

10/11/12



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ANNUAL AUDITED REPORT

FORM X-17A-5

PART III

Mail Processing Section

SEP 28 2012

SEC FILE NUMBER
8-65183
8-68198

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 08/01/11 AND ENDING 07/31/12

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Red River Securities, LLC

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

5601 Democracy Drive, Suite 280

(No. and Street)

Plano

(City)

Texas

(State)

75024

(Zip Code)

OFFICIAL USE ONLY
FIRM ID. NO.

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

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

CF & Co., L.L.P.

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

8750 N. Central Expressway, Suite 300

(Address)

Dallas

(City)

TX

(State)

75231

(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).

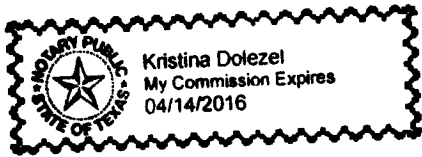
SEC 1410 (06-02)

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10/15/12

OATH OR AFFIRMATION

I, Laurie Roberts, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Red River Securities, LLC as of July 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:



Laurie Roberts
Signature

Financial Operations Principal

Kristina Dolezel
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 Cash Flows
- (e) Statement of Changes in Stockholders' Equity or partners' or Sole Proprietor's 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.
- (o) Independent auditor's report on internal control

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

SEC
Mail Processing
Section

SEP 28 2012

Washington DC
400

RED RIVER SECURITIES, LLC

July 31, 2012

Report Pursuant to Rule 17a-5(d)

RED RIVER SECURITIES, LLC
REPORT PURSUANT TO RULE 17a-5(d)
FOR ENDED JULY 31, 2012

RED RIVER SECURITIES, LLC

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8750 N. Central Expressway
Suite 300
Dallas, TX 75231-6464
972.387.4300
800.834.8586
972.960.2810 fax

www.cflp.com

INDEPENDENT AUDITOR'S REPORT

To the Members
Red River Securities, LLC

We have audited the accompanying statement of financial condition of Red River Securities, LLC, as of July 31, 2012, and the related statements of income, changes in members' 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 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 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 Red River Securities, LLC, as of July 31, 2012, and the results of its operations and its 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 financial statements as a whole. The supplementary information contained in Schedules I and II required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read 'CF & Co., LLP'.

CF & Co., L.L.P.

Dallas, Texas
September 24, 2012

RED RIVER SECURITIES, LLC
Statement of Financial Condition
July 31, 2012

ASSETS

Cash and cash equivalents	\$ 24,929
Draw against commission	35,727
Due from SIPC	4,812
Other assets	<u>97</u>
	<u>\$ 65,565</u>

LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Accrued liabilities	\$ 12,765
Members' equity	<u>52,800</u>
	<u>\$ 65,565</u>

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

RED RIVER SECURITIES, LLC
Statement of Income
For the Year Ended July 31, 2012

Revenues

Commission Income	\$ 869,053
Due diligence fee income	219,180
Reimbursement of expense	648,814
Miscellaneous income	<u>12</u>
	<u>1,737,059</u>

Expenses

Compensation and benefits	1,541,832
Communications	7,200
Occupancy and equipment	48,498
Regulatory fees	81,471
Professional fees	21,595
Other fees	<u>11,591</u>
	<u>1,712,187</u>

Net income before income taxes 24,872

Provision for income taxes

Current	(3,731)
Deferred	<u>3,731</u>

Net Income \$ 24,872

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

RED RIVER SECURITIES, LLC
Statement of Changes in Members' Equity
For the Year Ended July 31, 2012

Balance at July 31, 2011	\$ 27,928
Net Income	<u>24,872</u>
Balance at July 31, 2012	<u>\$ 52,800</u>

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

RED RIVER SECURITIES, LLC
Statement of Changes in Liabilities Subordinated
to Claims of General Creditors
For the Year Ended July 31, 2012

Balance, at July 31, 2011	\$ -0-
Increases	-0-
Decreases	<u>-0-</u>
Balance, at July 31, 2012	<u>\$ -0-</u>

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

RED RIVER SECURITIES, LLC
Statement of Cash Flows
For the Year Ended July 31, 2012

Cash flows from operating activities

Net Income	\$ 24,872
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase in draw against commission	(35,727)
Decrease in other assets	(4,100)
Decrease in accrued liabilities	<u>(5,229)</u>
Net cash provided (used) by operating activities	<u>(20,184)</u>

Cash flows from investing activities

Net cash provided (used) by investing activities	<u>-0-</u>
--	------------

Cash flows from financing activities

Net cash provided (used) by financing activities	<u>-0-</u>
--	------------

Net decrease in cash and cash equivalents (20,184)

Beginning cash and cash equivalents 45,113

Ending cash and cash equivalents \$ 24,929

Supplemental Disclosures

Cash paid for:
Interest \$ -0-

Income taxes \$ -0-

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

RED RIVER SECURITIES, LLC
Notes to Financial Statements
July 31, 2012

Note 1 - Summary of Significant Accounting Policies

Red River Securities, LLC (the "Company"), is a direct participation broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA"). The Company operates under SEC Rule 15c3-3(k)(2)(i). Substantially all of the Company's revenue, \$1,737,059, is related to the sale of oil and gas programs for Regal Energy, LLC ("Regal"), an affiliate. The Company's customers are located throughout the United States.

