

MA

SEC  
Mail Processing  
Region  
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



12014551

MAR 05 2012  
Washington, DC  
125  
ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

SEC FILE NUMBER  
8- 41598

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

REPORT FOR THE PERIOD BEGINNING 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
28632 ROADSIDE DR. #215

OFFICIAL USE ONLY  
FIRM I.D. NO.

(No. and Street)

AGOURA HILLS CA 91301  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
STEPHEN STARK, JR. (818) 735-9868  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

R.D. GOURLEY

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

501 S. FIRST AVE., STE C ARCADIA  
(Address) (City)



CHECK ONE:

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

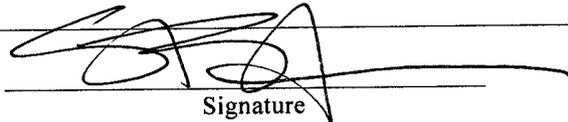
FOR OFFICIAL USE ONLY

\*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)

OATH OR AFFIRMATION

I, STEPHEN T. STARK, JR., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of I.E. INVESTMENTS, INC. dba STARK, SALTER & SMITH, as of DECEMBER 31, 20 11, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

*SEE ATTACHED  
loose  
certificate*



Signature

CHIEF FINANCIAL OFFICER

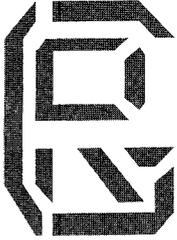
Title

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).



# R. D. Gourley

## Certified Public Accountants

501 S. First Ave. · Arcadia, CA 91006  
Tel: (626) 445-9767 · Fax: (626) 445-2869  
E-mail: [rdgco@rdgourley.com](mailto:rdgco@rdgourley.com)  
WebSite: [rdgourley.com](http://rdgourley.com)

### INDEPENDENT AUDITOR'S REPORT

Board of Directors

**I. E. INVESTMENTS, INC.**

dba STARK, SALTER & SMITH

We have audited the accompanying statement of financial condition of I. E. INVESTMENTS, INC., dba STARK, SALTER & SMITH, as of December 31, 2011, and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that 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 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 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 I. E. INVESTMENTS, INC., dba STARK, SALTER AND SMITH, 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 basic financial statements taken as a whole. The information contained in Schedule I, II, III, IV and V is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



R. D. Gourley  
Arcadia, CA

February 22, 2012

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

ASSETS

Current Assets

Cash and Cash Equivalents (Notes 1 & 4)	\$	347,824
Receivable Unsettled Trades (Note 1 & 2)		11,769
Prepaid Expenses		13,044
Prepaid Taxes		600

---

Total Current Assets 373,237

Investments

Marketable Securities (Note 5)		7,353
--------------------------------	--	-------

Furniture and Equipment, at Cost,		73,857
Accumulated Depreciation (Note 1)		(73,857)

---

Furniture and Equipment (Net)

Other Assets

Deposits		5,583
----------	--	-------

---

Total Other Assets 5,583

---

Total Assets \$ 386,173

---

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts Payable	\$	47,546
Advances from Officers		106,117
Clearing Payable		10,808
Federal Tax Payable		5,485
CA Franchise Tax Payable		2,035

---

Total Current Liabilities

171,991

---

Total Liabilities

\$ 171,991

---

STOCKHOLDERS' EQUITY

Common Stock, \$100 Stated Value		
100,000 Shares Authorized,		
1,000 Shares Issued and		
1,000 Shares Outstanding		100,000

