

**SEC**  
Mail Processing  
Section

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

**OMB APPROVAL**  
OMB Number 3235-0123  
Expires April 30, 2013  
Estimated average burden

FEB 29 2012

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

Hours per response 12.00

**SEC FILE NUMBER**  
8 - 66448

Washington, DC  
121

**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

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

**OFFICIAL USE ONLY**

R C G, LLC

**FIRM ID. NO.**

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

885 THIRD AVENUE - 25<sup>TH</sup> FLOOR

NEW YORK,

NEW YORK

10022

(City)

(State)

(Zip Code)

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

JAMES G. TURINO, President

(212) -508 - 7110

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

**LERNER & SIPKIN, CPAs, LLP**

132 Nassau Street, Suite 1023

New York

NY

10038

X Certified Public Accountant

**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).

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays number. SEC 1410 (06-02)



12014708

*KW*  
*\*2/27*

OATH OR AFFIRMATION

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

NONE

\_\_\_\_\_

\_\_\_\_\_

X  Signature  
President Title

X   
Notary Public

VIJAY SEEMANGAL  
Notary Public, State of New York  
Qualified in Queens County  
Reg. No. 01SE6165227  
My Commission Expires 06-07-2015  
11/19/2012 05/07/2015

- This report\*\* contains (check all applicable boxes):
- (x) (a) Facing page.
  - (x) (b) Statement of Financial Condition.
  - (x) (c) Statement of Operations.
  - (x) (d) Statement of Cash Flows.
  - (x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
  - (x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
  - (x) (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.
  - (x) (l) An Oath or Affirmation.
  - (x) (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.
  - (x) (o) Independent Auditors' Report on Internal Accounting Control.

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

**RCG, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2011**

**ASSETS**

Cash and cash equivalents	\$ 109,935
Accounts receivable	216,155
Due from Parent	<u>1,444,376</u>
Total assets	<u>\$1,770,466</u>

**LIABILITIES AND MEMBER'S CAPITAL**

**Liabilities:**

Accounts payable and accrued expenses	\$ 17,672
Total liabilities	<u>17,672</u>

**Commitments and Contingencies (Note 3)**

**Capital (Note 4)** 1,752,794

Total liabilities and capital \$1,770,466

*The accompanying notes are an integral part of this statement.*

**RCG, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**Note 1- Nature of Business**

RCG, LLC (The "Company"), a Limited Liability Company, a wholly owned subsidiary of Redwood Capital Group, LLC (the "Parent") is a broker/dealer registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA"). The Company provides strategic advisory services to technology, communications and media companies. Its primary services are private placement offerings and mergers and acquisitions.

The Company operates under the provisions of Paragraph (k)(2)(i) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(i) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

**Note 2- Summary of Significant Accounting Policies**

*a) Revenue Recognition*

Revenues and expenses related to advisory fee income are recorded as earned and incurred, respectively. Some contracts require retainer fees which are non-refundable and which cover most of the services that the Company already has performed or will perform in the immediate future. These fees are recognized when billed.

*b) Cash and Cash Equivalents*

The Company considers money market funds to be cash. The Company maintains cash in bank accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents. For money market funds, no insurance is provided.

*c) Income Taxes*

Income taxes are not payable by, or provided for, the Company, since the Company is a Single Member Limited Liability Company. The accompanying financial statements have been adjusted to provide for unincorporated business tax based upon Company income, if applicable.

*d) Use of Estimates*

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

**RCG, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**Note 2- Summary of Significant Accounting Policies (continued)**

*e) Subsequent Events*

The Company has evaluated events and transactions that occurred between December 31, 2011 and February 7, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**Note 3- Related Party**

The Company shares employee, office space, administrative and occupancy expenses with the Parent. The Company recognizes its shares of expenses by a formula determined by the Parent. For the year ended December 31, 2011, the Company paid \$2,352,355 to the Parent for such expenses.

**Note 4- Net Capital Requirement**

The Company is subject to the Securities and Exchange Commission's Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2011, the Company's net capital of \$92,263 was \$87,263 in excess of its required net capital of \$5,000. The Company's net capital ratio was 19.15%.



**LERNER & SIPKIN**  
CERTIFIED PUBLIC ACCOUNTANTS LLP

132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074

Jay Lerner, C.P.A.  
jlerner@lernerpsipkin.com

Joseph G. Sipkin, C.P.A.  
jsipkin@lernerpsipkin.com

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
RCG, LLC  
885 Third Avenue, 25th floor  
New York, N.Y. 10022

We have audited the accompanying statement of financial condition of RCG, LLC, as of December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of RCG, LLC, as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

  
Lerner & Sipkin, CPAs, LLP  
Certified Public Accountants (NY)

New York, NY  
February 7, 2012