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

SEC FILE NUMBER  
8- 49517

LA  
PUBLIC

FACING PAGE  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 1/1/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FIG Partners LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

1175 Peachtree St NE, Suite 2250

(No. and Street)

Atlanta

GA

30361

(City)

(State)

(Zip Code)

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

Lauren Jones

404-601-7212

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Arnold Gallivan Levesque PC

3488

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

6030 Bethelview Road, Suite 406

Cumming

GA

30040

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

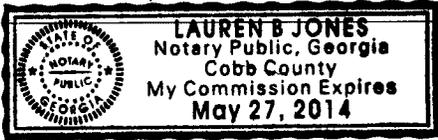
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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7/23/13

OATH OR AFFIRMATION

I, Geoff Hodgson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of FIG Partners LLC, as of December 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:



Signature
Managing Principal
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.
(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).

AMENDED

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
December 31, 2012

PUBLIC

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of  
FIG Partners, LLC

### *Report on the Consolidated Financial Statements*

We have audited the accompanying consolidated statement of financial condition of FIG Partners, LLC and Subsidiary (the "Company") as of December 31, 2012, and the related consolidated statements of comprehensive income, changes in subordinated debt, changes in members' equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FIG Partners, LLC and Subsidiary as of December 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 16, certain disclosures have been revised to correct immaterial misstatements contained in the consolidated financial statements, as originally issued. Our opinion is not modified with respect to this matter.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements 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 consolidated financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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 consolidated financial statements. The information in Schedules I, II and III has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Schedule I, as originally issued, has been revised to correct an immaterial miscalculation of the Company's allowable net capital and excess net capital at December 31, 2012, reducing these amounts by \$8,967. In our opinion, the information in Schedules I, II and III is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Arnold Gallivan Sewasque P.C.*

Duluth, Georgia  
February 22, 2013, except for Note 16  
and the matter referred to in the preceding  
paragraph, as to which the date is May 15, 2013

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2012**

**ASSETS**

Cash and cash equivalents	\$	2,632,468
Deposit with clearing organization		115,826
Receivable from customers		1,975,672
Receivable from clearing organization		445,835
Other receivable		165,810
Due from employees		184,471
Securities owned		1,023,121
Investments held to maturity		475,956
Securities available for sale		8,556
Prepaid expenses		196,858
Property and equipment, net		172,275
Deposits		31,070
Total Assets	\$	7,427,918

**LIABILITIES AND MEMBERS' EQUITY**

Accounts payable and accrued expenses	\$	1,632,035
Payable to clearing organization		50,522
Securities sold, not yet purchased		4,805
Subordinated debt		940,000
Total Liabilities		2,627,362
Members' equity		4,830,626
Accumulated other comprehensive loss		(30,070)
Total Members' Equity		4,800,556
Total Liabilities and Members' Equity	\$	7,427,918

*See accompanying notes to the consolidated financial statements.*

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**1. Organization and Nature of Business**

FIG Partners, LLC and Subsidiary (the “Company”) is a broker-dealer registered with the Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”). The Company provides independent research on financial institutions, active market-making, principal and agency transactions and investment banking to institutional investors, high net worth individuals, and companies in the financial services industry. The Company is based in Atlanta, Georgia and introduces customers on a fully-disclosed basis to its primary clearing agent, First Clearing LLC. The Company’s customers are located throughout the United States of America.

**2. Summary of Significant Accounting Policies**

**a. *Basis of Accounting***

The accompanying consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

**b. *Principles of Consolidation***

The consolidated financial statements include the accounts of FIG Partners, LLC and its wholly-owned subsidiary, FIG Asset Management, LLC. The accounts and activities of FIG Asset Management, LLC have been consolidated from the date of its inception. All material intercompany balances and transactions are eliminated in consolidation.

**c. *Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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 these estimates.

**d. *Securities Transactions***

Customers’ securities transactions are reported on a trade date basis. Related commission revenues and clearing fees are recorded on a trade date basis. Proprietary securities transactions are recorded on a trade date basis, as if they had settled.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**2. Summary of Significant Accounting Policies (continued)**

***e. Investment Banking***

Investment banking revenues include fees, net of syndicate expenses, arising from securities offerings in which the Company acts as an underwriter or agent. Investment banking revenues also include fees earned from providing merger-and-acquisition and financial restructuring advisory services. Investment banking fees are recorded at the time the transaction is completed and the related income is reasonably determinable.

