

\* AB  
3/14



12063206

SEC  
Mail Processing  
Section

UN  
SECURITIES AND  
Washington, DC

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

FEB 27 2012  
Washington, DC  
123

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

SEC FILE NUMBER  
8- 48306

**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: Petersen Investments, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
2221 Landmark Place

OFFICIAL USE ONLY  
FIRM I.D. NO.

Wall (No. and Street) NJ 08736  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Bertram Riley Jr. 732-528-0880  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Kutz & Kutz CPA PC

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

185 Great Neck Rd. Suite 450 Great Neck NY 11021  
(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)


3/14/14

mm

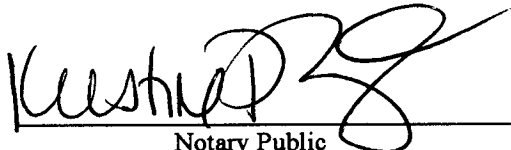
OATH OR AFFIRMATION

I, Bertram Riley 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 Petersen Investments, Inc., as of December 31, 20 11, 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

**KRISTINE D. ZULEWSKI**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires May 13, 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).

PETERSEN INVESTMENTS, INC.

Statement of Financial Position

December 31, 2011

(With Independent Auditors Report Thereon)

KUTZ & KUTZ, CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
185 GREAT NECK RD., SUITE 430  
GREAT NECK, NY 11021

(516) 482-1158

PETERSEN INVESTMENTS, INC.

Statement of Financial Position

December 31, 2011

(With Independent Auditors Report Thereon)

PETERSEN INVESTMENTS, INC.

DECEMBER 31, 2011

INDEX

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL CONDITION	2
STATEMENT OF OPERATIONS	3
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6 - 11
<u>SUPPLEMENTARY INFORMATION PURSUANT TO RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934:</u>	
SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION	13
SCHEDULE II - RECONCILIATION OF COMPUTATION OF NET CAPITAL UNDER RULE 17a-5(D)(4) OF THE SECURITIES AND EXCHANGE COMMISSION	14
SCHEDULE III - INFORMATION RELATING TO RESERVE REQUIREMENTS FOR BROKER/DEALERS AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS PURSUANT TO RULE 15C3-3	15
SUPPLEMENTARY REPORTS OF INDEPENDENT AUDITOR	16 -24

**KUTZ & KUTZ, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

ANDREW B. KUTZ  
PAUL J. KUTZ

185 Great Neck Rd. - Suite 450  
Great Neck, NY 11021  
Telephone (516) 482-1158  
Fax (516) 829-5312

**INDEPENDENT AUDITORS' REPORT**

To the Stockholder of  
Petersen Investments, Inc.

We have audited the accompanying statement of financial condition of Petersen Investments, Inc. as of December 31, 2011 and the related statements of operations, changes in stockholder's equity 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 principals 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 statements referred to above present fairly, in all material respects, the financial position of Petersen Investments, Inc. at December 31, 2011 and the results of its operations and cash flows for the year then ended in conformity with accounting principals generally accepted in the United States of America.

Our audit was 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 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.

Kutz & Kutz  
Certified Public Accountants PC  
Great Neck, NY  
February 2, 2012

*Kutz & Kutz CPA, PC*

PETERSEN INVESTMENTS, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2011

ASSETS

Cash and cash equivalents	\$ 261,795
Deposit with clearing broker (cash) (Note 8)	100,000
Receivable from clearing broker (Note 8)	365,027
Property and equipment (net of depreciation and amortization) (Note 6)	57,687
Deposits receivable	7,034
Prepaid expenses and other assets	<u>94,704</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 886,247</u></u></b>

LIABILITIES AND SHAREHOLDER'S EQUITY

Accounts payable and accrued expenses	344,858
Deferred income, net	<u>40,000</u>
Total Liabilities	<u>384,858</u>
Commitments and contingent liabilities (Note 7)	<u>-</u>
Stockholder's equity	
Common stock, no par value, authorized 2,500 shares, issued and outstanding 100 shares	3,680
Additional paid in capital	413,958
Retained earnings (deficit)	<u>83,751</u>
Total Stockholder's Equity	<u>501,389</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b><u><u>\$ 886,247</u></u></b>

The accompanying notes are an integral part of these financial statements and should be read in conjunction herewith.

