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FEDERAL RESERVE 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 01/01/09 AND ENDING 12/31/09  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Downer & Company, LLC

OFFICIAL USE ONLY  
 FIRM I.D. NO.

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

60 State Street, 11th Floor

(No. and Street)

Boston

MA

02109

(City)

(State)

(Zip Code)

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

Arthur G. Gottlieb

617-482-6200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Wallace Niedzwiecki

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

84 Andrew Lane

Holliston

MA

01746

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

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

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

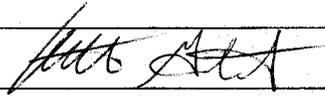
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OATH OR AFFIRMATION

I, Arthur G. Gottlieb, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Downer & Company, LLC, as of December 31, 2009, 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:

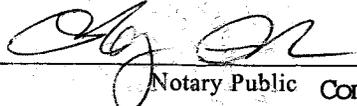
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Signature

Managing Director

Title



Notary Public Commission expires: August 20, 2015

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).

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

AUDITED STATEMENT OF FINANCIAL CONDITION

DATE--DECEMBER 31, 2009

DOWNER & COMPANY, LLC  
(Name of Respondent)

60 State Street, Boston, Massachusetts 02109  
(Address of Principal Executive Office)

Arthur Gottlieb  
Managing Director  
Downer & Company, LLC  
60 State Street

Boston, Massachusetts 02109

(Name and address of person authorized to receive notices and communications from the Securities and Exchange Commission)

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# **Wallace Niedzwiecki**

*Certified Public Accountant*

84 Andrew Lane, Holliston, MA 01746

(508) 429-1919

wncpa@mindspring.com

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## INDEPENDENT REGISTERED AUDITOR'S REPORT

The Partners of Downer & Company, LLC  
Downer & Company, LLC

I have audited the accompanying statement of financial condition of Downer & Company, LLC as of December 31, 2009 and 2008. This statement of financial condition is the responsibility of the Company's management. My responsibility is to express an opinion on this statement of financial condition based on my audit.

I conducted my audit in accordance with auditing standards of the Public Company Accounting Oversight Board generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition. I believe that my audit of the statement of financial condition provides a reasonable basis for my opinion.

In my opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Downer & Company, LLC at December 31, 2009 and 2008, in conformity with accounting principles generally accepted in the United States of America.

I also have audited, in accordance with the standards of the Public Company Accounting Oversight Board generally accepted in the United States of America Downer and Company, LLC's internal control over financial reporting as of December 31, 2009, based on 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 the procedures for determining compliance with the exemptive provisions of Rule 15c3-3.

February 24, 2010

  
Wallace Niedzwiecki

**DOWNER & COMPANY, LLC**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

	<b>ASSETS</b>	
	<b>2,009</b>	<b>2,008</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 503,519	\$ 1,560,532
Accounts receivable	2,493,610	3,143,531
Employee advances	720	1,800
Prepaid expenses	46,744	82,283
<b>TOTAL CURRENT ASSETS</b>	<b>\$ 3,044,593</b>	<b>\$ 4,788,146</b>
<b>PROPERTY and EQUIPMENT - at cost</b>		
Office equipment	\$ 339,012	\$ 336,295
Leasehold improvements	96,706	95,230
Computer	298,017	303,664
Total	733,735	735,189
Less accumulated depreciation	(642,365)	(602,425)
<b>NET PROPERTY and EQUIPMENT</b>	<b>\$ 91,370</b>	<b>\$ 132,764</b>
<b>OTHER ASSETS</b>		
Investments	49,462	49,462
Deposits	119,746	131,187
<b>TOTAL OTHER ASSETS</b>	<b>169,208</b>	<b>180,649</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,305,171</b>	<b>\$ 5,101,559</b>
<b>LIABILITIES &amp; PARTNERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 84,123	\$ 15,470
Accrued expenses	1,000	11,702
Accrued payroll and vacation obligation	98,616	136,097
Payroll withholdings & taxes	64,316	47,533
<b>TOTAL CURRENT LIABILITIES</b>	<b>\$ 248,055</b>	<b>\$ 210,802</b>
<b>TOTAL LIABILITIES</b>	<b>248,055</b>	<b>210,802</b>
<b>PARTNERS' EQUITY</b>	<b>\$ 3,057,116</b>	<b>\$ 4,890,757</b>
<b>TOTAL LIABILITIES &amp; PARTNERS' EQUITY</b>	<b>\$ 3,305,171</b>	<b>\$ 5,101,559</b>

The accompanying notes and accountant's report should be read with these financial statements.

**DOWNER & COMPANY, LLC**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**ORGANIZATION - DOWNER & COMPANY, LLC**

Downer and Company was formed as a partnership on February 1, 1984. On December 27, 1996 the partnership became a limited liability company under the name of Downer & Company, LLC. The Company offers investment banking services to corporate clients to assist with the implementation of corporate development programs of acquisition, merger, divestiture, and joint venture.

**ACCOUNTING METHOD**

For tax purposes, the Company reports income and expenses using the cash basis method of accounting. For financial reporting purposes, the Company uses the accrual basis of accounting.

