



12012259

SEC Processing Section

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

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

FEB 27 2012

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

washington, DC

SEC FILE NUMBER 8-45489

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: Paul P. St. Onge Company

OFFICIAL USE ONLY FIRM I.D. NO.

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

5586 Post Road

(No. and Street)

East Greenwich

RI

02818

(City)

(State)

(Zip Code)

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

Paul P. St. Onge

401-884-9080

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Markarian & Meehan, Ltd.

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

336 Main Street

Wakefield

RI

02879

(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 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.

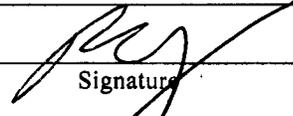
Handwritten signature/initials

BB 3/5

OATH OR AFFIRMATION

I, Paul P. St. Onge, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Paul P. St. Onge Company, as 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:

No exceptions

  
\_\_\_\_\_  
Signature  
**President**  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Notary Public # 150158  
exp 2-4-2013

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.

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

**PAUL P. ST. ONGE COMPANY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2011**

**MARKARIAN & MEEHAN, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
WAKEFIELD, R.I.

**PAUL P. ST. ONGE COMPANY**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED DECEMBER 31, 2011**

**PAUL P. ST. ONGE COMPANY**  
**YEAR ENDED DECEMBER 31, 2011**

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report	2
Financial Statements:	
Statement of Financial Condition	3
Statement of Income	4
Statement of Changes in Stockholder's Equity	5
Statement of Changes in Liabilities Subordinated to Claims of General Creditors	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Supplementary Information -	
Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission	12
Report on Internal Control Required by SEC Rule 17a-5(g)(1) -	
Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3	13 - 14

INDEPENDENT AUDITORS' REPORT

Mr. Paul P. St. Onge, President  
Paul P. St. Onge Company  
East Greenwich, Rhode Island

We have audited the accompanying statement of financial condition of Paul P. St. Onge Company (an S corporation) as of December 31, 2011, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended 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 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 Paul P. St. Onge Company 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 supplementary information contained on Page 12 required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Markarian & Meehan, Ltd., CPAs*

Wakefield, Rhode Island  
February 23, 2012

**PAUL P. ST. ONGE COMPANY**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**

**ASSETS**

Cash and cash equivalents	\$ 14,032
Deposit with clearing organization (cash)	25,000
Marketable securities owned - registered investment company, at fair value	34,919
Commissions and 12(b)(1) fees receivable, net of allowance for doubtful accounts of \$-0-	<u>33,467</u>
Total assets	<u><u>\$ 107,418</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Liabilities:

Accounts payable and accrued expenses	\$ 10,817
Liabilities subordinated to claims of general creditors	<u>-</u>
Total liabilities	<u>10,817</u>

Stockholder's equity:

Common stock – no par value, authorized 1,000 shares, 100 shares issued and outstanding	1,000
Additional paid-in capital	57,473
Retained earnings	<u>38,128</u>
Total stockholder's equity	<u>96,601</u>

Total liabilities and stockholder's equity	<u><u>\$ 107,418</u></u>
--	--------------------------

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

**PAUL P. ST. ONGE COMPANY**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Revenue:	
Commissions	\$ 89,886
12(b)(1) fees	327,189
Principal trading and other revenue	<u>141,226</u>
Total revenue	<u>558,301</u>
Expenses:	
Management and administrative services	76,441
Commissions	191,717
Regulatory and audit fees	16,017
Net investment activity	<u>2,839</u>
Total expenses	<u>287,014</u>
Net income	<u><u>\$ 271,287</u></u>

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

**PAUL P. ST. ONGE COMPANY**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
Balance at January 1, 2011	100	\$ 1,000	\$ 57,473	\$ 6,655	\$ 65,128
Net income				271,287	271,287
Distributions to stockholder				(239,814)	(239,814)
Balance at December 31, 2011	<u>100</u>	<u>\$ 1,000</u>	<u>\$ 57,473</u>	<u>\$ 38,128</u>	<u>\$ 96,601</u>