***f. Cash and Cash Equivalents***

The Company considers all cash and money market investments with maturities of three months or less to be cash equivalents. The Company is required to maintain a minimum \$100,000 collateral account with First Clearing LLC, its primary clearing agent.

***g. Receivable from Customers***

Receivable from customers is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to earnings and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has performed reasonable collection efforts are written off through a charge to the allowance and a credit to accounts. Management believes that all accounts receivable are fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made. The Company grants credit to its customers without requiring collateral. The amount of accounting loss for which the Company is at risk in these unsecured receivables is limited to their carrying value.

***h. Securities Owned and Securities Sold, Not Yet Purchased***

Securities owned and securities sold, not yet purchased are recorded at fair value, with realized and unrealized gains and losses reflected in net trading gains on the Company's consolidated statement of comprehensive income.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**2. Summary of Significant Accounting Policies (continued)**

***i. Investments Held to Maturity***

Debt securities, which consist of investments in securitized loan strips, are classified as held to maturity since the Company has the positive intent and ability to hold the securities to maturity. These debt securities are recorded at amortized cost and are assessed for indicators of impairment at the end of each reporting period. These investments are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the investment have been impacted. If it is determined that an other-than-temporary decline in the investment exists, the Company will write down the investment to its market value and record the related write-down as an investment loss in its consolidated statement of comprehensive income.

***j. Securities Available for Sale***

Securities available for sale consist of certain equity securities and are carried at fair value, with unrealized gains and losses reported in accumulated other comprehensive loss. Realized gains and losses on securities available for sale are included in net trading gains in the Company's consolidated statement of comprehensive income. Gains and losses on the sale of available for sale securities are determined using the specific identification method.

***k. Property and Equipment***

Property and equipment are recorded at acquisition cost less depreciation accumulated over the useful lives of the assets. Equipment, software, and furniture and fixtures are depreciated on a straight-line basis over five year lives. Leasehold improvements are amortized over the original term of the lease. Improvements that extend the life of an asset are capitalized while repairs and maintenance are charged to expense as incurred.

***l. Income Taxes***

The Company is a Georgia Limited Liability Company ("LLC") and is taxed as a partnership for income tax purposes. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements as the tax effects of the Company's activities are the responsibility of its members.

In accordance with FASB ASC topic 740, *Income Taxes*, the Company evaluates its uncertain tax positions using the provisions of FASB ASC topic 450, *Contingencies*. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained under audit, based on the technical merits of the position. The second step is to measure the tax benefit as the largest amount that is more than 50 percent likely of being realized upon settlement.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**2. Summary of Significant Accounting Policies (continued)**

***l. Income Taxes (continued)***

For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. Generally, federal, state and local authorities may examine the Company's income tax returns for three years from the date of filing. The Company is no longer subject to examination by taxing authorities for tax years prior to 2009. There were no material unrecognized tax benefits and related tax liabilities at December 31, 2012 and the Company does not expect that unrecognized tax benefits will increase within the next twelve months. It is the Company's policy to recognize interest and penalties, if any, related to uncertain tax positions as income tax expense in the consolidated statement of comprehensive income.

***m. Advertising Costs***

The Company's advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2012 were approximately \$56,000.

***n. Equity-Based Compensation***

The Company accounts for the issuance of equity-based member unit purchase options in accordance with FASB ASC 718, *Compensation—Stock Compensation*. Under this guidance, the Company recognizes compensation expense based on the grant-date fair value of the equity instruments issued.

***o. Fair Value Measurement***

The Company determines the fair value of financial instruments in accordance with FASB ASC 820, *Fair Value Measurements*, which defines fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**2. Summary of Significant Accounting Policies (continued)**

*o. Fair Value Measurement (continued)*

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The reported amounts of cash and cash equivalents, receivables, prepaid expenses, accounts payable and accrued expenses approximate fair value because of the short-term nature of these instruments. The reported amounts of the Company's subordinated debt approximate fair value based on the current rates offered to the Company for debt of similar terms and maturities.

Investments measured at fair value consist of money market funds and equity securities. Money market funds are stated at fair value as determined by observable Level 1 quoted pricing inputs due to short-term nature of these investments. Equity securities are valued at the last reported sales price of the security on the last day of business of the year on a national exchange and are classified as Level 1 investments.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**2. Summary of Significant Accounting Policies (continued)**

*p. Recently Adopted Accounting Pronouncement*

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05, *Comprehensive Income (Topic 220) Presentation of Comprehensive Income*, which requires entities to present net income and other comprehensive income in either: (a) a single continuous statement (i.e., statement of comprehensive income) or (b) two separate, but consecutive, statements of net income and other comprehensive income. Management elected to present the one statement option. Other than the change in presentation, the adoption of these changes had no impact on the consolidated financial statements.

