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SEC
Mail Processing
Section
ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

MAR 15 2013

SEC FILE NUMBER
8-40545

Washington DC
401
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 01/01/12 AND ENDING 12/31/12
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dalton Strategic Investment
Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

26 N. Washington St.
(No. and Street)

Knightstown
(City)

IN
(State)

46148
(Zip Code)

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

Steve Dalton

(765) 987-7557

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Monroe Shine & Co., Inc.

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

222 E. Market Street
(Address)

New Albany
(City)

IN
(State)

47150
(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)

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OATH OR AFFIRMATION

I, Steve Dalton, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dalton Strategic Investment Services, Inc., 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:

[Handwritten Signature]

Signature

President

Title

[Handwritten Signature]

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).

**DALTON STRATEGIC
INVESTMENT SERVICES, INC.
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED
DECEMBER 31, 2012**

DALTON STRATEGIC INVESTMENT SERVICES, INC.

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KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

Report of Independent Registered Public Accounting Firm

Board of Directors

Dalton Strategic Investment Services, Inc.

Knightstown, Indiana

Report on the Financial Statements

We have audited the accompanying statement of financial condition of **Dalton Strategic Investment Services, Inc.** (the Company) as of December 31, 2012, and the related statements of income, changes in stockholder's 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 financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

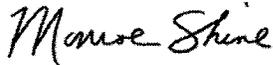
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Dalton Strategic Investment Services, Inc.** as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 11 to 14 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The supplementary 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 supplementary information on pages 11 to 14 is fairly stated in all material respects in relation to the financial statements as a whole.



New Albany, Indiana
March 14, 2013

DALTON STRATEGIC INVESTMENT SERVICES, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2012

ASSETS

Cash	\$ 125,946
Certificate of deposit	5,023
Deposit with clearing organization	15,000
Receivable from broker-dealers and clearing organization	90,540
Prepaid rent	<u>6,916</u>
 Total Assets	 <u><u>\$ 243,425</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:	
Accounts payable, accrued expenses, and other liabilities	\$ 198,894
 Stockholder's Equity:	
Common stock, no par value per share	
Authorized 1,000 shares, issued 100 shares	5,000
Retained earnings	<u>39,531</u>
Total Stockholder's Equity	<u><u>44,531</u></u>
 Total Liabilities and Stockholder's Equity	 <u><u>\$ 243,425</u></u>

See accompanying notes to financial statements.

DALTON STRATEGIC INVESTMENT SERVICES, INC.
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012

Total revenues	\$ 2,956,333
General and administrative expenses	<u>2,804,702</u>
Income from operations	151,631
Interest income	<u>8</u>
Net Income	<u><u>\$ 151,639</u></u>

See accompanying notes to financial statements.

DALTON STRATEGIC INVESTMENT SERVICES, INC.
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2012

	<u>Common Stock</u>		<u>Retained</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Earnings</u>	<u>Total</u>
Balance - January 1, 2012	100	\$ 5,000	\$ 33,171	\$ 38,171
Net Income	-	-	151,639	151,639
Distributions	-	-	145,279	145,279
Balance - December 31, 2012	<u>100</u>	<u>\$ 5,000</u>	<u>\$ 39,531</u>	<u>\$ 44,531</u>

See accompanying notes to financial statements.

DALTON STRATEGIC INVESTMENT SERVICES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

Cash Flows from Operating Activities:	
Net Income	\$ 151,639
Adjustments to reconcile net income to net cash provided by operating activities:	
Amortization of prepaid rent	9,684
Change in current assets:	
Increase in commissions receivable	(90,540)
Change in current liabilities	
Increase in accounts payable, accrued expenses and other liabilities	<u>102,204</u>
Net cash provided by operating activities	<u>172,987</u>
Cash Flows from Financing Activities:	
Distributions	<u>(145,279)</u>
Net cash used in financing activities	<u>(145,279)</u>
Net Increase in Cash	27,708
Beginning Cash	<u>98,238</u>
Ending Cash	<u><u>\$ 125,946</u></u>

See accompanying notes to financial statements.

DALTON STRATEGIC INVESTMENT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Company is a securities broker-dealer. The Company provides financial consulting services, but does not carry securities. The Company's financial statements are presented in accordance with generally accepted accounting principles in the United States of America.

Cash

For purposes of the statement of cash flows, the Company considers all cash on hand, bank checking and savings accounts, and money market accounts to be cash.

Allowance for Doubtful Accounts

Accounts receivable consists of fees and commissions receivable from broker-dealers and Southwest Securities, Inc. (Clearing Organization) and is considered fully collectible. Therefore, no allowance for doubtful accounts has been provided.

