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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**

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 01/01/11 AND ENDING 12/31/11
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Scarsdale Equities LLC ✓

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

10 Rockefeller Plaza, Suite 720

New York

(City)

(No. and Street)

New York

(State)

10020

(Zip Code)

OFFICIAL USE ONLY

FIRM I.D. NO.

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

Francis Mlynarczyk

212-433-1375

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Sanford Becker & Co., P.C.

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

1430 Broadway

(Address)

New York

(City)

New York

(State)

11018

(Zip Code)

CHECK ONE:

- Certified Public Accountants
- Public Accountant
- Accountant not resident in United States or any of its possessions.



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*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)

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OATH OR AFFIRMATION

I Francis Mlynarczyk, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Scarsdale Equities LLC, as of December 31, 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:

SVETLANA GAYEVSKY
NOTARY PUBLIC-STATE OF NEW YORK
No. 01GA6123067
Qualified in New York County
My Commission Expires February 26, 2018

Francis Mlynarczyk
Signature
MANAGING MEMBER / CHIEF EXECUTIVE OFFICER
Title

Svetlana Gayevsky
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 Cash Flows.
- (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 Auditors' Report on Internal Accounting Control.

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

SANFORD BECKER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

RICHARD S. BECKER, CPA
GEORGE S. GETZ, CPA

SANFORD BECKER, CPA 1922-1994
SANFORD E. BECKER, CPA 1957-2008

1430 BROADWAY
NEW YORK, N.Y. 10018
TELEPHONE (212) 921-9000
FACSIMILE (212) 354-1822

INDEPENDENT AUDITORS' REPORT

To the Members
Scarsdale Equities LLC

We have audited the accompanying statement of financial condition of Scarsdale Equities LLC as of December 31, 2011 that are 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 the 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above present fairly, in all material respects the financial position of Scarsdale Equities LLC at December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

Sanford Becker & Co. P.C.

February 27, 2012

SCARSDALE EQUITIES LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$1,666,237
Due from broker	369,983
Commission receivable	163,342
Marketable securities	76,481
Non-marketable securities	33,892
Due from member	135,893
Prepaid expenses	22,420
Other assets	122,208
Property and equipment, less accumulated depreciation of \$10,247	<u>88,121</u>
Total Assets	<u>\$2,678,577</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Commissions payable	\$ 601,846
Accounts payable and accrued expenses	282,237
Deferred income	<u>30,000</u>
Total Liabilities	914,083
Members' Equity	
Members' equity	<u>1,764,494</u>
Total Liabilities and Stockholder's Equity	<u>\$2,678,577</u>

See accompanying auditors' report and notes to financial statements.

**SCARSDALE EQUITIES LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 1 - Summary of Significant Accounting Policies

Nature of Operations

Scarsdale Equities LLC, (the "Company"), is a registered broker-dealer. The Company is a member of the Financial Industry Regulatory Authority and is subject to regulation by the United States Securities and Exchange Commission and the Financial Industry Regulatory Authority.

The Company operates principally under a clearance agreement with another broker, whereby the Company is engaged in trading securities on behalf of the Company's clients. In addition, the Company provides investment banking, private placement and advisory services to its clients in connection with various investing transactions.

Revenue Recognition

Securities owned are carried at quoted market values, and securities not readily marketable are valued at fair value as determined by management. The resulting difference between cost and market value is included in income.

Securities transactions and the related revenue and expenses are recorded on a settlement date basis. Revenues and expenses would not be materially different if reported on a trade date basis.

The Company recognizes revenue upon providing investment banking, private placement and advisory services to its clients and when the amount is determinable and realizable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SCARSDALE EQUITIES LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments purchased with original maturities of three months or less.

Income Taxes

The Company as a limited liability company is taxed similar to a partnership for Federal and State income tax purposes, whereby, the individual members of the Company includes the Company's income or loss on their individual income tax returns. Accordingly, no provision for Federal and State income tax has been provided.

Management of the Company is not aware of any issues or circumstances that would unfavorably impact its tax status. Management has determined that the Company had no uncertain tax positions that would require financial statement recognition.

Note 2 - Concentration of Credit Risk

The Company maintains cash balances at financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Note 3 - Due From Broker

The Company operates principally under a clearance agreement with its clearing broker, whereby such broker assumes and maintains the Company's customer accounts. As part of the agreement, the Company is required to maintain cash or securities of not less than \$100,000.

SCARSDALE EQUITIES LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Note 4 – Fair Value Measurements of Investments

The Company uses fair value measurements to record certain assets and liabilities and to determine fair value disclosures. The Company's investments in securities listed on a national exchange are valued at the last sales price on the date of valuation.

The three-level hierarchy for fair value measurements is defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices for identical assets and liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and the inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measure.

At December 31, 2011, assets measured at fair value on a recurring basis:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities	\$ 76,481	\$76,481	\$ -	\$ -
Private and restricted securities	<u>33,892</u>	<u>-</u>	<u>-</u>	<u>33,892</u>
Total	<u>\$110,373</u>	<u>\$76,481</u>	<u>\$ -</u>	<u>\$ 33,892</u>

The following is a reconciliation of the beginning and ending balances measured at fair value using significant unobservable inputs during the year ended December 31, 2011:

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Private and restricted securities	<u>\$ 108,892</u>	<u>\$ (75,000)</u>	<u>\$ 33,892</u>

**SCARSDALE EQUITIES LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

Note 4 – Due from Member

Due to member are advance on commissions and are non-interest bearing and is to offset against future commissions. In January 2012, the advance was repaid by the treatment of a distribution to the member.

Note 5 - Net Capital Requirements

The Company is subject to the net capital requirements of rule 15c3-1 of the Securities and Exchange Commission, which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rule, the Company is required to maintain minimum net capital of the \$100,000 or 1/15 of aggregate indebtedness.

At December 31, 2011, the Company had net capital, as defined, of \$1,068,693 which exceeded the required minimum net capital by \$968,693. Aggregate indebtedness at December 31, 2010 totaled \$914,083 and the ratio of aggregate indebtedness to net capital was 0.86 to 1.

Note 6 - Commitments and Contingencies

Lease

During 2009, the Company renegotiated its lease for office space which commenced October 2009. The terms of the non-cancelable lease call for annual rentals for years 1-5 amounting to \$194,568 and for years 6-10 amounting to \$210,648. The lease matures October 2019 with the Company having the ability to cancel the lease in year 6. Monthly lease payments are subject to escalations charges based on increases for real estate taxes and other operating expenses.

Note 7 – Subsequent Events

The Company has evaluated subsequent events through February 27, 2012, the date of the financial statements were available for issuance.

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125

SCARSDALE EQUITIES LLC

FINANCIAL STATEMENT

DECEMBER 31, 2011

Scarsdale Equities LLC's statement of financial condition as of December 31, 2011 is available for examination at the office of the Company and at the Regional Office of the Securities and Exchange Commission.