*q. Subsequent Events*

The Company evaluated subsequent events for matters requiring recognition or disclosure in the consolidated financial statements through February 22, 2013, which is the date these consolidated financial statements were originally available to be issued (see also Note 16).

**3. Securities Owned and Securities Sold, Not Yet Purchased**

Marketable securities owned and securities sold, not yet purchased are recorded at fair value and consist of the following at December 31, 2012:

	Securities Owned	Securities Sold, Not Yet Purchased
Equity Securities	\$ 1,023,121	\$ 4,805

The portion of net trading income that relates to securities owned and securities sold, not yet purchased at December 31, 2012 includes an unrealized gain of \$141,415. The Company has sold securities that it does not currently own and will, therefore, be obligated to purchase such securities at a future date. The Company has recorded a liability of \$4,805 at December 31, 2012, which represents the market value of the securities at such date. The Company is subject to loss if the market price of those securities increases. These securities are valued using Level 1 inputs of the fair value hierarchy.

**4. Investments Held To Maturity**

During the year ended December 31, 2011, the Company entered into a transaction in which it acted as a pooler in the securitization and selling of Small Business Administration ("SBA") 504 loans. The total securitized loan balance was approximately \$10,000,000, of which third party buyers were required to purchase 80% of the balance, the seller in the transaction was required to purchase 15% of the balance, and the Company as pooler in the transaction was required to purchase 5% of the balance.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**4. Investments Held To Maturity (continued)**

The Company's 5% investment in the securitized loan strips, in the original amount of approximately \$502,000, is reported on the consolidated statement of financial condition as investments held to maturity. The investments are comprised of five securitized SBA loan notes receivable with various maturity dates between December 2019 and February 2021 and interest rates ranging from 4.5% to 7%. Due to the Company acting as a pooler in the transaction, the 5% loan strips purchased by the Company are not guaranteed by the government of the United States of America. The Company is required to hold the investments to maturity and the securities are nontransferable.

As of December 31, 2012, the investments held to maturity totaled approximately \$476,000.

**5. Securities Available for Sale**

Non-marketable securities classified as available for sale consisted of the following at December 31, 2012:

	Cost	Gross Unrealized Loss	Fair Value
Equity securities	\$ 38,626	\$ 30,070	\$ 8,556

Fair value for these nonmarketable securities is determined by the Company's management utilizing Level 3 inputs of the fair value hierarchy. Initially, the purchase price is used as the best estimate of fair value and subsequently management adjusts the fair value based on available market evidence. During the year ended December 31, 2012, there was no change in the opening and closing balances of securities available for sale. There were also no securities available for sale transferred out of Level 3 during the year ended December 31, 2012. During the year ended December 31, 2012, the Company realized a loss of \$62,500 on available for sale securities that were considered worthless. This loss was recognized in previous years as an unrealized loss and included in accumulated other comprehensive loss on the Company's consolidated statement of financial condition.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**6. Fair Value Measurement**

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2012:

	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Totals</u>
<b>Cash Equivalents:</b>				
Money market funds	\$ 412,991	\$ -	\$ -	\$ 412,991
<b>Securities Owned:</b>				
Equity securities	\$ 1,721,179	\$ -	\$ -	\$ 1,721,179
Less adjustment to carrying value of securities owned and related subordinated debt	<u>698,058</u>	<u>-</u>	<u>-</u>	<u>698,058</u>
Securities Owned	<u>\$ 1,023,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023,121</u>
<b>Securities Available For Sale:</b>				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,556</u>	<u>\$ 8,556</u>
<b>Securities Sold, Not Yet Purchased:</b>				
Equity securities	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,805</u>

**7. Property and Equipment**

Property and equipment as of December 31, 2012 consisted of the following:

Equipment and software	\$ 448,205
Furniture and fixtures	122,753
Leasehold improvements	<u>19,992</u>
	590,950
Less accumulated depreciation	<u>418,675</u>
Property and equipment, net	<u>\$ 172,275</u>

Depreciation expense was approximately \$63,000 for the year ended December 31, 2012 and was recorded in office and other operating expenses on the Company's consolidated statement of comprehensive income.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**8. Subordinated Debt**

The borrowings under subordinated debt agreements at December 31, 2012 were as follows:

Subordinated notes, 10%, due August 31, 2013	\$ 300,000
Secured demand note collateral agreements, 10%, due August 31, 2013	<u>640,000</u>
Total	<u>\$ 940,000</u>

The subordinated borrowings are with members and are available in computing net capital under the SEC's Uniform Net Capital Rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid. It is the Company's intention to renew the subordination agreements due on August 31, 2013.