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

**PAUL P. ST. ONGE COMPANY**  
**STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO**  
**CLAIMS OF GENERAL CREDITORS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Liabilities subordinated to claims of general creditors at January 1, 2011	\$ -
Increases	-
Decreases	-
	<hr/>
Liabilities subordinated to claims of general creditors at December 31, 2011	<u><u>\$ -</u></u>

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

**PAUL P. ST. ONGE COMPANY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash flows from operating activities:	
Net income	\$ 271,287
Adjustment to reconcile net income to net cash provided by operating activities:	
Unrealized losses on marketable securities owned	3,959
(Increase) decrease in operating asset - Commissions and 12(b)(1) fees receivable, net	(7,997)
Increase (decrease) in operating liability - Accounts payable and accrued expenses	<u>(23,451)</u>
Net cash provided by operating activities	<u>243,798</u>
Cash flows from investing activities:	
Purchases of marketable securities owned - Registered investment company, net	<u>(1,114)</u>
Net cash used in investing activities	<u>(1,114)</u>
Cash flows from financing activities:	
Distributions to stockholder	<u>(239,814)</u>
Net cash used in financing activities	<u>(239,814)</u>
Net increase in cash and cash equivalents	2,870
Cash and cash equivalents:	
Beginning of year	<u>11,162</u>
End of year	<u><u>\$ 14,032</u></u>
Supplemental cash flows disclosures:	
Income tax payments	<u><u>\$ -</u></u>
Interest payments	<u><u>\$ -</u></u>

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

**PAUL P. ST. ONGE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 1 - NATURE OF ORGANIZATION:**

Mr. Paul P. St. Onge originally established a broker-dealer business on May 4, 1993 and operated as a proprietorship under the name Paul Philip St. Onge Broker-Dealer pursuant to an acceptance of membership with the National Association of Securities Dealers, Inc. (NASD). Effective February 27, 2001, Mr. St. Onge re-organized as a corporation and created Paul P. St. Onge Company (the Company) under the corporate laws of the State of Rhode Island. The Company is registered with the Securities Exchange Commission (SEC) and is a member of The Financial Industry Regulatory Authority (FINRA) and the Municipal Securities Rulemaking Board (MSRB).

The Company provides broker-dealer services to investors, and in that capacity acts as a broker or dealer with respect to the purchase, sale and redemption of redeemable shares of registered investment companies or of interests or participations in insurance company separate accounts, whether or not registered as an investment company. All funds are promptly transmitted, and all securities received are promptly delivered in connection with such activities. In addition, the Company is an introducing broker/dealer for its customers on a fully disclosed basis with Pershing, LLC (a clearing broker/dealer). The Company promptly transmits all customer funds and securities to the clearing broker/dealer, which carries and maintains all of the accounts of such customers.

Except for the preceding paragraph, the Company does not hold funds or securities for, or owes money or securities to, customers and does not carry accounts of, or for customers.

**NOTE 2 - FINANCIAL STATEMENT PRESENTATION AND NATURE OF THE ACCOUNTS:**

The accompanying financial statements include the broker-dealer activity of Paul P. St. Onge Company (an S corporation). Mr. Paul P. St. Onge also conducts business as a sole proprietorship including that of a Registered Investment Adviser (RIA). Except for a charge of management and administrative services, the accompanying financial statements do not include any activity in which Mr. Paul St. Onge is engaged as a RIA or the personal account of the owner.

**NOTE 3 - SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS:**

The accompanying financial statements include supplementary information relating to the Computation of Net Capital under Rule 15c3-1 of the Securities and Exchange Commission (SEC). In addition, the SEC generally requires supplementary information relating to the "Computation for Determination of Reserve Requirements under Rule 15c3-3 of the SEC" and "Information Relating to Possession or Control Requirements under Rule 15c3-3 of the SEC". However, such supplementary information is not required for broker-dealers who are exempt from Rule 15c3-3 of the SEC.

