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OMB Number: 3235-0123

Expires: April 30, 2013

Estimated average burden

hours per response.....12.00

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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

SEC FILE NUMBER

8- 66069

FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING January 1, 2011 AND ENDING December 31, 2011 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

PRIMARY CAPITAL, LLC

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

80 WALL STREET, 5TH FLOOR

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. And Street)

NEW YORK

NEW YORK

10005

(City)

(State)

(Zip

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

JIMMY SUNG

(212) 300-0060

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

PARITZ & COMPANY, P.A.

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

15 WARREN STREET

HACKENSACK

NEW JERSEY

07601

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

[ X ] 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 140.17a-5(e)(2)

SEC 1410 (06-02)

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CPA

OATH OR AFFIRMATION

I, John Leo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of PRIMARY CAPITAL LLC of DECEMBER 31, 20 11, 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:

John C Leo  
Signature  
CHAIRMAN  
Title

Barbara R Schettino  
Notary Public  
Barbara R. Schettino  
Notary Public of N.J.  
Comm. Exp. 3/22/2012

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 15c3-3 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 Auditors' Supplementary Report on Internal Control

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

PRIMARY CAPITAL, LLC  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED DECEMBER 31, 2011

*Paritz & Company, P.A.*

**SEC**  
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Section  
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Washington, DC  
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PRIMARY CAPITAL, LLC  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT  
YEAR ENDED DECEMBER 31, 2011

**PRIMARY CAPITAL, LLC**

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**INDEPENDENT AUDITORS' REPORT**

To The Member  
Primary Capital, LLC

We have audited the accompanying statement of financial condition of Primary Capital, LLC as of December 31, 2011 and the related statements of operations, changes in member's equity and cash flows for the year then ended that are being filed 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 also 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 position of Primary Capital LLC as of December 31, 2011, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 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.

Hackensack, New Jersey  
February 6, 2012

*Paritz & Company P.A.*

**PRIMARY CAPITAL, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2011**

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**ASSETS:**

Cash	\$ 88,519
Accounts receivable	250,000
Due from broker trading account	367,806
Clearing broker deposit	175,000
Securities owned, at market value	382,620
Security deposit	66,363
Property and equipment	157,845
Commissions receivable	4,830
Other assets	2,000
<b>TOTAL ASSETS</b>	<b><u>\$1,494,983</u></b>

**LIABILITIES AND MEMBER'S CAPITAL**

**Liabilities:**

Accounts payable and accrued expenses	\$ 55,265
Securities on margin	349,424
<b>TOTAL LIABILITIES</b>	<b><u>404,689</u></b>

**MEMBER'S CAPITAL**

**1,090,294**

**TOTAL LIABILITIES AND MEMBER'S CAPITAL**

**\$1,494,983**

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See notes to financial statements

**PRIMARY CAPITAL, LLC**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2011**

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**REVENUES:**

Commissions	\$ 191,007
Trading income	767,279
Investment banking fees	307,479
Interest income	5,136
Unrealized gains on marketable securities	86,997
Realized loss on investments	(494,239)
<b>TOTAL REVENUES</b>	<b>863,659</b>

**EXPENSES:**

Consulting	202,018
Compensation	218,000
Payroll taxes	19,459
Clearing fees	128,079
Trading fees	106,644
Professional fees	66,714
Investment banking fees	53,385
Rent	175,841
Commissions	234,075
Travel and entertainment	222,472
Office expenses	101,107
Depreciation	8,733
Insurance	57,384
Miscellaneous	1,250
<b>TOTAL EXPENSES</b>	<b>1,595,161</b>

**NET LOSS**

**\$ (731,502)**

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See notes to financial statements

