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

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

<b>OMB APPROVAL</b>
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden
Hours per response...12.00

<b>SEC FILE NUMBER</b>
8-40875

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: L.O. Thomas & Co., Inc.

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

2106 New Road, Suite A - 6

(No. and Street)

Linwood, New Jersey 08221

(City)

(State)

(Zip Code)

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

John W. Risley, Jr.

609-927-4044

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

John Scudato CPA

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

7 Valley View Drive, Califon, New Jersey 07830

(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)*

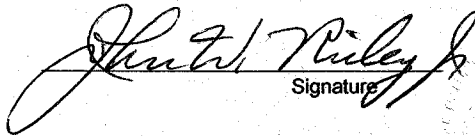
SEC 1410 (06-02)

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OATH OR AFFIRMATION

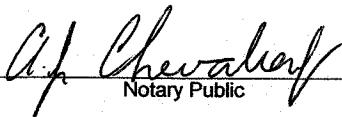
I, John W. Risley, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of L.O. Thomas & Co. Inc., as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

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

  
Signature

President

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.
- (1) 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).*

**John Scrudato CPA**  
7 Valley View Drive  
Califon, New Jersey  
908-534-0008

INDEPENDENT AUDITOR'S REPORT

To the Stockholder of L.O. Thomas & Co., Inc.,

We have audited the accompanying statements of financial condition of L.O. Thomas & Co., Inc.(the Company) as of December 31, 2011 and 2010 and the related statements of income and changes in stockholder's equity and cash flows for the years 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 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 L.O. Thomas & Co., Inc. 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 basic financial statements taken as a whole. The information contained in Schedules I, II and III 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 audits 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.

*John Scrudato CPA*

Califon, New Jersey  
February 21, 2012

**L. O. Thomas & Co., Inc.**  
**Statements of Financial Condition**

ASSETS	December 31, 2011 <u>(Audited)</u>	December 31, 2010 <u>(Audited)</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$5,158	\$13,170
Commissions receivable	69,242	45,916
Prepaid Expenses	8,648	9,392
<b>Total Current Assets</b>	<u>83,048</u>	<u>68,478</u>
 <b>FIXED ASSETS, net</b>	 913	 1,309
 <b>TOTAL ASSETS</b>	 <u><u>\$83,961</u></u>	 <u><u>\$69,787</u></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and accrued expenses	\$12,837	\$14,476
Commissions Payable	54,724	38,401
<b>Total Current Liabilities</b>	<u>67,561</u>	<u>52,877</u>
 <b>LONG-TERM LIABILITIES</b>	 0	 0
 <b>TOTAL LIABILITIES</b>	 <u>67,561</u>	 <u>52,877</u>
 <b>STOCKHOLDER'S EQUITY</b>		
Common Stock, no par value 1,000 shares authorized		
100 issued and outstanding December 31, 2011 and 2010	30,000	30,000
Additional paid-in-capital	5,900	5,900
Accumulated Deficit	(19,500)	(18,990)
<b>Total Stockholder's Equity</b>	<u>16,400</u>	<u>16,910</u>
 <b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	 <u><u>\$83,961</u></u>	 <u><u>\$69,787</u></u>

"See accompanying notes to financial statements."

**L. O. Thomas & Co., Inc.**  
**Statements of Operations**

	For the Years Ended	
	December 31, 2011 <u>(Audited)</u>	December 31, 2010 <u>(Audited)</u>
<b>REVENUES</b>		
Commissions	\$998,211	\$1,009,390
<b>EXPENSES</b>		
Commissions and clearing charges	735,001	751,145
Depreciation	396	660
Legal and Professional	7,900	16,327
Rent	21,600	21,600
Salaries, wages and benefits	37,415	46,433
Travel and Entertainment	5,330	8,274
General and Administrative	82,129	70,980
<b>TOTAL OPERATING EXPENSES</b>	<u>889,771</u>	<u>915,419</u>
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS</b>	108,440	93,971
<b>OTHER INCOME (EXPENSE):</b>		
Interest Income	14	21
Interest Expense	0	0
<b>NET OTHER INCOME (EXPENSE)</b>	14	21
<b>NET INCOME (LOSS)</b>	<u>\$108,454</u>	<u>\$93,992</u>

"See accompanying notes to financial statements."

