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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

SEC Processing Section
FEB 29 2012

SEC FILE NUMBER
8-68831

REPORT FOR THE PERIOD BEGINNING

1/1/11
mm/dd/yy

AND ENDING

12/31/11
mm/dd/yy

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Fog Equities, LLC

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

220 Bush Street, Suite 462

(No. and Street)

San Francisco
(City)

California
(State)

94104
(Zip Code)

OFFICIAL USE ONLY
FIRM I.D. NO.

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

George Gasparini

415-544-9100
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst Wintter & Associates, Certified Public Accountants

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

675 Ygnacio Valley Road, Suite A200
(Address)

Walnut Creek
(City)

California
(State)

94596
(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United State 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).

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.

SEC 1410 (06-02)

CPA
SPC

OATH OR AFFIRMATION

I, **George Gasparini**, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of , 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:

NONE

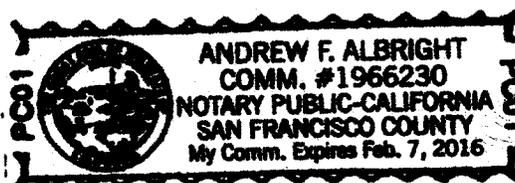
State of California, County of San Francisco
Subscribed and sworn to before me this 28
Day of February, 2012, by

George Gasparini

proved to me on
the basis of satisfactory evidence to be the
person(s) who appeared before me.

[Signature]
Notary Public, California

[Signature]
Signature
Managing Member
Title



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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirement 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 Accounting Control.

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

Fog Equities, LLC
Annual Audit Report
December 31, 2011

ERNST WINTTER & ASSOCIATES
Certified Public Accountants

Fog Equities, LLC
Annual Audit Report
December 31, 2011

ERNST WINTER & ASSOCIATES
Certified Public Accountants

Fog Equities, LLC

December 31, 2011

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Walnut Creek, CA 94596

(925) 933-2626
Fax (925) 944-6333

Independent Auditor's Report

To the Members
Fog Equities, LLC
San Francisco, California

We have audited the accompanying statement of financial condition of Fog Equities, LLC, (the "Company") as of December 31, 2011, and the related statements of income (loss), changes in members' equity, 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 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fog Equities, LLC as of December 31, 2011, and the results of its operations and 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 financial statements as a whole. The supplementary information contained in Schedules I and II 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 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 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 financial statements as a whole.

Handwritten signature of Ernst Winter & Associates in cursive script.

February 24, 2012

Fog Equities, LLC

Statement of Financial Condition

December 31, 2011

Assets	
Cash	\$ 115,186
Deposit with clearing broker	250,000
Due from clearing broker	24,397
Commissions receivable	127,429
Total Assets	\$ 517,012

Liabilities and Members' Equity	
Liabilities	
Accounts payable and accrued expenses	\$ 6,084
Accrued compensation	19,747
Total Liabilities	\$ 25,831
Members' Equity	491,181
Total Liabilities and Members' Equity	\$ 517,012

See independent auditor's report and accompanying notes.

Fog Equities, LLC

Statement of Income (Loss)

For the Year Ended December 31, 2011

Revenue	
Commissions	\$ 173,550
Exchange rebates	51,848
Total Revenue	225,398
<hr/>	
Expenses	
Compensation	164,801
Professional fees	27,429
Due and subscriptions	24,851
Occupancy costs	9,615
Regulatory fees	8,100
Other operating expenses	16,421
Total Expenses	251,217
Net Loss	\$ (25,819)

See independent auditor's report and accompanying notes.

Fog Equities, LLC

Statement of Changes in Members' Equity

For the Year Ended December 31, 2011

December 31, 2010	\$	0
Contributions		517,000
Net loss		(25,819)
December 31, 2011	\$	491,181

See independent auditor's report and accompanying notes.

Fog Equities, LLC

Statement of Cash Flows

For the Year Ended December 31, 2011

Cash Flows from Operating Activities	
Net loss	\$ (25,819)
Adjustments to reconcile net loss to net cash used by operating activities:	
(Increase) decrease in:	
Deposit with clearing broker	(250,000)
Due from clearing broker	(24,397)
Commissions receivable	(127,429)
Increase (decrease) in:	
Accounts payable and accrued expenses	6,084
Accrued compensation	19,747
Net Cash Used by Operating Activities	(401,814)
<hr/>	
Cash Flows from Financing Activities	
Contributions	517,000
Net Cash Provided by Financing Activities	517,000
Net Increase in Cash and Cash equivalents	115,186
Cash and cash equivalents at beginning of year	0
Cash and Cash Equivalents at End of Year	\$ 115,186

Supplemental Information:

Interest paid	\$ 98
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See independent auditor's report and accompanying notes.

