

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

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

SEC FILE NUMBER
8-52954

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: StateTrust Investments, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

800 Brickell Avenue, Suite 100

(No. and Street)

Miami

(City)

Florida

(State)

33131

(Zip Code)

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

Jeffrey Cimbal

(305) 921-8100

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Kaufman, Rossin & Co.

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

2699 South Bayshore Drive

(Address)

Miami

(City)

Florida

(State)

33133

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in the United States or any of its p



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FOR OFFICIAL USE ONLY

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

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OATH OR AFFIRMATION

I, David Vurgait, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of State Trust Investments, Inc., 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:

No exceptions



*[Handwritten Signature]*

(Signature)

President  
(Title)

*[Handwritten Signature]*  
(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 Changes in Financial Condition. (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 15c3-3.
- (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 control required by SEC Rule 17a-5.

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

A report containing a statement of financial condition has been included; accordingly it is requested that this report be given confidential treatment.

**StateTrust  
Investments,  
Inc.**

**Report Pursuant to Rule 17a-5  
Under the Securities Exchange  
Act of 1934**

**December 31, 2011**

## CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Condition	2
Statement of Operations	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 12
SUPPLEMENTARY INFORMATION	
Computation of Net Capital Per Uniform Net Capital Rule 15c3-1 and Reconciliation to Company's Corresponding Unaudited Form X-17A-5, Part IIA Filing	13
Statement on Exemption from the Computation of Reserve Requirements and Information for Possession or Control Requirements Under Rule 15c3-3	14
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	15 - 16
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION	17 - 18
FORM SIPC-7	19 - 20

## INDEPENDENT AUDITORS' REPORT

StateTrust Investments, Inc.

We have audited the accompanying statement of financial condition of StateTrust Investments, Inc. as of December 31, 2011, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended that you are filing 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 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 StateTrust Investments, Inc. 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 financial statements as a whole. The supplementary information contained in pages 13 and 14 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.



Miami, Florida  
February 27, 2012

**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

**Praxity**  
MEMBER  
GLOBAL ALLIANCE OF  
INDEPENDENT FIRMS

**STATETRUST INVESTMENTS, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**

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**ASSETS**

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CASH AND CASH EQUIVALENTS (NOTE 6)	\$	126,099
SECURITIES OWNED, AT FAIR VALUE (NOTES 3 AND 6)		682,915
RECEIVABLE FROM BROKER (NOTE 6)		35,361
INTEREST AND DIVIDENDS RECEIVABLE		17,701
DUE FROM AFFILIATE (NOTE 2)		39,049
DEPOSIT AT CLEARING BROKER (NOTE 6)		168,780
DEFERRED TAX ASSET (NOTE 4)		174,000
OTHER ASSETS		16,315
	\$	1,260,220

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**LIABILITIES AND STOCKHOLDER'S EQUITY**

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**LIABILITIES**

Securities sold but not yet purchased, at fair value (Notes 3 and 6)	\$	20,737
Accounts payable and accrued liabilities (Note 7)		517,137
Total liabilities		537,874

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**STOCKHOLDER'S EQUITY**

	722,346
	\$ 1,260,220

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See accompanying notes.

**STATETRUST INVESTMENTS, INC.**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2011**

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**REVENUE**

Commissions (Note 2)	\$ 4,443,247
Net trading gains	744,740
Other income	112,713
Interest and dividends	651,829
<b>Total revenue</b>	<b>5,952,529</b>

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**EXPENSES**

Clearing costs	361,510
Commissions (Note 2)	470,701
Compensation	685,300
Interest	4,560
Management fees (Note 2)	3,556,292
Other	92,776
Payroll taxes	45,636
Professional fees	351,252
Quotations and research	169,155
Referral fees (Note 2)	254,218
Reserve for regulatory matter (Note 7)	425,555
<b>Total expenses</b>	<b>6,416,955</b>

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**LOSS BEFORE INCOME TAX BENEFIT** ( 464,426 )

**INCOME TAX BENEFIT (NOTE 4)** 174,000

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**NET LOSS** \$( 290,426 )

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See accompanying notes.