Paul P. St. Onge Company qualifies under the exemptive provisions of Rule 15c3-3(k)(2) of the SEC. As such, the supplementary information noted above is not included in the accompanying financial statements except for the Computation of Net Capital under Rule 15c3-1 of the SEC.

**PAUL P. ST. ONGE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The following accounting principles and practices of the Company are presented to facilitate the understanding of the financial information in the accompanying statements.

Method of Accounting

These financial statements are prepared on the accrual basis of accounting. This method recognizes revenues and expenditures when earned or due as opposed to the cash basis of accounting that recognizes revenues and expenditures when received or paid. Commission income from broker-dealer transactions is recorded on a trade date basis as securities transactions occur.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Income Taxes

The Company, with the consent of its stockholder elected under the Internal Revenue Code Section 1362 to be an S corporation effective March 1, 2001. Under the provisions of an S corporation, the Company does not pay corporate income taxes on its taxable income. Instead, the stockholder is liable for individual income taxes on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal and state income taxes has been included in the financial statements for the year ended December 31, 2011.

Management has evaluated significant tax positions against criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2011. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Company's income tax returns are subject to examination by taxing authorities generally for the years ended 2008, 2009 and 2010.

**PAUL P. ST. ONGE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):**

Fair Value Measurements

FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy, which priorities the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

The current item subject to FASB ASC 820-10 is a registered investment company (mutual fund) listed below in Note 6.

**NOTE 5 - DEPOSIT WITH CLEARING ORGANIZATION (CASH):**

During 1996, the Company established a securities custodianship and clearing relationship with Pershing, LLC. As part of the agreement, the Company is required to maintain a broker's deposit account in the amount of \$25,000. Accordingly, a deposit with clearing organization (cash) of \$25,000 is reflected on the accompanying statement of financial condition at December 31, 2011.

**NOTE 6 - MARKETABLE SECURITIES OWNED:**

At December 31, 2011, the cost and fair value of marketable securities owned, which are considered securities available-for-sale, are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Registered investment company - equity	<u>\$ 28,463</u>	<u>\$ 34,919</u>

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The Company determines fair value for only financial assets or liabilities it may have using one of the following three valuation techniques.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 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. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Company's own data.)

The Company's investments noted above are valued using Level 1 inputs. The Company does not hold any Level 2 or 3 priced investments. For the year ended December 31, 2011, the Company recorded an unrealized loss of \$3,959 on the above noted investment, and it has been reflected on the Statement of Income under the caption "Net investment activity".

**PAUL P. ST. ONGE COMPANY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**NOTE 7 - NET CAPITAL REQUIREMENTS:**

The Company is subject to the Securities and Exchange Commission (SEC) Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that stockholder's equity may not be withdrawn if the resulting net capital ratio would exceed 10 to 1). At December 31, 2011, the Company had net capital of \$68,437, which was \$63,437 in excess of its required net capital of \$5,000. The Company had \$10,817 of aggregate indebtedness at December 31, 2011 and the aggregate indebtedness to net capital ratio was .16 to 1.

**PAUL P. ST. ONGE COMPANY  
SUPPLEMENTARY INFORMATION  
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2011**

**NET CAPITAL**

Total stockholder's equity	\$ 96,601
Deductions and/or charges - nonallowable assets - commissions and 12(b)(1) fees receivable from registered investment companies	22,650
Net capital before haircuts on securities positions (tentative net capital)	73,951
Haircuts on securities (computed, where applicable, pursuant to Rule 15c3-1(f)):	
Liquid Asset Funds - money market fund	276
All other securities - registered investment company (mutual fund)	5,238
	5,514
Net capital	\$ 68,437

**AGGREGATE INDEBTEDNESS**

Total aggregate indebtedness	\$ 10,817
------------------------------	-----------

**COMPUTATION OF BASIC NET CAPITAL REQUIREMENT**

Minimum net capital required	\$ 5,000
Excess net capital	\$ 63,437
Ratio: Aggregate indebtedness to net capital	.16 to 1