Retained Earnings

114,182

---

Total Stockholders' Equity

\$ 214,182

---

Total Liabilities and  
Stockholders' Equity

\$ 386,173

---

---

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenue	
Commissions	\$ 3,580,228
Operating Expenses	
Officers' Compensation	970,105
Registered Representatives' Compensation	1,339,500
Clerical Compensation	143,303
Occupancy and Equipment	297,087
Clearing	150,539
Travel, Entertainment, Meals	220,579
Communications	61,780
Insurance	124,828
Payroll Tax	113,879
Legal & Accounting	44,496
Office Supplies	46,987
Automobile Leases	36,392
Dues and Subscriptions	9,076
FINRA/SIPC Dues	15,409
Contributions	8,568
401(k) Employer	2,168
Other Expenses	2,151
Total Operating Expenses	<u>3,586,847</u>
Loss from Operations	(6,619)
Interest Income	204
Unrealized Gain	
Marketable Securities (Note 5)	234
Total Other Income	<u>438</u>
Loss Before Income Tax	(6,181)
Provision for Income Tax (Note 6)	14,980
Net Loss	<u>\$ (21,161)</u>
Retained Earnings at	
The Beginning of the Year	<u>135,343</u>
Retained Earnings at	
The End of the Year	<u>\$ 114,182</u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

**I.E. INVESTMENTS, INC.**  
**dba STARK, SALTER & SMITH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Cash flows from operating activities:**

Cash Received from Brokers	\$ 3,580,075
Interest and Dividends Received	204
Cash Paid to Suppliers and Employees	(3,538,445)
Contributions Paid	(8,568)
Income Taxes Paid	(7,920)
	<hr/>
Net cash provided (used) by operating activities	25,346
Net cash provided (used) by investing activities	-0-
Net cash provided (used) by financing activities	-0-
	<hr/>
Net increase (decrease) in cash and equivalents	25,346
Cash and cash equivalents, beginning of year	322,478
	<hr/>
Cash and cash equivalents, end of year	\$ 347,824
	<hr/> <hr/>

**SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT**

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Reconciliation of net income to net cash  
provided by operating activities:

Net Income/(Loss)	\$ (21,161)
-------------------	-------------

---

Adjustments to reconcile net income to net cash  
provided by operating activities:

Unrealized Gain Marketable Securities	(234)
(Increase) decrease in Broker Receivable	(153)
(Increase) decrease in Prepaid Expenses	3,868
Increase (decrease) in Accounts Payable	47,547
Increase (decrease) in Advances from Officers	24,513
Increase (decrease) in Accrued Liabilities	(36,094)
Increase (decrease) in Income Taxes Payable	7,060

---

Total adjustments	46,507
-------------------	--------

---

Net cash provided (used) by operating activities	\$ 25,346
--	-----------

---

---

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

STATEMENT OF CHANGE IN STOCKHOLDERS' EQUITY  
DECEMBER 31, 2011

Paid in Capital		
Common Stock		\$ 100,000
Retained Earnings At Beginning of the Year	\$ 135,343	
Less:		
Net Loss	(21,161)	
		<hr/>
Retained Earnings at End of Year		114,182
		<hr/>
Total Stockholders' Equity		\$ 214,182
		<hr/> <hr/>
Net (Loss) per Common Share		\$ 21.16
		<hr/> <hr/>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

**I. E. INVESTMENTS, INC.**  
**dba STARK, SALTER & SMITH**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

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

The Company, located in Agoura, California, is a **brokers' broker** registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). The Company acts as an agent for principals in the buying and selling of municipal bonds.

**Revenue Recognition** - The Company has changed its method of revenue recognition from settlement date to trade date basis as of December 31, 2009. Through their clearing agent, Southwest Securities, Inc., a subsidiary of SWS Group, Inc., the municipal security transactions clear under the trade for trade method as required by the Municipal Securities Rulemaking Board (MSRB) which prohibits partial settlements. This change was made to comply with the Municipal Securities Rulemaking Board. (Refer to Note 2).

**Property, Plant, and Equipment** -Expenditures for equipment and furniture and for renewals and betterments which extend the originally estimated economic life of assets are capitalized. Depreciation is provided on a straight-line basis using estimated lives of five to ten years. Depreciation for federal income tax purposes is provided using the modified accelerated depreciation system.

**Income Taxes** -The Company is a C Corporation for federal income and state of California franchise tax purposes. The amount of **current and deferred taxes** payable or refundable is recognized as of the date of the financial statements, utilizing the currently enacted tax laws and rates. The Company uses the asset and liability method as identified in Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes.