**STATETRUST INVESTMENTS, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2011**

	Common Stock \$0.001 par value: 2,000,000 shares, 1,837,469 shares authorized, issued and outstanding	Additional paid-in capital	Retained earnings (accumulated deficit)	Total
Balances - December 31, 2010	\$ 1,838	\$ 753,738	\$ 257,196	\$ 1,012,772
Net loss	-	-	( 290,426 )	( 290,426 )
<b>Balances - December 31, 2011</b>	<b>\$ 1,838</b>	<b>\$ 753,738</b>	<b>\$ ( 33,230 )</b>	<b>\$ 722,346</b>

See accompanying notes.

**STATETRUST INVESTMENTS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$ ( 290,426 )
Adjustments to reconcile net loss to net cash used in operating activities:	
Deferred taxes	( 174,000 )
Changes in operating assets and liabilities:	
Securities owned, at fair value	( 170,222 )
Receivable from broker	( 2,770 )
Interest and dividends receivable	( 8,294 )
Deposits at clearing broker	( 68,780 )
Other assets	( 4,131 )
Securities sold but not yet purchased, at fair value	20,737
Accounts payable and accrued liabilities	392,207
Income taxes payable	( 244,329 )
Total adjustments	( 259,582 )
Net cash used in operating activities	( 550,008 )

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Net repayments from affiliate	347,143
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>( 202,865 )</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<b>328,964</b>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<b>\$ 126,099</b>

**Supplemental Disclosures of Cash Flow Information:**

Interest paid	\$ 4,560
Income taxes paid	\$ 247,835

See accompanying notes.

**STATETRUST INVESTMENTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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

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***Description of Business and Organization***

StateTrust Investments, Inc. (the "Company"), incorporated under the laws of the State of Delaware on April 14, 2000, is a broker of various types of equity, debt, and mutual fund securities and option contracts. The Company primarily acts in an agency capacity, buying and selling securities for its customers, both foreign and domestic, and charging a commission. Approximately 80% of the Company's customers are located in Latin America. The Company also trades securities for its own account and on a riskless principal basis.

The Company is a wholly owned subsidiary of StateTrust Group, LLC (the Parent).

***Government and Other Regulation***

The Company's business is subject to significant regulation by various governmental agencies and self-regulatory organizations. Such regulation includes, among other things, periodic examinations by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments having maturities of three months or less at the date of acquisition to be cash equivalents. The Company may, during the course of business, maintain account balances in excess of federally insured limits.

***Valuation of Investments in Securities at Fair Value - Definition and Hierarchy***

Fair value is the price that the Company would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. Accounting rules establish a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the value of the Company's investments.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Valuation of Investments in Securities at Fair Value  
- Definition and Hierarchy (Continued)***

The hierarchy is summarized in the three broad levels listed below.

**Level 1** - quoted prices in active markets for identical investments

**Level 2** - other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

**Level 3** - significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments)

In applying the provisions of these accounting values to the Company's portfolio activities during the year, the following valuation techniques have been employed:

***Sovereign Government Bonds***

The fair value of sovereign government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, cross currency basis index spreads, and country credit spreads similar to the bond in terms of issuer, maturity and seniority. These items are typically categorized in Levels 1 or 2 of the fair value hierarchy.

***Corporate Bonds***

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond, or single name credit default swap spreads and recovery rates based on collateral values as key inputs. Corporate bonds are typically categorized in Level 2 of the fair value hierarchy.

***Revenue Recognition***

The Company records all security transactions on the trade-date basis, and realized gains or losses from security transactions were determined using the specific identification method.

Dividend income is recognized on the accrual basis as determined by the ex-dividend date. Interest income is recognized on the accrual basis.

