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

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

OMB APPROVAL  
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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 02/01/2011 AND ENDING 01/31/2012  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: **Gruppo, Levey & Co.**

OFFICIAL USE ONLY

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

FIRM I.D. NO.

**122 East 42nd Street, 46th Floor**

(No. and Street)

**New York**

**New York**

**10168**

(City)

(State)

(Zip Code)

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

**Claire Gruppo**

**(212) 697-5753**

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

**Davie Kaplan, CPA, P.C.**

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

**1000 First Federal Plaza**

**Rochester**

**New York**

**14614**

(Address)

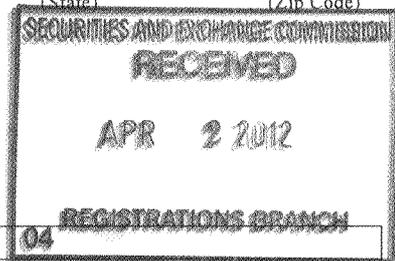
(City)

(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)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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415

OATH OR AFFIRMATION

I, Claire Gruppo, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gruppo, Levey & Co., as of January 31, 2012, 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:

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

  
Signature

President

Title

  
Notary Public

NICOLE CICCARELLI  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01C16131916  
Qualified in Kings County  
My Commission Expires November 27, 2013

This report \*\* contains (check all applicable boxes):

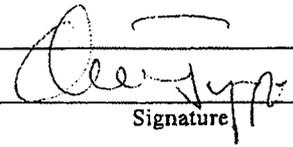
- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims 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).

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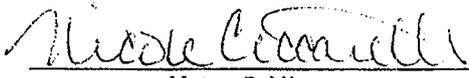
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Signature

President

Title

  
Notary Public

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**GRUPPO, LEVEY & CO.**

January 31, 2012

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Gruppo, Levey & Co.

We have audited the accompanying statement of financial condition of Gruppo, Levey & Co. as of January 31, 2012 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is 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 statement. 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 statement referred to above presents fairly, in all material respects, the financial position of Gruppo, Levey & Co. as of January 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

*Davie Kaplan, CPA, P.C.*

Rochester, New York  
March 22, 2012

**GRUPPO, LEVEY & CO.**

Statement of Financial Condition  
January 31, 2012

**ASSETS**

Cash and cash equivalents		\$	122,716
Stock warrant			64,249
Accounts receivable	19,923		
Allowance for doubtful accounts receivable	<u>(6,859)</u>		13,064
Prepaid expenses			17,708
Due from affiliates			<u>1,819</u>
		\$	<u>219,556</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

**Liabilities**

Accounts payable and accrued expenses	\$	<u>47,528</u>
---------------------------------------	----	---------------

**Stockholders' equity**

Common stock, par value \$0.01 per share; 3,000 shares authorized, 100 shares issued and outstanding		1
Additional paid-in capital		7,589,395
Retained deficit		<u>(7,417,368)</u>
		<u>172,028</u>
	\$	<u>219,556</u>

The accompanying Notes to Financial Statements  
are an integral part of this statement.

## **GRUPPO, LEVEY & CO.**

Notes to Financial Statement  
January 31, 2012

### **1. Description of Business**

Gruppo, Levey & Co. (the "Company") was incorporated during February, 1999 under the laws of the State of Delaware. The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). The Company provides investment-banking services and specializes in advising companies undertaking mergers, acquisitions, sales, or divestitures.

The Company is dependent on its stockholders and affiliates for financial support.

### **2. Summary of Significant Accounting Policies**

#### 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 the 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.

#### Revenue recognition

The Company records income related to investment banking and advisory activities as earned and incurred, respectively. The Company may receive its fees in the form of securities, which are recorded at fair value on the date they are earned. Unearned revenue represents amounts billed in advance of services being performed.

#### Cash and cash equivalents

The Company considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains deposits which may, at times, exceed the federally insured amount.

#### Accounts receivable

The Company uses the reserve for bad debt method of valuing doubtful accounts receivable which is based on historical experience, coupled with a review of the current status of existing receivables.