**Cash and Cash Equivalents**- The Company has defined cash equivalents as highly liquid investments, with original maturity of less than six months that are not held for sale in the ordinary course of business.

**Use of 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 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.

**I. E. INVESTMENTS, INC.**  
**dba STARK, SALTER & SMITH**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**December 31, 2011**

**NOTE 2 – BROKER RECEIVABLES AND PAYABLES**

The Company recognizes revenue at trade date. This complies with the Municipal Securities Rulemaking Board. In accordance with FASB ASC 940-20-45-3, the company recorded the net Receivable for Unsettled Trades in the amount of \$11,769 for the Normal Way trades of December 28<sup>th</sup>, December 29<sup>th</sup>, and December 30<sup>th</sup>.

**NOTE 3 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's (SEC) Uniform Net Capital Rule pursuant to Rule 15c3-1(a) (2): wherein the Company is not to permit its aggregate indebtedness to all other persons to exceed eight hundred (800) percent of its net capital and shall maintain a minimum net capital requirement of not less than \$150,000. Also in accordance with SEC Rule 17a-11, the firm must maintain one hundred twenty (120) percent of its minimum net capital. Net capital at December 31, 2011 was \$192,766. This exceeded minimum net capital requirements by \$42,766.

**NOTE 4 – CASH AND CASH EQUIVALENTS**

The total of cash and cash equivalents at December 31, 2011 is \$347,824. A \$217,000 US Treasury bill valued at \$216,949.85 matures May 31, 2012.

**NOTE 5 – INVESTMENTS**

The Company holds three hundred shares of the National Association of Security Dealers available for sale, recorded at fair market value. A haircut of fifteen percent has been taken for the computation of minimum net capital. An unrealized gain in the amount of \$234 has been recognized in the statement of income and retained earnings for the year ended December 31, 2011.

**NOTE 6 – INCOME TAXES**

The total provision for income taxes in the amount of \$7,520 is comprised of \$5,485 current federal income tax, and \$2,035 state income tax. There were no material differences requiring a provision for deferred taxes during the year.

**I. E. INVESTMENTS, INC.**  
**dba STARK, SALTER & SMITH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2011**

**NOTE 7 – COMMITMENTS**

The Company is obligated under the terms of three non-cancellable operating leases. The monthly lease payments are \$1,153.89, \$597.83, and \$1,165.20 with termination dates of June 2013, August 2014, and April 2012, respectively. The Company is obligated under a sixty-month lease agreement dated September 1, 2008 for its office space in Agoura Hills, CA and a thirty-nine month lease agreement dated November 1, 2009 for its office space in Secaucus, NJ. The total of these commitments over the remaining non-cancellable terms is \$228,499.90 presented as follows:

2012	\$ 146,966.41
2013	\$ 76,750.86
2014	\$ 4,782.64
2015	\$ -0-
2016	\$ -0-

**NOTE 8 – EMPLOYEE SAVINGS PLAN**

The Company adopted a 401(k) employee savings plan effective January 1, 1999. The Company amended this plan effective January 1, 2003. The plan now contains provision for Company profit sharing contributions. The Company did not make any matching contributions nor any profit sharing contributions during the plan year ended December 31, 2011.

**NOTE 9 – RISKS AND UNCERTAINTIES**

The Company's future operating results may be affected by a number of factors. The Company's operations are in part dependent on "mission critical systems" that ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions. In the event of a significant disruption of electronic data exchange with customers and the Company's clearing firm, operations could be adversely affected.

**I. E. INVESTMENTS, INC.**  
**DbA STARK, SALTER & SMITH**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**December 31, 2011**

**NOTE 10 – FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used to estimate the fair value of financial instruments:

**Cash and Cash Equivalents** – The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

**Receivables, Advances Payable and Accrued Expenses** – The carrying amount of receivable for unsettled trades, advances from officers, and accrued expenses in the balance sheet approximates fair value.