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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***Income Taxes***

The Company accounts for income taxes under the liability method whereby deferred tax assets and liabilities are provided for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The Company assesses its tax positions in accordance with "*Accounting for Uncertainties in Income Taxes*" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Company's major tax jurisdictions. Generally, the Company is no longer subject to income tax examinations by its major taxing authorities for years before 2008.

The Company assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Company records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Company believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

***Use of Estimates***

The preparation of financial statements in conformity 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 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.

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**NOTE 2. RELATED PARTY TRANSACTIONS**

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***Management Agreement***

The Company has entered into a management agreement with an affiliate that is related to the Company by virtue of common ownership. At December 31, 2011 there was \$39,049 due from this affiliate, which is included in the accompanying statement of financial condition.

This affiliate receives a management fee in consideration of rent, utilities, salaries, telephone, equipment, furniture and fixtures, postage, office supplies, and other general administrative and office expenses paid on behalf of the Company. For the year ended December 31, 2011 the Company had incurred \$3,556,292 in management fees which is comprised of the following:

Advertising	\$	7,608
Depreciation		272,094
Courier, postage and other administrative expenses		160,812
Insurance		24,890
Professional fees		77,663
Travel and entertainment		108,682
Rent		439,494
Utilities		206,551
Software and licenses		307,287
Salaries and benefits		1,951,211
	\$	3,556,292

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***Commission and Broker Fees***

The Company pays commissions and referral fees to certain affiliated registered representatives and referral brokers who are related by virtue of common ownership. The commissions to registered representatives who are related parties were \$179,156. Referral fees to related parties were \$72,521.

***Distribution Agreement***

Pursuant to a distribution agreement dated July 17, 2003, the Company is the exclusive agent for the distribution of shares of the Ashport Offshore Funds ("Funds"). The Company is related to the Funds as it has common management. These Funds operate as diversified open-end management investment companies. For the year ended December 31, 2011, the Company earned \$174,040 in commissions related to the distribution agreement.

In addition, during 2011, the Company executed trades for the Funds, generating commission income and sales charges for the Company in the amount of \$929,075.

***Insurance Company***

The Company is related to an insurance company by virtue of common ownership. During 2011, there was \$348,075 of commission income earned from brokerage activity on proprietary accounts of the insurance company.

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**NOTE 2. RELATED PARTY TRANSACTIONS (Continued)**

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***International Bank***

The Company is related to an international bank by virtue of common ownership. During 2011, \$502,359 of commission income was earned from brokerage activity on proprietary accounts of the international bank.

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**NOTE 3. FAIR VALUE MEASUREMENT**

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The following table presents information about the Company's assets and liabilities measured at fair value as of December 31, 2011:

<b>ASSETS, at fair value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Securities owned - sovereign and corporate bonds	\$ -	\$ 682,912	\$ -	\$ 682,915
<b>LIABILITIES, at fair value</b>				
Securities sold, but not yet purchased - corporate bonds	\$ -	\$ 20,737	\$ -	\$ 20,737

During the year ended December 31, 2011, there were no transfers between Levels of the fair value hierarchy.

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**NOTE 4. INCOME TAXES**

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At December 31, 2011, the Company has a deferred tax asset of \$174,000 related principally to timing differences regarding accrued liabilities.

The income tax benefit for the year ended December 31, 2011 is as follows:

Federal	\$ 148,568
State	25,432
	<hr/>
	\$ 174,000

The effective tax rate differed from the maximum federal statutory rate of 34% principally due to state income taxes.

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**NOTE 5. NET CAPITAL REQUIREMENTS**

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As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, which requires that "Net Capital", as defined, shall be at least the greater of \$100,000 or 6 2/3% of "Aggregate Indebtedness", as defined. At December 31, 2011, the Company's "Net Capital" was \$436,071 which exceeded requirements by \$336,071, and the ratio of "Aggregate Indebtedness" to "Net Capital" was 2.85 to 1.