**PRIMARY CAPITAL, LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2011**

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	Contributed Capital	Accumulated Deficit	Total Member's Equity
<b>BALANCE – JANUARY 1, 2011</b>	<b>\$2,355,700</b>	<b>\$(798,904)</b>	<b>\$1,556,796</b>
Member's contributions	265,000	-	265,000
Net loss	-	(731,502)	(731,502)
<b>BALANCE – DECEMBER 31, 2011</b>	<b><u>\$2,620,700</u></b>	<b><u>\$(1,530,406)</u></b>	<b><u>\$1,090,294</u></b>

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See notes to financial statements

**PRIMARY CAPITAL, LLC**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2011**

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**OPERATING ACTIVITIES:**

Net loss	\$ (731,502)
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>	
Depreciation	8,734
<i>Changes in assets and liabilities:</i>	
Accounts receivable	(250,000)
Due from broker trading account	182,194
Commissions receivable	22,144
Securities owned	(55,985)
Security deposit	(119)
Other assets	3,847
Accounts payable	(61,151)
Securities on margin	(34,140)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b><u>(915,978)</u></b>

**INVESTING ACTIVITIES:**

Acquisition of property and equipment	(117,422)
Receipt of payment on note receivable	100,000
Write-off of investment	530,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b><u>512,578</u></b>

**FINANCING ACTIVITIES:**

Member's contributions	265,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b><u>265,000</u></b>

<b>DECREASE IN CASH</b>	<b>(138,400)</b>
<b>CASH – BEGINNING OF YEAR</b>	<b><u>226,919</u></b>
<b>CASH – END OF YEAR</b>	<b><u>\$ 88,519</u></b>

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See notes to financial statements

# PRIMARY CAPITAL, LLC

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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### 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Business***

Primary Capital, LLC, (the "Company") is a registered broker-dealer in securities under the provision of the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulation Authority (FINRA) and the Securities Investor Protection Corporation. The Company is a single member LLC whose parent is Leo Capital Markets, LLC.

The Company has an agreement ("Agreement") with a clearing broker ("Broker") to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain recordkeeping functions. Accordingly, the Company operates under the exemptive provisions of the Securities and Exchange Commission ("SEC") Rule 15c3-3(k)(2)(ii).

A significant amount of investment banking business is conducted with international companies.

#### ***Use of estimates***

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates. These estimates and assumptions include collectability of accounts receivable and valuation of securities owned and on margin. Certain of management's estimates, including evaluating the collectability of accounts receivable, could be affected by external conditions, including those unique to the Company's industry and general economic conditions. It is possible that these external factors could have an effect on management's estimates that could cause actual results to differ from their estimates. The Company reevaluates all of their accounting estimates annually based on these conditions and record adjustments when necessary.

#### ***Trading securities***

Trading securities are recorded at fair value on a recurring basis and consist primarily of investments in corporate stocks. Realized trading gains and losses and unrealized gains and losses (fair value adjustments) are reported in the statement of operations.

#### ***Cash***

The Company maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company's accounts at these institutions may, at times, exceed the Federally insured limits. The Company has not experienced any losses in such accounts.

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### ***Revenue recognition***

All securities transactions, commissions, and related expenses for which the Company acts as agent are recorded on a settlement date basis. Transactions for which the Company acts as principal are recorded on a trade date basis.

Interest and dividend revenues earned from securities owned are accounted for on an accrual basis.

Investment banking revenues include gains, losses and fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues are recorded at the time the transaction closes.

Investment advisory revenues are recognized as revenue when services for the transaction are substantially complete.

### ***Impairment of long-lived assets***

The Company periodically evaluates whether events or circumstances have occurred that indicate long-lived assets may not be recoverable or that the remaining useful life may warrant revision. When such events or circumstances are present, the Company assesses the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected undiscounted future cash flows resulting from the use of the asset. In the event the sum of the expected undiscounted future cash flows is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. Fair value is determined based on discounted cash flows or appraised values depending on the nature of the assets. The long-term nature of these assets requires the estimation of cash inflows and outflows several years into the future.

### ***Fair value measurements***

The Company adopted the provisions of ASC Topic 820, "Fair Value Measurements and Disclosures", which defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value and expands disclosure of fair value measurements.