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
SCHEDULE I

UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2011

**Capital**

Total Stockholders' Equity	\$ 214,182	
<b>Add:</b>		
<b>Total Capital</b>		\$ 214,182
<b>Less:</b>		
Non-Allowable Assets	19,227	
		<u>19,227</u>
Net Capital Before Haircuts		194,955
<b>Haircuts on Securities</b>		
Banker's acceptances, certificates		
US Government Obligations	1,085	
Stocks and Warrants	1,103	
		<u>2,188</u>
<b>Total Haircuts</b>		<u>2,188</u>
<b>Net Capital</b>		\$ 192,767
<b>Minimum Dollar Net Capital</b>		<u>150,000</u>
<b>Excess Net Capital</b>		<u><u>\$ 42,767</u></u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
SCHEDULE II  
RECONCILIATION OF COMPANY'S  
COMPUTATION OF NET CAPITAL AND  
AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2011

Total Ownership Equity

Qualified for Net Capital As Reported in Company Part II (Unaudited) FOCUS Report	\$ 192,766
Qualified Net Capital Per Audit Report	(192,767)
	<hr/>
Difference	\$ 1
	<hr/> <hr/>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
SCHEDULE III  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENT PURSUANT TO RULE 15c3-3

DECEMBER 31, 2011

Credits	-0-
Debits	-0-
Total Requirement	-0-
Amount on Deposit in Reserve	-0-
Reserve Requirement Per Unaudited Report	-0-
Difference Unaudited versus Audited Report	-0-

Pursuant to rule 15c3-3, pertaining to k(2)(ii), Stark, Salter, & Smith is exempted from "Computation For Determination of Reserve Requirement" and "Possession and Control Requirements."

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
SCHEDULE IV  
INFORMATION RELATING TO THE POSSESSION AND CONTROL  
REQUIREMENTS UNDER RULE 15c3-3

DECEMBER 31, 2011

NUMBER  
OF ITEMS      AMOUNT

Customer's fully paid securities and excess margin securities not in the firm's possession or control (for which instructions to reduce to possession or control had been issued as of December 31, 2010 but for which for required action was not taken by the firm within the time frame specified under Rule 15c3-3)	-0-	-0-
---	-----	-----

Customer's fully paid securities and excess margin securities for which instructions to reduce possession or control had not been issued as of December 31, 2010, excluding items arising from "temporary lags, which result from normal business operations" as permitted under Rule 15c3-3	-0-	-0-
--	-----	-----

Pursuant to rule 15c3-3, pertaining to k(2)(ii), Stark, Salter & Smith is exempted from "Computation for Determination of Reserve Requirement" and "Possession and Control Requirements."

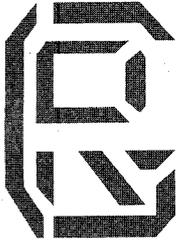
SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH  
SCHEDULE V

STATEMENT OF CHANGES IN LIABILITIES  
SUBORDINATED TO CLAIMS OF CREDITORS  
DECEMBER 31, 2011

Subordinated Borrowings	-0-
Current Year Borrowings	-0-
	<hr/>
Subordinated Borrowings At the End of the Year	\$ <u><u>-0-</u></u>

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT



# R. D. Gourley

## Certified Public Accountants

501 S. First Ave. · Arcadia, CA 91006  
Tel: (626) 445-9767 · Fax: (626) 445-2869  
E-mail: [rdgco@rdgourley.com](mailto:rdgco@rdgourley.com)  
WebSite: [rdgourley.com](http://rdgourley.com)

BOARD OF DIRECTORS  
I. E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

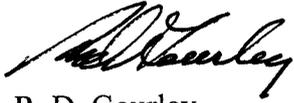
In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Transitional Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by I.E. Investments, Inc. dba Stark, Salter & Smith and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC and other designated examining authority, solely to assist you and the other specified parties in evaluating I.E. Investments, Inc. dba Stark, Salter & Smith's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). I.E. Investments, Inc. dba Stark, Salter & Smith's management is responsible for I.E. Investments, Inc. dba Stark, Salter & Smith's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries, noting no differences.
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting no differences.
3. Noted that no adjustments were reported in Form SIPC-7.
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers.
5. Noted no overpayment was applied to the current assessment on the Form SIPC-7.