In accordance with the secured demand note collateral agreements, if the securities pledged as collateral decline in value so that their discounted value is less than the face amount of the debt, the lender must pledge additional securities to keep the loan at the proper collateral level. If the lender does not pledge additional securities, the Company may sell some or all of the lender's securities.

As of December 31, 2012, the value of the securities pledged for the secured demand note collateral borrowings was approximately \$1,338,000, with a haircut of approximately \$698,000 resulting in net securities and secured demand note collateral subordinated debt of \$640,000. Interest accrues on the face amount of the debt, or \$640,000.

For the year ended December 31, 2012, total interest expense was approximately \$91,000 and is included in office and other operating expenses on the Company's consolidated statement of comprehensive income.

**9. Operating Agreement and Membership Units**

The membership units of the Company derive their rights and restrictions from the Company's Operating Agreement ("Agreement"). In accordance with the Agreement, distributions to members of distributable cash, as defined, will be authorized from time to time by the Company's Chief Executive Officer in proportion to each member's units. Notwithstanding the foregoing, all distributable cash from banking operations, as defined, shall be distributed to certain members at an agreed upon amount.

In the case of liquidation of the Company's assets outside of the ordinary course of business, the Agreement calls for net proceeds to be distributed first in proportion to, and to the extent of, each

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**9. Operating Agreement and Membership Units (continued)**

member's net invested capital, as defined, as of the date of distribution and thereafter in proportion to each member's units.

The Agreement provides for restrictions on the transfer of member's units without the prior written consent of at least a majority of the issued and outstanding units. In addition, the Agreement contains a provision for the right of first refusal by the Company and its remaining members. Upon death or disability of a member, the Agreement calls for the sale of the units back to the Company at 1.5 times the book value of the applicable units. In the case of termination of a member, the Company shall purchase the units from the member at the original purchase price paid for the units plus or minus any increase or decrease in the book value of such units since the date of purchase, if termination occurs at any time during the first five (5) years of employment, or at the fair market value of the units at any time thereafter. The Company may, at its option and notice, at any time redeem all or any portion of the units held by any member for the fair market value of the applicable units.

Except as provided by mandatory provisions of applicable state law, no member of the Company is personally liable for any of the debts, liabilities, contracts or other obligations of the Company or for any of the losses of the Company beyond the amounts contributed or to be contributed, plus the member's share of undistributed profits of the Company.

**10. Equity-based Compensation and Membership Unit Option Plan**

The Company's Unit Option Plan provides for the granting of non-qualified options to purchase up to 75,500 of the Company's membership units in order to provide incentives to certain employees and members. The plan allows participants to purchase membership units of the Company at prices set by the Board of Directors. Unexercised options expire ten years after the grant date unless otherwise specified by the Board of Directors and typically vest over five years.

Unit option activity for the year ended December 31, 2012 was as follows:

<u>Unit Options</u>	<u>Number of Shares</u>	<u>Weighted average exercise price</u>
Outstanding at January 1, 2012	51,000	\$ 1.00
Exercised	<u>(15,000)</u>	1.00
Outstanding at December 31, 2012	<u>36,000</u>	1.00
Exercisable at December 31, 2012	<u>36,000</u>	1.00

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**10. Equity-based Compensation and Membership Unit Option Plan (continued)**

The following table summarizes information about unit options outstanding at December 31, 2012:

<u>Options Outstanding</u>			<u>Options Exercisable</u>		
<u>Exercise Price</u>	<u>Options Outstanding</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Exercise Price</u>	<u>Options Outstanding</u>	<u>Weighted average remaining contractual life (years)</u>
\$ 1.00	36,000	0.5	\$ 1.00	36,000	0.5

**11. Related Party Transactions**

The Company from time to time specifically allocates to certain members profits and distributions at the direction of its Board of Directors in accordance with the Company's Operating Agreement.

