



12014110

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

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

Mail Processing  
Section

SEC FILE NUMBER  
8-48467

FEB 28 2012

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 hereunder

REPORT FOR THE PERIOD BEGINNING 1-1-2011 AND ENDING 12-31-2011  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **GDC Securities, LLC**  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
**929 Kings Highway East**

OFFICIAL USE ONLY  
FIRM I.D. NO.

**Fairfield** (No. and Street) **Connecticut** **06825**  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
**George D. Caravakis** **203-367-4070**  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Michael J. Knight & Company, CPAs**

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

**1499 Post Road Suite 1040** **Fairfield** **Connecticut** **06824**  
(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)

AB  
3/11

AB  
3/13

OATH OR AFFIRMATION

I, George D. Caravakis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of GDC Securities, LLC, as of December 31,, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Janelle C. Kandrach  
Notary Public  
State of Connecticut  
Commission Expires 2/28/2017

  
Signature  
MANAGING MEMBER  
Title

Janelle C. Kandrach  
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.
- (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).

**GDC Securities, LLC**  
**Report Pursuant to Rule 17A-5 of**  
**The Securities and Exchange Commission**  
**December 31, 2011**

**GDC Securities, LLC**

**Table of Contents**

Report of Independent Auditor	1
Statements of Financial Condition	2
Statements of Income and Changes in Member's Equity	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Supplementary Schedules	
Schedule I – Computation of Net Capital Under Rule 15c3-1	7
Schedule II – Reconciliation of Net Capital From Quarterly Focus – Rule 17a-5(d)(4) to Annual Audited Financial Statements	8
Independent Auditors' Report on Internal Control Required By Rule 17a-5 of the Securities & Exchange Commission	9



1499 Post Rd, Suite 1040  
Fairfield, Connecticut 06824  
Tel.: (203)259-CPAS (2727)  
Fax: (203) 256-CPAS (2727)  
Toll Free: 1-888-MJKCPAS (655-2727)  
www.mjkcpas.com

Michael J. Knight, CPA, CVA, CFE, ABV  
John M. Roller, CPA, CFE  
Ryan C. Sheppard, CPA, CFF

## **REPORT OF INDEPENDENT AUDITOR**

To the Member of  
GDC Securities, LLC

We have audited the accompanying statements of financial condition of GDC Securities, LLC as of December 31, 2011 and 2010 and the related statements of income and changes in member's equity and cash flows for the years 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 audits.

We conducted our audits 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. Accordingly, we express no such opinion. An audit 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 audits provide 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 GDC Securities, LLC as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information contained in Schedule 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.

*Michael J. Knight & Co.*

Michael J. Knight & Company, CPAs  
Fairfield, Connecticut  
February 24, 2012

**GDC Securities, LLC**  
**Statements of Financial Condition**  
**December 31, 2011 and 2010**

	2011	2010
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and equivalents	\$ 20,637	\$ 39,385
Commissions receivable	9,427	843
Prepaid assets	1,597	1,627
Marketable securities	1,516	2,000
Total current assets	33,177	43,855
 <b>Property and equipment</b>		
Electronic data processing equipment	4,104	8,604
Accumulated depreciation	(3,745)	(7,602)
Net property and equipment	359	1,002
 <b>Other assets</b>		
Due from affiliate	281	281
Total assets	\$ 33,817	\$ 45,138
 <b><u>Liabilities and Member's Equity</u></b>		
 <b>Current liabilities</b>		
Accounts payable	\$ 12,826	\$ 25,377
Accrued liabilities	11,750	4,500
Total current liabilities	24,576	29,877
 <b>Member's equity</b>		
Total liabilities and member's equity	\$ 33,817	\$ 45,138

**See report of independent auditor and notes to financial statements.**

**GDC Securities, LLC**  
**Statements of Income and Changes in Member's Equity**  
**For the Years Ended December 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>Commissions and fees revenue</b>	\$ 19,391	\$ 47,693
<b>Operating expenses</b>		
Accounting and audit fees	16,520	17,660
Bank charges	11	-
Business entity tax	500	250
Commissions	8,750	9,606
Depreciation	643	822
Regulatory fees	3,477	2,818
Total operating expenses	29,901	31,156
Income (loss) from operations	(10,510)	16,537
<b>Other income</b>		
Dividends	310	-
Unrealized loss	(794)	-
Total other income	(484)	-
Net income (loss)	(10,994)	16,537
<b>Beginning member's equity</b>	15,261	12,724
Member contributions	14,474	13,000
Member distributions	(9,500)	(27,000)
<b>Ending member's equity</b>	\$ 9,241	\$ 15,261

See report of independent auditor and notes to financial statements.

**GDC Securities, LLC**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (10,994)	\$ 16,537
Adjustments to reconcile change in net income (loss) to cash provided from (used by) operating activities:		
Depreciation	643	822
Unrealized loss on trading securities	794	-
(Increase) decrease in commissions receivable	(8,584)	4,208
Decrease in prepaid assets	30	-
Increase (decrease) in accounts payable	(12,551)	8,730
Increase in accrued liabilities	7,250	4,500
Total adjustments	(12,418)	18,260
Net cash provided from (used by) operating activities	(23,412)	34,797
 <b>Cash flows from investing activities:</b>		
Investment in marketable securities	(310)	-
Net cash provided used by investing activities	(310)	-
 <b>Cash flows from financing activities:</b>		
Member contributions	14,474	13,000
Member distributions	(9,500)	(27,000)
Net cash provided from (used by) financing activities	4,974	(14,000)
 <b>Net increase (decrease) in cash and cash equivalents</b>	<b>(18,748)</b>	<b>20,797</b>
 <b>Beginning cash and cash equivalents</b>	<b>39,385</b>	<b>18,588</b>
 <b>Ending cash and cash equivalents</b>	<b>\$ 20,637</b>	<b>\$ 39,385</b>

See report of independent auditor and notes to financial statements.

