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3/25/13

SECURITIES AND EXCHANGE COMMISSION  
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hours per response..... 12.00

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

SEC FILE NUMBER  
8- 49021

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 January 1, 2012 AND ENDING December 31, 2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Pentalpha Capital LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
Two Greenwich Office Park  
(No. and Street)

Greenwich  
(City)

CT  
(State)

06831  
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Pasqualina Traina 203-660-6100  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
Lipsky Goodkin & Co., P.C.

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

120 West 45th Street  
(Address)

New York  
(City)

NY 10036  
(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)

*Handwritten initials and date: n/g 3/20*

OATH OR AFFIRMATION

I, Pasqualina Traina, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pentalpha Capital 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:

Pasqualina Traina  
Signature

Controller/ FINOP

Title

Jessica L. Puk  
Notary Public

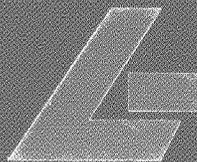
**JESSICA L. PUK**  
**NOTARY PUBLIC**  
**MY COMMISSION EXPIRES MAY 31, 2013**

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).

PENTALPHA CAPITAL, LLC  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
PER SEC RULE X-17A-5  
DECEMBER 31, 2012  
(WITH INDEPENDENT AUDITORS' REPORT)



LIPSKY, GOODKIN & Co., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

PENTALPHA CAPITAL, LLC  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
PER SEC RULE X-17A-5  
DECEMBER 31, 2012  
(WITH INDEPENDENT AUDITORS' REPORT)

PENTALPHA CAPITAL, LLC  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL MATERIAL  
PER SEC RULE X-17A-5  
DECEMBER 31, 2012  
(WITH INDEPENDENT AUDITORS' REPORT)

PENTALPHA CAPITAL, LLC

DECEMBER 31, 2012

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LIPSKY, GOODKIN & CO., P. C.  
CERTIFIED PUBLIC ACCOUNTANTS  
120 WEST 45TH STREET  
NEW YORK, NEW YORK 10036

(212) 840-6444  
FAX (212) 921-7186

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CERTIFIED PUBLIC ACCOUNTANTS

N.Y. STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Members of  
Pentalpha Capital, LLC

We have audited the accompanying financial statements of Pentalpha Capital, LLC (a New York State LLC), which comprise the statement of financial condition as of December 31, 2012, and the related statements of income and comprehensive income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934.

**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 from 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 entity'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 entity'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 Pentalpha Capital, LLC as of December 31, 2012, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of computation of net capital and aggregated indebtedness and supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements, but is supplementary information required by rule 17a-5 of the Securities and 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 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.

*Lipsby, Goodkin & Co., P.C.*

February 11, 2013

PENTALPHA CAPITAL, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2012

ASSETS

Cash	\$ 374,937
Accounts receivable	202,736
Receivable from broker - clearance account	301,676
Securities investments at fair value	49,776
Due from related entity	250,000
Prepaid assets	<u>7,140</u>
 <u>TOTAL ASSETS</u>	 <u>\$1,186,265</u>

LIABILITIES AND MEMBERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	<u>13,775</u>
Total liabilities	13,775

COMMITMENTS (Note 4)

<u>MEMBERS' EQUITY</u>	<u>1,172,490</u>
<u>TOTAL LIABILITIES AND MEMBERS' EQUITY</u>	<u>\$1,186,265</u>

See Notes to Financial Statements.

PENTALPHA CAPITAL, LLC

STATEMENT OF INCOME AND COMPREHENSIVE INCOME

DECEMBER 31, 2012

REVENUES

Fee income \$ 1,025,940  
Reimbursed expenses 40,682

Total revenues 1,066,622

EXPENSES

Employee compensation 2,372,833  
Occupancy costs 32,128  
Other operating expenses 319,972  
Payroll taxes 73,536

Total 2,798,469

Shared compensation and other expenses  
reimbursed - related party (1,861,946)

Total expenses 936,523

INCOME FROM OPERATIONS BEFORE  
OTHER INCOME

130,099

OTHER INCOME

Interest income 700

NET INCOME

\$ 130,799

OTHER COMPREHENSIVE INCOME

Unrealized gain on investment 81

TOTAL COMPREHENSIVE INCOME

\$ 130,880

See Notes to Financial Statements.

PENTALPHA CAPITAL, LLC

STATEMENT OF CHANGES IN MEMBERS' EQUITY

DECEMBER 31, 2012

	<u>Unrealized Holding Gain</u>	<u>Members Equity</u>	<u>Total</u>
Balance, January 1, 2012	\$ 23,695	\$1,017,915	\$1,041,610
Unrealized gain on marketable securities	81	-	81
Net income for the year	<u>-</u>	<u>130,799</u>	<u>130,799</u>
Balance, December 31, 2012	<u>\$ 23,776</u>	<u>\$1,148,714</u>	<u>\$1,172,490</u>

See Notes to Financial Statements.

