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

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: Lake Champlain Brokerage Services, LLC  
(A Limited Liability Company)

OFFICIAL USE ONLY  
FIRM ID NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
130 West 42<sup>nd</sup> Street  
(No. and Street)

New York NY 10036  
(City) (State) (Zip Code)

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

Jay Lipner 516-487-4070  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

Lipner, Sofferman & Co., LLP  
(Name - if individual, state, last, first, middle name)

125 Jericho Turnpike, Suite 402 Jericho NY 11753  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

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

SEC 1410 (3-91)

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LAKE CHAMPLAIN BROKERAGE SERVICES, LLC

(A LIMITED LIABILITY COMPANY)

FINANCIAL STATEMENTS

DECEMBER 31, 2012



**LIPNER, SOFFERMAN & CO., LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

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**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2012**

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

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**DECEMBER 31, 2012**

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OATH OR AFFIRMATION

I, David McClean, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lake Champlain Brokerage Services, LLC (A Limited Liability Company), 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:



Title: Chief Financial Officer

Notary Public



**JOANNE SOMERVILLE**  
Notary Public, State of New York  
No. 4790915  
Qualified in Nassau County  
Commission Expires May 31, 20 15

This report\*\* contains (check all applicable boxes):

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- X (d) Statement of Cash Flows.
- X (e) Statement of Changes in Member's Equity or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- X (g) Computation of Net Capital.
- (h) Computation of Determination for Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- X (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.
- X (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with focus report.
- X (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.
- X (o) Auditors' Report on Internal Control Structure Required by SEC Rule 17a-5.



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INDEPENDENT AUDITORS' REPORT

Lake Champlain Brokerage Services, LLC  
(A Limited Liability Company)  
130 West 42<sup>nd</sup> Street  
New York, NY 10036

*Report on the Financial Statements*

We have audited the accompanying statement of financial condition of Lake Champlain Brokerage Services, LLC (A Limited Liability Company) (the Company) as of December 31, 2012, and the related statements of (loss), member's equity, and cash flows and the statement of 15c3-1 net capital computation 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 Lake Champlain Brokerage Services, LLC (A Limited Liability Company) 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.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information 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 supplemental 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 supplemental information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Lipner, Sofferman & Co., LLP*

Jericho, NY  
February 15, 2013



**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2012**

**ASSETS**

|              |                  |
|--------------|------------------|
| Cash         | <u>\$ 23,058</u> |
| Total assets | <u>\$ 23,058</u> |

**LIABILITIES AND MEMBER'S EQUITY**

|                                       |                  |
|---------------------------------------|------------------|
| Current liabilities:                  |                  |
| Accrued expenses                      | <u>\$ 11,833</u> |
| Total current liabilities             | <u>11,833</u>    |
| Member's equity                       | <u>11,225</u>    |
| Total liabilities and member's equity | <u>\$ 23,058</u> |

See accompanying notes to financial statements.

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**STATEMENT OF (LOSS)**

**YEAR ENDED DECEMBER 31, 2012**

|                          |                    |
|--------------------------|--------------------|
| Revenues:                |                    |
| Interest income          | <u>\$ 2</u>        |
| Expenses:                |                    |
| Professional fees        | 3,333              |
| Membership fees          | 1,646              |
| Office expense           | 6,100              |
| Other                    | <u>1,718</u>       |
| Total operating expenses | <u>12,797</u>      |
| Net (loss)               | <u>\$ (12,795)</u> |

See accompanying notes to financial statements.

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**STATEMENT OF MEMBER'S EQUITY**

**YEAR ENDED DECEMBER 31, 2012**

|                            |                  |
|----------------------------|------------------|
| Balance, January 1, 2012   | \$ 24,020        |
| Donations to capital       | --               |
| Net (loss)                 | <u>(12,795)</u>  |
| Balance, December 31, 2012 | <u>\$ 11,225</u> |

See accompanying notes to financial statements.

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2012**

|   |                  |
|---|------------------|
| Cash flows from operating activities:   |                  |
| Net (loss)  | \$ (12,795)      |
| Adjustments to reconcile net (loss) to net cash provided (used)<br>by operating activities: |                  |
| Increase in accrued expenses  | 6,333            |
| Total adjustments   | <u>6,333</u>     |
| Net cash (used) by operating activities   | <u>(6,462)</u>   |
| Cash flows from financing activities:   |                  |
| Donations to capital  | ---              |
| Net cash provided by financing activities   | <u>---</u>       |
| Net (decrease) in cash and cash equivalents   | (6,462)          |
| Cash and cash equivalents, beginning of period  | <u>29,520</u>    |
| Cash and cash equivalents, end of period  | <u>\$ 23,058</u> |
| Supplemental disclosures of cash flow information:  |                  |
| Cash paid during the period for:  |                  |
| Income taxes paid   | \$ -             |
| Interest paid   | \$ -             |

See accompanying notes to financial statements.

## LAKE CHAMPLAIN BROKERAGE SERVICES, LLC

(A LIMITED LIABILITY COMPANY)

### NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. Statement of Significant Accounting Policies:

Organization:

Lake Champlain Brokerage Services, LLC (the "company"), was organized under the laws of the State of Delaware and was authorized to do business in New York. The company became a member of the Financial Industry Regulatory Authority, Inc. in 2011.

Concentration of risk:

As of December 31, 2012, the Wells Fargo bank statement indicated a balance of \$23,058. This amount is held in both interest-bearing and non non-interest bearing accounts. All funds are insured in full by the Federal Deposit Insurance Corporation (FDIC) from December 31, 2010 through December 31, 2012. This temporary unlimited coverage is in addition to, and separate from, the coverage of at least \$250,000 available to depositors under the FDIC's general deposit insurance rules.