**GDC Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**  
**(See Report of Independent Auditor)**

**NOTE 1 – ORGANIZATION AND NATURE OF BUSINESS**

GDC Securities, LLC (the “Company”) is a registered broker-dealer with the Securities and Exchange Commission (SEC) and a member of the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is a Connecticut limited liability company and provides investment products to individuals and closely held businesses. The Company is exempt from Rule 15c3-3 of the SEC under paragraph (k)(2)(i) of that rule.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting** - The Company maintains its books and records on the accrual basis of accounting for financial reporting purposes, which is in accordance with U.S. generally accepted accounting principles and is required by the SEC and FINRA.

**Cash and equivalents** – For the purposes of the statement of cash flows, the Company considers cash in banks and all highly liquid debt instruments with maturity of three months or less to be cash equivalents. The Company may maintain its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to the estimated amounts are recognized in the year in which such adjustments are determined.

**Accounts and commissions receivable** - Accounts and commissions receivable are carried at cost. No allowance for uncollectable accounts is required at December 31, 2011 as management does not believe it is exposed to any risk of loss based upon its historical experience.

**Marketable securities** - The Company maintains a position in People’s United Bank, Inc. common stock. The investment is accounted for as a “trading” security and is recorded at market value. Realized and unrealized gains and losses are reported in earnings. Dividends have been reinvested in additional shares of the security. Cost is \$2,310.

**Property and equipment** - Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Asset lives are five years.

**Advertising** – The Company’s policy is to expense advertising as incurred.

**Income taxes** – The Company is a limited liability company treated as a disregarded entity. Accordingly, in lieu of Federal and state income taxes, the member is taxed on their proportionate share of the Company’s taxable income. Therefore, no provision or liability for Federal or state taxes has been included in these financial statements. Management does not believe it has any uncertain tax positions.

**GDC Securities, LLC**  
**Notes to Financial Statements**  
**December 31, 2011**  
**(See Report of Independent Auditor)**

**NOTE 3 – NET CAPITAL REQUIREMENT**

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011, the Company had net capital of \$6,777, which was \$1,777 in excess of its required net capital of \$5,000. The Company's ratio of indebtedness to net capital was 3.63 to 1.

**NOTE 4 – SUBSEQUENT EVENTS**

In accordance with FASB Accounting Standards Codification 855, Subsequent Events, the Company has evaluated subsequent events to the statement of financial position date of December 31, 2011 through February 25, 2012, which is the date the financial statements were issued. Management has determined that there are no subsequent events that require disclosure.

**GDC Securities, LLC**  
**Computation of Net Capital Under Rule 15c3-1 of the**  
**Securities and Exchange Commission**  
**As of December 31, 2011**  
**Schedule I**

**Net Capital**

Total member's equity	\$	9,241
Deduct member's equity not allowable for net capital		-
Total member's equity qualified for net capital		9,241
 Additions/other credits:		 -
Total member's equity and allowable subordinated liabilities		9,241
 Deductions/other charges:		
Prepaid assets		(1,597)
Net property and equipment		(359)
Due from affiliate		(281)
Total deductions/other charges		(2,237)
Tentative net capital		7,004
Haircut on trading securities		(227)
Net capital	\$	6,777

**Aggregate indebtedness**

Accounts payable and accrued expenses	\$	24,576
Total aggregate indebtedness	\$	24,576

**Computation of basic net capital requirement**

Minimum net capital required	\$	5,000
Excess net capital	\$	1,777
Ratio: Aggregate indebtedness to net capital		362.64%

**See report of independent auditor.**

**Alderman & Company Capital, LLC**  
**Reconciliation of Net Capital from Quarterly Focus - Rule 17a-5(d)(4) of the**  
**Securities and Exchange Commission to Annual Audited Financial Statements**  
**As of December 31, 2011**  
**Schedule II**

<b><u>Net Capital as reported on 4th Quarter Focus</u></b>	\$	5,488
<b><u>Adjustments from 4th Quarter Focus to Annual Audit</u></b>		
Reclassification of trading security to allowable asset, net of haircut		1,289
Total adjustments		<u>1,289</u>
<b><u>Revised Net Capital as reported in the Annual Audit</u></b>	<b>\$</b>	<b><u>6,777</u></b>

See report of independent auditor.



1499 Post Rd, Suite 1040  
Fairfield, Connecticut 06824  
Tel.: (203)259-CPAS (2727)  
Fax: (203) 256-CPAS (2727)  
Toll Free: 1-888-MJKCPAS (655-2727)  
www.mjkcpas.com

Michael J. Knight, CPA, CVA, CFE, ABV  
John M. Rolleri, CPA, CFE  
Ryan C. Sheppard, CPA, CFF

To the Member of  
GDC Securities, LLC

In planning and performing our audit of the financial statements of GDC Securities, 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 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 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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, 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.

*Michael J. Knight & Co.*

Michael J. Knight & Company, CPAs  
February 24, 2012