The Company operates as a Texas Limited Liability Company ("LLC") with an infinite life and has two managing members. The managing members are responsible for management of the Company including the timing and amount of all distributions to the members. Except as otherwise provided by law, the Company agreement provides that the members shall not be personally liable for obligations of the Company.

The Company recognizes revenue from the sale of oil and gas development programs when commissions are available from the escrow agent after certain levels of investment have been reached as specified in the private placement memorandum.

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The provision or benefit for federal and state income taxes differs from the expected amount using statutory rates because certain expenses included in the determination of net income are non-deductible for tax reporting purposes.

Income tax returns are generally subject to examination by the respective federal and state authorities over various statutes of limitations generally three to five years from date of filing.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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.

For purposes of reporting cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, which are not held for sale in the ordinary course of business.

RED RIVER SECURITIES, LLC
Notes to Financial Statements
July 31, 2012

Note 1 - Summary of Significant Accounting Policies, continued

Income Taxes

The Company has made an election under Internal Revenue Regulation 301.7701-3 to be taxed as a C Corporation. The Company, therefore, has a net operating loss carry forward of \$103,201 which will carry forward to offset future taxable income. The deferred tax asset of \$15,480 is fully offset by a valuation allowance as it is doubtful the Company will realize their benefits.

The Company's deferred tax asset and related valuation allowances are as follows:

	<u>Year Ended</u> <u>July 31, 2011</u>	<u>Change</u>	<u>Year Ended</u> <u>July 31, 2012</u>
Deferred tax asset	\$ 19,211	\$ (3,731)	\$ 15,480
Valuation allowance	<u>(19,211)</u>	<u>3,731</u>	<u>(15,480)</u>
Net	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

The Company's net operating loss carry forwards are set to expire as follows:

<u>Year Ending</u> <u>July 31,</u>	
2030	\$ 49,071
2031	<u>54,130</u>
	<u>\$ 103,201</u>

Tax benefits associated with uncertain tax positions are recognized in the period in which one of the following conditions is satisfied: (1) the more likely than not recognition threshold is satisfied; (2) the position is ultimately settled through negotiation or litigation; or (3) the statute of limitations for the taxing authority to examine and challenge the position has expired. Tax benefits associated with an uncertain tax position are derecognized in the period in which the more likely than not recognition threshold is no longer satisfied. Any potential interest and penalty associated with a tax contingency, should one arise, would be included as a component of income tax expense in the period in which the assessment arises.

Note 2 - Net Capital Requirements

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities and Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. Net capital and the related net capital ratio may fluctuate on a daily basis. At July 31, 2012, the Company had net capital of approximately \$12,164 and net

RED RIVER SECURITIES, LLC
Notes to Financial Statements
July 31, 2012

Note 2 - Net Capital Requirements, continued

capital requirements of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 1.05 to 1. The Securities and Exchange Commission permits a ratio of no greater than 15 to 1.

Note 3 - Possession or Control Requirements

The Company does not have any possession or control of customer funds or securities. There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (SEC) Rule 15c3-3(k)(2)(i).

Note 4 - Related Party Transactions

The Company and Regal are under common control and the existence of that control creates operating results and financial position significantly different than if the companies were autonomous.

The Company has an expense sharing agreement with Regal for administrative fees, rent and telephone. Regal paid the Company \$648,814 for the year ended July 31, 2012.

Note 5 - Employee Retirement Plan

The Company has a 401(k) plan that covers substantially all employees. Participating employees may elect to contribute, on a tax-deferred basis, a portion of their compensation in accordance with Section 401(k) of the Internal Revenue Code. The Company did not contribute to the plan for the year ended July 31, 2012.

Note 6 - Concentration of Credit Risk

The Company maintains deposits in excess of federally insured limits at various times during the year ended July 31, 2012. The risk is managed by maintaining all deposits in high quality institutions.

Note 7- Draws on Commissions

The Company advances funds to its registered representatives as determined necessary by management. The advances are generally recouped upon the following commission payment cycle. Management records an allowance for bad debts based on a collectability review of specific accounts. Any receivables deemed uncollectible are written off against the allowance.