**L. O. Thomas & Co., Inc.**

**Statements of Cash Flows**

	For the Years Ended	
	December 31,	December 31,
	2011	2010
	<u>(Audited)</u>	<u>(Audited)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$108,454	\$93,992
<b>Adjustments to reconcile net income (loss):</b>		
Depreciation	396	660
<b>Changes in assets and liabilities:</b>		
(Increase)decrease in commissions receivable	(23,326)	11,478
(Increase)decrease in commissions payable	16,323	24,065
(Increase)decrease in prepaid expenses	744	2,258
Increase(decrease) in accounts payable and accrued	(1,639)	(40,615)
<b>Total cash flows from operating activities</b>	<u>100,952</u>	<u>91,838</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	0	0
<b>Total cash flows from investing activities</b>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Stockholder Distributions	(108,964)	(105,479)
<b>Total cash flows from financing activities</b>	<u>(108,964)</u>	<u>(105,479)</u>
<b>Increase in cash and equivalents</b>	(8,012)	(13,641)
<b>Cash and cash equivalents at beginning of year</b>	13,170	26,811
<b>Cash and cash equivalents at end of year</b>	<u>\$5,158</u>	<u>\$13,170</u>

"See accompanying notes to financial statements."

**L. O. Thomas & Co., Inc.**

**Statements of Cash Flows (Continued)**

	For the Years Ended	
	December 31,	December 31,
	2011	2010
	(Audited)	(Audited)
<b>CASH PAID DURING THE YEAR FOR:</b>		
Interest Expense	\$0	\$0
Income taxes	\$0	\$0
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Common stock issued for services	\$0	\$0

"See accompanying notes to financial statements."

**L. O. Thomas & Co., Inc.**  
**Statements of Stockholder's Equity**  
**For the years ended December 31, 2011 and 2010**  
**(Audited)**

		Common Stock		Additional Paid in Capital	Accumulated Deficit	Totals
		Shares	Amount			
<b>Balance</b>	<b>31-Dec-09</b>	100	\$30,000	\$5,900	(\$7,503)	\$28,397
Distributions		0	0	0	(105,479)	(105,479)
Net Income for the year ended December 30, 2010		0	0	0	93,992	93,992
<b>Balance</b>	<b>31-Dec-10</b>	100	\$30,000	\$5,900	(\$18,990)	\$16,910
Distributions		0	0	0	(108,964)	(108,964)
Net Income for the year ended December 30, 2011		0	0	0	108,454	108,454
<b>Balance</b>	<b>31-Dec-11</b>	100	\$30,000	\$5,900	(\$19,500)	\$16,400

"See accompanying notes to financial statements."



**L.O. Thomas & Co., Inc.**  
**Notes to Financial Statements**  
**As of December 31, 2011 and 2010**

**1. Organization and Summary of Significant Accounting Policies**

**a. *Organization***

L.O. Thomas & Co. Inc. (the Company) is an introducing broker dealer registered with the Securities and Exchange Commission (SEC) , and Financial Industry Regulatory Authority (FINRA). The transactions are conducted on a fully disclosed basis with other broker-dealers. The Company operates under the exemptive provisions of Securities and Exchange Commission (SEC) Rule 15c3-3(k)(2)(ii).

The Company is registered and conducts business from their office located in Linwood, New Jersey, and they are registered in several other states. The Company's primary source of revenue is providing brokerage services to customers, who are predominately small and middle-market businesses and individuals.

**b. *Basis of Accounting***

The financial statements are prepared on the accrual method of accounting, in accordance with generally accepted accounting principles, whereby revenues are recognized when earned and expenses are recognized when incurred.

**c. *Commissions***

The commission based revenue is recorded on a settlement date basis. Securities transactions, underlying the commissions, are also recorded on a settlement date basis.

**d. *Property, Computers, Equipment and Leasehold Improvements***

Property and equipment are stated at cost and are depreciated over their estimated useful lives. Depreciation is computed by using the straight-line method for financial reporting purposes and straight-line and accelerated methods for income tax purposes. Maintenance and repairs

**L.O. Trading & Co., Inc.**

**Notes to Financial Statements (continued)**

**December 31, 2011 and 2010**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

are charged to expense as incurred. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The cost and related accumulated depreciation of property and equipment retired or disposed of are removed from the accounts and the resulting gains or losses are reflected in income.

*e. Long-Lived Assets*

The Company evaluates the carrying value of long-lived assets in accordance with current standards which require that the assets be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Historical performance and anticipated future results are considered in assessing potential impairment. When indicators of impairment are present, the recoverability of the carrying value of the assets in question is assessed based on the future undiscounted cash flows expected to result from their use. If the carrying value cannot be recovered, impairment losses would be recognized to the extent the carrying value exceeds fair value.

*f. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

*g. Income Taxes*

The Company has elected S corporation status for both federal and state income tax purposes.

**L.O. Thomas & Co., Inc.**

**Notes to Financial Statements (continued)**

**December 31, 2011 and 2010**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

No provision for federal income taxes has been recorded in these financial statements because items of income and expense and credits are passed through to the stockholder.