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**NOTE 6. RISK CONCENTRATIONS**

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***Clearing and Depository Concentrations***

During 2011, the Company changed its clearing and depository operations for the Company's securities transactions from Pershing LLC to Legent Clearing LLC, whose main office is located in Nebraska. Even through the majority of the Company's deposit at clearing broker is held with Legent, it still maintained certain depository balances with Pershing. At December 31, 2011, the receivable from broker and deposit at clearing broker are with these brokerage firms. In addition, substantially all cash and cash equivalents and securities owned are held by these brokerage firms.

***Securities Sold, But Not Yet Purchased***

At December 31, 2011, securities sold, but not yet purchased, consisted of corporate bonds. Subsequent market fluctuation may require the Company to purchase these securities at prices which exceed the carrying value in the accompanying financial statements. Additionally, the securities owned and the cash held by the clearing broker serves as collateral for the short-sale liability.

***Other Risk Concentrations***

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

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**NOTE 6. RISK CONCENTRATIONS (Continued)**

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***Other Risk Concentrations (Continued)***

The Company's customer securities activities are transacted on either a cash or margin basis. In margin transactions, the Company through its clearing broker extends credit to its customers, subject to various regulatory and internal margin requirements, collateralized by cash and securities in the customers' accounts. In addition to these activities, the Company may execute customer transactions involving the sale of securities not yet purchased, substantially all of which are transacted on a margin basis subject to individual exchange regulations. Such transactions may expose the Company to significant off-balance-sheet risk in the event margin requirements are not sufficient to fully cover losses that customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices to fulfill the customer's obligations. The Company seeks to control the risks associated with its customer activities by requiring customers to maintain margin collateral in compliance with various regulatory and internal guidelines. The Company monitors required margin levels daily and, pursuant to such guidelines, requires the customer to deposit additional collateral or to reduce positions when necessary.

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**NOTE 7. REGULATORY MATTER**

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Starting in 2009 FINRA commenced an examination of the Company's operations. As a result of this examination, FINRA has alleged that the Company either charged excessive markups and/or interpositioned certain trades through affiliates. The Company is currently in settlement negotiations with FINRA. Management of the Company has estimated restitution and penalties to range from \$425,555 to \$1,150,000. At December 31, 2011, the Company accrued \$425,555, which represents the low-end of the range. This settlement accrual has been included in accounts payable and accrued liabilities in the accompanying statement of financial condition.

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**SUPPLEMENTARY INFORMATION**

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**STATETRUST INVESTMENTS, INC.**

COMPUTATION OF NET CAPITAL PER UNIFORM NET CAPITAL RULE 15c3-1  
AND RECONCILIATION TO COMPANY'S CORRESPONDING UNAUDITED  
FORM X-17a-5, PART IIA FILING  
DECEMBER 31, 2011

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**CREDITS**

Stockholder's equity	\$ 722,346
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**DEBITS**

Due from affiliate	39,049
Deferred tax asset	174,000
Other assets	16,315
Total debits	229,364

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<b>NET CAPITAL BEFORE HAIRCUTS ON SECURITY POSITIONS AND UNDUE CONCENTRATION</b>	492,982
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<b>HAIRCUTS ON SECURITY POSITIONS</b>	47,964
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<b>UNDUE CONCENTRATION</b>	8,947
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<b>NET CAPITAL</b>	436,071
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<b>MINIMUM NET CAPITAL REQUIREMENT - GREATER OF \$100,000 OR 6 2/3% OF AGGREGATE INDEBTEDNESS OF \$1,242,137</b>	100,000
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<b>EXCESS NET CAPITAL</b>	\$ 336,071
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	2.85 to 1
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**SCHEDULE OF AGGREGATE INDEBTEDNESS**

Accounts payable and accrued liabilities	\$ 517,137
Reserve for possible FINRA settlement in excess of amount accrued	725,000
Total aggregate indebtedness	\$ 1,242,137

**RECONCILIATION WITH COMPANY'S COMPUTATION 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	\$ 453,934
Net audit adjustments (primarily related to income taxes)	151,622
Increase in non-allowable assets (primarily related to income taxes)	( 168,602 )
Increase in haircuts and undue concentration	( 883 )
Net capital per above	\$ 436,071

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See independent auditors' report.