The estimated fair value of certain financial instruments, including cash, commissions receivable, due from broker, clearing broker deposit and accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments. Securities owned are valued using a Level 1 input.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 describes three levels of inputs that may be used to measure fair value:

Level 1 — quoted prices in active markets for identical assets or liabilities

Level 2 — quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 — inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

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**Property and equipment**

Property and equipment are stated at cost. Depreciation of property and equipment are computed using the straight-line method over the estimated useful lives of the assets, generally five to seven years.

**Income taxes**

The Company is organized as a Limited Liability Company ("LLC"). Accordingly, the Company is taxed as a partnership for Federal and state income tax purposes and, accordingly, is not subject to taxes on its taxable income.

**2 CLEARING BROKER DEPOSIT**

The Company is required to maintain clearing deposits with two brokers aggregating \$175,000 under the terms of its fully disclosed clearing agreement. The Company is required to maintain excess net capital of \$125,000.

**3 REGULATORY NET CAPITAL REQUIREMENTS**

The Company is subject to the SEC's Uniform Net Capital Rule, which requires the maintenance of minimum regulatory net capital and requires that the ratio of aggregate indebtedness to regulatory net capital not to exceed 15 to 1. At December 31, 2011 The Company had regulatory net capital of \$491,265 which exceeded requirements by \$391,265. The Company's ratio of aggregate indebtedness to net capital was 11.25 to 1.

**4 SECURITIES OWNED AND ON MARGIN**

Marketable securities owned and on margin consisting of trading debt and equity represent securities owned by the Company. As of December 31, 2011, securities at market value were as follows:

	<u>Owned</u>	<u>On Margin</u>
CORPORATE STOCKS	\$ 382,620	\$ 349,424

**5 INVESTMENT IN NON-MARKETABLE SECURITY**

Pursuant to an agreement dated February 13, 2010, the Company purchased 3,369,385 shares of a non-marketable security for an aggregate purchase price of \$430,000. The Company also received an additional 290,755 as payment for investment banking fees of \$100,000. As of December 31, 2011 the Company has fully impaired this investment.

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**6 PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2011 are as follows:

	Amount	Estimated Useful Life
Computer	\$ 31,358	5 years
Furniture and equipment	80,948	7 years
Leasehold improvements	75,362	39.5 years
	<u>187,668</u>	
Less accumulated depreciation	(29,823)	
	<u>\$157,845</u>	

**7 COMMITMENTS AND CONTINGENCIES****Operating Lease**

The Company leases office space under a lease agreement which expires on June 30, 2013.

In addition, the Company leases additional office space through a related party, pursuant to a lease agreement which expires on June 1, 2012, which requires annual rentals of approximately \$18,000 plus real estate taxes and other operating expenses.

Future minimum lease commitments (excluding renewal options) under non-cancellable leases are as follows:

Year ended December 31, 2012	\$160,167
2013	<u>78,224</u>
	<u>\$238,391</u>

Rental expense for the year ended December 31, 2011 approximated \$176,000.

**8 INCOME TAXES**

ASC Topic 740.10.30 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740.10.40 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company has no material uncertain tax positions for any of the reporting periods presented. Income tax returns are subject to examination by major jurisdictions for the years 2008 through 2010.

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**9 RISKS AND UNCERTAINTIES**

The Company invests in certain securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the balance sheet.

**10 SUBSEQUENT EVENTS**

The Company has evaluated events occurring after the date of these financial statements through February 6, 2012, the date that these financial statements were issued. There were no material subsequent events as of that date.