PETERSEN INVESTMENTS, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Revenues		
	Commissions	\$ 6,283,781
	Interest and dividends	394,257
	Other income	163,245
	Advisory fees	<u>16,278</u>
	Total Revenues	<u>6,857,561</u>
Expenses		
	Commission expense	3,070,496
	Salaries and wages	2,322,687
	Payroll taxes and benefits	169,990
	Clearing broker fees	537,266
	Rent	80,729
	Travel and entertainment	107,440
	Communications	75,382
	Professional fees	78,124
	Regulatory and exchange fees	62,632
	Office expense	41,362
	Insurance	94,667
	Depreciation	29,665
	Errors and bad debts	7,322
	Interest	488
	Promotion	70
	Contributions	8,470
	Dues and subscriptions	42,800
	Other expenses	<u>35,077</u>
	Total Expenses	<u>6,764,667</u>
	Income before income tax provision	92,894
	Provision for income taxes (Note 4)	<u>3,050</u>
	Net Income	<u><u>\$ 89,844</u></u>

The accompanying notes are an integral part of these financial statements and should be read in conjunction herewith.



PETERSEN INVESTMENTS, INC.  
 STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Common Stock</u>	<u>Paid - In</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>
Balances at January 1, 2011	100	\$ 3,680	\$ 413,958	\$ (6,093) \$ 411,545
Shareholder distributions				- -
Additional capital contributions			-	-
Net income			89,844	89,844
Balances at December 31, 2011	100	\$ 3,680	\$ 413,958	\$ 83,751 \$ 501,389

The accompanying notes are an integral part of these financial statements and should be read in conjunction herewith.

PETERSEN INVESTMENTS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income		\$ 89,844
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation		29,665
Decrease in receivable from clearing broker		295,855
Decrease in deposits receivable		402
Decrease in prepaid expenses and other assets		15,425
(Decrease) in accounts payable and accrued expenses		(457,775)
(Decrease) in payable to clearing broker		(9,070)
(Decrease) in deferred revenue (net)		<u>(40,000)</u>
	Cash provided by operating activities	<u>(75,654)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
	Purchase of fixed assets	<u>(27,023)</u>
	Cash used by investing activities	<u>(27,023)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
	Distributions to shareholder	<u>-</u>
	Cash used by financing activities	<u>-</u>
	<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(102,677)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
	Beginning of year	<u>364,472</u>
	End of year	<u><u>\$ 261,795</u></u>
<b>SUPPLEMENTAL CASH FLOWS DISCLOSURES:</b>		
	Income taxes paid	<u><u>\$ 3,050</u></u>
	Interest paid	<u><u>\$ 488</u></u>

The accompanying notes are an integral part of these financial statements and should be read in conjunction herewith.

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 1 - ORGANIZATION AND NATURE OF BUSINESS**

Petersen Investments, Inc. (the "Company") a New Jersey corporation is registered as a broker - dealer with the Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority ("FINRA").

During October 2008, 100% of ownership of the Company was transferred to the Riley Family Trust.

The Company conducts a general securities business by introducing transactions on a fully-disclosed basis to a clearing broker/dealer who carries all accounts and prepares and maintains all books and records pertaining thereto pursuant to SEC Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker/dealer.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The preparation of financial statements in conformity with generally accepted accounting principals 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.

Cash and Cash Equivalents

All short-term investments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Credit Risk

The Company is engaged in various trading and brokerage activities in which counter parties primarily include broker/dealers, banks, and other financial institutions. In the event counter parties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counter party or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counter party.

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Depreciation and Amortization

The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets of 5 to 7 years. The cost of leasehold improvements is amortized over the length of the underlying lease. Depreciation is computed on a straight line basis for financial reporting purposes and an accelerated basis for income tax purposes. Leasehold improvements are amortized in accordance with Internal Revenue Service regulations for income tax purposes.