Revenue and Expenses

Commissions and related clearing expenses are recorded on a settlement-date basis. There were no significant transactions at December 31, 2012 that would require reconciliation with trade-date basis accounting.

Advertising

The Company expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place. Advertising expense was \$5,123 for the year ended December 31, 2012.

Income Taxes

The Company is a subchapter S corporation and is not treated as a separate corporation for income tax purposes. As such, the items of income or loss of the Company are allocated to its stockholder and reported on the stockholder's individual federal and state income tax returns. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

Effective January 1, 2009, the Company implemented accounting guidance for uncertainty in income taxes. Using that guidance, tax positions are initially recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of December 31, 2012, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Company files federal and Indiana state income tax returns and those returns filed for tax years ended on or after December 31, 2009 are subject to examination by the relevant taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DALTON STRATEGIC INVESTMENT SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – CASH DEPOSIT WITH CLEARING ORGANIZATION

At December 31, 2012, the Company had an interest-bearing deposit of \$15,000 with the Clearing Organization.

NOTE 3 – PREPAID RENT

The Company made leasehold improvements totaling \$16,600 during 2010 to office space that the Company began leasing in 2010. Under the terms of the lease agreement, the payments made for improvements by the Company resulted in a “build out credit” to be used in lieu of the \$350 monthly lease payments until the credit is extinguished. The lease has an initial term from September 1, 2010 through August 31, 2014. The Company recognized \$9,683 of rent expense during 2012.

NOTE 4 – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2012, the Company had net capital of \$37,615, which was \$24,355 in excess of its required net capital of \$13,260. The Company’s net capital ratio was 5.29 to 1 at December 31, 2012.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated for potential recognition and disclosure through the date the financial statements were issued. The Company has not identified any significant subsequent events during the period from January 1, 2013 through the date these financial statements were issued.

DALTON STRATEGIC INVESTMENT SERVICES, INC.

SUPPLEMENTARY INFORMATION

PURSUANT TO RULE 17a-5 OF THE

SECURITIES AND EXCHANGE ACT OF 1934

DALTON STRATEGIC INVESTMENT SERVICES, INC.
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2012

Net Capital	
Stockholder's equity qualified for net capital	<u>\$ 44,531</u>
Total nonallowable assets:	
Prepaid rent	<u>(6,916)</u>
Total nonallowable assets	<u>(6,916)</u>
Net Capital	<u><u>\$ 37,615</u></u>
Aggregate Indebtedness	
Items included in statement of financial condition:	
Accounts payable, accrued expenses, and other liabilities	<u>\$ 198,894</u>
Computation of Basic Net Capital Requirement	
Minimum net capital required	<u>\$ 13,260</u>
Minimum dollar net capital requirement of reporting broker or dealer	<u>\$ 5,000</u>
Net capital requirement	<u>\$ 13,260</u>
Excess net capital	<u>\$ 24,355</u>
Excess net capital at greater of 10% of aggregate indebtedness or 120% of minimum dollar net capital requirement	<u>\$ 17,726</u>
Ratio of aggregate indebtedness to net capital	<u>5.29 to 1</u>
Reconciliation with Company's Computation of Net Capital Pursuant to Rule 17a-5(d)(4):	
Net Capital as reported in Company's Part II (unaudited) FOCUS Report	\$ 42,773
Payroll liabilities not recorded until after FOCUS Report was prepared	<u>(5,158)</u>
Net Capital per above computation	<u><u>\$ 37,615</u></u>

**DALTON STRATEGIC INVESTMENT SERVICES, INC.
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2012**

Broker-dealer was exempt from Rule 15c3-3 as of December 31, 2012. All customer transactions are cleared through Southwest Securities, Inc. on a fully disclosed basis.



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Independent Auditor's Report on Internal Control

Board of Directors

Dalton Strategic Investment Services, Inc.

Knightstown, Indiana

In planning and performing our audit of the financial statements and supplementary schedules of **Dalton Strategic Investment Services, Inc.** (the Company), as of and for the year ended December 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 (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 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 or 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.

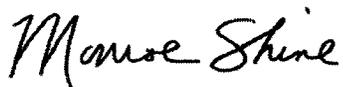
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of pursuing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination 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 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, 2012, to meet the SEC's objectives.

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



New Albany, Indiana
March 14, 2013

**DALTON STRATEGIC
INVESTMENT SERVICES, INC. -
KNIGHTSTOWN, INDIANA**

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
SIPC GENERAL ASSESSMENT RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2012**

DALTON STRATEGIC INVESTMENT SERVICES, INC.