**RECONCILIATION WITH COMPANY'S COMPUTATION (INCLUDED IN  
PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2011)**

Net capital, as reported in Company's Part IIA (unaudited) FOCUS report	\$ 55,436
Audit adjustments to accrued expenses	13,001
Net capital per above	\$ 68,437

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED  
BY SEC RULE 17a-5(g)(1) FOR A BROKER-DEALER CLAIMING  
AN EXEMPTION FROM SEC RULE 15c3-3

Mr. Paul P. St. Onge, President  
Paul P. St. Onge Company  
East Greenwich, Rhode Island

In planning and performing our audit of the financial statements of Paul P. St. Onge Company (an S corporation), 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 an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (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 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 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 internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of an internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or 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 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 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, 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 the Board of Directors, management, the SEC, 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.

*Markarian & Meehan, Ltd., CPA's*

Wakefield, Rhode Island  
February 23, 2012

**PAUL P. ST. ONGE COMPANY**  
**SECURITIES INVESTOR PROTECTION**  
**CORPORATION (SIPC)**  
**ASSESSMENT RECONCILIATION AND**  
**SUPPLEMENTAL INFORMATION**  
**YEAR ENDED DECEMBER 31, 2011**

**MARKARIAN & MEEHAN, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS  
WAKEFIELD, R.I.

**PAUL P. ST. ONGE COMPANY**  
**SECURITIES INVESTOR PROTECTION**  
**CORPORATION (SIPC)**  
**ASSESSMENT RECONCILIATION AND**  
**SUPPLEMENTAL INFORMATION**  
**YEAR ENDED DECEMBER 31, 2011**

**PAUL P. ST. ONGE COMPANY  
YEAR ENDED DECEMBER 31, 2011**

Table of Contents

	<u>Page Number</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation	2 - 3
Supplementary Information -	
General Assessment Reconciliation (Form SIPC-7)	4 - 5

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

Mr. Paul P. St. Onge, President  
Paul P. St. Onge Company  
East Greenwich, Rhode Island

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 SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Paul P. St. Onge Company and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Paul P. St. Onge Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Paul P. St. Onge Company's management is responsible for the Paul P. St. Onge Company'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 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. We noted that the Total Revenue amount reported on the audited Form X-17A-5 was \$558,301, which was \$6 lower than the amount of Total Revenue reflected on line 2a of the Form SIPC-7;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied, if applicable, to the current assessment with the Form SIPC-7, on which it was originally computed noting no differences.

Mr. Paul P. St. Onge, President  
Paul P. St. Onge Company  
Page Two

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.

*Markarian & Meehan, Ltd., CPA's*

Wakefield, Rhode Island  
February 23, 2012

**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**

For the fiscal year ended DEC 31, 2011

(Read carefully the instructions in your Working Copy before completing this Form)

**SIPC-7**

(33-REV 7/10)

**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:

045489 FINRA DEC  
PAUL P ST ONGE COMPANY 12'12  
5586 POST RD  
EAST GREENWICH RI 02818-3465

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.

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

\$ 425

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

( 231 )

7-21-11

Date Paid

C. Less prior overpayment applied

( \_\_\_\_\_ )

D. Assessment balance due or (overpayment)

194

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

\_\_\_\_\_

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

\$ 194

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC  
Total (must be same as F above)

\$ 194

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.

PAUL P. ST. ONGE COMPANY

(Name of Corporation, Partnership or other organization)

(Authorized Signature)

CEO

(Title)

Dated the 13<sup>TH</sup> day of FEB, 2012.

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:

045489

# DETERMINATION OF "SIPC NET OPERATING REVENUES" AND GENERAL ASSESSMENT

Amounts for the fiscal period  
beginning JAN 1, 20 11  
and ending DEC 31, 20 11

Eliminate cents

Item No.

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

\$ 558,307

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):

388,291

(Deductions in excess of \$100,000 require documentation)

(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

388,291

2d. SIPC Net Operating Revenues

\$ 170,016

2e. General Assessment @ .0025

\$ 425

(to page 1, line 2.A.)