## GRUPPO, LEVEY & CO.

Notes to Financial Statement  
January 31, 2012

### 2. Summary of Significant Accounting Policies (Continued)

#### Fair value

The Company has adopted FASB ASC Topic 820-10, *Fair Value Measurements and Disclosures*, as it applies to financial assets and liabilities. FASB ASC Topic 820-10 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable<sup>3</sup> or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. The fair value hierarchy consists of the following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets in markets that are not active, inputs other than quoted prices that are observable, and market corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

#### Income taxes

The Company accounts for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, under which income taxes are provided for the tax effects of transactions, reported in the financial statements. They consist of taxes currently due plus deferred taxes related primarily to temporary differences in accounts receivable for financial and income tax reporting. Deferred income tax assets and liabilities are computed annually for those differences that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Deferred tax benefits are also recognized for operating losses that are available to offset future taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company evaluates income tax positions for uncertainty to determine any tax positions that may not be fully sustained upon examination by taxing authorities, despite the belief that the underlying tax positions are fully supportable. Tax positions are reviewed on an ongoing basis and are analyzed in light of changing facts and circumstances, including progress of tax audits, developments in case law, and closing of statute of limitations. Management has determined that the Company has no uncertain tax positions.

#### Subsequent events

The Company evaluated events occurring between the end of the most recent fiscal year and March 22, 2012, the date the financial statement was available to be issued.

**GRUPPO, LEVEY & CO.**

Notes to Financial Statement  
January 31, 2012

**3. Stock Warrant**

At January 31, 2012, the Company had outstanding warrants to purchase 10,000 shares of a nonpublic company at a price of \$16.67 per share. The warrants are exercisable at any time during the four-year period expiring November, 2015. The fair value of the warrants amounted to \$64,249 at January 31, 2012.

**4. Fair Value Measurements**

The Company's assets and liabilities measured at fair value on a recurring basis as of January 31, 2012 consist of:

	.....January 31, 2012.....		
	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Stock warrants	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$64,249</u>

**5. Concentrations**

Revenue from three clients accounted for 69% of revenue during the year ended January 31, 2012. Management considers the Company to be an "M&A Advisory Firm" focused on a select market; therefore, the Company has a limited number of engagements in any year.

**6. Related Party Transactions**

The Company advances and receives amounts from entities affiliated through common ownership in the normal course of business. No terms have been determined in connection with repayments of these amounts. These transactions resulted in amounts due from affiliates of \$1,819 and amounts due to affiliates of \$-0- at January 31, 2012.

The Company subleases office space from a stockholder on a month-to-month basis. Total rent expense amounted to \$16,500 for the year ended January 31, 2012.

**7. Income Taxes**

The Company's results of operations are included in consolidated federal income tax returns filed by the majority stockholder. It is the majority stockholder's policy to allocate a provision for taxes to the Company based on the tax that would have been determined if the Company had filed a separate tax return. Benefits to the extent available in the consolidated group are credited to the Company.



**GRUPPO, LEVEY & CO.**

Notes to Financial Statement  
January 31, 2012

**11. Subsequent Event**

On February 10, 2012, the Company entered into an agreement with Source Capital Group, Inc. (Source), an unrelated party. Under the agreement, Source is to provide services that can only be performed by a person who is properly licensed as a broker-dealer (broker-dealer services) on behalf of the Company. The agreement designates certain employees of the Company to perform these broker-dealer services as representatives of Source. There shall be engagement contracts between the Company, Source and the client for each arrangement that will call for broker-dealer services. Source will collect all payments for these services and upon request from the Company, including proper documentation, Source shall compensate the representatives for services performed. This agreement may be terminated by either party at anytime with a written notice 90 days prior to termination.

**GRUPPO, LEVEY & CO.**

STATEMENT OF FINANCIAL CONDITION  
AS OF  
JANUARY 31, 2012  
AND  
INDEPENDENT AUDITORS' REPORT