Fair Value of Financial Instruments

Financial instruments including receivable and payable from/to clearing broker, accounts payable and accrued expenses and taxes payable, are carried at fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*.

Revenue Recognition

Securities transactions and related income and expenses are recorded on a settlement date basis. Commission revenues are recorded on a settlement date basis which does not have a material effect on reported revenues and expenses.

Recent Accounting Pronouncements

The Company does not expect the adoption of recent accounting pronouncements to have any material impact on its financial condition or results of operations.

Comprehensive Income

Effective January 1, 1999 the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 requires an entity to report comprehensive income and its components and increases financial reporting disclosures. This standard has no impact on the Company's financial position, cash flows or results of operations since the Company's comprehensive income is the same as its reported net income.

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash at December 31, 2011 included the following:

Cash in bank	\$65,276
Pro-checking money market at clearing broker	<u>196,519</u>
	<u>\$261,795</u>

**NOTE 4 - PROVISION FOR STATE AND LOCAL INCOME TAXES**

The Company elected "S Corporation" status with the Internal Revenue Service commencing in 1981, New Jersey State taxing authorities in 1997 and New York State in 2003. The stockholder, an electing small business trust, includes the "S Corporation" income or loss on its separate income tax returns. Accordingly, no federal income taxes or benefits are provided for in the financial statements during the period of "S Corporation" status. The Company's "S" election also makes the recognition of a deferred tax provision unnecessary.

The Company recognizes and measures any unrecognized tax liabilities or benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that the tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax liabilities or benefits is adjusted when new information is available. Based on management's conclusion that all relevant tax positions are more likely than not to be upheld under examination no unrecognized tax liabilities or benefits are being recorded.

The Company files tax returns in the U.S. federal jurisdiction, and various state and local jurisdictions. The U.S. federal income tax returns prior to 2008 are closed. U.S. state jurisdictions have statutes of limitation that generally range from three to five years.

Provision for local income taxes is calculated on reported financial statement pretax income based on current tax law. The income tax provision consists of the following:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
State and local	<u>\$3,050</u>	<u>\$0</u>	<u>\$3,050</u>

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 5 - 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 shall not exceed 15 to 1. The rule also states that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011 the Company's net capital was \$338,033 which was \$312,376 in excess of its required net capital of \$25,657. The Company's aggregate indebtedness to net capital ratio was 1.14 to 1.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31, 2011:

Automobiles	\$68,897
Furniture and fixtures	36,773
Computers	<u>119,413</u>
	225,083
Less accumulated depreciation and amortization	<u>(167,396)</u>
	<u>\$57,687</u>

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

The company is liable for lease agreements on office space and an automobile. The office leases expires in November of 2015 and the automobile lease expires in April 2013. The Company also rents storage space on a month to month basis. Rental expense for the year ended December 31, 2011 was \$80,729. Remaining commitments under the operating leases are as follows:

<u>Year Ending December 31st:</u>	<u>Amount</u>
2012	\$100,425
2013	95,570
2014	95,927
2015	90,477
2016	<u>0</u>
	<u>\$382,399</u>

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 7 - COMMITMENTS AND CONTINGENCIES**

The Company is a defendant in two legal claims incidental to its securities business. The company has settled one of the claims on January 14, 2011 while denying any wrongdoing relative to the claim. The total cost of the settlement to the Company amounted to \$220,000 which was recorded in 2010. An additional fine of \$15,000 related to the matter was incurred in 2011.

Management of the Company, after consultation with outside legal counsel, believes that the resolution of the second legal action will not result in any material adverse effect on the Company's financial position.

The Company currently has no open FINRA examinations.