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 use by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "R. D. Gourley". The signature is fluid and cursive, with a large initial "R" and "G".

R. D. Gourley

Arcadia, CA  
February 22, 2012

I.E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

SUPPLEMENTAL SIPC REPORT RULE 17a-5(e)(4)  
SCHEDULE OF ASSESSMENT PAYMENTS  
DECEMBER 31, 2011

PAYEE:	DATE	AMOUNT
SIPC	08/01/11	\$4,108.00
SIPC	01/20/12	\$4,467.00
TOTAL 2011 ASSESSMENT REMITTANCES		\$8,575.00

SEE ACCOMPANYING NOTES AND ACCOUNTANTS' REPORT

**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:

041598 FINRA DEC  
STARK SALTER & SMITH 22\*22  
28632 ROADSIDE DR STE 215  
AGOURA CA 91301-6092

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) \$ 8,575
- B. Less payment made with SIPC-6 filed (exclude interest) ( 4,108 )
- August 1, 2011  
    Date Paid ( \_\_\_\_\_ )
- C. Less prior overpayment applied \_\_\_\_\_
- D. Assessment balance due or (overpayment) \_\_\_\_\_
- 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) \$ 4,467
- G. PAID WITH THIS FORM:  
    Check enclosed, payable to SIPC \$ 4,467  
    Total (must be same as F above) \$ ( \_\_\_\_\_ )
- 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.

Stark, Salter & Smith  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
Finop  
(Title)

Dated the 20<sup>th</sup> day of January, 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          Forward Copy         

Calculations          Documentation         

Exceptions:         

Disposition of exceptions:

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

Amounts for the fiscal period  
beginning 1/1, 2011  
and ending 12/31, 2011

Eliminate cents

\$ 3,580,666

Item No.

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

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

150,539

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

(9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income. \$ \_\_\_\_\_

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

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

Total deductions

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

150,539  
\$ 3,430,127  
\$ 8,575  
(to page 1, line 2.A.)



# R. D. Gourley

## Certified Public Accountants

501 S. First Ave. · Arcadia, CA 91006  
Tel: (626) 445-9767 · Fax: (626) 445-2869  
E-mail: [rdgco@rdgourley.com](mailto:rdgco@rdgourley.com)  
WebSite: [rdgourley.com](http://rdgourley.com)

BOARD OF DIRECTORS  
I. E. INVESTMENTS, INC.  
dba STARK, SALTER & SMITH

In planning and performing our audit of the financial statements of I. E. Investments, Inc. dba Stark, Salter & Smith 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:

- I. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
- II. Complying with 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 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. 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 in our study, we believe that the Company's practices and procedures, as described in the second paragraph of the report, were adequate at December 31, 2011 to meet the SEC's objectives.

The 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.



R.D. Gourley

Arcadia, CA  
February 22, 2012

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)  
 See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

\_\_\_\_\_  
Signature of Document Signer No. 1

\_\_\_\_\_  
Signature of Document Signer No. 2 (if any)

State of California

County of Los Angeles

Subscribed and sworn to (or affirmed) before me on this

24th day of February, 2012, by  
Date Month Year

(1) Steven Stark  
Name of Signer

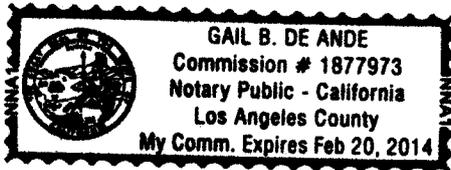
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (.)

(and

(2) \_\_\_\_\_  
Name of Signer

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

Signature Gail B. de arde  
Signature of Notary Public



Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Further Description of Any Attached Document

Title or Type of Document: Annual Audited Report

Document Date: Feb. 22, 2012 Number of Pages: 26

Signer(s) Other Than Named Above: N/A

RIGHT THUMBPRINT  
OF SIGNER #1

Top of thumb here

RIGHT THUMBPRINT  
OF SIGNER #2

Top of thumb here