



12060090

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
MAY 01 2012
REGISTRATIONS BRANCH
11

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

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER
8-51430

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 1/1/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Klein Group LLC.

OFFICIAL USE ONLY

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

FIRM I.D. NO.

590 Madison Ave. 29th Floor

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Marcum LLP

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

10 Melville Park Road

Melville

NY

11747

(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.

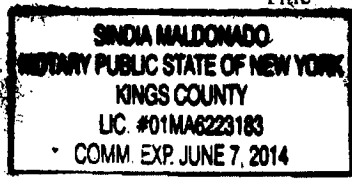
ky
5/1/12

OATH OR AFFIRMATION

I, George R. Schinkel, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Klein Group LLC, as of 12/31, 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:

George R. Schinkel
Signature
CFO
Title

Sindia Maldonado
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).



THE KLEIN GROUP, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011

THE KLEIN GROUP, LLC

CONTENTS

Independent Auditors' Report..... 1

Financial Statement

 Statement of Financial Condition as of December 31, 2011 2

Notes to Financial Statement3-6

INDEPENDENT AUDITORS' REPORT

To the Member of
The Klein Group, LLC

We have audited the accompanying statement of financial condition of The Klein Group, LLC (the "Company") as of December 31, 2011 that is filed 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 also 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 evaluation of 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 present fairly, in all material respects, the financial position of The Klein Group, LLC as of December 31, 2011 are in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

Melville, NY
February 27, 2012

THE KLEIN GROUP, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

Assets

Cash	\$ 2,735,960
Accounts receivable	1,770,000
Prepaid expenses	<u>100,198</u>

Total Assets \$ 4,606,158

Liabilities and Member's Equity

Deferred revenue	\$ 233,333
Accrued expenses and other liabilities	<u>154,305</u>

Total Liabilities \$ 387,638

Member's Equity 4,218,520

Total Liabilities and Member's Equity \$ 4,606,158

The accompanying notes are an integral part of these financial statements.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 1 - ORGANIZATION

The Klein Group, LLC (the "Company") was formed in September 1998 under the laws of the State of Florida as Capitalink L.L.C. On April 20, 2010, in connection with a Membership Interest Purchase Agreement, M. Klein and Company, LLC ("M. Klein LLC") purchased 100% of the Company's interest. The Company changed its name to The Klein Group, LLC on April 29, 2010. The Company's registration as broker-dealer with the Securities and Exchange Commission ("SEC") became effective on March 11, 1999 (effective registration as a broker-dealer). The Company is also a member of the Financial Industry Regulatory Authority ("FINRA"). The Company's business consists of providing advisory services to its clients.

As provided for in the Company's limited liability agreement (the "LLC Agreement"), the Company will continue indefinitely unless terminated sooner pursuant to certain events as defined in the LLC Agreement.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

SUBSEQUENT EVENTS

Management has evaluated subsequent events to determine if events or transactions occurring through February 27, 2012, require potential adjustment to or disclosure in the financial statement. Except as disclosed in Note 5, the Company concluded no other events required disclosure in the financial statements.

CASH AND CASH EQUIVALENTS

The Company considers all short-term investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash with major financial institutions. At times, cash may be uninsured or in deposit accounts that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits.

THE KLEIN GROUP, LLC

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT AND OTHER REGULATION

The Company is subject to regulation by, among others the SEC and FINRA. Such regulation includes, among other things, periodic examination by these regulatory bodies to determine whether the Company is conducting and reporting its operations in accordance with the applicable requirements of these organizations.

INCOME TAXES

The Company is treated as a disregarded entity for income and unincorporated business tax purposes as it files consolidated tax returns with its sole member M. Klein LLC. M. Klein LLC is treated as a partnership for income tax purposes and accordingly, is not subject to federal and state income taxes in any jurisdiction. Each member of M. Klein LLC is responsible for the tax liability, if any, related to its proportionate share of the Company's taxable income. The Company is subject to New York City Unincorporated Business Tax ("UBT"). During the year ended December 31, 2011, all UBT's were paid by M. Klein LLC on behalf of the Company. The Company's representation share of UBT has been recorded in the accompanying financial statements as income tax expense and a capital contribution. The Company has concluded that it is a pass-through entity and there are no uncertain tax positions that would require recognition in the financial statements. If the Company was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Company's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof, as well as other factors. Generally, Federal, State and Local authorities may examine the Company's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2011. The tax years subject to examination are 2007 to 2011.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects management's best estimates of probable losses inherent in the account receivable balance. Management determines the allowance based on known troubled accounts, historical experience, and other currently available evidence. At December 31, 2011, an allowance for doubtful accounts is not provided since in the opinion of management, all accounts are deemed collectible.

THE KLEIN GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONCENTRATION

At December 31, 2011, one customer accounted for 100% of the Company's account receivables.

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.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company shares office, administrative, and occupancy expenses with M. Klein Associates, LLC ("Klein Associates") an entity under common indirect ownership. The Company shares resources with Klein Associates and recognizes its share of such expenses as defined in an expense sharing agreement (the "Intercompany Agreement") between the Company and Klein Associates. In accordance with the Intercompany Agreement, on the last business day of each month, Klein Associates will reimburse the Company for 50% of actual payroll costs, including additional tax charges, insurance benefits and rent and other occupancy costs. This agreement was suspended as of March 1, 2011. During the year ended December 31, 2011, the Company paid approximately \$71,000 related to the Intercompany Agreement and was reimbursed approximately \$35,500 by Klein Associates. Klein Associates also reimbursed the Company \$87,500 for professional liability insurance policy.

NOTE 4 - NET CAPITAL REQUIREMENTS

The Company is subject to the SEC Uniform Net Capital 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, to not exceed 15 to 1. At December 31, 2011, the Company had net capital of \$ 2,348,322, which was \$2,322,479 in excess of its required net capital of \$25,843. The Company had aggregate indebtedness of \$387,638 at December 31, 2011.

THE KLEIN GROUP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 5 - SUBSEQUENT EVENTS

On January 31, 2012, the Company made a distribution of \$2,300,000 to M. Klein LLC, the sole member of the Company.