PENTALPHA CAPITAL, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 130,799
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in:	
Accounts receivable	121,103
Receivable from broker	(441)
Due from related entity	(250,000)
Prepaid assets	<u>37,683</u>
Net cash provided by operating activities	39,144
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
NET INCREASE IN CASH	39,144
CASH - BEGINNING OF YEAR	<u>335,793</u>
<u>CASH - END OF YEAR</u>	<u>\$ 374,937</u>

See Notes to Financial Statements.

PENTALPHA CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE 1 - THE COMPANY

Pentalpha Capital, LLC, (the "Company"), was formed in the State of New York, to act as a broker-dealer in the securities industry. It commenced operations on January 1, 1997 to, among other things, act as a conduit between a buyer and seller in various financial trades, and to provide consulting and advisory services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments

The Company determines the appropriate classification of securities at the time of purchase and reevaluates such designation as of each balance sheet date. Marketable equity securities not classified as trading or held to maturity are classified as available-for-sale. Available-for-sale securities are carried at fair value, with unrealized gains and losses reported as comprehensive income in the statement of changes in members' equity. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in other income. Interest and dividends on securities classified as available-for-sale are included in other income.

Income Taxes

The Company was formed as a Limited Liability Company and therefore will not pay corporation income taxes as the income is taxed directly to the members. The Company is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities and has years open for examination by the taxing authorities from 2009 through 2012.

Use of Estimates

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

NOTE 3 - NET CAPITAL REQUIREMENT

Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain a minimum "net capital" as defined under such rule.

As of December 31, 2012, the Company's net capital was computed to be \$703,396 exceeding its minimum requirements of \$5,000 by \$698,396.

NOTE 4 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash accounts in banks which at times exceeded the Federal Deposit Insurance Corporation limit of up to \$250,000 per account.

PENTALPHA CAPITAL, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012

NOTE 5 - 401K SAVINGS AND INVESTMENT PLAN

The Company has a contributory 401K Savings and Investment Plan covering all employees who meet length of service requirements.

NOTE 6 - RELATED PARTIES

For the year ending December 31, 2012, the Company was reimbursed \$1,861,946 for shared compensation and other expenses from a commonly owned related entity, of this total \$1,611,946 was received during fiscal year 2012 and \$250,000 was received in fiscal year 2013 and has been recorded as due from related entity at December 31, 2012.

PENTALPHA CAPITAL, LLC

SUPPLEMENTAL MATERIAL

DECEMBER 31, 2012

PENTALPHA CAPITAL, LLC

COMPUTATION OF NET CAPITAL AND AGGREGATE INDEBTEDNESS

IN ACCORDANCE WITH RULE 15c3-1 UNDER THE S.E.C. ACT OF 1934

DECEMBER 31, 2012

NET CAPITAL

Total members' equity per focus report	\$ 954,116
Audit adjustments:	
Asset adjustments	218,374
Liability adjustments	<u>-</u>
Total members' equity per audited financial statements	1,172,490
Less: Non-allowable assets	<u>(461,567)</u>
Net capital before haircuts on securities positions	710,923
Haircuts on securities	<u>(7,527)</u>
Net capital	<u>\$ 703,396</u>

AGGREGATE INDEBTEDNESS:

Accounts payable and accrued expenses	<u>\$ 13,775</u>
Total aggregated indebtedness	<u>\$ 13,775</u>

CAPITAL REQUIREMENTS

Minimum dollars net capital required	<u>\$ 5,000</u>
6-2/3% of aggregate indebtedness	<u>\$ 918</u>
Greater of capital requirements	\$ 5,000
Excess net capital	<u>698,396</u>
Net capital	<u>\$ 703,396</u>

See Notes to Financial Statements.

PENTALPHA CAPITAL, LLC  
SUPPLEMENTAL INFORMATION  
DECEMBER 31, 2012

The Company is exempt from rule 15c 3-3 as all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

<u>Clearing Firm SEC No.</u>	<u>Name</u>	<u>Product Code</u>
8-8177	Citigroup Global Markets Inc.	All

**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 12/31/2012

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

**SIPC-7**

(33-REV 7/10)

**TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS**

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

049021 FINRA DEC  
PENTALPHA CAPITAL LLC 11\*11  
2 GREENWICH OFFICE PARK  
GREENWICH CT 06831-5146

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.