**STATETRUST INVESTMENTS, INC.**

**STATEMENT ON EXEMPTION FROM THE COMPUTATION OF RESERVE  
REQUIREMENTS AND INFORMATION FOR POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3**

**DECEMBER 31, 2011**

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In accordance with the exemptive provisions of SEC Rule 15c3-3, specifically exemption k(2)(ii), the Company is exempt from the computation of a reserve requirement and the information relating to the possession or control requirements.

See independent auditors' report.

**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**

---

StateTrust Investments, Inc.

In planning and performing our audit of the financial statements of StateTrust Investments, Inc. (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 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.

**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

Because of inherent limitations in internal control and the practices and procedures referred to above, errors 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 combination of deficiencies, in internal control over financial reporting 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 the Board of Directors, management, the SEC, the FINRA, 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 black ink, appearing to read "Kayman, Ross & Co." with a stylized flourish at the end.

Miami, Florida  
February 27, 2012

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

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StateTrust Investments, Inc.

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 Schedule of Assessment and Payments [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 StateTrust Investments, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC (collectively the "specified parties"), solely to assist you and the other specified parties in evaluating StateTrust Investments, Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). StateTrust Investments, Inc.'s management is responsible for StateTrust Investments, Inc.'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, 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 noting no differences; and
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.

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.

*Kayman, Ross & Co.*

Miami, Florida  
February 27, 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**

**SIPC-7**

(33-REV 7/10)

For the fiscal year ended \_\_\_\_\_, 20\_\_

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

**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:

052954 FINRA DEC  
STATETRUST INVESTMENTS INC 16\*16  
800 BRICKELL AVE STE 100  
MIAMI FL 33131-2914

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) \$ 11,539.13
- B. Less payment made with SIPC-6 filed (exclude interest) (6,299.00)
- 7/29/2011  
    Date Paid
- C. Less prior overpayment applied (          )
- D. Assessment balance due or (overpayment) 5,238.13
- 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) \$ 5,239.13
- G. PAID WITH THIS FORM:  
    Check enclosed, payable to SIPC  
    Total (must be same as F above) \$ 5,238.13
- 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.

State Trust Investments, Inc.

(Name of Corporation, Partnership or other organization)

[Signature]  
(Authorized Signature)

President  
(Title)

Dated the 27<sup>th</sup> day of February, 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: \_\_\_\_\_

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

Amounts for the fiscal period  
beginning 11, 2011  
and ending 12/31, 2011

Eliminate cents

**Item No.**

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

\$ 5,952,529.00

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.

2,681.00

(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

2,681.00

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.

361,511.00

(4) Reimbursements for postage in connection with proxy solicitation.

(5) Net gain from securities in investment accounts.

744,740.00

(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):

(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.

\$ 2,371.00

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 234,106.80

Enter the greater of line (i) or (ii)

234,106.80

Total deductions

1,340,357.80

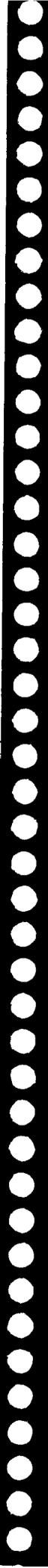
2d. SIPC Net Operating Revenues

\$ 4,614,852.20

2e. General Assessment @ .0025

\$ 11,537.13

(to page 1, line 2.A.)



SEE BEYOND THE NUMBERS

**KAUFMAN  
ROSSIN &  
CO.** PROFESSIONAL  
ASSOCIATION  
CERTIFIED PUBLIC ACCOUNTANTS

[www.kaufmanrossin.com](http://www.kaufmanrossin.com)