**NOTE 8 - RECEIVABLE FROM AND PAYABLE TO CLEARING BROKER**

Amounts receivable from and payable to the clearing broker at December 31, 2011 consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Deposit at clearing broker	\$100,000	\$0
Receivable from clearing broker	365,027	
Payable to clearing broker		0
	<u>\$465,027</u>	<u>\$0</u>

**NOTE 9 - OFF BALANCE SHEET RISK**

Pursuant to a clearance agreement dated January 9, 2008, the Company introduces all of its securities transactions to its clearing broker on a fully disclosed basis. Therefore, all of the customers' money balances and long and short security positions are carried on the books of the clearing broker. Under certain conditions as defined in the clearance agreement, the Company has agreed to indemnify the clearing broker for losses, if any, which the clearing broker may sustain from carrying securities transactions introduced by the Company. In accordance with industry practice and regulatory requirements, the Company and the clearing broker monitor collateral on the securities transactions introduced by the Company.

**PETERSEN INVESTMENTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**NOTE 10 - GUARANTEES**

FASB ASC 460 , *Guarantees*, requires the Company to disclose information about its obligations under certain guarantee arrangements. FASB ASC 460 defines guarantees as contracts and indemnification agreements that contingently require a guarantor to make payments to the guaranteed party based on changes in an underlying situation (such as an interest or foreign exchange rate, security or commodity price, an index or the occurrence or non occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. This guidance also defines guarantees as contracts that contingently require the guarantor to make payments to the guaranteed party based on another entity's failure to perform under an agreement as well as indirect guarantees of the indebtedness of others.

Indemnifications

In the normal course of its business, the Company indemnifies and guarantees certain service providers, such as clearing and custody agents, trustees and administrators, against specified potential losses in connection with their acting as an agent of, or providing services to, the Company or its affiliates. The Company also indemnifies some clients against potential losses incurred in the event specified third party service providers, including sub custodians and third-party brokers, improperly execute transactions. The maximum potential amount of future payments the Company could be required to make under these indemnifications cannot be estimated. However , the Company believes that it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.

The Company provides representations and warranties to counter parties in connection with a variety of commercial transactions and occasionally indemnifies them against potential losses caused by the breach of those representations and warranties. The Company may also provide standard indemnifications to some of the counter parties to protect them in the event additional taxes are owed or payments are withheld, due either to a change in or adverse application of certain tax laws. These indemnifications are generally standard contractual terms and are entered into in the normal course of business. The maximum potential amount of future payments that the Company could be required to make under these indemnifications cannot be estimated. However the Company believes it is unlikely it will have to make material payments under these arrangements and has not recorded any contingent liability in the financial statements for these indemnifications.



SUPPLEMENTARY INFORMATION PURSUANT TO  
RULE 17a-5 OF THE SECURITIES EXCHANGE ACT OF 1934

PETERSEN INVESTMENTS, INC.  
SCHEDULE I  
COMPUTATION OF NET CAPITAL UNDER RULE 15c-3-1  
OF THE SECURITIES AND EXCHANGE COMMISSION  
DECEMBER 31, 2011

NET CAPITAL:		\$ 501,389
Stockholder's equity		
Less non-allowable assets and deductions:		
Fixed assets , net of accumulated depreciation	\$ 57,687	
Deposits receivable	7,034	
Prepaid expenses	<u>94,704</u>	
		<u>159,425</u>
Net capital before haircuts on securities positions		341,964
Less: Haircuts on securities		<u>3,931</u>
NET CAPITAL		<u><u>\$ 338,033</u></u>
AGGREGATE INDEBTEDNESS		<u><u>\$ 384,858</u></u>
MINIMUM NET CAPITAL REQUIRED (6.67% of aggregate indebtedness)		<u><u>\$ 25,657</u></u>
MINIMUM NET CAPITAL DOLLAR REQUIREMENT		<u><u>\$ 5,000</u></u>
MINIMUM NET CAPITAL REQUIRED		<u><u>\$ 25,657</u></u>
EXCESS NET CAPITAL (338,033 - 25,657)		<u><u>\$ 312,376</u></u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		
	<u>\$ 384,858</u>	
	<u>\$ 338,033</u>	<u><u>113.85%</u></u>

**PETERSEN INVESTMENTS, INC.**  
**SCHEDULE II**  
**RECONCILIATION OF COMPUTATION OF NET CAPITAL**  
**UNDER RULE 17a-5(d)(4) OF THE SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2011**