**INCOME TAXES**

No provision for income taxes is shown in the financial statements because the Company is a limited liability company. As such, taxable income or loss passes directly to the partners.

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost. Depreciation is provided over the estimated useful life of the related asset, principally on the straight-line method. Office equipment, leasehold improvements, and computers were disposed of during 2009 and 2008 and no gain was realized.

**PENSION PLAN**

In 2002, the Company established a revised defined contribution standard 401(k) profit sharing plan as its only pension plan. The new plan continues to cover substantially all of the Company's US based employees by adopting the profit sharing and 401(k) provisions of the Company's existing plans while terminating the money purchase plan effective February 28, 2002.

Under the old and the new plans, profit-sharing contributions were made at the discretion of the Company. For the years ended December 31, 2009 and 2008, there were no profit-sharing expenses paid. Under the new plan, the Company chose to continue to match an employee's contribution to the 401(K) plan at the same rate (as in prior years) of \$.56 2/3 per dollar contributed up to 6% of the employee's W-2 wages. For the years ended December 31, 2009 and 2008, there no payments made to the plan.

**CASH AND CASH EQUIVALENTS**

Cash equivalents are carried at cost which approximates fair value. Cash equivalents are highly liquid financial instruments with an original maturity of three months or less.

**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.

**DOWNER & COMPANY, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008**

**CURRENCY TRANSLATION**

Transactions undertaken in foreign currencies are translated into US dollars at approximate exchange rates prevailing at the time the transactions occurred.

**2. ACCOUNTS RECEIVABLE**

On December 31, 2009 and 2008, accounts receivable consisted of \$ 2,493,610 and \$ 3,143,531.

The company uses the direct write off method of accounting for bad debts. There were no amounts written off in 2009 or 2008 against income. Since December 31, 2007, the Company was involved in a lawsuit with a client to collect an amount of \$ 1,552,000. Management cannot predict the outcome of the lawsuit and believes that losses, if any, resulting from these matters would not have a material effect on the financial position of the company.

**3. NET CAPITAL REQUIREMENT**

The Company is subject to the Uniform Net Capital requirements of the Securities and Exchange Commission under Rule 15c3-1 of the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital of \$16,536. At December 31, 2009, the Company's net capital was \$ 240,104.

**4. LEASE OBLIGATIONS**

The company signed a lease for the office location in Boston beginning 8-1-09 and expiring on 7/31/10. The basic rent was \$30,289 monthly.

The company signed a lease for a new office in Paris effective March 2008 and expiring in 36 months. The basic rent is \$47,355 per quarter payable on the first of each quarter.

The minimum annual rental commitments under the Company's operating leases for offices is as follows:

	<u>Boston</u>	<u>Paris</u>	<u>Frankfurt</u>
2010	212,023	193,575	78,684
2011		48,721	

**5. INVESTMENTS**

The Company has made a number of investments in private securities for which there is no market. The value of investments as at December 31, 2009 and 2008 is:

	<u>2,009</u>	<u>2,008</u>
J & R Founders Fund	49,462	49,462

**DOWNER & COMPANY, LLC**  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2008

**6. INSURED CASH**

The Company maintains its cash balances at various banks and financial services companies. Accounts at the banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Accounts at the financial services company are insured by the Securities Investor Protection Corporation up to \$500,000. A summary of the total insured and uninsured balances is as follows:

December 31,	<u>2,009</u>	<u>2,008</u>
Total cash	503,519	1,560,532
Portion insured	<u>366,027</u>	<u>675,618</u>
Uninsured balance	<u>137,492</u>	<u>884,914</u>

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

**DOWNER & COMPANY, LLC**

CASH	\$	503,519
LESS: TOTAL LIABILITIES		
(AGGREGATE INDEBTEDNESS)		
ACCOUNTS PAYABLE		84,123
ACCRUED EXPENSES AND PAYROLL		99,616
PAYROLL WITHHOLDINGS & TAXES		64,316
HAIRCUT ON FOREIGN CURRENCY		15,360
	\$	<u>263,415</u>
ALLOWABLE NET CAPITAL	\$	240,104
NET CAPITAL REQUIREMENT	\$	16,536
EXCESS CAPITAL	\$	223,568

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
PURSUANT TO RULE 15c3-3 AND INFORMATION RELATING TO THE  
POSSESSION OR CONTROL REQUIREMENTS UNDER RULE 15c3-3

**DOWNER & COMPANY, LLC**

The Company is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers," as it is exempt from Rule 15c3-3 under the provisions of paragraph (k) of that Rule at December 31, 2009

STATEMENT PURSUANT TO RULE 17a-5(d)(4)

**DOWNER & COMPANY, LLC**

The computation of net capital under Rule 15c3-1 included in this audited report reflects net capital of \$ 1,325,926. The computation included in the Company's corresponding unaudited Form X-17a-5, Part IIA filing as of December 31, 2009, and its reconciliation to the audited report, is as follows:

(1) Company's unaudited computation of net capital	\$	240,104
(2) Increase in current liabilities	\$	0
(3) Company's audited computation of net capital	\$	240,104