2,046,665</u>

The leases are subject to various escalation clauses for real estate taxes and electricity.

In the normal course of business, the Company is a defendant in various lawsuits. In the opinion of management, these suits are without substantial merit and should not result in judgments that, in the aggregate, would have a material adverse effect on the Company's consolidated statement of financial condition.

**Note 13. Subsequent Events**

The Company has evaluated subsequent events for potential recognition and/or disclosure through April 27, 2011, the date the statement of financial condition was available to be issued.