**h. *Fair Value of Financial Instruments***

The carrying amounts reflected in the balance sheets for cash approximate the respective fair values due to the short maturities of those instruments.

**i. *Cash***

Cash includes all cash balances and consists of amounts held on deposit with financial institutions. The Company places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the federal deposit insurance corporation (FDIC) or securities investor protection corporation (SIPC) insurance limits. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of temporary cash deposits.

**j. *Concentration of Credit Risk***

Financial instruments that potentially subject the Company to concentration of credit risk consist of temporary cash investments. The Company places its temporary cash with financial institutions that are insured by the FDIC or SIPC.

**k. *Advertising Costs***

The Company expenses all advertising costs in the period in which they are incurred. Advertising for December 31, 2011 and 2010 was \$249 and \$1,882, respectively.

**L.O. Thomas & Co., Inc.**

**Notes to Financial Statements (continued)**

**December 31, 2011 and 2010**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

***1. Commissions***

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

**2. Fixed Assets and Depreciation**

At December 31, 2011 and 2010 depreciable fixed assets consisted of the following:

	<u>2011</u>	<u>2010</u>
Office Equipment	\$21,897	\$21,897
Less: Accumulated Depreciation	(20,984)	(20,588)
Fixed Assets, Net	<u>\$913</u>	<u>\$1,309</u>

**L.O. Thomas & Co., Inc.**

**Notes to Financial Statements (continued)**

**December 31, 2011 and 2010**

**3. Impairment of Long-Lived Assets**

Generally accepted accounting principles require that a single accounting model be used for long-lived assets to be disposed of by sale, and broadens the presentation of discontinued operations to include more disposal transactions. Additionally, impairment losses are to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. A review of such assets of the Company has not indicated any material effect on the Company's financial position or results of operations.

**4. Concentrations**

The Company's revenue is derived from commissions earned through clearing house contracts. The Company receives revenues from four contracts resulting in revenues exceeding 10% of the Company's total revenues. Revenue earned from these contracts at December 31, 2011 and 2010 was approximately \$522,000 and \$513,000, respectively. At December 31, 2011 and 2010 the amount owed to the Company by these contracts was approximately \$15,000 and \$25,000, respectively.

**5. *Lease Obligations/Related Party***

The Company leases its office from the stockholder under a month to month operating lease. The lease requires monthly payments of \$1,800 with the lease to continue at the same rate on a year-to-year basis. The Company made lease payments of \$21,600 and \$21,600 to the stockholder during the years ended December 31, 2011 and 2010, respectively. It is anticipated that in the normal course of business, leases that expire will be renewed or replaced with similar leases.

**L.O. Thomas & Co., Inc.**

**Notes to Financial Statements (continued)**

**December 31, 2011 and 2010**

**6. Uncertain Tax Positions**

The Company adopted the accounting pronouncement dealing with uncertain positions. Upon adoption of this accounting pronouncement, the Company had no unrecognized tax benefits at December 31, 2011, and no interest or penalties requiring recognition in the financial statements. The Company files tax returns in the U.S. federal tax jurisdiction and in various states. The Company has no open years prior to December 31, 2007.

**7. Subsequent Events**

Management has evaluated and reports no subsequent events through February 21, 2012, the date the financial statements were available to be issued.

**8. Net Capital Requirements**

The Company is subject to the uniform net capital rule (Rule 15c3-1) of the SEC, which requires it to maintain a minimum net capital requirement of \$5,000. As of December 31, 2011 and 2010 the Company's net capital was \$6,838 and \$6,209, respectively. This amount exceeded the minimum net capital requirement by \$1,838 and \$1,209, respectively.

**L.O. Thomas & Co., Inc.**

**Computation of Net Capital Requirements Pursuant to Rule 15c3-1**

**December 31, 2011**

**Schedule I**

	<b>Focus Report</b>	<b>Audited</b>	
	<b>December 31, 2011</b>	<b>Financial Statements</b>	<b>Change</b>
		<b>December 31, 2011</b>	
Total Assets	\$83,961	\$83,961	\$0
Less: Liabilities	67,561	67,561	0
<b>Net Worth</b>	<u>16,400</u>	<u>16,400</u>	<u>0</u>
Less: Non Allowable Assets			
Fixed Assets	913	913	0
Prepaid Expenses	8,649	8,649	0
<b>Total Non-Allowable Assets</b>	<u>9,562</u>	<u>9,562</u>	<u>0</u>
Tentative Net Capital	\$6,838	\$6,838	\$0
Less:			
Haircuts	0	0	0
<b>Net Capital</b>	<u>\$6,838</u>	<u>\$6,838</u>	<u>\$0</u>
<b>Minimum Net Capital Required</b>	5,000	5,000	
<b>Excess Net Capital</b>	<u>\$1,838</u>	<u>\$1,838</u>	