NET CAPITAL, as reported in Company's Part II-A Focus Report (Unaudited)		\$ 338,033
Increases:		
Decrease in non allowable assets:		
Rounding adjustments	-	
Prepaid expenses	-	-
<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>		
Decrease in expenses:		
Over accrued taxes	-	
Unrecorded revenue		-
Decreases:		
Increase in distributions		-
		<hr style="width: 50%; margin-left: auto; margin-right: 0;"/>
NET CAPITAL per audit		<u><u>\$ 338,033</u></u>

PETERSEN INVESTMENTS, INC.  
SCHEDULE III  
INFORMATION RELATING TO RESERVE REQUIREMENTS FOR BROKER/  
DEALERS AND INFORMATION RELATING TO POSSESSION OR CONTROL  
REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2011

The Company claims an exemption from the provisions of Rule 15c3-3 under paragraph (K)(2)(a). Accordingly, the "Computation for Determination of Reserve Requirements" and "Information Relating to the Possession or Control Requirements" under such rule have not been prepared.

PETERSEN INVESTMENTS, INC.

INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL

DECEMBER 31, 2011

**KUTZ & KUTZ, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

ANDREW B. KUTZ  
PAUL J. KUTZ

185 Great Neck Rd. - Suite 450  
Great Neck, NY 11021  
Telephone (516) 482-1158  
Fax (516) 829-5312

To the Stockholder of  
Petersen Investments, Inc.

In planning and performing our audit of the financial statements of Petersen Investments, Inc. (the "Company"), as of and for the year ended December 31, 2011 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 the aggregate indebtedness (or aggregate debits) 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 recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of the Federal 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.

Petersen Investments, Inc.

Two of the objectives of internal control and the practices and procedures are to provide management with the 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 principals. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the 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 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 significant 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.

Petersen Investments, Inc.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the 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.

*Kutz & Kutz CPAs PC*

Kutz & Kutz  
Certified Public Accountants PC  
Great Neck, NY  
February 2, 2012



PETERSEN INVESTMENTS, INC.

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

DECEMBER 31, 2011

**KUTZ & KUTZ, CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

ANDREW B. KUTZ  
PAUL J. KUTZ

185 Great Neck Rd. - Suite 450  
Great Neck, NY 11021  
Telephone (516) 482-1158  
Fax (516) 829-5312

To the Stockholder of  
Petersen Investments, 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 (Form SIPC 7T) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Petersen Investments Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Petersen Investment Inc.'s compliance with the applicable instructions of Form SIPC 7T. Petersen Investment Inc.'s management is responsible for Petersen Investment 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 had been requested or for any other purpose. The procedures we performed and our findings are as follows:

- Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records entries noting no differences;
- Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2011 noting no differences;
- Compared any adjustments reported in Form SIPC - 7T with supporting schedules and working papers noting no differences;
- Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers supporting the adjustments noting no differences.

Petersen Investments, Inc.

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.

*Kurtz & Kurtz CPAs PC*

February 2, 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 December 31, 2011

(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:

D48306 FINRA DEC  
PETERSEN INVESTMENTS INC 13\*13  
2221 LANDMARK PL  
MANASQUAN NJ 08736-1051

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.

- 2. A. General Assessment (item 2e from page 2) \$ 17067
- B. Less payment made with SIPC-6 filed (exclude interest) (8106)  
7/25/2011  
Date Paid
- C. Less prior overpayment applied (-0-)
- D. Assessment balance due or (overpayment) 5961
- 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) \$ 5961
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 5961
- 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.

Petersen Investments Inc  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
CFO  
(Title)

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

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, 2011  
and ending 12/31, 2011

Eliminate cents

\$ 6,857,560

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

**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

6,857,560

**c. 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):

693,584

537,264

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

(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

1,230,848

562,672

2d. SIPC Net Operating Revenues

\$ \_\_\_\_\_

2e. General Assessment @ .0025

\$ 14,067

(to page 1, line 2.A.)