The FASB issued guidance related to subsequent events, which was primarily codified into FASB ASC 855, Subsequent Events. This guidance establishes general standards of accounting for the disclosure of events that occur after the date of the statement of financial condition but before financial statements are issued. In particular, the guidance sets forth: (1) the period after the date of the statement of financial condition during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the date of the statement of financial condition in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the date of the statement of financial condition.

The Company adopted FASB ASC 855 and has evaluated all events or transactions that occurred after December 31, 2012, up through the date that the financial statements were available to be issued on February 15, 2013.

Cash and Cash Equivalents:

Cash equivalents are limited to short term, highly liquid investments that are both readily convertible to known amounts of cash and of an original maturity of three months or less.

Use of Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**DECEMBER 31, 2012**

1. **Statement of Significant Accounting Policies (continued):**

**Income Taxes:**

No provision for federal and state income taxes has been made in these financial statements, as these taxes are the responsibility of the member under this form of organization.

2. **Net Capital Requirements:**

Lake Champlain Brokerage Services, LLC (A Limited Liability Company) is subject to the Securities and Exchange Commission's 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 and that the equity capital may not be withdrawn or cash dividend paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2012, Lake Champlain Brokerage Services, LLC (A Limited Liability Company) had net capital of \$11,225 after adjustments for non-allowable assets, which was \$6,225 in excess of its required net capital. Lake Champlain Brokerage Services, LLC (A Limited Liability Company)'s net capital ratio was 1.05 to 1.

3. **Commitments and Contingencies:**

The company had no significant contingent liabilities requiring disclosure in the financial statements.

**SUPPLEMENTARY INFORMATION**

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**COMPUTATION OF NET CAPITAL UNDER S.E.C. RULE 15c3-1**

**DECEMBER 31, 2012**

**Computation of net capital**

|                      |                  |
|----------------------|------------------|
| Member's equity      | \$ 11,225        |
| Less:                |                  |
| Non allowable assets | -                |
| Net capital          | <u>\$ 11,225</u> |

Computation of basic net capital requirement

|  |                 |
|--|-----------------|
| Minimum net capital requirements of 6-2/3% of aggregate indebtedness | <u>\$ 789</u>   |
| Minimum net capital requirements of reporting broker-dealer          | <u>\$ 5,000</u> |
| Net capital requirement  | <u>\$ 5,000</u> |
| Excess net capital   | <u>\$ 6,225</u> |

**Computation of aggregate indebtedness**

|                        |                  |
|------------------------|------------------|
| Total A.I. liabilities | <u>\$ 11,833</u> |
|------------------------|------------------|

Percentage of aggregate indebtedness to net capital 105.42%

Reconciliation with Company's computation (included in Part IIA of Form X-17A-5 as of December 31, 2012)

|  |                  |
|--|------------------|
| Net capital as reported in Company's Part IIA unaudited focus report | \$ 11,225        |
| Audit adjustments  | --               |
| Net capital, per above   | <u>\$ 11,225</u> |

**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**

**AND INFORMATION RELATING TO POSSESSION AND CONTROL**

**REQUIREMENTS UNDER RULE 15c3-3 OF THE**

**SECURITIES AND EXCHANGE COMMISSION**

**DECEMBER 31, 2012**

The Company is exempt from Securities Exchange Commission ("SEC") Rule 15c3-3 pursuant to the exemptive provisions of sub-paragraph (k)(2)(i) and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers."



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**INDEPENDENT AUDITORS'**

**REPORT ON INTERNAL CONTROL STRUCTURE**

**REQUIRED BY SEC RULE 17a-5**

Lake Champlain Brokerage Services, LLC  
(A Limited Liability Company)  
130 West 42<sup>nd</sup> Street  
New York, NY 10023

In planning and performing our audit of the financial statements of Lake Champlain Brokerage Services, LLC (A Limited Liability Company) (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 financial statements, but 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 periodic computations of aggregate indebtedness (or aggregate debts) 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 non 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 previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and 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 previously.

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 the use of Lake Champlain Brokerage Services, LLC (A Limited Liability Company), the Securities and Exchange Commission, the Financial Industry Regulatory Authority 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 is not intended to be and should not be used by anyone other than these specified parties.



LIPNER, SOFFERMAN & CO., LLP

Jericho, NY  
February 15, 2013





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**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

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

**REQUIRED BY SEC RULE 17a-5**

To the Members of Lake Champlain Brokerage Services, LLC:

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the period January 1, 2012 through December 31, 2012, which were agreed to by Lake Champlain Brokerage Services, LLC ("the Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., SIPC, and other designated examining authority or specific parties of report, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of the Transitional 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 those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash 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-7 for the year ended December 31, 2012 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Company's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). 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.

*Lipner, Sofferman & Co., LLP*

LIPNER, SOFFERMAN & CO., LLP

Jericho, NY  
February 15, 2013



**LAKE CHAMPLAIN BROKERAGE SERVICES, LLC**

**(A LIMITED LIABILITY COMPANY)**

**SCHEDULE OF SECURITIES INVESTOR PROTECTION CORPORATION**

**ASSESSMENTS AND PAYMENTS**

**YEAR ENDED DECEMBER 31, 2012**

|  |             |
|--|-------------|
| <b>SIPC Net Operating Revenues per General Assessment<br/>Reconciliation Form SIPC-7</b> | <b>\$ -</b> |
| <b>General Assessments at .0025</b>  | <b>\$ -</b> |
| <b>Payment Remitted with Forms SIPC-6</b>  | <b>-</b>    |
| <b>Amount due With Form SIPC-7</b>   | <b>\$ -</b> |