The Company pays guaranteed payments to certain members who are involved in the day-to-day operations of the Company. Guaranteed payments to these members totaled approximately \$2,858,000 for the year ended December 31, 2012, and were included in compensation and related expenses on the Company's consolidated statement of comprehensive income. As of December 31, 2012, approximately \$269,000 in guaranteed payments was accrued and included in accounts payable and accrued expenses on the Company's consolidated statement of financial condition.

During the year ended December 31, 2012 the Company paid approximately \$31,000 to rent office space from a member under a month-to-month lease arrangement.

At December 31, 2012, due from employees on the Company's consolidated statement of financial condition included approximately \$145,000 due from employees who were also members of the Company.

The Company has entered into subordinated debt agreements with certain members of the Company (see Note 8).

FIG Asset Management, LLC ("FIG AM") is the general partner of a fund, FIG Tarp Opportunity Fund, LP ("FIG Tarp"), which is owned by two members of FIG Partners, LLC, two employees of FIG Partners, LLC, and an unrelated individual. During the year ended December 31, 2012, FIG AM provided asset management services to FIG AM and waived any related fees.

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**12. Defined Contribution Plan**

The Company maintains a tax-qualified defined contribution plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all employees of the Company who meet certain requirements outlined in the plan as to age and length of service. Under the provisions of the plan, participating employees may elect to contribute tax deferred amounts to the plan, through salary reductions, up to a maximum of \$17,000 in 2012. The employee is 100% vested at all times in funds contributed to the plan through salary reductions.

The Company has elected in the plan to match employee contributions on a discretionary basis. For the year ended December 31, 2012, the Company contributed approximately \$217,000 as matching contributions. The Company may also elect to contribute to the plan a discretionary amount in addition to the matching amount on behalf of covered employees, regardless of the Company's earnings and profits. The Company made no additional contributions to the plan for the year ended December 31, 2012. Employer contributions to the plan are 100% vested immediately.

**13. Concentrations of Credit Risk**

The Company maintains cash balances at banks and other financial institutions. Some accounts at banks and institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, and other accounts are not insured by the FDIC. As of December 31, 2012, approximately \$2,185,000 of the Company's cash holdings exceeded the insured threshold. The Company believes no significant concentration of credit risk exists with respect to these cash holdings.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty. The Company believes no significant credit risk exists with respect to amounts due from these parties.

**14. Operating Leases**

The Company has entered into non-cancelable operating lease agreements for office space and certain equipment that expire at various dates through July 31, 2017. Minimum future payments required under the terms of the leases as of December 31, 2012 are as follows:

**FIG PARTNERS, LLC AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**14. Operating Leases (continued)**

2013	\$ 314,000
2014	291,000
2015	202,000
2016	174,000
2017	104,000
	<hr/>
	\$ 1,085,000
	<hr/>

The operating lease agreements also generally require the Company to pay executory costs, such as real estate, utilities and repairs. These executory costs are not included in the lease commitment amounts above. Rent expense, net of sublease income of approximately \$21,000, under operating lease agreements totaled approximately \$322,000 for the year ended December 31, 2012, and was included in office and other operating expenses on the Company's consolidated statement of comprehensive income.

**15. Net Capital Requirements**

As a registered broker dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1. The rule requires that the Company maintain minimum net capital of the greater of 1) 6-2/3% of aggregate indebtedness, 2) \$100,000, or 3) \$2,500 for each security with a per share price of greater than \$5 and \$1,000 for each security with a per share price of \$5 or less that the Company participates in as a market-making broker-dealer. Management calculated the minimum net capital based on the third criteria listed above for 209 securities that the Company is participating in as a market-making broker-dealer, resulting in a minimum net capital requirement as of December 31, 2012 of \$482,000. At December 31, 2012, the Company had allowable net capital of \$2,123,849, which exceeded its requirement of \$482,000 by \$1,641,849. The rule also requires that the Company's percentage of aggregate indebtedness to net capital, both as defined, not exceed 1500%. The Company's percentage of aggregate indebtedness to net capital was 79% at December 31, 2012.

**16. Revision to Consolidated Financial Statement Disclosures**

Note 2b to these consolidated financial statements, as originally issued, has been revised to remove a misstatement made in the originally issued financial statements that FIG Partners, LLC's wholly-owned subsidiary, FIG Asset Management, LLC, was a registered investment advisor. The subsidiary is not a registered investment advisor.

Note 15 has also been revised to correct an immaterial miscalculation in the originally issued consolidated financial statements in the Company's allowable net capital and excess net capital at December 31, 2012, reducing these amounts by \$8,967.