**SEC**  
**Mail Processing**  
**Section**

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

MAR 15 2013  
Washington DC  
401

- 2. A. General Assessment (item 2e from page 2) \$ 2,564.85
- B. Less payment made with SIPC-6 filed (exclude interest) ( 960.37 )
- 7/17/12  
Date Paid
- C. Less prior overpayment applied ( \_\_\_\_\_ )
- D. Assessment balance due or (overpayment) 1,604.48
- 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) \$ 1,604.48
- G. PAID WITH THIS FORM:  
Check enclosed, payable to SIPC  
Total (must be same as F above) \$ 1,604.48
- 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.

Pentalpha Capital, LLC  
(Name of Corporation, Partnership or other organization)  
[Signature]  
(Authorized Signature)  
Executive Director  
(Title)

Dated the 22 day of February, 20 13.

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: \_\_\_\_\_

AND GENERAL ASSESSMENT

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

Eliminate cents

\$ 1,025,940

Item No.

2a. 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

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
(2) Revenues from commodity transactions.
(3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
(4) Reimbursements for postage in connection with proxy solicitation.
(5) Net gain from securities in investment accounts.
(6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
(7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
(8) Other revenue not related either directly or indirectly to the securities business. (See Instruction C):

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

- (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

2d. SIPC Net Operating Revenues

2e. General Assessment @ .0025

\$ 1,025,940

\$ 2,564.85

(to page 1, line 2.A.)

**LIPSKY GOODKIN & CO., P. C.**  
CERTIFIED PUBLIC ACCOUNTANTS  
120 WEST 45TH STREET  
NEW YORK, NEW YORK 10036

TEL (212) 840-6444  
FAX (212) 921-7186

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Board of Directors  
Pentalpha Capital, LLC

In planning and performing our audit of the financial statements and supplemental schedules of Pentalpha Capital, LLC for the year ended December 31, 2012, we considered its internal control structure including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17 a-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.
2. Recordation of differences by rule 17a-13.
3. 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 an internal control structure 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 internal control structure policies and procedures 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 an internal control structure 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 accordance with generally accepted accounting principles. Rule 17a-15(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matter involving the internal control structure including procedures for safeguarding securities, that we consider to be material weakness as defined above.

We understand that practices and procedures that accomplish the objective 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 were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

*Lipsky, Goodkin & Co., P.C.*

February 11, 2013  
New York, New York



Financial Industry Regulatory Authority

February 26, 2013

Ms. Patty Traina  
Controller, FinOp  
Pentalpha Capital LLC  
P.O. Box 4839  
Greenwich, CT 06831

**SEC**  
**Mall Processing**  
**Section**

MAR 15 2013

**Washington DC**  
**401**

**RE: Pentalpha Capital LLC 2012 Annual Audit Report**

Dear Ms. Traina:

In reply to your letter dated February 25, 2013, please be advised that your request for an extension of time in which to file the required annual audited financial report as of December 31, 2012 pursuant to Securities Exchange Act Rule 17a-5, has been given due consideration and is hereby granted.

This extension of 10 business-days is granted based upon the representations made by your organization and by your outside independent auditors. If the information provided to us is no longer accurate, we expected to be notified immediately.

Please be aware that failure to file the annual audited financial report on or before March 15, 2013 could result in the assessment of a late filing fee of \$100 per day for up to ten days and may result in other regulatory or disciplinary action.

Regards,

John Klocek  
Principal Regulatory Coordinator

JK/vs

cc: Herani Dansamo  
FINRA  
Department of Financial Operations Policy  
9509 Key West Avenue  
Rockville, MD 20850  
Fax: 240-386-5172

SEC Boston Regional Office  
Attn: Regional Director  
33 Arch Street, 23rd Floor  
Boston, MA 02110-1424

Investor protection. Market integrity.

Boston District Office  
99 High Street - Suite 900  
Boston, MA  
02110

t 617 532 3400  
f 617 451 3524  
www.finra.org

**LIPSKY GOODKIN & Co., P. C.**  
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NEW YORK, NEW YORK 10036

TEL (212) 640-6444  
FAX (212) 921-7186

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

To The Members of  
Pentalpha Capital, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Transitional Assessment Reconciliation (Form SIPC-7T) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2012, which were agreed to by Pentalpha Capital, LLC and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Pentalpha Capital, LLC's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Pentalpha Capital, LLC's management is responsible for the Pentalpha Capital, LLC's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7T with respective cash disbursement records noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012, as applicable, with the amounts reported in Form SIPC-7T for the year ended December 31, 2012 noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers noting no differences;
4. 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; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7T on which it was originally computed noting no differences.

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.

*Lipsky, Galkin & Co., P.C.*

February 11, 2013