**L.O. Thomas & Co., Inc.**  
**Determination of Reserve Requirements**  
**Under Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2011 and 2010**

**Schedule II**

L. O, Thomas & Co. Inc. is exempt from the Reserve Requirements of Rule 15c3-3 (k) (2) (ii).\*



**L.O. Thomas & Co., Inc.**  
**Information Relating to Possession of Control Requirements Under**  
**Rule 15c3-3 of the Securities and Exchange Commission**  
**December 31, 2011 and 2010**

**Schedule III**

L. O, Thomas & Co. Inc. is exempt from the Possession and Control Requirements of Rule 15c3-3 (k) (2) (ii).\*

**John Scrudato CPA**  
7 Valley View Drive  
Califon, New Jersey  
908-534-0008

**SUPPLEMENTAL ACCOUNTANT'S REPORT INTERNAL CONTROLS**

To the Stockholder of L.O. Thomas & Co., Inc.:

In planning and performing our audit of the financial statements of L.O. Thomas & Co., Inc. (the Company), as of and for the years ended December 31, 2011 and 2010 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 15 c3-3. 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 17s-13
- j.* 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 previously 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 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 Members', management, the SEC Financial Industry Regulatory Authority (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.

*John Scudato CFA*

Califon, New Jersey  
February 21, 2012

**John Scrudato CPA**

7 Valley View Drive  
Califon, New Jersey  
908-534-0008

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES  
RELATED TO AN ENTITY'S SIPC ASSESSMENT RECONCILIATION**

To the Stockholder of L.O. Thomas & Co., Inc.:

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 {General Assessment Reconciliation (Form SIPC-7)} to the Securities Investor Protection Corporation (SIPC) for the Year Ended December 31, 2011, which were agreed to by L.O. Thomas & Co., Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, solely to assist you and the other specified parties in evaluating L.O. Thomas & Co., Inc.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC- 7). L.O. Thomas & Co., Inc.'s management is responsible for the L.O. Thomas & Co., Inc.'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 of 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. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers, utilizing their monthly clearing house reports, noting net differences in income and deductions of \$517 more than what was reported, resulting in the Company reporting less in deductions.

4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers utilizing client prepared summary supporting the adjustments noting no differences.

We are not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we did 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 used by anyone other than these specified parties.

*John Scudato CPA*

Califon, New Jersey

February 21, 2012

SIPC-7

(33 REV 7-10)

SECURITIES INVESTOR PROTECTION CORPORATION  
P.O. Box 92185 Washington, D.C. 20090-2185  
202 377 8300

General Assessment Reconciliation

For the fiscal year ended \_\_\_\_\_ 20\_\_

(Read carefully the instructions in your Working Copy before completing this form.)

SIPC-7

(33 REV 7-10)

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

040875 FINRA DEC  
L O THOMAS & CO INC 13\*13  
P O BOX 293  
LINWOOD COMMONS-STE A-6  
2106 NEW RD  
LINWOOD NJ 08221-1046

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipco.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form:

John W. R. Slay Jr  
609-927-4844

- 2. A. General Assessment (Item 2a) from page 2: 21083
- B. Less payment made with SIPC 6 filed (exclude interest): -16173
- 7/28/2011  
    Date Paid
- C. Less prior overpayment applied: \_\_\_\_\_
- D. Assessment balance due or (overpayment): 4910
- E. Interest computed on late payment (see instruction E) for \_\_\_\_\_ days at 26% per annum: \_\_\_\_\_
- F. Total assessment balance and interest due (or overpayment carried forward): 4910
- G. PAID WITH THIS FORM  
    Check enclosed, payable to SIPC  
    Total (must be same as F above): \$ 4910
- 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.

L.O. Thomas & Co. Inc.  
John W. R. Slay Jr.  
President

Dated the 3 day of February 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 \_\_\_\_\_

Calculations \_\_\_\_\_ Documentation \_\_\_\_\_ Forward Copy \_\_\_\_\_

Exceptions \_\_\_\_\_

Disposition of exceptions: \_\_\_\_\_

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

Amounts for the fiscal period  
beginning 1/1 20 11  
and ending 12/31 20 11

Eliminate cents

**Item No.**

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

\$ 998,585

**2b. Additions:**

- (1) Total revenues from the securities business of subsidiaries (except for qn 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

\$ 998,585

**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).

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

\$ 914,254

(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

\$ 914,254  
\$ 84,331

2b. SIPC Net Operating Revenues

\$ 210.83

2c. General Assessment @ .0025

(to page 1, line 2 A)



Financial Statements

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