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**PRIMARY CAPITAL, LLC**

**SCHEDULE I – COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION**

**SCHEDULE II – STATEMENT PURSUANT TO RULE 17A-5(D)(2) OF THE SECURITIES  
AND EXCHANGE COMMISSION**

**SCHEDULE III – COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OF CONTROL REQUIREMENTS UNDER  
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

**SCHEDULE IV – INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
BY SEC RULE 17a-5**

**SCHEDULE V – INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON  
PROCEDURES TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

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**PRIMARY CAPITAL, LLC**  
**SCHEDULE I**  
**COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2011

<b>Computation of net capital</b>	
Total member's capital from statement of financial condition	\$1,090,294
Less – Non-allowable assets	
Property and equipment – net	157,845
Security deposit	66,363
Blockage	56,898
Other assets	2,000
Accounts receivable	250,000
Net capital before haircuts	557,188
Haircuts on securities positions	
Other securities	65,923
<b>Net capital</b>	<b>\$ 491,265</b>
<b>Computation of aggregate indebtedness</b>	
Accounts payable	\$ 55,265
Aggregate indebtedness	\$ 55,265
<b>Computation of basic net capital requirement</b>	
Minimum net capital required (6 2/3% of aggregate indebtedness)	\$ 3,685
Minimum dollar per capital requirements	100,000
Net capital requirement (greater of minimum net capital or dollar requirement)	\$ 100,000
<b>Excess net capital</b>	<b>\$ 391,265</b>
<b>Net capital less 120% of minimum dollar net capital required</b>	<b>\$ 371,265</b>
<b>Ratio: aggregate indebtedness to net capital</b>	<b>0.11 to 1</b>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2010)	
Net capital, as reported in Company's Part II (unaudited) Focus Report	\$ 491,265
<b>Net capital, as included in this report</b>	<b>\$ 491,265</b>

**PRIMARY CAPITAL, LLC**  
**SCHEDULE II**  
**STATEMENT PURSUANT TO RULE 17a-5(d)(2) OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2011**

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The Company had no liability subordinated to claims of general creditors as of January 1, 2011. In addition, there were none in existence during the year ended December 31, 2011 and, accordingly, there are no changes to report.

**PRIMARY CAPITAL, LLC**  
**SCHEDULE III**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**AND INFORMATION RELATING TO POSSESSION OF CONTROL REQUIREMENTS**  
**UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

DECEMBER 31, 2011

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**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**

The Company operates under the exemptive provisions of paragraph (k)(2)(ii) of SEC Rule 15c3-3. The Company has no customers.

**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS**

The Company has complied with the exemptive requirements of Rule 15c3-3 and did not maintain possession or control of any customer funds or securities as of December 31, 2011.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL REQUIRED BY SEC RULE 17a-5**

To the Member  
Primary Capital, LLC

In planning and performing our audit of the financial statements of Primary Capital, LLC (the "Company") as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our 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 17-a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13.
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.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control 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.

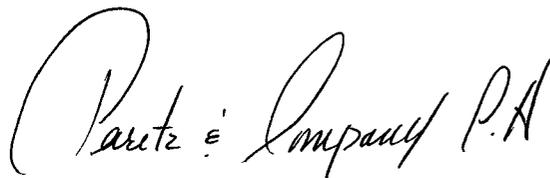
A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

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, 2011, 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, Inc. 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.

Hackensack, New Jersey  
February 6, 2012

A handwritten signature in cursive script that reads "Paritz & Company P.A." The signature is written in dark ink and is positioned to the right of the typed date and location.

**INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED-UPON PROCEDURES  
TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To The Member  
Primary Capital LLC  
New York, New York

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 General Assessment Reconciliation (Form SIPC7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Primary Capital LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC solely to assist you and the other specified parties in evaluating Primary Capital LLC's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC7). Primary Capital LLC's management is responsible for Primary Capital LLC'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 computer maintained cash disbursement records, bank statements and cancelled checks noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers including, but not limited to, the general ledger account details and workpapers supporting each adjustment prepared by Primary Capital LLC and reviewed by us as part of our audit, noting no differences.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers referred to in Item 3 above supporting the adjustments, 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.

Hackensack, New Jersey  
February 6, 2012

*Paritz & Company P.A.*