Supplemental Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934

As of
July 31, 2012

Schedule I

RED RIVER SECURITIES, LLC
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of July 31, 2012

COMPUTATION OF NET CAPITAL

Total member's equity qualified for net capital		\$ 52,800
Add:		
Other deductions or allowable credits		<u> --</u>
Total capital and allowable subordinated liabilities		52,800
Deductions and/or charges		
Non-allowable assets:		
Draw against commission	(35,727)	
Due from SIPC	(4,812)	
Other assets	<u>(97)</u>	<u>(40,636)</u>
Net capital		<u>\$ 12,164</u>

AGGREGATE INDEBTEDNESS

Items included in the statement of financial condition		
Accrued liabilities		<u>\$ 12,764</u>
Total aggregate indebtedness		<u>\$ 12,764</u>

Schedule I (continued)

RED RIVER SECURITIES, LLC
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
As of July 31, 2012

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6 2/3% of total aggregate indebtedness)	<u>\$ 851</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement (greater of above two minimum requirement amounts)	<u>\$ 5,000</u>
Net capital in excess of required minimum	<u>\$ 7,164</u>
Excess net capital at 1000%	<u>\$ 10,888</u>
Ratio: Aggregate indebtedness to net capital	<u>1.05 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

There were no material differences in the computation of net capital under Rule 15c3-1 from the Company's computation.

Schedule II

RED RIVER SECURITIES, LLC
Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission
As of July 31, 2012

EXEMPTIVE PROVISIONS

The Company has claimed an exemption from Rule 15c3-3 under section (k)(2)(i), in which the Company is a direct participation broker-dealer.

Independent Auditor's Report

On Internal Control

Required By SEC Rule 17a-5

Year Ended July 31, 2012

8750 N. Central Expressway
Suite 300
Dallas, TX 75231-6464
972.387.4300
800.834.8586
972.960.2810 fax

www.cfllp.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL REQUIRED BY SEC RULE 17a-5

To the Members,
Red River Securities, LLC

In planning and performing our audit of the financial statements of Red River Securities, LLC (the "Company") , as of and for the year ended July 31, 2012 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 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:

1. Making quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13.
2. 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 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 deficiency in internal control 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 was not designed to identify all deficiencies in internal control that might be material weaknesses and therefore, there can be no assurance that all material weaknesses have been identified. 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 July 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the management, the SEC, the Financial Industry Regulatory Authority, 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.



CF & Co., L.L.P.

Dallas, Texas
September 24, 2012

Independent Accountant's Report
On The SIPC Annual Assessment
Required By SEC Rule 17a-5
Year Ended July 31, 2012

8750 N. Central Expressway
Suite 300
Dallas, TX 75231-6464
972.387.4300
800.834.8586
972.960.2810 fax

www.cfllp.com

INDEPENDENT ACCOUNTANT'S REPORT ON THE SIPC ANNUAL
ASSESSMENT REQUIRED BY SEC RULE 17a-5

To the Members
Red River Securities, LLC

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 ("Form SIPC-7") to the Securities Investor Protection Corporation ("SIPC") for the year ended July 31, 2012, which were agreed to by Red River Securities, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority and SIPC, solely to assist you and the other specified parties in evaluating Red River Securities, LLC's compliance with the applicable instructions of the Form SIPC-7. Management is responsible for Red River Securities, LLC'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 disbursements records entries (cash disbursements journal) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended July 31, 2012 with the amounts reported in Form SIPC-7 for the year ended July 31, 2012 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences; and
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.
5. Compare the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed.

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 used by anyone other than these specified parties.



CF & Co., L.L.P.

Dallas, Texas
September 24, 2012

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

For the fiscal year ended July 31, 2012

(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:

8-068198 FINRA JUL 12/8/2009
RED RIVER SECURITIES LLC
5601 DEMOCRACY DRIVE STE 280
PLANO, TX 75024

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.

Laurie Roberts 972-403-0214

2. A. General Assessment (item 2a from page 2)

\$ 0

B. Less payment made with SIPC-6 filed (exclude interest)

(1,889.37)

MAY 1, 2012

Date Paid

C. Less prior overpayment applied

(2,922.43)

D. Assessment balance due or (overpayment)

1,889.37

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)

- 4,811.80

G. PAID WITH THIS FORM:
Check enclosed, payable to SIPC
Total (must be same as F above)

\$ 0

H. Overpayment carried forward

\$ (4,811.80)

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.

Red River Securities LLC
(Name of Corporation, Partnership or other organization)

Laurie P. Cheatham Lakota
(Authorized Signature)

Chief Compliance Officer
(Title)

Dated the 12th day of September, 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 August 1, 2011
and ending July 31, 2012

Eliminate cents

Item No.
2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 1,088,233

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):

Private placement of oil and gas joint venture units
(Deductions in excess of \$100,000 require documentation)
* See enclosed private placement memorandum
Legal Bospv #2 JV *
Legal Bospv #1 JV

1,088,233

(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

1,088,233

2d. SIPC Net Operating Revenues

\$ 0

2e. General Assessment @ .0025

\$ 0

(to page 1, line 2.A.)