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Appendix A: Original and Amended Form SIPC-7	4-7



222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

***INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES***

Board of Directors
Dalton Strategic Investment Services, Inc.
Knightstown, Indiana

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated in the attached supplement of this report, with respect to the Schedule of Assessments and Payments [General Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2012 included in Appendix A, which were agreed to by **Dalton Strategic Investment Services, Inc. (Company)**, the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). The Company's management is responsible for the Company'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 the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the scope section of this report either for the purpose for which this report has been requested or for any other purpose.

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 relates only to the procedures specified above.

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.

Monroe Shine

New Albany, Indiana
March 14, 2013

DALTON STRATEGIC INVESTMENT SERVICES, INC.
AGREED-UPON PROCEDURES –
SIPC GENERAL ASSESSMENT RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2012

Procedure:

Compare the listed assessment payment on Form SIPC-7 with respective cash disbursement records entries, noting any differences.

Findings:

Assessment payments from the original Form SIPC-7 included in the appendix were verified to a copy of the check dated March 1, 2013. No differences were noted. The amended Form SIPC-7 indicated an overpayment of the assessment which the Company will carry forward to future periods.

Procedure:

Compare the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012 with the amounts reported on Form SIPC-7 for the year ended December 31, 2012.

Findings:

No differences were noted between the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012 and the amount reported on the amended Form SIPC-7 for the year ended December 31, 2012.

Procedure:

Compare any adjustments reported on Form SIPC-7 with supporting schedules and working papers.

Findings:

Adjustments reported on the amended Form SIPC-7 were traced to supporting schedules provided by the Company's clearing agent. No differences were noted.

Procedure:

Prove the arithmetical accuracy of the calculations reflected on Form SIPC-7 and in the related schedules and working papers supporting the adjustments.

Findings:

No arithmetical inaccuracies were noted on the amended Form SIPC-7.

Procedure:

Compare the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed.

Findings:

No overpayment was applied on the original Form SIPC-7.

APPENDIX A: ORIGINAL AND AMENDED FORM SIPC-7

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

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31/2012

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

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:

040546 FINRA DEC
DALTON STRATEGIC INVESTMENT SERVICES INC 16*16
26 N WASHINGTON ST
KNIGHTSTOWN IN 46148-1275

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.

Steve Dalton 765-445-7000

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

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

\$ 800⁷²
415¹¹

C. Less prior overpayment applied

0
393⁶¹

D. Assessment balance due or (overpayment)

E. Interest computed on late payment (see instruction E) for 5 days at 20% per annum

539
399⁰⁰

F. Total assessment balance and interest due (or overpayment carried forward)

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

\$ 399⁰⁰

H. Overpayment carried forward

\$(0)

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.

DALTON STRATEGIC INV. SERVICES INC.
(Name of Corporation, Partnership or other organization)

[Signature]
(Authorized Signature)

Dated the 4th day of MARCH, 2013.

MANAGING PARTNER
(Title)

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:

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

SIPC-7

(33-REV 7/10)

For the fiscal year ended 12/31, 20 13

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

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:

DALTON STRATEGIC INV. SVCS INC
26 N. WASHINGTON ST.

KNIGHTSTON N, IN 46148

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.

Steve Drown 8765-445-7000

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

\$ 789¹⁹
398³⁹

B. Less payment made with SIPC-8 filed (exclude interest)

approx 2004 10/22/12
Date Paid

C. Less prior overpayment applied

399⁰⁰
(820)

D. Assessment balance due or (overpayment)

45

E. Interest computed on late payment (see instruction E) for 45 days at 20% per annum

+1⁰⁰
(713)

F. Total assessment balance and interest due (or overpayment carried forward)

\$ (713)

G. PAID WITH THIS FORM:

Check enclosed, payable to SIPC
Total (must be same as F above)

\$ 0

H. Overpayment carried forward

\$(713)

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.

DALTON STRATEGIC INV SVCS INC
(Name of Corporation, Partnership or other organization)

Dated the 13TH day of MARCH, 20 13

[Signature]
(Authorized Signature)
[Signature]
(Title)

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 _____

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Calculations _____

Documentation _____

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Exceptions:

Disposition of exceptions:

AMMENDMENT

AMMENDMENT

WORKING COPY

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

Amounts for the fiscal period
beginning 1/1, 2012
and ending 12/31, 2012
Eliminate cents

Item No.

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

\$ 2,956,366

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.

0
0
0
0
0
0
0

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):

2,640,689
0
0
0
0
0
0

(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.

\$ 0

(ii) 40% of margin interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 0

Enter the greater of line (i) or (ii)

Total deductions

2d. SIPC Net Operating Revenues

\$ 315,677

2e. General Assessment @ .0025

\$ 78919

(to page 1, line 2A.)