Fog Equities, LLC

Notes to the Financial Statements

December 31, 2011

1. Organization

Fog Equities, LLC (the "Company") was formed as a limited liability company on December 2, 2010. The Company is registered as a broker-dealer with the Securities and Exchange Commission pursuant to Section 15c of the Securities Exchange Act of 1934 and became a principal on the Chicago Stock Exchange as of June 27, 2011. The Company's primary business is that of a securities broker-dealer providing services to institutional customers.

2. Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all demand deposits held in banks and certain highly liquid investments with original maturities of three months or less, other than those held for sale in the ordinary course of business, to be cash equivalents.

Accounts Receivable

The Company's receivables are due from various hedge funds and prime brokers under contractual agreements. Management reviews accounts receivable based on an analysis of each customer and establishes an allowance where collectability of all or part of a receivable becomes impaired.

Commission Revenue

Commissions are recorded on a trade date basis as securities transactions occur.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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 and may have an impact on future periods.

Fair Value of Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities that represent financial instruments (none of which are held for trading purposes) approximate the carrying values of such amounts.

Income Taxes

The Company, a limited liability company, is taxed as a partnership under the Internal Revenue Code and a similar state statute. In lieu of income taxes, the Company passes 100% of its taxable income and expenses to its members. Therefore, no provision or liability for federal or state income taxes is included in these financial statements. The Company is however, subject to the annual California LLC tax of \$800 and a California LLC fee based on gross revenue.

3. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1) which requires the Company to maintain a minimum net capital equal to or greater than \$5,000 and a ratio of aggregate indebtedness to net capital not exceeding 8 to 1, both as defined. At December 31, 2011, the Company's net capital was \$402,211 which exceeded the requirement by \$397,211.

Fog Equities, LLC

Notes to the Financial Statements

December 31, 2011

4. Risk Concentration

Approximately 35% of revenue was generated from one customer and 52% of accounts receivable is due from one customer.

5. Deposit with Clearing Organization

The Company's clearing organization, Penson Financial Services, Inc., requires that they maintain at least \$250,000 in deposits.

6. Related Party Transactions

On April 1, 2011, the Company entered into an agreement with Casey Securities, LLC ("Securities"), a company under common control, in which Securities provides office and administrative support in exchange for a monthly fee of \$1,300. For the year ended December 31, 2011, the Company paid Securities \$11,700 for these services.

7. Subsequent Events

The Company has evaluated subsequent events through February 24, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Fog Equities, LLC
Schedule I

Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission

As of December 31, 2011

Net Capital	
Total members' equity	\$ 491,181
Less: Non-allowable assets	
Commissions receivable	88,970
Total non-allowable assets	88,970
Net Capital	\$ 402,211
Net minimum capital requirement of 12 1/2% of aggregate indebtedness of \$25,831 or \$5,000, whichever is greater	5,000
Excess Net Capital	\$ 397,211

Reconciliation with Company's Net Capital Computation
(included in Part II of Form X-17A-5 as of December 31, 2011)

Net Capital, as reported in Company's	
Part II of Form X-17A-5 as of December 31, 2011	\$ 395,529
Increase in member's equity	6,682
Net Capital Per Above Computation	\$ 402,211

See independent auditor's report and accompanying notes.

Fog Equities, LLC

Schedule II

**Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission**

For the Year Ended December 31, 2011

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(ii). All customer transactions are cleared through Penson Financial Services, Inc. or otherwise processed in accordance with Rule 15c3-1(a)(2).

**Information Relating to Possession or Control Requirements Under
Rule 15c3-3 of the Securities and Exchange Commissions**

For the Year Ended December 31, 2011

An exemption from Rule 15c3-3 is claimed, based upon section (k)(2)(ii).

Independent Auditor's Report on Internal Control Required by SEC Rule 17a-5(g)(1) for a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3

To the Members
Fog Equities, LLC
San Francisco, California

In planning and performing our audit of the financial statements and supplemental schedules of Fog Equities, 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 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 internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in 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 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. However, we identified the following deficiency in internal control that we consider to be a material weakness, as defined above. This condition was considered in determining the nature, timing, and extent of the procedures performed in our audit of the financial statements of the Company for the year ended December 31, 2011, and this report does not affect our report thereon dated February 24, 2012.

The size of the business and the resultant limited number of employees imposes practical limitations on the effectiveness of those internal control policies and procedures that depend on the segregation of duties. Because this condition is inherent in the size of the Company, the specific weaknesses are not described herein and no corrective action has been taken or proposed by the Company.

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 members, 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.

A handwritten signature in cursive script that reads "EFWH + Associates". The signature is written in dark ink and is positioned above the date.

February 24, 2012